

PM on 4 steps for sound economy

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AVERTING A CRISIS: Borrowing to finance expenditure can be a sign of a financial crisis

PUTRAJAYA: MALAYSIA'S fiscal deficit would remain on a progressive declining trajectory if the most basic steps were given priority in managing its economy, said Prime Minister Datuk Seri Najib Razak.

Outlining four steps that should be given priority to avert financial crisis, Najib said the most basic was to ensure expenditure did not exceed income.

There should be ample operating surplus to prevent any borrowings to finance management expenses as this would ensure fiscal deficit was on a declining trajectory.

Another main step, he said, was the need to have a balance between revenue base, which ought to be large, and the capacity to provide incentives and stimuli to certain sectors or sub-sectors.

Najib also said the question of expenditure not exceeding income was a fundamental principle which may be easy in theory but not in practice.

"There are countries, even in Europe, which have not been able to observe this basic principle," he said at the presentation of excellent service and special awards to Treasury staff yesterday.

The government should continue to ensure, at all times, an operating surplus and should never borrow to finance its expenditure.

Najib, who is also finance minister, said if this was not kept under control, it could be the early signs of the country heading for a financial crisis.

He called on Treasury staff to remain committed in their work and maintain high work discipline.

"First is to ensure the country's economic growth rate remains at a satisfactory rate or higher. We have already set it at five to six per cent growth yearly.

"Secondly, when there is economic growth, we can implement social justice policies to execute affirmative actions, such as the Bantuan Rakyat 1Malaysia or BR1M."

Najib also said they were duty-bound to safeguard the country's economy by strictly adhering to the fundamental principles.

"We can have a few mistakes here and there but fundamentally you cannot make those fundamental mistakes. The Treasury is an icon to the government service. Thus, it is your duty to uphold the image and safeguard its secrets."

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