

Najib to announce more handouts under Budget 2013
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KUALA LUMPUR, Aug 24 — The government will announce a second round of RM500 cash handouts to underprivileged households under Budget 2013, in a move that is expected to boost the ratings of Datuk Seri Najib Razak and his Barisan Nasional (BN) coalition ahead of the general election expected to be called early next year.

“The second BR1M will be paid out as part of the Budget,” a government source told The Malaysian Insider.

The source declined to give further details, but the decision to have a fresh round of handouts suggests that elections are not likely to be called this year.

This is because the RM500 handouts will take time to be paid out.

The RM500 paid out to nearly five million families at a cost to taxpayers of RM2.6 billion earlier this year saw Najib’s approval ratings shoot up to 69 per cent, largely due to a surge among poorer households.

But the aftermath of violence that erupted between police and demonstrators at the April 28 Bersih rally for free and fair elections saw his popularity slide to 64 per cent in June.

Najib will table the Budget on September 28 and besides the fresh handout he is expected to announce other measures to boost domestic spending and the economy in a bid to head off a worsening economic outlook as he prepares to call his first elections.

The economy grew at a surprising pace of 5.4 per cent in the second quarter, blowing away economists’ expectations and potentially giving rise to a feel-good factor ahead of the general election.

But the good news is not expected to last as the global outlook is likely to affect Malaysian exports.

Malaysia’s surprisingly strong second-quarter economic growth despite weakening exports was largely due to the buffer of ongoing construction projects and increased spending attributed to civil servant salary hikes and government cash handouts, say economists, which could point to uneven growth in the months ahead.

This means many ordinary Malaysians are not feeling the positive effects of economic growth, making the second BR1M handouts necessary to continue maintaining any economic momentum.

A number of international ratings agencies also say that Malaysia has yet to present a convincing plan to tackle the twin fiscal threats of its federal budget deficit and federal debt even though strains on its credit profile are increasing.

The ratio of federal government debt to GDP reached 51.8 per cent at end-2011 despite strong GDP growth but barring a further deterioration in the global economy, the government should be able to meet its 2012 deficit target of 4.7 per cent of GDP.

The opposition Pakatan Rakyat (PR) has criticised the Najib administration for what it says is vote-buying by the BN government through public spending in the form of various handouts such as the BR1M.

PKR's Rafizi Ramli recently slammed the prime minister for his heavy "vote-buying" spending of RM5.77 billion, saying that the money comes from taxpayers.

He based his calculations by adding up the RM2.2 billion civil service bonus recently announced and various "one-off" spending by Najib's administration which he claimed had reached RM3.57 billion.

Under the RM3.57 billion "unplanned spending", he gave examples of the BR1M, Bantuan Kembali Ke Sekolah 1 Malaysia and Bantuan Buku 1 Malaysia.

He said these schemes respectively cost the government RM2.6 billion, RM530 million and RM260 million.

Federal lawmakers from the BN are to also receive an added RM1.5 million each to plough into their constituencies this year as the Najib administration looks ahead to polls after the September 28 budget announcement.

Sources said that it would take up to three months for the projects to be identified and carried out, and further announcements in Budget 2013, including the second round of cash handouts under the BR1M scheme, would also take time to be executed.

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