

Business as usual even if Pakatan wins GE13, says economist
Malaysian Insider
April 18, 2013
By Boo Su-Lyn

KUALA LUMPUR, April 18 — Malaysia's economy will continue to expand by 5 per cent this year even if Pakatan Rakyat (PR) forms the next government after Election 2013, an economist said today.

Datuk Dr Mohamed Ariff Abdul Kareem, who is an economics and governance professor from the International Centre for Education in Islamic Finance (INCEIF), noted that both PR and Barisan Nasional (BN) election manifestos were similar, pointing out that PR would maintain current foreign trade and foreign investment policies.

"It's business as usual in so far as the economic linkages with the rest of the world and the private sector," Mohamed Ariff (picture) told reporters at the launch of the United Nations 2013 Economic And Social Survey of Asia and the Pacific here.

"Difference will be in terms of style, transparency, accountability and better governance," he added, referring to PR's proposed execution of economic policies.

Mohamed Ariff said the country's economic growth is expected to moderate to 5 per cent this year from 5.6 per cent last year due to external factors like the eurozone crisis.

To prevent bankruptcy, Cyprus was forced to accept a bailout from the European Union that led to the closure of the island's second-largest bank, Cyprus Popular Bank or Laiki, and great losses by investors with deposits of over €100,000 (RM400,000) that could mark the end of Cyprus as an offshore finance hub, UK newspaper The Guardian reported last month.

Caretaker Prime Minister Datuk Seri Najib Razak warned Malaysians yesterday that stocks and the ringgit would plunge if BN was forced out of government in the 13th general election for the first time since independence, Bloomberg reported yesterday.

Najib also said last month that a smaller parliamentary majority for BN, which lost its supermajority in Election 2008, could hamper his efforts in curbing the budget deficit and may cause economic instability.

The budget deficit dropped to 4.5 per cent last year from more than 6 per cent when Najib took office in 2009.

Malaysia's debt, however, has hit 53 per cent of the Gross Domestic Product (GDP) — close to the ceiling of 55 per cent — up from 43 per cent in 2008.

Mohamed Ariff stressed today that Malaysia's tax base needed to be broadened to increase revenue, pointing out that the country's debt-revenue ratio was 246 per cent, close to Italy's 261 per cent.

"Only 10 per cent of the working population is paying income tax," he said.

Najib has repeatedly postponed the implementation of the goods and services tax (GST) to allay voter anger, saying in 2011 that the unpopular tax would be introduced after Election 2013.

Mohamed Ariff also said the country's inflation rate was projected to increase to 2.5 per cent this year from 1.6 per cent.

"Consumers are still spending. That's why the economy is growing a bit better. So that'll help reduce a slowdown," he said.

Sudip Ranjan Basu, an economic affairs officer from the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), said at the same event today that the economic growth of the Asia-Pacific region was expected to inch up to 6 per cent this year, from 5.6 per cent in 2012.

"Before 2008 and 2009, the average growth was 8 per cent. The growth on average now is 6 to 7 per cent," he said.

He also noted that Malaysia's youth unemployment rate among those aged between 15 and 24 years was 11 per cent last year, saying that this would increase economic inequality.

Hakcipta © 2013 The Malaysian Insider

Source:

<http://www.themalaysianinsider.com/malaysia/article/business-as-usual-even-if-pakatan-wins-ge13-says-economist/>