

Tough Measures Have To Be Taken Despite Political Cost, Says Najib
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By Shanti Ayadurai

KUALA LUMPUR, March 7 (Bernama) -- Prime Minister Datuk Seri Najib Tun Razak on Friday admitted that some of the tough measures that had been taken to keep the country's finances in place, including the easing of subsidies, would have had a political cost to him but added that "what had to be done had to be done" in the interest of country's economy in the long run.

He said this in reply to a question by Tan Sri Dr Mohamed Munir Abdul Majid, Chairman of Bank Muamalat and Senior Visiting Fellow, London School of Economics, during a panel discussion at the National Economic Summit & Dialogue with the Prime Minister of Malaysia here.

Munir had said that all the moves taken by Najib to address the fiscal deficit were in the right direction, from the easing of subsidies to expanding the tax base with the goods and services tax but they have come with a political cost.

Various political and social issues have cropped up amid the rising cost, and hence, what was being done to address these issues which were just as important to the economic agenda and confidence levels, he asked.

Reducing subsidies has been a daunting prospect, Najib said, adding that many leaders from other countries have faced similar problems when reviewing subsidies that are not sustainable.

It has to be done nonetheless, but the key to easing subsidies is to do it progressively, he said, adding that a strong social safety network has to be put in place as well at the same time.

That is why the government has been going for targeted subsidies, to ensure that the lower income category of people are not greatly affected by the removal of subsidies.

Doing away with subsidies, however, cannot be overnight, as that would be drastic, Najib said, citing the case of Iran which, he said had gone just for that, although it had compensated with some cash.

On mitigating the political and social effects that the fiscal measures have had, Najib said there has to be better and more effective communications with the people in explaining the measures that had been taken and their benefits.

"This is where we have been lacking as the financial moves that the government have taken are of good quality but the marketing of these has not been as good," he said.

Hence the government has been working hard to get across to the people to tell its story, he said.

Najib also said that the social media have become the number one shaper of public opinion, with television taking a second seat and the print media the third spot.

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