

Najib differs with Dr Mahathir on cash handout, says it's target oriented

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Prime Minister Datuk Seri Najib Razak today defended his administration's cash aid programme under the 1Malaysia People's Aid (BR1M), a day after coming under criticism from Tun Dr Mahathir Mohamad.

Najib said the one-off cash payment was a targeted subsidy and would help propel domestic economy.

"It is better to decrease lump sum subsidy and turn to targeted subsidy. Through BR1M and BR1M 3.0, over 7 million households (received BR1M) totalling RM4.6 billion.

"The first day, many went to Sogo, many went to the weekly markets," Najib said, addressing the monthly gathering for staff of the Prime Minister's Department in Putrajaya, this morning. In a blog post yesterday, Dr Mahathir repeated his criticism of the BR1M, describing it a costly move for a government facing huge debts and deficits.

"At RM500 per person, for seven million people it would cost the government RM3.5 billion. Increase that to RM1,200 and the cost would be RM8.4 billion.

"That is a lot of money. Yet there are still a lot of very poor people in the country. Do we really need BR1M? Even without BR1M there was good support by the people," said the former prime minister, in his second public criticism on the BR1M.

In July last year, Dr Mahathir had told Umno mouthpiece Utusan Malaysia that BR1M had failed to reel in the votes for the BN in the 13th general election because the recipients were "not thankful" and "thought it was their own money anyway".

In defending his policy, Najib said BR1M not only benefited recipients but also the local economy.

"Our economic theory is, by decreasing subsidies, we can allocate more for development.

"I hope our 11th Malaysia Plan can allocate more for development. There must be more for development and this cannot be done through debt.

"If debt continues to rise, the economy will crash," said Najib.

Najib said he was aware of the side effects of the government's subsidy rationalisation drive on living costs, but said they were temporary.

"The rationalisation policy is right, although for one or two days there will be increase in living costs... we are sensitive.

"We have undertaken so much effort, and prices have stabilised again. We pay attention to the people's plight, we can help them more," he added.

Since late last year, Putrajaya has embarked on aggressive cost-cutting measures after pressure grew for it to rein in a chronic budget deficit, which has left Malaysia's national debt at just below the critical legal ceiling.

Among others, it has reduced fuel subsidies and removed the price control for sugar. Electricity tariffs and the assessment value for Kuala Lumpur properties have also increased, while the controversial goods and services tax (GST) is set to take effect next year.

The third phase of the cash disbursement programme, or BR1M 3.0, was announced last month. Under the 2014 Budget, households with a monthly income of RM3,000 and below are qualified to receive BR1M of RM650 each, an additional RM150 from last year. For households with a monthly income of between RM3,001 and RM4,000, the financial aid is RM450. – March 3, 2014.

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