

Malaysians will realise unpopular moves are to save country, says Najib

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Although Putrajaya's economic transformation programme is seen as an unpopular move, Prime Minister Datuk Seri Najib Razak today said that sooner or later, Malaysians would realise that it could save the country from financial troubles.

Najib said the revenue from the economic transformation programme, such as subsidy rationalisation and the goods and services tax (GST), could absorb expenditure with the declining value of the ringgit and falling oil prices.

"We are in Malaysia today, our position is stronger than during the Asian Financial Crisis. We have learnt from it," he said in his speech during an event in Putrajaya today.

"Even more so when we began the economic transformation programme and reduced the country's deficit, we may achieve (our target) 3.2% by the end of this year."

He said that if the economic transformation programme had not been implemented early, Malaysia could have been hit with a worse situation.

"Although it is not popular, sooner or later the people will realise that this reform is the only space available, because we started it earlier.

"Just imagine, our deficit is at 6.7%. Of course, our room is limited.

"Imagine if we do not reduce oil subsidies, for example, we would have to use RM20 billion a year to absorb subsidies and it will add on to the burden.

"If we had not implemented GST, for example, although unpopular, at least the decline in oil prices can be absorbed with the revenue from GST," said Najib, who is also finance minister.

He reiterated his previous commitment, that the revenue from the 6% consumption tax will be given back to the people.

He said the people should realise that there were several factors that were out of the government's control.

"At this moment, we have to realise that there are factors that we can control and there are others that we can't. We have to focus on what we can control," said Najib, who is the MP for Pekan.

"Believe that the government will act as best as it can and God willing, we can curb

the phenomenon in due time."

Putrajaya has been accused of burdening the people with GST, which took effect on April 1 this year, to bail out the government even as the country continued to register budget deficits each year.

Critics, including former prime minister Tun Dr Mahathir Mohamad, have said that Putrajaya could have avoided imposing the hugely unpopular consumption tax by reducing its own costs.

On Monday, Najib defended the tax, saying that Malaysia was fortunate to have GST to generate revenue as the country needed money to cover its expenses.

He said that national earnings from oil exports and Petronas dividends were down because of the fall in energy prices, adding that without the 6% GST, Malaysia would be financially pressured.

"We are fortunate today that we have GST. How would we be covering our expenses? How would we be helping the states?" the finance minister had said.

The ringgit has been Asia's worst performer in the past one year, with many attributing its poor performance to worsening global outlook, China's surprise devaluation of the yuan, plunging commodity prices and the current political scandal linked to Najib.

The ringgit rout continued as markets opened today, falling to a record low of 3.08 against the Singapore dollar. The currency is also at a 17-year low against the greenback, opening this morning at 4.2630 per US dollar. – August 25, 2015.

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