

Ku Li: Goods and services tax the best to generate income

Written by Tengku Razaleigh Hamzah
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KUALA LUMPUR: Malaysia is overly dependent on exports and oil and gas to support its economy, said former finance minister Tengku Razaleigh Hamzah.

“At the moment, we're relying too much on export earnings, especially from depleting resources like oil. I don't know how long that can sustain the kind of development and spending incurred by the Government.

“When this source of revenue dries up, you have to replace it,” he said, adding that the Government would soon have to look elsewhere for income.

“Every government needs additional revenue no matter what form it takes, provided it is not too troublesome to collect or too burdensome for the people to pay.

“The best way to do this would be through the (proposed) goods and services tax. But whether or not we should do it now is anybody's guess.

“It will depend on the evaluation to be made by the experts who will advise the Government on the timing,” he told a packed crowd at the Royal Selangor Club's presidential luncheon.

Razaleigh, a stalwart politician who has spent 50 years in active political service, was instrumental in Malaysia's economic development in the 1960s under then prime ministers Tunku Abdul Rahman and Tun Abdul Razak.

The Gua Musang MP noted in his speech earlier that the country saw decisive changes to its economy during the 1980s when a neo-liberal capitalism swept the nation, a system he claimed was not suited to Malaysia's unique socio-politics.

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“The distinguishing feature of this policy is the privatisation of public ownership of utilities essential for public good, such as water, power, public transport, health and other services irrespective of whether they were efficient and must be owned by the state.

“By privatising what is economically called public good', the values that went with public good changed to private profit accumulation of wealth and greed. The nature of public responsibility also changed.

“There was an understanding that in order to benefit from this new economic system, political power needed selective businessmen who would work together for their mutual benefit,” he remarked.

He also lamented that these policies had served to widen inequalities.

“Today, Malaysians suffer from very wide inequality, and there is a suggestion that it is higher than in Thailand and Indonesia. This cuts across racial boundaries,” he quipped.

Razaleigh derided the close ties between politicians and the private sector that “nurtured vested interests,” warning that politics must be free from business.

“The right to do business as part of the national economy must be a fundamental right, not subject to favours by politicians or bureaucrats,” he said.

by John Loh The Star

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