

UE542 A A E  
BUDGET-MAHATHIR R'R'R'  
BM

KUALA LUMPUR, OCT 27 (BERNAMA) -- THE 1990 BUDGET TABLED AT THE DEWAN RAKYAT TODAY, DESCRIBED AS A +BUDGET MEANT FOR EVERYONE,+ IS NO INDICATION THAT THE GENERAL ELECTION WILL BE HELD SOON, PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY.

THE GOVERNMENT HAD MANY TIMES COME UP WITH BUDGETS THAT DID NOT BURDEN THE PEOPLE ALTHOUGH THERE WERE NO GENERAL ELECTIONS THEN, HE SAID IN AN INTERVIEW WITH RTM AND TV3 AT HIS OFFICE AT PARLIAMENT HOUSE SOON AFTER FINANCE MINISTER DATUK PADUKA DAIM ZAINUDDIN FINISHED HIS BUDGET SPEECH,

DATUK SERI DR MAHATHIR SAID: +MANY PEOPLE THINK THAT THIS IS AN ELECTION BUDGET...BUT IF WE LOOK BACK ON PAST BUDGETS, THEY FREQUENTLY DID NOT HAVE ANY SPECIFIC MOTIVES.

+AS SUCH, I CANNOT SAY WHEN THE GENERAL ELECTION WILL BE HELD. HOWEVER? DO NOT TAKE THIS BUDGET AS INDICATING THAT THE GENERAL ELECTION WILL BE HELD SOON,+ HE ADDED. -- MORE"  
1943MST 27 10 89

U E549 AAE  
BUDGET-MAHATHIR 2 KUALA LUMPUR R'R'R'

THE PRIME MINISTER SAID NEXT YEAR'S BUDGET, WHILE NOT BURDENING THE ORDINARY PEOPLE7 WILL ALSO AFFORD THEM BENEFITS IN VARIOUS FORMS.

THESE INCLUDE THE REDUCTION OF TAX FOR BUILDING MATERIALS FOR LOW-COST HOUSES AND CUTS IN OTHER TAXES AIMED AT FURTHER EASING THE PEOPLE'S BURDEN.

DATUK SERI DR MAHATHIR SAID THE REQUESTS RECEIVED BY THE GOVERNMENT IN PREPARING THE 1990 BUDGET WERE THE SAME AS THOSE OF PREVIOUS YEARS -- ALL PARTIES ASKED THE GOVERNMENT TO LOWER TAXES AND INSTEAD TO SPEND MORE ON INFRASTRUCTURE9 AID AND SUBSIDY.

SUCH REQUESTS ARE SORT OF +INCOMPATIBLE+ BECAUSE IF TAXES ARE REDUCED, GOVERNMENT REVENUE WILL DEFINITELY DROP. AND THE GOVERNMENT WILL BE UNABLE TO SPEND MORE.

HOWEVER, HE SAID, AT TIMES THE GOVERNMENT COULD STILL GET MORE REVENUE EVEN IF IT REDUCED TAXES! AS HAD BEEN EXPERIMENTED BY IT SEVERAL YEARS BACK. -- MORE

2044MST 37 in 89

D488

U E54 AAE  
BUDGET-MAHATHIR 3 KUALA LUMPUR R'R'R'

THE EXPERIMENT INVOLVED ABOLISHING DUTIES ON LUXURY ITEMS LIKE PENS, LIGHTERS AND COSMETICS, WHICH AT ONE TIME DID NOT HAVE A BIG LOCAL MARKET BECAUSE OF HIGH TAXES, AND BECAUSE MALAYSIANS BROUGHT IN SUCH ITEMS FROM NEIGHOURING COUNTRIES WHERE THESE ARE DUTY-FREE.

AFTER THE DUTIES WERE ABOLISHED, THE LOCAL DEMAND FOR THESE ITEMS INCREASED SEVERAL TIMES, NOT ONLY FROM LOCAL CONSUMERS BUT ALSO FOREIGN TOURISTS ATTRACTED TO SHOPPING IN THE COUNTRY.

ALTHOUGH THE GOVERNMENT LOST ON THE IMPORT TAX, THE HIGHER BUSINESS VOLUME HAD SPIN-OFF EFFECTS, LIKE CREATING JOBS AND BENEFITTING SHOPKEEPERS AND TRANSPORT OPERATORS THROUGH GREATER IMPORTS.

+ATTIMES, REVENUE WILL INCREASE EVEN IF WE REDUCE TAXES . . . BUT GENERALLY1 REDUCING DUTIES WILL MEAN TOO LOW A REVENUE, MAKING IT DIFFICULT FOR THE GOVERNMENT TO SPEND A LOT OF MONEY TO INCREASE SALARIES AND PROVIDE THE NEEDED INFRASTRUCTURE,+ HE SAID. -- MORE  
2034MST 27 10 89

D498

U E560 AAE  
BUDGET-MAHATHIR 4 KUALA LUMPUR R'R'R'

ON THE MOVE TO ENABLE CIVIL SERVANTS IN CATEGORIES B, C AND D TO OPT FOR RETIREMENT AT 40, HE SAID IT WOULD NOT AFFECT THE COUNTRY'S RAPID PACE OF DEVELOPMENT.

HE SAID THE USE OF MODERN EQUIPMENT SUCH AS COMPUTERS AND WORD PROCESSORS HAD MADE THE MANPOWER REQUIREMENT IN GOVERNMENT DEPARTMENTS NOT AS PRESSING AS BEFORE, EXCEPT IN CERTAIN FIELDS ONLY.

AND SINCE THE GOVERNMENT COULD NOT SIMPLY TERMINATE THE SERVICES OF ITS EMPLOYEES, IT HAD TO FIND A WAY BY WHICH +THEY WILL NOT LOSE AND THE GOVERNMENT CAN REDUCE THE NUMBER OF ITS EMPLOYEES IN CERTAIN AREAS.+

BECAUSE OF THIS, THE DISCRETION OF WHETHER GROUP A OFFICERS COULD OPT FOR RETIREMENT AT THAT AGE RESTED WITH THE GOVERNMENT, HE SAID. -- MORE  
2056MST 27 10 89

D518

U ES77 AAE  
BUDGET-MAHATHIR 5 KUALA LUMPUR (LAST)

ON THE GOVERNMENT'S +SURPRISE+ HOPE TO SEPARATE THE KUALA LUMPUR AND SINGAPORE STOCK EXCHANGES HE SAID MANY COMPANIES LISTED ON THE SINGAPORE BOURSE WERE ACTUALLY MALAYSIAN COMPANIES.

HE SAID WHAT HAPPENED WAS THAT MUCH OF THE TRADING OF SHARES IN SINGAPORE DID NOT BENEFIT INDUSTRIES SUCH AS SHARE BROKERAGE AND OTHERS IN MALAYSIA.

ANOTHER REASON FOR THE SEPARATION WAS THAT THERE HAD BEEN SPECULATION IN SINGAPORE WHICH ADVERSELY AFFECTED MALAYSIAN COMPANIES.

ONE SUCH INSTANCE WAS IN 1986 WHEN SINGAPORE INVESTORS RESORTED TO HEAVY SELLING OF MALAYSIAN COMPANY SHARES DURING A HOLIDAY IN MALAYSIA, RESULTING IN THE PRICES OF SEVERAL COMPANIES DROPPING SHARPLY

THE FACT THAT MALAYSIA COULD NOT HAVE TRADING OF SHARES ON THE SAME DAYS AS SINGAPORE COULD ALSO AFFECT THE LOCAL STOCK MARKET.

THE KLSE WAS ALSO FORCED TO CLOSE FOR THREE DAYS BECAUSE OF THE PAN-EL CRISIS IN SINGAPORE A FEW YEARS AGO.

DATUK SERI DR MAHATHIR ALSO SAID INFLATION IN MALAYSIA WAS MORE OF AN +IMPORTED+NATURE, ARISING FROM MALAYSIANS' IMPROVED PURCHASING POWER AND THE TENDENCY TO BUY IMPORTED GOODS.'

+THE BEST WAY TO CHECK INFLATION IS TO REFRAIN FROM BUYING IMPORTED GOODS. IF WE DO NOT BUY, THE GOODS WILL NOT BE BROUGHT IN, AND THERE WILL BE NO INFLATION,+ HE ADDED. -- BERNAM4  
2138MST 27 10 89