

19/08/1998

A tax increase now will not be fair on the people: Dr M

FURTHER economic measures to be implemented by the Government to revive the country's economy will not include an increase in taxes, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"No... people do not have money. How can we tax them when they are facing a hard time? It is unfair. We should instead lower taxes," he told newsmen after launching the national Workers' Day celebration in Kuala Lumpur yesterday.

Dr Mahathir was asked whether raising taxes would be among the "shocking or drastic" economic measures which he had said last week that the Government would introduce.

The Prime Minister said the Government cannot raise taxes and other similar measures given the economic problems faced by the people.

"This is actually what the International Monetary Fund wants us to do... tax the people, reduce credit and increase interest rates. We cannot do that... we have to think of something (else)," he added.

Dr Mahathir said his call on the people to brace themselves for more economic measures is to ensure that there is adequate support from the people for the Government's efforts, as there can be no results otherwise.

"Minus the people's support, nothing will be effective. As such, we have to remind the people to be ready to respond to the proposals of the Government," he added.

On whether the additional measures would include fresh initiatives, the Prime Minister said the Government has to build on the results of the measures already introduced.

"We have urged the public to be prudent in their spending, promoted the use of local currencies in trade and reduced imports.

"All these measures, which are in a way radical, have been very effective in that so far we have yet to beg for assistance. But they are still inadequate to revive our economy.

"As such, we have to introduce some more measures," he said, adding that they may be announced in the 1999 Budget to be tabled in Parliament in October.

Dr Mahathir said that the Government's decision have often been described as drastic, shocking or radical by the foreign media.

"If you look at other countries like Hong Kong, for example, they too adopt some very drastic measures...

"In our case, whenever we try to do something, they (foreign media) will picture it as drastic. For example, when we want to borrow money... that is considered as a drastic measure and they prevent us from doing so.

"But we have to do something... it may be regarded by these people as drastic but it is something we have to do," he said.

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