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Budget 2000 hard for Opposition to find fault with

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THE implications of the 2000 Budget would have been well and truly digested, and according to Prime Minister Datuk Seri Dr Mahathir Mohamad, would have been largely discounted by the people.

Dr Mahathir, speaking soon after the budget was tabled last Friday, said in all his experience with national budgets, that in one week people would have forgotten what came with the Budget.

He said the only way the Barisan Nasional Government could have gained advantage would have been to hold elections on Budget Day.

Given a few days, he said, the Opposition would have been able to poke holes in any budget and criticise it.

Coming at a time with general elections round the corner, criticism came early. Opposition leader Lim Kit Siang stood up during the tabling of the Budget itself but was shouted down. Outside, the Opposition came out with the oxymoronic accusation that Government is giving too much to the people.

However, since there was so much in the 2000 Budget for the ordinary people, the hands of the Opposition may be tied and they will have trouble criticising the Government too much.

The Opposition MPs were bereft of anything to latch on last week and at their knee-jerk reaction to the Budget was that the Government is spending more than it can earn and went nit picking on TV licences.

In the end, they conceded a backhanded compliment to the Government - accusing the Government of stealing ideas from the Opposition's so-called alternative Budget publicised a few days before.

Civil servants had more than enough to smile about, not least a hefty 10 per cent pay increase, bigger loans to buy houses and perhaps more immediately, the much talked-about RM1,000 bonus.

For private sector workers, there was the tax-cut for personal income and the fact that no new taxes were introduced this year.

The Government chose to announce a revised gross domestic product growth projection of 4.3 per cent, instead of the conservative 1 per cent, at the Budget announcement.

Most of this new growth will come from measures being implemented now. Coupled with the growth is a significant 4.4 per cent improvement in per capita purchasing power parity to US\$8,604 (US\$1 = RM3.80) this year. The Government wants to spend RM78.03 billion, which is a bit higher than the original estimate for the year.

This expenditure is RM12.97 billion more than what the Government will earn next year, and it will cover the deficit mostly from domestic sources.

From the Budget tabled last Friday, it is clear that the Government is sticking with the proven and will continue to fuel recovery of the economy by revitalising growth.

Infrastructure development, which had provided spin-offs in the past, will continue to get priority with RM5.33 billion-worth of projects proposed mainly to improve roads and highways.

At the same time, it has provided incentives to strengthen the domestic economy by forcing local corporations to be competitive and more robust to withstand external risks in the future.

The Government will give local producers a leg-up towards facing keener competition under WTO rules; it will pull back import duties on 305

products to between zero and 20 per cent.

The Government will also continue to prod the services sector into taking a lead in pulling the economy up as well as looking to the agriculture sector to providing a new source of growth.

To keep the hi-tech sector bubbling the Government allocated RM200 million in a venture capital fund to finance hi-tech projects.

Banks, undergoing the massive rationalisation at present, will get tax perks to encourage restructuring and lending. One incentive - banks with lending growth of more than 10 per cent to productive sectors will not be taxed for the first 8 per cent net growth.

Companies undergoing debt restructuring schemes will not be burdened with tax on expenses and other incentives to lower the cost of doing business include double deduction for freight costs from Sabah, Sarawak and Peninsular Malaysia as well as a more lenient classification and rate for capital allowance for plant and machinery.

Like all budgets, Budget 2000 will not please everyone. Non-civil servants will want private sector bosses to emulate the Government's largesse to its employees and corporations were looking forward to more concessions.

However, there is no denying that there is nothing much wrong with the Budget, and looking at it from this side of the economic crisis - it will seem the right one, a week, months, years from now.

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