

# We'll study all views, says PM

## 'But Budget will still be in deficit'

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PUTRAJAYA, Sat. The 2002 Budget to be presented in October will still be in deficit although the Government intends to reduce it, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

The 2001 Budget was in deficit by RM16.14 billion or 4.9 per cent of gross national product.

"The overall (2002) Budget must be in deficit although on the operational side we expect some surplus. We will try to lessen the deficit," said Dr Mahathir.

He said to better manage government finances, suggestions from reducing corporate tax to increasing government spending put forward by the agencies, associations, non-governmental organisations at the three-day pre-Budget dialogue must be thoroughly studied.

"They are all very good proposals and I should seriously study them,"

he told reporters after chairing the last dialogue session in Putrajaya today.

Dr Mahathir said from his observation after chairing all three sessions, there were conflicting views from the participants "which need to be reconciled".

"While those in the management and business side want to focus on reducing corporate tax, others who want to improve the quality of life want us to spend more," he said.

He said increasing expenditure to improve the quality of life of Malaysians could be quite damaging to the economy if not done properly.

Dr Mahathir said the Government's ability to "entertain such request is quite limited" because it had to be prudent in managing its finances.

He cautioned that such prudence was necessary if the Government wanted to avoid a higher deficit budget.

"If our finances are weak and our

economy is not strong, we might not be able to recover from another attack.

"While wanting to give in to these requests, we must ensure that we do not get weak and that we are still strong enough to defend our rights and the sovereignty of our economy," said Dr Mahathir.

He also conceded that at times, reducing corporate tax might result in higher revenue for the Government, but "most times we do not collect that much".

He said any reduction in corporate tax must be looked at from the profitable angle.

"Will it boost the companies' profits or not? And if it makes the economy grow, yes, we can reduce the tax."

To a reporter's suggestion that the Government implement staggered corporate tax like what Japan does, Dr Mahathir said: "We will study all options ... to know which one is the best."