

Ramon: Budget must factor in current situation

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PENANG: The Budget 2002, which will be tabled on Friday, should take into account the reality of a possible global economic slide that has been accentuated by the Sept 11 attacks on the United States.

Former Finance Ministry deputy secretary-general Tan Sri Ramon Navaratnam said the Budget should also take into consideration the grave dangers posed by the US retaliation and the consequent damaging international economic effects on the Malaysian economy.

"Most people will expect tax reductions to alleviate their hardships and expenditure increases to provide them with better facilities and amenities," he said at a conference organised by the Certified Public Accountants (CPA) Australia yesterday.

However, Ramon cautioned that too many tax giveaways and too much government spending could further strain the Budget as well as the balance of payments while weakening the country's economy and financial resilience.

He said the solution for the world economy was for the G7 industrial countries to reform the international financial architecture and the international economic system.

"They should realistically realign their currencies and cut down the massive defence expenditures," he said in his

paper entitled *Stress and Strains of Budget 2002 - Need to face up to global realities*.

Ramon, who is also the Sunway Group corporate adviser, said the Budget should consolidate and adopt socio-economic and financial policies.

Major internal threats, he said, include relatively low productivity, rising external competition from neighbouring countries, the over-regulation in some parts of the economy and the laid back attitude of some Malaysians.

In Ipoh, Inland Revenue Board chief executive officer Datuk Zainol Abidin Abdul Rashid said taxpayers can expect good news when Prime Minister Datuk Seri Dr Mahathir Mohamad tables the 2002 Budget, reports Bernama.

He said the board had forwarded proposals to the Government and it was up to the Government whether to accept or reject them.

"You have to wait for the Prime Minister's announcement. I think the 2002 Budget will bring many good news for us," he told a media conference after visiting the IRB branch.

Zainol Abidin said he believed taxpayers would be satisfied with the Budget as the tax collected from them would be used to upgrade infrastructure facilities and speed up development in the country.