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Mahathir-Budget

GOVT WILL TRY TO REDUCE BUDGET DEFICIT, SAYS PM

PUTRAJAYA, July 14 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the government will try to reduce the budget deficit for next year to control government finances.

"If we spend excessively, we will face a big problem. If the economy were to deteriorate, we will face even greater problems," he told a news conference after chairing a pre-Budget dialogue here.

Dr Mahathir, who is also Finance Minister, said the government's ability to meet demands for cuts in taxes, additional expenditure and others was limited.

He said the government could not reduce taxes simply so that businesses would gain more or spend more to improve the quality of life of the people.

If the government was not careful and reduced taxes and spent excessively, the country would face large budget deficit problems and have a weak financial standing, he said.

"If our economy and finances were not strong, and if we are attacked just like what happened during the last financial crisis, our economy will not be able to recover," he said.

To fulfil the demands of social organisations, he said the government would have to ensure that its finances were not weak so that it would be able to defend its independence and economic strength.

As such, he said, the government needs to review all proposals for tax reductions and in some cases, the move could increase revenue.

He said this was also the same with corporate taxes where if its reduction could boost new business activities and encourage strong economic growth, it could be done.

-- BERNAMA

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