

Going all out for growth

BANKING
SECTOR
GROWTH
— PAGE

HST 31 OCT 1984

Free trade

KUALA LUMPUR, Tues. — The Government is determined to bring about a business climate that is conducive to enterprise, initiative and a willingness to work hard for a better living, Datuk Seri Dr Mahathir Mohamad said today.

Speaking at the joint annual dinner of the associations of banks and finance institutions, the **Prime** Minister said his administration was committed to maintaining a **stable economic** environment for business to flourish and **expand**.

"I regard this as the underpinning of a robust economy."

"The Budget strategy of tax cuts is but the first phase in our national programme to make our country attractive and **competitive** financially and to provide incentives for **hardwork** and the taking of risks.

"The disincentive of high marginal tax rates is a matter of the past. We now provide an environment that offers greater **reward** for effort, skill, responsibility and risk.

"Over the next two years, with a reduced tax burden, the nation could grow between six and seven per **ccnt** annually, with price **stability** and a **reasonably** buoyant **external** sector."

Public sector deficits are being corrected and the balance of payments should improve.

"What is needed now **is to place** Our **manufacturing** and agricultural industries in a strongly competitive position so that the nation will be ready for the next stage of export growth in the second half of the 1980s.

"This is **where** the financial sector can come in to **help**."

The Government is reviewing its policies, within the framework of the preparatory for the Fifth Malaysia Plan and **beyond** promote growth and trade, increase, **efficiency**, reduce poverty and improve income distribution in line with the objectives of the New **Economic Policy**.

"Indeed, in addressing the problem of the **balance** of payments, the key issue facing the nation will be the need to find additional resources for development, primarily from domestic savings and funds which are domestically generated."

Dr Mahathir, in reviewing the world economic scene, said the dilemma of the international economic order was that political ideology in major industrial **countries** was at **divergence** with practice.

"**Everyone** professes to be for free trade, but **practises** protectionist measures in one form or the other, including voluntary restraint of **exports and non-tariff barriers**."

● FULL TEXT OF P.M.5 SPEECH: P14

Few nations are taking the long view of investing in developing countries because of the international debt crisis and high interest rates in the United States.

He said the **combination** of these factors could plunge the world into another recession:

"We in Malaysia, **therefore**, must take **cognizance** of the world environment and accordingly plan our long-term strategies to overcome the barriers to trade."