

Doc's prescription: Spend less, work more

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THE cure for the economic recession afflicting Malaysia is cutting down expenditure and boosting productivity, Umno president Datuk Seri Dr Mahathir Mohamad said in his speech to open the party's 36th General Assembly.

"There is no other medicine," he said.

He pointed out that the cost of production of primary commodities in Malaysia is higher than in other countries. "If we do not reduce the cost of production and increase productivity, the price of our commodities will not be competitive in the world market," he added.

In this event it will not only be the bosses who suffer but the workers and others who are dependent directly and indirectly on the primary industries.

In a speech which lasted some 70 minutes, Dr Mahathir touched on various topics including the MCA, rights of the

Bumiputeras, wage demands by the unions, religion and the royalty.

He said economic recovery is not solely dependent on government action but on each and every one — management and employees are equally responsible.

"The hue and cry by workers and the analyses by experts at seminars and workshops will not bring any good if we do not behave responsibly and increase our productivity."

He said Malaysia's financial position is healthy compared with developing countries not only in this region but worldwide as a result of prudent management of finances by the government.

"However, we are not free of the dangers yet. We still need to be prudent in our financial management. In the years ahead we have to reduce our debts. But we have to continue imple-

menting beneficial projects, if not industry will come to a standstill," Dr Mahathir said.

He said if industry collapsed, it will result in losses not only for management but employees, suppliers, shopowners, petty traders and the transport sector.

The Prime Minister added that in the present economic situation, the people should be willing to make a little sacrifice so that the country's debts will not increase too rapidly to the extent where remaining funds are insufficient to meet management expenses.

The world economic recession had adverse effects on Malaysia especially when 50 per cent of its Gross National Product (GNP) is dependent on trade. With the decline in demand for its products by developed countries, Malaysia's foreign exchange revenue will be reduced in addition to lower re-

venue from export duty, income tax and other taxes.

"What can be done under such a situation?" he asked. "If we want to continue as usual there is no other way but to borrow. The national debt is a serious issue. The principal and interest on it must be repaid. Part of the revenue collected would go to the repayment of debts.

"After deducting debt repayment and operating expenditure, the government will not have sufficient funds for development. But development must be continued and projects must be implemented. In view of that, we have to borrow," Dr Mahathir added.

He explained that borrowing to implement projects that are beneficial and will generate revenue are justified. But the government cannot borrow for recurrent expenditure such as salaries, pensions and others.