

WHY GOVT AGREED TO PAY: PM

Industrial action would hurt nation, says Mahathir

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By NG WAI HONG

KUALA LUMPUR, Fri. — **Datuk Seri Dr Mahathir Mohamad** said today that the Government agreed to grant part of the civil servants' pay claims because "we want to see the country run smoothly in its attempt to get out of the current recession."

The Prime Minister said that if the civil servants went ahead with their industrial action to back their demands, the country and the Government would suffer great loss.

"To avoid this, the Government agreed to meet the claims," he said after witnessing the signing of a joint declaration between the Government and Cuepacs and the National Joint Councils (Staff Side) on a salary adjustment for public sector employees at his office.

The agreement ends 20 months of negotiations during which the unions staged pickets in the major towns and then threatened to hold nationwide strikes if the Government did not meet their demands.

"The price of our palm oil, for example, is one of the highest in the world market."

He said the Government was also privatising several of its departments to trim its salaries bill.

With a smaller civil service, the Government would be able to pay the workers higher salaries, he said.

However, he said, workers would have to be more efficient to allow for a smaller workforce.

The Government's offer, which was accepted by the unions yesterday, will immediately benefit about 520,000 workers in Category D. They will receive between \$15 and \$25 increments, depending on their grade, from this month.

This is in addition to the \$15 to \$35 increments they received last July together with Category C workers.

Under the agreement, the Government will also be reviewing the economic situation from time to time to see if the salaries of

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those in Categories A, B and C can be increased.

Dr Mahathir said the current economic situation did not permit the Government to raise the salaries yet.

He pointed out that the new offer alone would mean an additional \$125 million a year. "This will worsen the current account deficit which came up to \$1.4 billion for the first five months of this year."

He said the current account deficit was expected to total \$4 billion next year.

Dr Mahathir said the shortage of funds was worrying, "but the Government is willing to shoulder this additional burden as it wants to see the country continue functioning smoothly in efforts to overcome the recession."

He said workers should be more efficient so that production costs would be lowered and productivity increased at the same time.

This, he said, would make Malaysian commodities and goods more competitive in the world market.