

WE MUST CUT COSTS

STAR 2 * OCT 1986
Dr M: We don't want to be a slave to foreign creditors

By LEANOS FERNANDEZ and
AZMI M. ANSHAR

KUALA LUMPUR, Mon. — Datuk Seri Dr Mahathir Mohamad said today that the Government must reduce operating costs if it does not want to become a "pauper and a slave" to foreign creditors.

The Prime Minister said this meant retrenchment, salary cuts and stepping up productivity.

He said that was the only alternative. "We have to make sacrifices now for a better future," he said when he opened the triennial Cuepac convention here.

Dr Mahathir said the Government's revenue from all sources had dropped and, if costs were not cut, it would reach a level where "we will have to borrow to pay workers' salaries."

"This is what we mean by deficit in the current account and anyone can understand that if we borrow to spend on incidental expenses, sooner or later we will become a pauper and a slave to our creditors.

"As a nation, our freedom will be jeopardised and we will be forced to follow the dictates of the banks and rich countries on how to manage our economy.

"In trying to recover their loans, these countries might force us to reduce our operating expenditure by ordering the Government to carry out pay cuts or retrenching some civil servants.

"They have forced these (cuts) on several countries in Central and South America. If we don't bow to their orders, they will not extend any more loans to us. This fact must be accepted by all quarters," he added.

He said any action that disrupts the revival of the country's economy would only "delay the revival of our own income."

Dr Mahathir also said that the re-

lationship between employers and employees should be that of "two friends or partners."

A Government that was "regularly threatened or attacked" by industrial action would be rendered ineffective, he added.

"Without a righteous and effective government, many unhealthy incidents will affect the safety of the people and the country," he said.

Dr Mahathir said that while Cuepacs had the right to defend its rights and make demands, there was no need to "become enemies" with the Government.

He reminded Cuepac leaders that success in negotiations was not necessarily achieved through confrontation and pointed out that an "adversarial attitude" was normally the cause of failures.

In an apparent reference to former Cuepac president Ahmad Nor — who is now SDP president — and the civil servants wage crisis last year, Dr Mahathir said he was glad that Cuepac had "reverted to its original role as a workers' union"

and was no longer a "political body which allowed itself to be a political instrument."

He said that whenever a workers union was used as a political platform, the interest of the workers' was always set aside.

"If such a 'political body' succeeds in taking over the Government, unions and workers will continue to be oppressed," he said.

Dr Mahathir said the present Cuepac leadership was "more realistic" in its recent wage negotiations with the Government after it had freed itself from "those who had other motives."

"There is no more such action as agreeing inside (in negotiations with the Government) and disagreeing outside, which caused disruption and confrontation in industrial relations in the public sector," he added.

Dr Mahathir said that the new Cuepac leadership could be viewed as "being listless" at a glance but reminded them that in this time of recession, there was no way any leader could succeed in

getting all demands fulfilled.

On the five National Joint Councils, Dr Mahathir called for a more "active and close relationship" to identify workers' problems at an early stage so that suitable action could be taken to overcome them.

Despite the councils' request for negotiation rights, he said that this was not possible because the Government was not a "profit-making company for those who own it."

The Prime Minister said that he was being blunt because he was not "out to gain popularity by giving the impression of something that does not exist."

"If we want to revive our economy, we must pool our resources and if we 'fantasise' that our position is as good as before, then we will become our own victims," he added.