

PM raises spectre of paycuts

Tight rein

on salaries

By SABRY SHARIF

KUALA LUMPUR, Mon.
— Borrowing money in order to pay civil servants is the surest way to financial ruin and loss of national independence, **Datuk Seri Dr Mahathir Mohamad** said today.

And he feared this could happen if all the cost-cutting measures being undertaken by the Government were unable to counter the rising operating costs.

Further cost-cutting measures and increased productivity were the only alternatives to borrowing as "we do not expect the prices of

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our main exports to recover in the short and medium term".

The Prime Minister, who was opening the 17th Cuepacs Convention, said the country is doomed if it has to borrow to pay the salaries of civil servants.

"If this were to happen, the country would be at the mercy of its creditors ... the banks and rich countries ... and its freedom as a country would be affected."

This had happened to countries in Central and South America and if Malaysia went the same way it could expect creditors, in their efforts to get their money back, forcing the country to retrench and even cut salaries.

In the face of the Government's deteriorating finances, public sec-

tor unions simply could not hope to get a salary revision for their members.

The ability of the Government to pay depended on taxes it collected from corporations and individuals.

Taxes had fallen because of the poor prices of commodities which make up 50 per cent of the nation's revenue.

"Production cost of commodities such as tin and palm oil has exceeded their current market prices so much so only those few corporations with high productivity are able to make marginal profits while the Government receives very little by way of taxes from rubber and timber.

"Petroleum is still a lucrative export, but the value of a barrel of oil has gone down from US\$30 to US\$10."

Dr Mahathir said other businesses too suffered from the poor prices of commodities and as a result, the total amount of taxes paid by corporations and individuals had dropped.

"But the Government's operating costs such as yearly increments and pensions have grown from year to year.

"This is why I like to be honest with you, that against the backdrop of these economic and financial problems, Cue-

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PM: A threatened Govt cannot be effective

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pacers or its leaders will not be able to get a wage revision from the Government."

The Prime Minister commented on the appeal by the five National Joint Councils (Staff Side) for a merger into a single NJC and the restoration of their negotiating rights for salaries and other benefits.

He said the NJCs could not compare themselves with their counterparts in the private sector who have negotiating rights over the salaries and other conditions of service.

This is because the Government has been given the mandate not only to take care the interests of its workers but also that of the people, he added.

"If the NJCs were given the right to negotiate, then the Government would have to face trade unions and tension will arise.

"The Government would have to face threats from the trade unions and a threatened Government is not an effective Government, especially in ensuring security for the people and the country.

"Therefore, I have full confidence that the existing NJCs can be utilised in the interests of both the workers and the Government, provided that both sides are sincere in playing their roles."

Dr Mahathir was glad that Cuepacs had rightfully returned to its original role of being an umbrella organisation for

public sector trade unions.

"It is no more an organisation exploited for political purposes," he said in obvious reference to the organisation's leadership under its former president, Encik Ahmad Nor who is now chairman of the Socialist Democratic Party.

It was a misconception to regard a good trade union leader as one who adopts an anti-Government stance, adding that the rights and interests of trade unions could be protected without an adversarial relationship with the Government.

An adversarial relationship between trade union and Government more often than not worked negatively against the union's interests.