

On to 1990 realistically

By **VISA VEERASINGAM**

KUALA LUMPUR, Fri. — Moderate growth, with the private sector playing a crucial role in achieving growth targets, is the thrust of the Fifth Malaysia Plan unveiled by Datuk Seri Dr Mahathir Mohamad in the Dewan Rakyat today.

The Prime Minister stressed the need for realism and pragmatism to ensure development despite uncertainties caused by the effects of the international economic environment.

Noting that the latter half of the 1980s was fraught with uncertainty, the Prime Minister said:

"It must be emphasised that the experience gained from the economic slowdown has also benefited us in that it enhances our ability to face the challenges ahead.

"What is important now is achieving moderate growth with stability. This will demand sacrifices and, above all, a change in attitudes.

"Malaysians will have to be more realistic with regard to their level of expectations and standard of living so as to be more in keeping with a developing country.

"We have to live within our means and not jeopardize and burden future generations with huge national debts. We must sacrifice our short-term needs to ensure a better future for our future generations."

Dr Mahathir, in his 90-minute introductory speech, said the Fifth Plan objectives would be pursued without resorting to large-scale borrowing as in the past.

"Towards this end, concerted efforts will be made to increase domestic savings, mobilise domestic resources, attract foreign investments and harvest the available resources in the most efficient manner," said the Prime Minister.

He stressed the leading role the private sector is expected to play in the growth of the economy over the next five years, with the manufacturing sector earmarked to provide the growth impetus.

"It is clear by now that a very crucial requirement for the attainment of our growth target will be the response that will be forthcoming from the private sector.

"I think it is not an exaggeration to say that if the private sector does not come forward to take up the growth opportunities that are forthcoming then we will not be able to achieve our growth target."

Referring to the fact that the Malaysian economy and the economies of the other countries were going through an uncertain period, Dr Mahathir said:

"We must not only learn to live with it but we must also learn to overcome it.

"What is most vital is that we do not lose our confidence. We must all have the confidence that the present economic and political problems we are facing are not permanent, that all things will pass, and that we will overcome them in time."

Referring to the "prophets of doom" and those "whose business is to create instability", he said:

Balance

"We must be able to differentiate what is real from what is imagined or manufactured by people with vested interests. We must have a proper sense of perspective and balance as economic, political, social and psychological factors will all play their part in the day to day affairs of the nation."

Dr Mahathir said the Fifth Plan contained strategies, policies and programmes appropriate to the current structural constraints and growing uncertainty faced by developing economies.

"I believe that drastic situations require drastic measures. There is not much choice left for us because uncertainty in the commodity market is no longer limited to one or two commodities but has swept across the board to include practically the whole range of items ...

"Since Malaysia is one of the most trade dependent countries in the world, fluctuations in the world trade, therefore, have a direct effect on us."

Referring to the inequitable world trading system, he said rich industrialised countries were now reaping inequitable trade benefits by paying some US\$65 billion (\$150.1 billion) less a year for the same amount of raw materials they consumed.

"Their gain is, however, at the expense of the developing countries that are forced to pay high prices for the manufactured goods.

"Nevertheless, we cannot waste our time bemoaning the lack of consideration on the part of the rich countries. While we haggle and argue with them, we must also look at ourselves and the things we can do to overcome our economic

Greater emphasis to be on research

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problems.

"We have to take a second look at our strategy of over-relying on the production of commodities to expand our economy. We need to improve management expertise, reduce our costs, do more research and development and co-ordinate production so as not to be constantly faced with unmanageable glut situations ...

"At the same time, Malaysia must maintain its traditional niche in the world rubber and palm oil markets. Industrialists must also intensify their search for new markets."

He said the potential in Asean and other developing countries should also be tapped.

In outlining the strategies of the Fifth Plan to stimulate growth, Dr Mahathir said the development of a few selected industries would be accelerated to maximise resource allocation and exploit the country's comparative advantage.

Greater importance will be given to the economies of location and in the siting of industries especially large and medium-sized export oriented industries.

More joint ventures

with foreign corporations will also be encouraged to launch Malaysia as a global marketer of manufactured products.

The agricultural sector will also be revitalised in line with the National Agriculture Policy to increase farm earnings so it could be a productive source of employment as well as a contributor to economic growth.

Greater private sector investment in local food production is to be promoted while tax incentives for the agricultural sector have been improved and the large scale cultivation of padi in granary areas using modern techniques and managed by trained professionals will be encouraged.

In rubber and oil palm cultivation, the emphasis will be on improving productivity of labour to meet increasing competition. The cultivation of crops and the provision of support services and programmes leading to the highest economic returns will be emphasised.

On human resource development to stimulate growth, Dr Mahathir said closer rapport between training institutions and the private sector would be encouraged to increase the relevance and cost-effectiveness of

training programmes.

Greater emphasis will also be given to research and development programmes to increase competitiveness of Malaysian products. In this respect, more efforts would be made to foster and upgrade indigenous capacity and competence in scientific and technological innovations.