

PM outlines govt's task

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PURSUING moderate growth without big borrowings, and in an environment "fraught with uncertainties," will be the government's task in the Fifth Malaysia Plan (FMP) 1986-90, the Prime Minister said.

Elaborating, Datuk Seri Dr Mahathir Mohamad said this will be done through a concerted effort to increase domestic savings, mobilise domestic resources, attract foreign investments and harness all available resources in the most efficient and productive manner.

The manufacturing sector has been earmarked to provide the growth impetus while a revitalisation of the agriculture sector for higher economic returns will form yet another thrust of the Plan.

Dr Mahathir presented the Plan to a packed Dewan Rakyat yesterday,

taking about one-and-a-half hours to highlight its salient points. Radio and Televisyen Malaysia carried the delivery live from 4 pm.

Dr Mahathir said: "The international economic environment facing the country for the rest of the decade continues to be fraught with uncertainties, and is far from reassuring."

The worrying decline of major commodity prices spells grim prospects for the future, he said, adding that the high subsidies given to a number of agricultural commodities in Europe and the United States have resulted in a glut in the world market.

Dumping by some of these countries, which at the same time condemn others for so-called un-

fair trade practices, have not been conducive to a fair world trading atmosphere.

The medium-term prospects for commodity export appear to be generally unfavourable as sustained recovery of industrial activities in developed countries remain uncertain.

But the government will continue to implement adjustment policies to further contain its deficits and reduce its debt service obligations. This means that public sector expenditure will no longer provide expansionary support to economic growth.

The lagging external demand for Malaysia's primary commodities will also affect the country's economic growth prospects during the next few years, while weakening oil prices are

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a further dampener, he said.

The country's fiscal policy in the Fifth Plan will continue to focus on the need to consolidate public sector expenditure, constrain borrowing and improve debt management.

"Overall, despite hard times, the prospects indicate that gross domestic product (GDP) in real terms is projected to grow at 5 per cent a year during the Plan compared with 5.8 per cent achieved during 1981-85.

"The projected growth will have to be generated mainly from rapid expansion of domestic activities, particularly in agriculture, with emphasis on food production, construction of low-cost houses and roads using larger proportion of local inputs."

Dr Mahathir remarked that even though growth and development in the coming years "will seem to be difficult to achieve," care must be taken to ensure that the country does not "slide back towards the old inequitable situation" after 1990.

Making what could possibly be a hint of the government's consideration to prolong the New Economic Policy (NEP), Dr Mahathir said as long as economic imbalances persist, the country must persist in its efforts to take corrective measures.

He said: "What should be emphasised is not so much the terminology or name of the policy, or approach, that we need to adopt, but more important, is the content of our approach and strategies to reduce economic imbalances."