

Mahathir launches Fifth Malaysia Plan

TOWARDS

STABILITY

By I. RAJESWARY

KUALA LUMPUR, Fri. — Prime Minister Datuk Seri Dr Mahathir Mohamad said today the Fifth Malaysia Plan will seek moderate growth with stability.

And if the people would change their attitude and work hard, the present economic and political problems would be overcome, he said.

"The time for Malaysians to change is long overdue. The speed at which we make adjustments is also a reflection of our ability to respond to challenges.

"We cannot afford the luxury of resting on our laurels. We are entering a new phase in the history of our development, and we are facing difficulties in the international front as well as domestically.

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

added when tabling the Fifth Malaysia Plan at the Dewan Rakyat.

Dr Mahathir made his 40-page speech at 4pm, soon after question-time, to a full House. It was telecast live over RTM. Works Minister Datuk S. Samy Vellu seconded the motion that the House adopt the Plan.

The Prime Minister said the reasons for the economic slowdown were not just due to the global recession and increasing protectionism but also due to:

- **NARROW** economic base dependence on a few primary commodities;
- **OVER-DEPENDENCE** on electronics and textiles;
- **WEAKNESSES** in the system of investment incentives;
- **DECLINE** in competitiveness of Malaysian goods; and
- **THE** private sector not providing the anticipated dynamism and momentum of growth.

The Fifth Plan, which ends in 1990, represents the final phase in the implementation of the Outline Perspective

Plan (OPP) enshrining the New Economic Policy (NEP) — to eradicate poverty and restructure society. The NEP ends in 1990.

The Plan seeks to "emphasise and orientate policy measures and programmes, to sustain social economic development and ensure long-term stability of the economy as well as to continue undertaking measures aimed at the eradication of poverty and the restructuring of society."

However, Dr Mahathir said, the public sector would no longer play a leading role in stimulating economic growth. "Steps will be taken to gradually reduce the size and role of the public sector through consolidation to ensure efficiency, accountability and productivity in the management of government departments and public enterprises."

He said that this was reflected in the \$74 billion allocation under the Plan, compared with \$80 billion under the previous Plan.

Dr Mahathir said the private sector was expected "to play the leading role in

the growth of the economy." It is expected to come forward and take up growth opportunities so that targets are reached, while the manufacturing sector has been earmarked to provide the growth impetus.

Cumulative private sector investment is expected to amount to \$73,397 million and if this is achieved, the share of private investment to total investment will rise from 50.4 per cent in 1985 to 61.1 per cent in 1990.

The Prime Minister said that on its part, the authorities would ensure that the government machinery worked closely with the private sector to promote a team spirit.

The Government will continue to contain its deficits and reduce its debt service obligations, formulate and appropriate monetary policy, emphasise on food production and promote construction of roads and low-cost houses using a larger proportion of local input.

Dr Mahathir said: "The Government

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Success of Plan hinges on our attitude: Dr M

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machinery, at all levels, will be made more proactive as opposed to being merely reactive as presently. A more positive and progressive attitude will be engendered among government officers."

The major thrusts of the Fifth Plan are:

- **OVERCOMING** constraints of the global environment by taking a second look at the country's strategy of over-relying on the production of commodities in order to expand the economy;

- **MODERATE** growth with stability aimed at increasing domestic savings, attracting foreign investment and harnessing available resources in the most efficient and productive manner;

- **CONSOLIDATING** the public sector;

- **FIGHTING** the rising unemployment — current estimates indicate that 684,200 will be unemployed in 1990 compared with 448,600 in 1985;

- **THE** private sector to play a greater role, and deregulation;

- **SHARING** of the benefits of development by all races; and

- **ENHANCING** our own confidence in the economy.

Dr Mahathir said that for the period between 1986 and 1990, the Government has projected an economic growth of five per cent per annum and it expected the incidence of poverty to decrease from 49.3 per cent in 1970 to 16.7 per cent by 1990.

He said the nation must discard the "subsidy mentality" because it was an insidious disease which would sap the drive of the people to better themselves.

"Our success in confronting these challenges hinges on one key factor: our attitude. We can either get on our feet and brace ourselves to meet the challenges with strategic thinking and innovative spirit, or succumb to our baser instincts and act irresponsibly, thus further aggravating the problems we face," he added.