

'Change strategies to meet new challenges'

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MALAYSIA must change its economic strategies to meet new challenges brought about by the economic recession and the simultaneous fall in prices of all commodities, Prime Minister and Umno president **Datuk Seri Dr Mahathir Mohamad** said yesterday.

Presently, countries producing manufactured goods, such as South Korea and Taiwan, have huge trade surpluses, he pointed out.

Dr Mahathir, who was making his presidential address at the 38th Umno General Assembly, said Malaysia is fortunate as when commodity prices were high, the manufacturing sector was not neglected.

"We have improved the basic industries and other manufacturing sectors," he said.

In spite of the low commodity prices, the Government is able to support the manufacturing industries. The country is now one of the largest producers of electronic components and air-conditioners in the world. The textile and apparel industry has also performed

Dr Mahathir said in the last three years the Government has tried to improve the nation's financial position.

He told the Umno delegates the Government no longer borrowed without taking into account its ability to repay. The Government's expenditure has been reduced, unlike previously when it used to rise. It has also tried to reduce the salary burden by privatizing some of its agencies.

Dr Mahathir said efforts have been made to improve productivity and the country could not continue to borrow as in the past as it would mean "pawning the future".

The various measures are already beginning to show results. The country's reserves have doubled compared with a year ago. The expenditure for the Fifth Malaysia Plan (1985-1990) has been increased from \$37 billion to \$48 billion. The Government has been able to save \$2 billion in compensations as a result of projects that are in the pipeline and need not be scrapped.

In the past, he said, government projects mainly had a social objective. Roads, for example, were

built without taking into account the returns and so, too, were telephone, port, education, health and other facilities.

Previously administration costs were low and these could be covered by various taxes such as income, import and export, road and sales. But now costs have accelerated and that was why a large part of service costs has to be transferred to the private sector.

"The Government cannot and does not plan to recoup all the costs involved. Even if all services were privatized, the subsidy element will continue as the private sector cannot absorb all the costs through collections. That is why the Government is prepared to pawn Malayan Railway for a token \$1," Dr Mahathir said.

In his 45-minute address, Dr Mahathir also touched on heavy industries, the Proton Saga project in particular. He said the Proton Saga has good potential. Since production started, it has attracted attention from those interested in importing the car and also international motor companies that

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plan to use Proton facilities for production of their components.

The Proton factory has also helped local component manufacturers and other businessmen. Even small businessmen have benefited from the project.

Dr Mahathir stressed that emphasis was paid not only to heavy industries, but small businessmen have also been provided financial assistance and space to conduct their business.

Similarly, handicraft have been provided with a centre in the heart of Kuala Lumpur.

Dr Mahathir told the delegates that the recession had adversely affected almost every

developing country. However, there is no denying that a neighbouring country achieved a good growth rate. It is understood he was referring to Thailand, which achieved a 4 per cent growth rate last year.

He said the reason for the good growth rate was also due to the fact that the country did not have the "problem of distributing wealth among Bumiputeras and non-Bumiputeras."

"If we do not have to monitor economic growth closely to ensure that the differences among the various races do not widen, or, in other words, if we are pre-

pared to do away with the New Economic Policy (NEP), the economic growth of our country will also be rapid. But the NEP is our own choice.

"We do not want to be proud of rapid growth rates and have poor Bumiputeras," he said, adding that the present government policies are based on equal distribution of wealth among the various races even though this may affect economic growth slightly.

The 18 per cent achievement of Bumiputeras has been a result of the role played by the government agencies. The small number of Malays that have achieved some success are solely dependent on the Government. Without the Government, the Malays are not able to compete.

"This is not the achievement and aim that was intended when formulating the NEP. We wanted the Malays to participate in the economic sector with their own abilities and their own strength. If the Government helps this is only initially or in the provision of basic infrastructure to venture into fields that have been monopolised by other races," he added.

Dr Mahathir said it was ascertained that there were serious weaknesses in the attitudes of the Malays. To overcome these weaknesses, the Government plans to organise courses to correct the attitudes that act as stumbling blocks to their progress.

Training camps and trainers have already been identified and, similarly, the structure and the curriculum of the courses have been finalised. Political leaders at the highest level and senior federal and state officers have already undergone training.

Dr Mahathir told the delegates the results of the courses so far are satisfactory. He said it is hoped that these courses will help produce more Malays who are better qualified, responsible, dedicated and self-reliant in all aspects.

If the aims of the course are achieved the Malays will not be dependent on the Government and political leadership to ensure their success. They will succeed on their own and this will help ensure their own future.