

# Daim tells why Govt can't raise salaries

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FINANCE Minister Daim Zainuddin said yesterday the Government cannot afford to raise salaries of its employees because of the current economic situation.

The Government's revenue had yet to recover sufficiently to meet its operating expenditures.

In his Budget speech, Encik Daim said the salary component in the operating expenditure alone amounted to about 37 per cent, which was already a very high figure.

He added that more importantly, the current account of the Budget was still facing a deficit.

"I must therefore appeal to the civil service unions for understanding," he said.

Encik Daim also said the Government was studying the possibility of introducing a lower wage scale for recruits to generate employment.

He said the unemployment rate now was high, adding that this surplus of labour affected everyone, from graduates to those with little or no skills.

"If starting salaries are reduced, more employment opportunities could be created.

"It is better to receive a low salary than be unemployed," he said.

Meanwhile, Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government's proposal to introduce a lower wage scale for new employees may not affect the lower rungs of the civil service.

He said the Budget suggested that reduc-

tions apply to all rungs of the civil service.

Asked if salary scales in Categories C and D would also be reduced, Dr Mahathir said: "Maybe the lower scales will not be affected."

He said the Government was working out the new scales.

"I cannot say when we will finish our study," he said.

Asked if the Government would lift the civil service job freeze, Dr Mahathir said: "We will recruit according to our needs. If at the old pay we employed two people, now we can employ three."

Dr Mahathir told reporters that the country faced a serious unemployment problem and "they (the unemployed) are willing to take up jobs at even half pay. We cannot create more jobs if we do not reduce salaries."

"Besides, Malaysia pays the highest wages after Singapore in the South-East Asian region. It is better to make adjustments (in wages)," he said.

Deputy Prime Minister Ghafar Baba said the proposal to pay lower salaries to new employees into the civil service would reduce Government expenditure.

"We know there is a serious unemployment problem. Lower wages mean that more people can be employed," he said.

"I hope the private sector will also follow by imposing lower wages. This will attract investors," he added.