

# It's prudent, says PM

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PRUDENT — this was how Prime Minister Datuk Seri Dr Mahathir Mohamed described the 1988 Budget in one word.

Like him, leaders of the Barisan Nasional component parties and politicians hailed the Budget as one which takes into account the country's financial position while aiming to fulfil certain objectives.

Datuk Seri Dr Mahathir said the "prudent 1988 Budget" is aimed at increasing three basic things: productivity, investment and job opportunities.

He cited as an example the proposal to implement wage adjustment of new recruits in the civil service as one of the Government's measure to create job opportunities and control the rate of unemployment.

"The Government is considering this move because the unemployed today are willing to receive lower pay and we feel that if we lower the wage level, than we may be able to create more employment.

"The Government will recruit according to its ability to do so. If now we can employ two people, the Government may be able to employ three if we reduce the salary," he told newsmen after listening to Encik Daim's presentation of the Budget in

Parliament yesterday.

The Prime Minister said the wage adjustment is necessary because the present level "is quite high, in fact the second highest in the region after Singapore".

He said if the proposal is implemented, it would probably affect all groups but the Government would study the implication especially on the lower income groups.

On the selling of government shares in the Malaysian Airline System (MAS) and the Malaysian International Shipping Corporation (MISC) to Bank Negara to increase revenue, Datuk Seri Dr Mahathir said the move is necessary to meet the Government's financial needs.

"We have to sell the shares to someone and if we want to retain the shares in government hands, then we have to sell it to the central bank which has the money," he said.

He added that the move to increase the sales tax on building materials would not affect the price of low cost houses as the taxation does not involve the main raw materials.

"If you want to have parquet floors then

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you have to pay more," he said.

His deputy Encik Ghafar Baba said he hoped the Government's move to review wage levels would be emulated by the private sector. The move can result in cheaper labour and in turn improve the investment climate making it more attractive.

"The country's unemployment rate is not as high compared with other countries, but the move is still necessary so that we can create new jobs," he said.

Umno Youth leader Datuk Najib Tun Abdul Razak said he was glad that the Government had accepted several proposals presented by the movement as outlined in its National Recovery Plan. Among them are the move to increase oil production per day and the usage of reserves to pay foreign debts.

Agriculture Minister Datuk Seri Sanusi Junid described the Budget as significant for his ministry as it encourages farmers to undertake vegetable and fruit cultivation.

The Government, for the first time, is imposing taxes on imported fruits and vegetables and although low, the taxes are sufficient to stimulate the sector, he said. The proposed measures outlined in the Budget, he added, will help the ministry to promote fruits and vegetable cultivation on a commercial scale.

Past efforts to increase output of local fruits and vegetables had been undermined by the inflow of cheaper fruits and vegetables from neighbouring countries and farmers, Datuk Seri Sanusi said, would be discouraged from going into vegetable and fruit production if there is no guarantee that their produce will be protected against foreign competition.

He added that the Budget has provided a long list of taxable imported vegetables and fruits which will be very helpful for the ministry to carry out its food production programmes.

Public Enterprises Minister Datuk Napsiah Omar said she is not concerned over the Budget proposals to privatize or close down unviable government companies, saying "we in fact already have an agreement to privatize companies whose businesses are worth less than \$2.5 million."

It is the Government's policy now to reduce its involvement in businesses, she said, stressing that her ministry, however, will continue to monitor companies that have been privatized to ensure that the objectives of the privatization are achieved.

MIC president Datuk S. Samy Vellu explained the privatization of important projects such as the highway, is one way to help reduce the burden on government finances, generate employment opportunities and obtain revenue through taxation.

Saying that the revenue collected from taxes on the profits of the privatized projects can be used by the Government to implement other development programmes, the MIC president called for more privatization to allow greater participation of the private sector in big projects.

Gerakan president Datuk Dr Lim Keng Yaik defended the large amount of money allocated to big industrial projects under the Heavy Industries Corporation of Malaysia (Hicom).

It is understandable that the projects are losing money because such big projects have long gestation period, but they are necessary if Malaysia wants to embark into heavy industries.