

Privatisation: PM gives an assurance

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KUALA LUMPUR, Thurs. — Datuk Seri Dr Mahathir Mohamad today gave an assurance that the Government would have proper safeguards in its privatisation programme.

Selling off its public services to the private sector did not mean the Government was "absolved of its social responsibilities," he said.

"The Government will still maintain its role as the guardian of public welfare."

The Prime Minister was opening the two-day *Conference on Privatisation in Malaysia: Opportunities and Implications* organised by the Association of Merchant Banks here.

Efficiency

Dr Mahathir noted some of the fears surrounding the privatisation policy: that strategic industries would fall into foreign hands; that prices for services would increase; that previously unprofitable services, especially to rural areas, would be terminated; that workers would lose benefits; and that Bumiputeras would be left out.

The fear that strategic industries would fall into foreign hands would be "easily circumvented through specific provisions in the instruments enabling the industry to be privatised."

The fear that prices would increase could be prevented through an "effective mechanism to regulate prices of services, quality and geographical coverage."

The fear that unprofitable services would be

terminated could be overcome through legal conditions — for example, the privatised Syarikat Telekom Malaysia was obliged to continue with unprofitable services to the rural areas.

On Bumiputera participation, he said there were now a number of them capable of participating in the "privatised services. Where they were inadequate, there were still institutions like the Permodalan Nasional Berhad (PNB), Pernas and Tabung Haji.

Although the Government remains committed to privatisation — a trend sweeping the world, including the major communist countries like the Soviet Union with its "glasnost and perestroika" — it was also wary of failure.

Pointing out that management was not one of the country's strong points, the Prime Minister said "of the ones we have, a good number are mediocre ... some are downright dishonest."

To succeed, a lot would depend on the efficiency of the private sector, as well as the honesty, skill and diligence of managers and workers.

He, however, warned that privatisation should not be expected to remedy the failures of nationalisation.

"Whether reversing the process of nationalisation can achieve the vaunted efficiency of the free enterprise system without the inequities that accompanied it in the past, remains to be seen."