

PM: Subsidies alone won't help wipe out poverty

BT 14 APR 1988

By OUR REPORTER

PRIME Minister Datuk Seri Dr Mahathir Mohamad reiterated yesterday that subsidies alone would not eradicate poverty in the agricultural sector.

This is because poverty and low income is only a symptom of more serious problems within the sector, namely, unsuitable farm management techniques and uneconomic sized holdings.

As such, providing subsidies to top up farmers' income will not resolve problems within the agricultural sector if steps are not taken to modernise farm management and increase the size of farmers' holdings.

Opening a maize exhibition at the National Muzeum, Datuk Seri Dr Mahathir said the Government now encourages large farms either through amalgamation of fragmented holdings or opening new land for agriculture.

He noted that within the agricultural sector, only rubber, cocoa and palm oil plantations have been successful. This is because the size of the plantations has enabled operators to reduce their unit cost

and become competitive in the market.

In traditional agriculture, where the size of holdings is usually uneconomic, the cost of production is usually high compared with similar crops produced in neighbouring countries.

Datuk Seri Dr Mahathir said if Malaysian producers are able to produce at competitive cost, they will be able to export their products.

However, he stressed that local agricultural producers should be careful in selecting crops for import substitution because the country also needs to import from its trade partners.

The Prime Minister said the country cannot continue to export to another country all the time without importing products from its partners as this will create trade imbalance.

He said if the balance of payments is too much in Malaysia's favour, its trade partner will be reluctant to buy more from Malaysia.

Datuk Seri Dr Mahathir noted that Malaysia is still an agricultural country despite efforts to industrialise the economy.