

TARGET WILL BE MET: PM

S 29 JUN 1989

KUALA LUMPUR, Wed. — Datuk Seri Dr. Mahathir Mohamad said today the New Economic Policy (NEP) has so far been successfully implemented despite the unfavourable economy of the early 80s, and that this was something to be proud of.

The Prime Minister said poverty in the peninsular had been slashed from 49 per cent in 1970 to 17 per cent in 1987, and expressed confidence that the NEP objective of eradicating poverty would be achieved by the end of next year.

This belief was based on the experiences of past five-year plans, he added when tabling the FMP Mid-Term Review in Dewan Rakyat.

Dr Mahathir said there was marked progress towards the restructuring of society, particularly in terms of employment and property ownership.

However, he said bumiputra ownership in the corporate sector would at

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most constitute 20 per cent by next year.

In general, Dr Mahathir said, the nation's economic prospects up to the end of the century looked bright.

He said the economy was expected to grow at 5.8 per cent a year, higher than the original target of five per cent.

In view of this, he said, the Government had decided to increase public sector spending under the FMP to \$57.5 billion, a 20 per cent increase over the previously-approved amount of \$47.7 billion.

He said the private sector would remain the main catalyst for growth and urged it to increase investments and exports.

"The Government, on its part, will continue its efforts to reduce administrative and institutional practices which hinder private sector growth," he said.

On jobs, Dr Mahathir said the unemployment rate for next year would be reduced to 7.6 per cent compared with 8.1 per cent last year.

He said: "We should bear in mind that there are now 534,700 people without jobs, and the labour force is expanding from year to year.

"To create the jobs for them, the economy must expand at a more rapid rate of not less than seven per cent a year."

He regretted that Malaysians were choosy and "as long as this continues, the unemployment rate will not be much lower."

He said foreigners were coming to the country to fill thousands of vacancies.

Dr Mahathir said resource allocation was an important aspect in economic growth and as such, should be made based on efficiency and without wastage.

The Government, he said, would ensure that financial resources for the private sector were adequate and made available at a reasonable cost.

He urged banks not to consider loans merely on the basis of the value of collateral. "Banks must be farsighted and willing to finance industries which utilise technology."

He suggested that they have technical officers who can assess projects utilising modern and new technology.

He said such projects would increase the exposure risks, but added that without accepting reasonable risks, Malaysia would not likely have its own technologically-modern industries.

He said the Government would make adequate allocation for research and hoped the private sector would contribute 25 per cent.

On agriculture, Dr Mahathir said the sector should be viewed from a long-term perspective because the sectoral constraints were structural in nature.

He said attention would be given to the rehabilitation and restructuring of agricultural land, commercialisation and greater participation of farmers.

"The same can be said about fishery activities. Traditional methods are no longer suitable."

In the area of human resource development, Dr Mahathir said emphasis would be placed on management and technical training in line with the economic development of the country.

Dr Mahathir said although Malaysia had emerged from the recession with a more resilient economy, there was still much to be done. He urged everyone to set aside their individual priorities and work towards greater progress for all.