

PM WARNS NATION OF EVILS OF HIGHER PAY

By Rema Nambiar

KUALA LUMPUR, Tues. — Datuk Seri Dr Mahathir Mohamad warned today that the country may experience spiralling inflation if salary increases, in light of the impending increase in the price of goods and services, are not matched by higher productivity.

The Prime Minister said an increase in the price of goods and services as a result of the Gulf oil crisis would lead to employers giving in to unions' demands for higher salaries.

"The public will then have more money to spend and when demand exceeds supply, traders will take the opportunity to increase the price of the goods. There will be no end to this cycle if there is no increase in the production of goods," he said when opening the Railwaymen's Union of Malaya (RUM) fourth triennial delegates conference at a hotel here.

He said such a situation might lead to spiralling inflation which the Government would not be able to control.

"We don't want our country to be like Peru and Brazil where the inflation rate is 12,000 per cent," he said, adding that if workers wanted higher salaries, they should be prepared to increase their productivity as well so there would be no shortage of goods.

He said Malaysia experienced an inflation rate of two and a half per cent over the past two years and hoped that it would not go beyond three per cent this year.

Dr Mahathir, meanwhile, assured RUM that its members had nothing to fear over the impending privatisation of Malaysian Railway (KTM).

"We are confident that KTM will make profits after it is privatised. If it does not, the Government will come up with some plan to make sure that the workers do not lose out financially," he said.

He said the privatisation value of KTM would be based on its profit earning potential and not on its nett asset value.

He said the privatisation value of Telecoms, which had assets worth \$10 billion, was also based on its operating profits.

"If we had taken this asset value as capital, Syarikat Telekom Malaysia would not have been able to make profits so fast," he said.

He said that in order to be profitable, KTM would have to upgrade its services to attract more passengers. He said that if Malaysia Airlines could make itself well-known for its good cabin service, there was no reason why KTM could not improve its service as well.

He also said that most public sector employees were not averse to privatisation now.

"In fact, I have received letters from some unions asking when their department is going to be privatised. Maybe they are attracted to the prospect of being paid bonuses and owning shares in their companies," he said.

He said it was the Government's policy to sell five per cent or \$5 million worth of shares of priva-

tised agencies to the employees

The Prime Minister added that employees of agencies which were going to be privatised should not demand high salaries from their prospective managements. He said they should wait until the companies were doing well before asking for better salaries.

"But nowadays government executives feel they should be paid \$25,000 a month after their agency is privatised. How can anyone ask for such an unrealistic salary? Even I get only \$8,000 a month," he said. RUM president Mohamed Abas, in his speech, urged the Government to absorb permanently the 500-odd temporary employees in KTM. He said their terms and conditions also needed to be reviewed.