

# It should be another good year: PM

By Barani Krishnan

BANGI, Mon. — The economy is expected to record another creditable performance this year despite fears of inflation and a Gulf war, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said the Government managed to ride over the initial disruption of the Gulf crisis and had taken steps to check inflation.

The country could now

expect better yields from crude oil and domestic investment, he said, adding that consumption spending had been expanding steadily since 1988.

Dr Mahathir said one of the steps taken to check inflation was by keeping petrol prices low despite the rise in the price of crude oil from US\$20 (\$54) per barrel to US\$40 (\$108) at one time.

"Had we raised fuel prices, the cost of transport and goods would

have also gone up. The price paid for this strategy was loss of revenue and smuggling of petroleum products. But this is considered a small price (to pay) to contain inflation," he said when opening a course here on project appraisal and risk analysis management for bankers.

Dr Mahathir said besides inflation, the problems of a rapidly growing economy included pressure for higher wages and

more infrastructure to cope with the growth.

He said wage increases were not bad for the economy as they promoted consumer spending. "However, such increases must be commensurate with productivity or there will be a spiral in wage prices.

He said that to generate funds for infrastructure, the Government would eventually resort to privatisation of all commercial facilities like ports,

airports and highways.

This would save public funds and ensure that the maintenance of the facilities was paid for by the people who used them, he said.

"We do not see why a car owner in a small remote town should pay for highways and city by-passes which he will hardly use. Our experience has shown us that privatisation pays and we intend to resort to it as much as possible," he added.