

How privatised agencies can help maintain

PM: Don't raise

By Adlin M. Zabri

KUALA LUMPUR, Fri. — Privatised companies can help the Government maintain a low inflation rate in the country by curbing any tendency to increase charges to meet rising costs and make more money, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister said the Government would like to keep the inflation rate very low, if possible at zero.

He said this during a panel discussion at the National Conference on Privatisation: The Challenges Ahead here today.

Dr Mahathir said the moment companies started to charge more, workers would be asking for higher wages and this would increase the total cost.

"What is the point of having more money when it only appears that you have a bigger income and purchasing power, but actually you can only buy so little."

Privatisation, he said, has increased the efficiency of services offered, reduced administrative costs and helped stimulate the country's economy.

Asked to comment on why only a few companies were seen to have been favoured for privatisation contracts, Dr Mahathir explained that when privatisation was initiated in the early 1980s, only a few capable and experienced Bumiputera companies were around.

Although there were some doubts whether companies involved in privatisation would succeed or fail, the Government felt that the time was right to proceed with the exercise.

Some of the successful companies later gained listing on the Kuala Lumpur Stock Exchange and now their shares were available to all Malaysians, he said.

"With this success, the great challenge facing privatisation now is that everyone is demanding it."

Dr Mahathir said the Government was open to suggestions on proposals to privatise a department, whether partially or wholly.

"The Government is quite open and treats each case on its merits. One thing for sure is that the Government will always give priority to people or companies who come forward with ideas first," he said.

Even foreign investors have been allowed to participate as in the case of the privatisation of the national sewerage system.

"When we see that the projects require foreign players we will allow them because the technology is not available. Financing is not a problem, technology is."

The Prime Minister dismissed views held by some people that privatisation of some sectors such as power and telecommunications had turned them into monopolies and that this could make them complacent and less efficient in the long run.

For instance, the RM50 charged by Telekom Malaysia to reconnect a telephone service after it was discontinued has not been well received. Tenaga Nasional, another privatised agency, charges RM3 for each reconnection.

Dr Mahathir said the Government regarded privatisation as successful. It would continue to privatise agencies which have been identified.

To ensure smooth privatisation, he said it would also look at laws and regulations which may hinder its pace.

He drew the participants' attention to the time when privatisation had just start-

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charges

/low inflation rate

Dr Mahathir: I didn't go overboard in remarks

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ed. He said the country was not quite prepared for it. Privatisation could not start earlier because there was a problem of disparity in the economic development of the different communities.

"If you privatise too early, it would only benefit those with the means and know-how."

Asked whether his blunt remarks on the West may create a problem for Malaysia, Dr Mahathir said: "I have not gone overboard in my comments. I was quite restrained."

"I will only say to the limit of what Malaysians can say."

Dr Mahathir said he found that businessmen and politicians had different views on Malaysia.

"But I find little difficulty in persuading businessmen to come to Malaysia. We provide them with an excellent investment climate, good infrastructure and attractive incentives," he said, adding that businessman would

come if they found it profitable.

Dr Mahathir said some Western nations and organisations had complained about Malaysia's labour laws. But foreign businessmen thought otherwise and proceeded to set up their operations here.

Asked to give the rationale for the setting up of the second national airline, he said it would not compete against the main national airline.

"It will fly routes and destinations which are not served by Malaysia Airlines. It was obvious that Malaysia Airlines cannot meet the demand."

Dr Mahathir also said the Government was deregulating the airline industry but not to the point where companies fought with each other.

The Government, he said, would also review laws which made it difficult for toll operators to prosecute highway users who refused to pay for the service.