

29 APR 1997

PM: WE MUST PURSUE ECONOMIC AGENDA WITH GREATER TENACITY

PETALING JAYA, April 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia must proceed with even greater tenacity so that its economic agenda could be sustained into the future but he also stressed that inflation must be tightly controlled.

"We put our heart and soul into the economic agenda. Having succeeded so well, so fast and so resoundingly, this is not the time to falter, to call a halt. Now is not the time to stop our massive economic momentum," he said at the Vision 2020 National Congress here.

He said Malaysia must proceed with greater tenacity, greater creativity and greater effectiveness to ensure very rapid and sustainable growth and to guarantee an economy that is fully competitive, dynamic, robust and resilient.

Dr Mahathir also said Malaysia had held tightly to controlling inflation and even talked seriously of zero inflation.

"We are still pursuing it. If inflation can be reduced, surely it can be prevented from growing altogether. We need to believe in zero inflation and we can work towards it. We cannot work towards something that we don't believe is achievable."

The prime minister said in order to control inflation a lot of things had been done and Malaysia would continue to control prices of essential goods.

"We oversee pricing generally in order that the so-called unavoidable increases are truly unavoidable and kept to the minimum," he said, adding that the country also ensures a proper and stable exchange rate.

He said containing inflation is essential for Malaysia to remain competitive.

It is really quite simple, he said, Malaysia must keep its costs low without sacrificing the standard of living of its people which must rise as the economy grows.

But, he added, it is also important that wages increase only on the basis of an increase in productivity.

"If costs are allowed to go up without commensurate productivity, then we will lose competitiveness and there would be inflation."

He said where there is inflation, any increase in income becomes meaningless as the purchasing power of the new income would not increase.

In many developed countries, he pointed out, incomes have been allowed to increase without increase in productivity, resulting in widespread unemployment.

"Fortunately for them, they have assets such as rich domestic market, technology and access to huge capital and skilled manpower. We do not have any of these," he said.

"If we adopt their profligate ways, we will regress economically. In other words our workers, executives and investors will become poorer and poorer."

"I am sorry to be belabouring this, but too many people are fond of having more money without thinking of what the money can buy," he said.

Dr Mahathir said Malaysia has the "Winning Formula," which despite all the difficulties, faults and failures, has helped to bring Malaysia to where it is today.

Malaysia has had a sustained robust growth of more than eight percent per annum with low inflation.

Part of the formula was working hard on industrial technological development, understanding the necessity for modernisation of the agricultural and services sector and the need for Malaysia Incorporated.

"These reforms have basically proven their worth. They must be sustained. And they have to be augmented."

However, he said: "Many have not gone far enough. Many have yet to bear fruit. And many new strategies and ideas have yet to be discovered, developed and pursued".

"Let us also be clear that a nation that does not constantly reform itself and be willing to try new ideas and strategies, and an economy that is unable to quickly reinvent itself and then to quickly reinvent itself again, will soon be left behind in today's fast-moving world, a world buffeted by new ideas and concepts such as globalisation, borderless economies, disregard for sovereignty of nations and unlimited as well as confusing information." -- BERNAMA

JR GC