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MAHATHIR-PRIVATISATION

GOVT WON'T WASH ITS HANDS OF PRIVATISED FIRMS

PETALING JAYA, Aug 27 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad stressed that the government would not abandon or wash its hands of the affairs of companies it had privatised.

The government still had faith in privatisation despite certain failures, he told a national conference on the National Vision Policy, the 8th Malaysia Plan and Privatisation, here today. The conference was organised by the Asian Strategy & Leadership Institute (ASLI).

Having encountered some pitfalls, he said, the government would be more careful in future.

Dr Mahathir said the government would also not backtrack on its average annual target of an average seven percent growth in gross domestic product (GDP) to achieve its Vision 2020 objectives.

He opined that the additional fiscal stimulus package of RM3.0 billion was not well used as only RM200 million had been spent so far.

He expected more efforts to be made to overcome the problem.

Dr Mahathir took to task those who depended on their counterparts in other countries to facilitate the entry of their products into the export markets.

Many new markets had not been well exploited due to lack of aggressive marketing, he commented.

Such a lazy attitude (to work and enterprise) should be curtailed, he stressed.

According to Dr Mahathir, the privatisation of toll expressways would only be carried out after members of the public had received the opportunity to air their views.

The Prime Minister said there were objections to the privatisation of universities and hospitals as the local people would like to continue enjoying the benefits of heavy subsidies paid by the government for the establishment and operation of such state-owned institutions.

He said when free medicine and subsidised university education were originally provided, the cost to the government was relatively low.

For example, in the early 1900, a bottle of cough mixture cost two cents but today, antibiotic capsules cost RM10 each while surgical costs run into tens of thousands of ringgit per operation.

The cost of university education had also increased greatly and it was impossible to raise the pay of the teaching staff without attracting similar demands from other government (public-sector) employees.

He said the government would like to offer free medical treatment to public servants and poor individuals.

"But many can and should pay for their medical treatment. Similarly, university fees should be paid by those who can afford to do so," he added.

He said the government did not want to shirk its responsibility to the people but unless the hospitals and the universities were privatised, there was no way the government could retain the services of medical personnel and teaching staff on the existing salary scales of civil servants.

Since the government could not raise the salary scale of such people without triggering demands for higher pay by nearly one million public-sector employees, it was likely that the ultra-modern new hospitals and universities which were being built at present would end up without their necessary complement of doctors and/or teaching staff.

"This the dilemma faced by the government. Even developed countries

with national health schemes insist on people making contributions to such schemes. Malaysia is not a developed country, yet medicine is free, or attract nominal charges only," he added.

In his prepared address, Dr Mahathir said that privatisation had contributed significantly to the rapid development of Malaysia's economy.

If the government had built the needed infrastructure using only public-fund allocations, the relevant facilities would not be as readily available as was the case at present.

"Of course, the government can borrow the needed funds but it cannot borrow beyond its ability to pay," he said, adding that, without privatisation, Malaysia's network of expressways, ports, power plants and telecommunication facilities would not have been built at all.

In elaborating his views on privatisation, Dr Mahathir said the process was the antithesis of nationalisation and it took decades for governments around the world to realise that nationalisation led to inefficiency, higher costs and the loss of funds and opportunities.

Like nationalisation, privatisation had its shortcomings.

Carefully managed, privatisation could work but it might also fail because the people involved were incompetent or else economic downturns such as those brought about by currency devaluation undermined business operations.

Like any other company, a privatised venture could fail and a number of privatised companies in Malaysia had failed in recent years in the wake of the the 1997/98 economic turmoil. -- BERNAMA

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