

# ASSESSING THE EFFECTS

PM: Some people are using the Gulf crisis to raise prices

By K.Y. Pung

**LUMUT, Mon. — The Government is studying the effects of an increase in oil prices caused by the Gulf crisis on all goods and services, Datuk Seri Dr Mahathir Mohamad said today.**

The Prime Minister said the report on the study — which the Treasury, Bank Negara and the Trade and Industry Ministry was directed to carry out at the start of the crisis three weeks ago — would be out in a week.

He said it would be discussed on TV to remind all concerned against any unjustified increase in the prices of goods and services.

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“We know that some people are taking advantage of the Gulf crisis to raise prices. We are studying the effects of the increase to see whether they are justified.”

“If the price of petrol increases by 50 per cent, it does not mean the price of the goods should increase by 50 per cent. For example, we will not allow a corresponding increase in transport fare because petrol is not the only component in operating costs,” he said.

Dr Mahathir, who was on a one-day visit to Perak, was speaking to newsmen after a one-hour meeting with state Barisan Nasional leaders at the community hall here.

He said the Government could not control the prices of goods and services other than those classified as essential.

“If the people can afford to pay more, prices will rise. If demand exceeds supply, prices will rise according to the market mechanism,” he said.

Dr Mahathir warned the public against what he termed as inflation psychology which could set off a series of increases in price.

This was when “people increase prices of their products to offset higher costs of materials,” he said.

He also urged the mass media not to highlight stories of hoarding because this could stimulate demand for certain goods.

He said the Government could invoke anti-hoarding laws to check against any shortage of essential items, but added that the people should not spend too much on non-essentials.

## PM: Situation has changed

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try, thanks to industrialisation.

But the situation was not always like this, he said.

“We did not have industries and the population kept on increasing. Now, we have this scenario where jobs are being hung for workers instead of the other way round,” he told about 5,000 people at Kampung Bakar Bata here.

“Investments are pouring in and heavy industries are doing well... If we had not industrialised all these years, many would have been unemployed today,” he added.

Dr Mahathir also opened a \$20 million Dindings Poultry Processing plant at Kampung Aceh, about 5km from Ipoh.

He said the country had made a significant part in the global poultry meat market within a short period.

Five years ago, Malaysia did not produce any poultry meat for export, now its poultry sector had become a major industry, he said.

Dr Mahathir also said the country could increase its oil production up to 650,000 barrels a day to meet requests by other countries.

“We have increased our production to meet a request from the Philippines and have agreed to sell oil to India.”

“We are capable of increasing our oil production if there are more requests, but we are not simply selling our oil to just anybody because we do not want profiteering,” he said.

(Finance Minister Datuk Paduka Daim Zainuddin said recently that production had been stepped up by 10,000 barrels to 605,000 barrels a day.)

Earlier in Bruas, Dr Mahathir said jobs were going begging in the country.

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