

R E 427 AAE
MAHATHIR-INFLATION

BM

KUALA LUMPUR, AUG 28 (BERNAMA) -- PRIME MINISTER DATUK **SERI DR MAHATHIR MOHAMAD** TODAY SOUGHT THE COOPERATION OF THE PEOPLE, PARTICULARLY EMPLOYERS AND **EMPLOYEES**, TO AVERT A RUNAWAY INFLATION THAT COULD RESULT FROM THE GULF CRISIS.

HE CAUTIONED THEM ABOUT A RUNAWAY INFLATION WHICH HE SAID WAS EXPERIENCED BY SEVERAL LATIN AMERICAN COUNTRIES WHERE GOODS WHICH SOLD FOR ONLY \$1 WERE NOW SELLING FOR \$120.

A RUNAWAY INFLATION WOULD NEGATE THE ECONOMIC DEVELOPMENT THE COUNTRY HAD ACHIEVED SO FAR, HE SAID WHEN OPENING THE TRIENNIAL DELEGATES CONFERENCE OF THE RAILWAYMEN'S UNION OF MALAYA (RUM) HERE. THE OPENING CEREMONY WAS ATTENDED ALSO BY LEADERS OF CUEPACS AND THE MALAYSIAN TRADES UNION CONGRESS (MTUC).

DATUK SERI DR MAHATHIR SAID **MALAYSIANS** MIGHT NOT UNDERSTAND A RUNAWAY INFLATION BECAUSE IT HAD NEVER BEEN EXPERIENCED IN THIS COUNTRY.

THE PRIME MINISTER SAID THE GULF CRISIS WOULD CAUSE AN INCREASE IN OIL PRICES WHICH WOULD TRIGGER OFF PRICE **HIKES** OF CONSUMER GOODS AND PROMPT UNIONS TO DEMAND **SALARY INCREASES**. -- MORE

1655MST 28 08 90

R E 428 AAE

MAHATHIR-INFLATION 2 KUALA LUMPUR

EMPLOYERS, IN TURN, WOULD BE FORCED TO **RAISE THE PRICES** OF THEIR GOODS AND SERVICES TO **MEET** THE DEMAND AND HIGHER PRODUCTION COSTS, HE SAID, ADDING THAT THIS WOULD LEAD TO A CHAIN REACTION.

IN THIS CONNECTION, THE PRIME MINISTER, ADVISED TRADE UNIONS NOT TO DEMAND SALARY INCREASES BECAUSE OF PRICE HIKES RESULTING FROM THE GULF CRISIS.

INSTEAD, HE WANTED WORKERS TO ENJOY SALARY INCREASES THROUGH **HIGHER** PRODUCTIVITY AND PRODUCTION WHEREBY EMPLOYERS WOULD NOT BE BURDENED WITH AN INCREASE IN PRODUCTION COSTS.

DATUK **SERI DR MAHATHIR** SAID THE RATE OF INFLATION IN THE COUNTRY IN 1988 WAS TWO-AND-A-HALF PER CENT AS AGAINST AN ECONOMIC GROWTH RATE OF EIGHT PER CENT.

HE ASKED TRADE UNIONS AND EMPLOYERS TO DISCARD **WHAT HE CALLED** THE OUT-MODED ATTITUDE OF CONFRONTATION AND ADVISED THEM TO ESTABLISH UNDERSTANDING. -- MORE

1657MST 28 08 90

R E 429 AAE

MAHATHIR-INFLATION 3 KUALA LUMPUR

WORKERS SHOULD STRIVE FOR MORE PROFITS FOR THEIR EMPLOYERS WHICH WOULD RESULT IN THE WORKERS THEMSELVES GETTING HIGHER SALARIES, HE SAID.

HE ADVISED EMPLOYERS TO FOSTER COOPERATION NOT ONLY WITH THEIR WORKERS BUT ALSO WITH SOCIETY AT LARGE.

THE **PRIME** MINISTER SAID THE GOVERNMENT'S **POLICIES**, INCLUDING ON **PRIVATISATION**, BENEFITED WORKERS. -- BERNAMA

1658MST 28 08 90