

# Inflation inevitable if workers demand higher wages, says PM

1st 29 AUG 1998

By Azmi M. Anshar

KUALA LUMPUR, Tues. — The Prime Minister today warned workers that inflation is inevitable if they demand higher wages when the prices of goods and services increase due to the rise in the price of oil.

In the same vein, Datuk Seri Dr Mahathir Mohamad advised producers against raising the prices of their goods as there was no justification for doing so.

He said he understood that in order for producers to meet rising wage costs, they would have no choice but to raise the prices of their goods.

But consumers who also comprise workers would feel the pinch and start making demands for higher wages.

"There would be no end to this and the result would be higher inflation," he said when opening the Railwaymen's Union of Malaya

triennial delegates' conference.

He was elaborating on his statement yesterday that the Government had begun a comprehensive study into the effects of rising oil prices on consumer items soon after the Gulf crisis erupted.

However, Dr Mahathir said if workers insisted on higher wages, then such demands must be matched by much higher productivity.

In this regard, there

must be co-operation between employers and workers, he said.

He said Malaysia was fortunate that inflation grew only by 2.5 per cent while economic growth went up by eight per cent in 1988 and 1989.

In some South American countries inflation hit 12,000 per cent, he said.