

Dr M: Emphasise on purchasing power too

08 AUG 1992

By PAUL GABRIEL

LANGKAWI: Datuk Seri Dr Mahathir Mohamad said yesterday a rising income is meaningless if there is no improvement in purchasing power.

The Prime Minister said though purchasing power was determined by the cost of living, many quarters, including economists, only emphasised higher income.

"Increasing income alone will be meaningless if cost of living rises correspondingly," he said at the opening of the 1,500-

room Delima Resort.

"This fact is not being emphasised. As a result, there are many quarters who are just keen on increasing their profits, and not purchasing power as a whole."

Dr Mahathir also said the strengthening of the ringgit against the US dollar had not benefited consumers.

Though the exchange rate stood at \$2.50 to one US dollar from \$2.70 previously, there was no reduction in the price of imported goods sold locally.

Instead, he said the

prices of imported goods were either maintained or even increased.

"With the traders reaping all the profits, the people lose out again as profits derived this way have a negative effect on the cost of living," he said.

Dr Mahathir said Malaysia's per capita income had risen to US\$2,900 from US\$2,600 last year due to the strengthening of the ringgit.

He said the Government wanted to keep the cost of living low so that the country would have

the edge in tourism.

"If room rates are kept low, tourists from afar will not mind spending more on air fares to come here," he said.

"Maybe Japan is a little closer to us but the people can still go to Hawaii, Guam and the Pacific Islands for their holidays.

"If they visit Langkawi, there must be a special reason," he said, adding that lower expenses could be one of the attractions here.

Dr Mahathir regretted that though Langkawi enjoyed free port status, the

cost of living was considerably high. He advised islanders not to fleece tourists as it would be shortlived.

"The Delima is standing proof that one need not impose high rates to make a profit," he added.

Also present were Menteri Besar Tan Sri Haji Osman Aroff, Langkawi Development Authority co-chairman Tun Daim Zainuddin, Woodhouse Group chairman Ting Pek Khiing, Lada general manager Haji Halil Mutalib and Delima general manager Jeffrey Calvert.