

Inflationary trends will affect nation's economic well-being

PM urges people to spend judiciously

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KUALA LUMPUR, Tues. — Prime Minister Datuk Seri Dr Mahathir Mohamad advised the people to be more judicious in their spending habits, stressing that, free spending can trigger inflationary trends which will affect the country's economic well-being.

He said that curbing excessive spending was not only the responsibility of the Government but also the people. In this case, consumers' associations, trade unions, shareholders, corporate managers, employers and workers must do their bit to control any inflationary tendency.

He also emphasised the need for everyone to exercise discipline in their daily routine, an element which no one or no country can do without in their quest for greater progress and prosperity.

Dr Mahathir said this in a special televised programme over Radio Television Malaysia tonight. Called *Bersama Perdana Menteri* (With the Prime Minister), Dr Mahathir was interviewed by a panel of senior journalists for about an hour.

Reminding the people not to be lulled by the comfortable growth that the country is enjoying, he said one was often led to believe that one's wealth would last forever, re-

sulting in the belief that one no longer had to work.

"If the country is already prosperous and wealthy, the people will think that such wealth is normal and it will not be adversely affected no matter what we do.

"We should view this seriously. If we study history, we will come across countries that grew big enough to form their own empire all over the world, only to decline in the end. This was because they no longer felt the need to work or improve.

"We need to remind ourselves of this and give serious thought to matters that could undermine our economic growth. One of these is the belief that we can buy anything we want because we have the money, and import everything for the same reason.

"This will drain our foreign exchange. That is why we need to curb our wants a bit. Even though it is easy for us to spend, we need to be careful with our spending. The same applies to the Government and the people.

"The people must not be spendthrifts, especially in times of wealth. If we do this, I don't think we will experience the decline as we often see in many developed countries."

He also pointed out that one needed to understand the relevance of money saved and money invested.

"Some people believe that savings are good, but it will be better if the money saved is invested in areas where there will be increased productivity and profits.

"If we keep the money under the pillow for many, many years, the money will lose its value. But if we keep it in the bank, the institution will lend out the money to businessmen and entrepreneurs whose repayments will lead the bank to reap profits."

He said spending was also essential, but this should be done wisely.

"When we spend, society will benefit because someone is able to get profit from the transaction. But if we buy goods from overseas, then funds will flow out of the country. Therefore, as far as possible, we should reduce this tendency by spending internally.

"We need to spend. If someone opens a restaurant, and we don't eat there it will go bankrupt. Society will lose, not just one person... money is capital, it can also be used to improve one's wealth."

Dr Mahathir's comment on discipline came about when he was asked what could possibly stop the country from progressing more rapidly than now. He said more rapid progress was possible if society was disciplined and able to control its excessive desires.