

Dr M: Time for us to review salary system

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By LEE KAR YEAN

KUALA LUMPUR: There is a need to rethink the salary system because the present practice will lead to inflation and regression of the economy, said Datuk Seri Dr Mahathir Mohamad yesterday.

He added the present system which seemed to promise unlimited re-

wards for service would turn sour in the long run.

"It is quite meaningless if more money buys the same amount of goods as less money. It is worse when more money fewer goods," he said.

"It has also become common for the price of goods to soar with the higher increase in wages.

"Despite much talk of wage price spirals, we

still demand higher wages as if we will be richer simply because the number of noughts are more."

Dr Mahathir was speaking at the opening of the second executive programme on Project Appraisal and Risk Analysis Management at Bank Negara.

He said the strong demand for manpower due to the rapid economic

growth in recent years had resulted in the escalation of wages.

Another issue for concern was the declining national savings rate due to the boom in consumer spending.

Dr Mahathir said the habit of indiscriminate spending should be stopped and Malaysians must not spend beyond their means.

He said indiscriminate spending using credit cards was catching on among Malaysians and "easy credit" would easily lead to consumers spending beyond their limits.

"The habit is catching and once a society gets used to easy credit, the tendency to spend beyond one's means will become a habit," he added.