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Mahathir-inflation

PURCHASING POWER MORE VITAL THAN THE AMOUNT OF SALARY, SAYS MAHATHIR

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KUALA LUMPUR, May 28⁹³ (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has said that the people should upgrade their productivity in line with the increase in income to ensure that inflation could be checked.

He said that inflation would be triggered if salaries were increased but production remained at its old level.

"For instance, if by paying RM100 we can produce 10 pieces of items and if we were to pay a salary of RM200 we still produce 10 pieces of items, this means that the price of the 10 pieces of items has doubled and the producer of the items has to sell at a high price," he said.

Dr Mahathir was speaking to reporters after chairing the fourth meeting of the Malaysian Business Council here today.

He said that it was better that the volume of goods produced was larger than the percentage of salary increase as in this way inflation could not only be checked but could be reduced. -- more

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Dr Mahathir said that as such it was vital that wages be increased in tandem with productivity.

"Besides, the gap of workers' wages and the salary of the executives should not be too wide and the executives should not increase their salaries and other benefits without taking into account the need to check inflation," he added.

He also said that society should be aware that it was not the amount of income earned as what was more important was the purchasing power with the available amount of money.

When the income was increased but the prices of goods escalate, a person would not be able to buy much more, he said.

The Prime Minister said that the government's target was to reach a situation whereby there was no inflation whatsoever but although this was difficult to achieve, the government would continue to strive further. -- more

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"We know some measures to curb inflation and among them is that the society should understand the reasons for inflation," he said.

He said that the people should realise the importance of the role they play in curbing inflation and the government would also take the necessary action.

Dr Mahathir said that the government would study and take action on proposals made in the five working papers presented at the council meeting.

-- Bernama

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