

PM: Purchasing power of wages is more important

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By Farush Khan

KUALA LUMPUR, Fri. — Datuk Seri Dr Mahathir Mohamad today called on the people to increase their productivity to help the Government fight inflation, saying that what was most important was not the amount of money they earned but the amount of goods they could buy with it.

The Prime Minister said they must understand that their role in the control of inflation was crucial.

He was speaking after chairing the fourth meeting of the Malaysian Business Council (MBC) at Bank Negara here.

At the meeting, Dr Mahathir had raised the need to check the inflation rate, which was 4.7 per cent last year, wages for workers as well as wages and perks for executives.

He said it was necessary to ensure the rise in wages matched the increase in productivity.

"The gap between workers and executives should not be too wide. Executives should not increase their wages and perks without giving due consideration to the need to check inflation," he added.

Asked whether he had set any targets in the effort to reduce inflation, Dr Mahathir said the Government's ultimate goal was to achieve zero per cent.

"Maybe it is quite difficult to achieve this, but we will do our best. We also know more or less how to control inflation," he said.

He said that one of the ways to check inflation was for the people to understand the causes and know the role they must play towards this end.

"The people must know it is not the amount of money

but their purchasing power which is important.

"If their salaries increase along with the rise in the prices of goods, then the people cannot buy more things with it than before. In fact, they do not become richer," he said.

The Prime Minister cited the situation in some countries where the inflation rate and wages increased as much as 1,000 per cent.

"This means that there is no improvement. What we want is that wages increase but the inflation rate does not go up. And wages can go up without causing an increase in the rate of inflation only if productivity increases," he said.

Dr Mahathir said the inflation rate would not go up if the increase in wages was to be matched by the increase in production and productivity.

"But if wages go up while productivity remains the

same, the inflation rate will increase," he said.

He said the people must understand that with higher productivity, inflation could be controlled and even reduced.

Five papers were presented and discussed at the meeting. They were:

● "Current Malaysian macro-economic perspective: Developments, issues, challenges and policy options" by Finance Minister Datuk Seri Anwar Ibrahim, who is also chairman of the working committee on monetary and financial management;

● "A domestic investment initiative: Strategies and action plans" by Primary Industries Minister Datuk Seri Dr Lim Keng Yaik, who is member of the working committee on trade, industry and investment;

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PM: We discussed ways to achieve Vision 2020 goals

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● (Proposals to promote the role of the private sector in the development of a Bumiputera commercial and industrial community" by Chief Secretary to the Government Tan Sri Ahmad Sarji Abdul Hamid, chairman of the working committee on Bumiputera economic progress and participation:

● "Malaysia: Towards an information-rich society" by the Governor of Bank Negara, Tan Sri Jaffar Hussein, who is chairman of the working committee on services and an information-rich society; and,

● "A proposal for the establishment of a central agency for the development of small and medium-scale enterprises" by the group chief executive officer of Sime Darby Berhad, Tunku Tan Sri Ahmad Yahaya,

who is a member of the working committee on trade, industry and investment.

Dr Mahathir said that they had discussed ways to enable the country to progress towards achieving the Vision 2020 objectives.

The Government would study the views presented during the meeting and would act accordingly. Similar action would also be taken by the private sector, he said.

Formed on Feb 28, 1991, the MBC is an advisory body designed to meet future economic challenges.

It enables policymakers, civil servants, corporate leaders and politicians to discuss current and emerging domestic and international issues impinging on Malaysian development and to generate consensus on national economic directions.