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Interview-inflation

UNDERSTAND TO CONTAIN INFLATION, MAHATHIR TELLS PEOPLE

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KUALA LUMPUR, Aug 16 (Bernama) -- It is necessary for the people to understand inflation to be able to play their role to contain the phenomenon, Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight.

He said most of the people did not have an in-depth understanding of inflation and, therefore, it was very difficult for them to contain it.

"Many of us give priority to high income or wages. But we do not consider whether the high wages enable us to buy more goods than before," he said in the interview programme "Bersama Perdana Menteri" (With the Prime Minister) over TV1 of Radio Televisyen Malaysia (RTM).

Director General of Broadcasting Datuk Jaafar Kamin chaired the interview while the panel members were Bernama Editor-in-Chief Encik Abdul Rahman Sulaiman, Utusan Melayu Group Editor Encik Johan Jaafar and Business Times Editor Cik Hardev Kaur.

Dr Mahathir said that of importance actually was the purchasing power, which would be affected if the prices of goods rose in tandem with an increase in wages. -- more

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▼16/08/15-07MST

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Interview-inflation 2 Kuala Lumpur (embargo)

"If wages rise 100 per cent but the prices of goods also go up 100 per cent, we cannot buy anything more than before. So, it will be useless," he said.

He said a salary increase on its own would not be of benefit. It would only be beneficial if the salary increase enabled the people to buy more than they could before, provided prices did not go up.

"But we do know that a salary increase can cause prices of goods to rise," he said.

Dr Mahathir said that in any society striving for progress, the purchasing power of the people must improve. This could be attained through increase in wages without a rise in costs, by stepping up productivity.

"This is what we must focus on. If all the people understand this, they will be cautious because they will have purchasing power which rises with salary increase and not purchasing power which does not improve but sometimes drops, such as in some countries where inflation is 1,000 per cent annually," he said. -- more

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Interview-inflation 3 Kuala Lumpur (embargo)

In the 45-minute interview, the prime minister touched on several matters related to the national economy.

He said: "It is true that countries undergoing intensive economic growth are faced with increase in prices of goods and a high cost of living.

"If we are not careful, and do not control inflation and the rising prices, then the entire economic growth will not realise its full benefit."

Dr Mahathir also explained the concept of productivity by saying that productivity could be stepped up without an increase in cost.

"If we work with enthusiasm and efficiently, we can produce more goods and there will not be an increase in wages or cost or other consumption in all the work that we do," he said. -- more

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CNS3290

U GK 16-08 00158 KF088

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Interview-inflation 4 (last) Kuala Lumpur (embargo)

Asked as to what extent the foreign exchange market influenced efforts to control inflation, Dr Mahathir said inflation could be caused by the actions of foreign countries.

"For example in Japan, because Japanese goods are so cheap, they decided to revalue the Yen.

"If the value of the Yen is too high, definitely the goods from Japan will be costly and unable to compete," he said.

Dr Mahathir did not dismiss the possibility of such a situation in this country.

"If we are not careful, there will be attempts to revalue the ringgit. Maybe 10 per cent, 100 per cent. When the ringgit is revalued, definitely our cost will also rise," he said.

Therefore, he said, in an effort to fight the situation, the people must know how to step up productivity. -- Bernama

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