

Catch on - Increased to fight output inflation, will beat says inflation, Mahathir says PM

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KUALA LUMPUR: 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 last night.

He said most of the people did not have an in-depth understanding of inflation and, therefore, it was 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 on the *Bersama Perdana Menteri* (With the Prime Minister) interview programme on RTM's TV1.

Director-General of Broadcasting Datuk Jaafar Kamin chaired the interview while panel members were Bernama editor-in-chief Abdul Rahman Sulaiman, Utusan Melayu group editor Johan Jaafar and *Business Times* editor Hardev Kaur.

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

"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.

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.

Dr Mahathir said 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.

Asked 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 (or) 100 per cent.

"When the ringgit is revalued, definitely our cost will also rise," he said. — Bernama

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