

CNS3442

U GE 19-05 00204 EA159

eng

Mahathir-inflation (With pix)

CURB INFLATION TO PREVENT ECONOMIC DESTRUCTION, SAYS PM

bm

KUALA LUMPUR, May 19 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today stressed the importance for all parties to play a role in curbing inflation and ensure the stability of the ringgit to prevent economic destruction.

The Prime Minister said that such efforts were essential, otherwise all parties -- the people, businessmen, banks, the government and the nation -- would suffer.

"In a situation where there is chaos and uncertainty over the question of inflation and the value of the currency, the economy will be destroyed," he said when launching World Consumers Day and the Anti-Inflation Campaign organised by the Domestic Trade and Consumer Affairs Ministry here.

He said that many activities could cause inflation to escalate and among them were attempts by traders to reap huge profits by raising the margin between the purchase price and the sale price.

However, he reminded them that their action would not only cause inflation to escalate but also adversely affect their own purchasing power as consumers because others would also resort to the same tactic. -- more

JO RM

▼19/05/13-16MST

R GE 19-05 00229 EA161

eng mes

Mahathir-inflation 2 Kuala Lumpur

"And therefore, their margin will be reduced to the original level or even less," he said, adding that inflation would further escalate if the margin was continuously raised to erase the effect.

Dr Mahathir said that this had occurred in some countries which tried to offset inflation through price hikes but resulting in the rate of inflation reaching 1,000 per cent and savings declining because the people no longer had confidence in the value of the currency.

When this happened, he said, the value of the workers' wages would also decline and the same effect would result if attempts to overcome the problem were made by raising their wages.

Although he acknowledged that the wages of workers in Malaysia should be raised, he stressed that it should be done cautiously so that the country would not lose its competitive edge and the move would not lead to inflation.

"... only if it does not lead to inflation will such wage increases be meaningful," he said.

The Prime Minister said that all parties should respond favourably to wage increases in Malaysia which could not avoid it due to increased job opportunities although such a situation would cause inflation and local goods becoming less competitive abroad. -- more

JO RM

▼19/05/13-45MST

R GE 19-05 00196 EA163

eng mes

Mahathir-inflation 3 Kuala Lumpur

In this respect, he said that engaging foreign workers was not a way to overcome the problem because a more effective measure was to upgrade the productivity of workers through education and training.

Apart from that, he said that production should be improved by the upgrading of the management system and through automation and utilisation of robots besides turning to more capital-intensive industries which required workers with knowledge and skill.

Dr Mahathir said that in this way the value of the currency would not decline and inflation would not escalate because even though wages had been increased, value was enhanced and there was continuous competitiveness.

To do this, he said, industries which were too labour-intensive should be moved to countries with a high rate of unemployment.

Commenting on the role of consumers, he said that collectively they could eliminate all sorts of unhealthy trading practices more effectively.

"Together with the government, they can move and act in a way that can be of benefit to themselves and protect the country," he said. -- more

JO RM

▼19/05/14-08MST

CNS3479

R GE 19-05 00261 EA165

eng mes

Mahathir-inflation 4 (last) Kuala Lumpur

He said that consumers had tremendous power because merely by deciding to buy or not to buy, they could cause gains or losses to businesses.

The power, he said, if used wisely would not only be in the interest of consumers but could also bring progress to the nation.

Dr Mahathir pledged that the government would continue to fight inflation that would affect the standard of living of the people especially those with low and unfixed income besides those with fixed income like pensioners because they were the most vulnerable if consumer problems and inflation were to beset the country.

As a continuous effort to protect the consumers, he said that the government was drafting the Consumer Protection Act which would deal with hire purchase transactions and quality of goods.

It would adopt the national consumer policy which would protect the interest of consumers, he added.

He said that the move was vital as the rate of inflation, which dipped to 3.6 per cent last year from 4.7 per cent in 1992, had increased during the first quarter of the year to 4.5 per cent based on the Consumer Price Index.

"The government has taken various measures to ensure that the nation's rapid growth prevails in a situation where the prices of goods and services are low and stable because the government believes price stability is crucial in efforts towards sustainable development," he said, -- Bernama

JO RM