

Don't be used by politicians and foreign interests, consumer groups to

PM: Help fight inflation

By Manan Osman

KUALA LUMPUR, Thurs. — Consumer associations should not allow themselves to be used by politicians and foreign interests which may be competing against Malaysia, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Should this happen, the country and consumers would suffer, he said at the launching of World Consumers Day and an anti-inflation campaign at Pusat Islam.

Dr Mahathir said knowledgeable consumers could become a force in influencing the market and controlling inflation, and collectively, they could eradicate all kinds of unhealthy trade practices.

"Together with the Government, they can act in a manner which will benefit them and save the country."

"The achievement of Vision 2020 (objectives) depends a lot on knowledge, responsible attitudes and the role of consumers — that is all the people."

He said the Government would continue with its efforts to fight inflation so that it would not adversely affect the people's standard of living, especially the lower income group's.

He urged all parties to play their roles to control inflation and ensure the stability of the ringgit to protect the country's economy.

He said that if the economy collapsed, then everybody — the people, traders, banks, the Government as well as the country — would suffer.

He said the lower income group, those who did not have fixed income and pensioners were most vulnerable to inflation.

Dr Mahathir said the Government had taken various measures to reduce the inflation rate to ensure the prosperity of consumers.

However, he said, the success of any Government policy would depend on the cooperation of all parties.

"Inflation and consumer problems cannot be resolved by only one party. It requires the involvement of all."

He said it was also important for them to understand the mechanisms and effects of inflation and consumer problems in order to play their role effectively.

He said consumer groups were important, not only as activists but also to disseminate information on the matter.

However, he said, consumer groups should not allow costs to increase because of vague struggles for consumer interest which sometimes contradicted with their own interest.

Dr Mahathir said the time had come for Malaysian consumers to fully realise their role which, if properly undertaken, would benefit all.

He said consumers had tremendous power. Only by deciding to buy or not to buy, consumers could cause businesses to make profits or suffer losses, he added.

"When consumers are grouped in associations, their power will be so great

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Groups urged to use power very carefully

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that it will be beyond control, giving rise to the desire to use it for other purposes."

Dr Mahathir said consumers possessed a "sharp weapon" and urged them to be extremely careful with it because, if wrongly used, it could be harmful to them.

"On the other hand, if the power is wisely and carefully used, not only consumers will benefit but the country will also prosper," he said, adding that a progressive nation would double the benefits for its people.

He said the Government had to take certain measures to ensure that consumers were given adequate protection.

He said the Domestic Trade and Consumer Affairs Ministry was in the process of drafting a "Consumer Protection Bill" and a national consumer policy aimed at safeguarding consumer interests.

Dr Mahathir said the Government had also taken numerous steps to ensure that the country's rapid development was undertaken in a situation where prices of goods and services were low and stable as it believed that price stability was the key factor in efforts towards sustainable development.

"A stringent financial policy has been implemented to

prevent surplus reserves. This is to ensure that there would not exist a situation where too much money is chasing after a limited supply of goods."

Nevertheless, he said, after the economy recovered from the 1987 slowdown, the country had undergone rapid growth for six consecutive years.

He said the increase in money supply had resulted in excess demand.

If the Consumer Price Index is anything to go by, inflation has increased by 4.4 per cent in 1991 and 4.7 per cent in 1992, which is the highest since 1982.

There was a drop last year to 3.6 per cent but it increased in the first quarter of this year by 4.5 per cent.

Dr Mahathir said that when there was inflation and the value of money depreciated, the value of income would also decrease.

He said the easy way to overcome the reduction in the value of income would be to increase salaries or profit margin.

However, he said, salary increase because of inflation would worsen the situation and further reduce the value of the currency and weaken the economy.

He said Europe was currently facing serious economic problems with unem-

ployment rates of between 11 and 12 per cent.

"Meetings after meetings of the Group of Seven countries have not been able to overcome the problem."

"Now they plan to force developing countries to impose the minimum wage rate so that their unemployment problem can be overcome."

He said the countries were more willing to see workers in developing countries suffer to protect their high standard of living.

He said the wages of workers in this country should be increased, but it should be carried out carefully so that the nation would not lose its competitive edge and suffer from inflation.

"The employment of foreigners was not the way to overcome the problem."

"The more effective way would be to increase the productivity of local workers through education, improving production and management systems and the use of robots and automation or move to industries which are more capital, knowledge and skill-intensive."

Also present at the function were Domestic Trade and Consumer Affairs Minister Datuk Abu Hassan Omar and his deputy, Datuk Abdul Kadir Sheikh Fadzir.