

PM: Services and products must be of

# Inflation: All

high quality, at lower prices

# must help

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KUALA LUMPUR, Fri. — Efforts to curb inflation are the responsibility of everyone because "we are consumers and at the same time also suppliers", Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Therefore measures to control inflation will not succeed until people are able to provide services and products of high quality at lower prices which they themselves expect as consumers.

He also said Malaysia would attain its zero inflation target if prices of goods and services remained the same and everyone would benefit from it.

"Nobody will lose from zero inflation. Instead, everybody will enjoy its benefits. Definitely, the country's economy will grow at a more rapid pace and all of us can reap the fruits of it," he said when launching the World Consumers' Day and the 1995 anti-inflation campaign where the Government also declared that from July 1 the first Saturday of every month will be "zero inflation day".

Until the end of this year, on these Saturdays, traders will be encouraged to sell their goods at reduced prices as part of the Government's campaign to fight inflation.

The campaign will be extended for another year if found to be successful during the six-month period.

The "zero inflation day" will be launched by Deputy Prime Minister Datuk Seri Anwar Ibrahim in Kota Kinabalu on July 1.

Traders wanting to participate in the campaign are required to submit the list of goods offered at reduced prices to the Domestic Trade and Consumer Affairs Ministry for approval.

Today's ceremony was attended by Domestic Trade and Consumer Affairs Minister Datuk Abu Hassan Omar, his Deputy Datuk S. Subramaniam, the ministry's secretary-general Datuk Samsudin Osman and members of consumer organisations.

Dr Mahathir also said that as consumers Malaysians criticised price hikes of

goods, but at the same time they demanded that wages for their services be increased.

"We get angry if someone brings this contradiction to our attention," he said.

He stressed that if consumers want good service from their suppliers then they should not forget the importance of providing similar service when they supply goods or services.

He added that the Government, by ensuring that a lower cost of living was maintained, has enabled Malaysia to have a competitive edge in attracting investments as a strategy to curb inflation.

He added that the strategy was also to retain the competitiveness of Malaysian manufactured goods in the international market.

"We do not have enough capital, technology and know-how, a lucrative and big domestic market as well as marketing network worldwide," he said, adding that the only advantage Malaysia had was the lower cost of production due to the lower cost of living in the country.

Dr Mahathir said the lower cost of living enabled the people to have higher purchasing power as compared to developed countries.

He also urged consumer associations to be more responsible and refrain from being involved in politics and to be very careful when making any allegations.

He said allegations such as claims that beef imported by some quarters was not *halal* would not only affect the beef importers, but also the curry puff sellers in the streets.

He added that when the allegations were found to be baseless, the beef importers would be able to revive their business while the hawkers might have to close shop.

Later, when asked at a press conference whether the Government would impose price controls to check spiralling prices, Dr Mahathir said the Government should not control prices in an open market economy like in Malaysia as prices were determined by market forces.

"However, many greedy

PLEASE TURN TO  
PAGE 4, COL 7

# Dr M: Price control vital to retain competitiveness

□ FROM PAGE ONE

people will increase prices indiscriminately if there is no control. In Malaysia, sellers cannot be too independent in deciding prices and if they refuse to sell at the stipulated prices, action will be taken against them," he said.

He said measures such as importing goods and levying import and export tax were efforts by the Government to control prices and curb inflation.

"The Government's control on prices and inflation is vital to retain Malaysia's competitive edge and to ensure that a lower income in this country did not necessarily mean a lower standard of living," he said.

On plans to establish a separate Consumer Price Index for urban and rural areas, he said the Government was still studying the plan.

Asked whether an increase in interest rates would encourage more savings, he said the move would have both negative and positive effects since higher interest rates would spur more people to save, but would also push up production costs.

When asked about plans to ensure more Malaysians own houses, he said the Government would take steps to increase construction of medium-cost houses costing below RM100,000 to benefit those who could afford them.

He said the shortage of such houses has resulted in many people buying low-cost houses at the controlled price of RM25,000

and spending another RM25,000 to renovate them.

He said this deprived the lower-income group for which the low-cost houses were targeted.

He said Malaysia's ability to control prices of low-cost houses by maintaining them at RM25,000 a unit showed the Government's success in achieving "zero inflation" for more than 25 years for that category of houses.

Asked to comment on reports that the United States Congress had proposed to stop arms sales to Malaysia purportedly due to the country's bad human rights record, Dr Mahathir said: "then we won't buy F-18s ... we'll buy MiGs (from Russia)".

Abu Hassan, in his speech, said traders should ensure an adequate supply of goods, maintain reasonable prices, offer quality and value for money, be ethical and responsible, and offer customers good services.

"It will be unwise for traders to increase prices indiscriminately as it will only bring short-term benefits, but bad for their businesses," he said, adding that some countries like Australia, Japan and the Netherlands had achieved an inflation rate of less than one per cent.

He said the inflation rate in Malaysia for the first four months was 3.3 per cent and this was one of the lowest among Asean countries.

"What we need to do is try and educate the public on how to control spending," Abu Hassan said.