

Dr M warns of throwing money at food problem
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Former premier Dr Mahathir Mohamad today told Prime Minister Abdullah Ahmad Badawi not to tackle the country's soaring food and fuel prices by increasing subsidies.
MCPX

The comments by Mahathir come after Abdullah admitted over the weekend that funds set aside to moderate the present soaring prices of food in the country might not be enough.

"The government must not just make a popular announcement of more subsidies... you have to work out how to overcome a food shortage," he said.

"It is not (just) a price problem... (because) even if you reduce the price, if there is no food, there is no food," he said.

Abdullah said on Saturday that his government was uncertain if the present food subsidies would cover the country's needs.

"We have allocated RM4 billion to provide for sufficient supply of food. We will spend RM2.4 billion, and will be left with 1.6 billion ringgit. We do not know if this sum would be enough for the long term," he told state news agency Bernama.

Abdullah also said Malaysia will spend more money subsidising oil and gas this year than on developing the country and called for a review of all major projects.
He also told party members on Sunday that the government would spend RM50 billion on subsidies this year.

This will exceed its annual RM40 billion budget for major development and infrastructure projects under the country's ninth development plan.

A new crisis

"We are facing a crisis we have not faced before... it's a new crisis related to crude oil prices," he said.

"As the government, we will try our best to ease this burden. We will not allow this problem to grow. We cannot wait and see any more. We have the political will to act to ease the burden on the people," he added.

Abdullah said with global oil prices hitting US\$124 a barrel, the impact on Malaysians would be huge, state news agency Bernama reported.

"As such, we have decided to review all projects and the allocations for them. We have to tackle both these crises because they affect the people directly," he told Bernama.

The Malaysian economy has come under increasing inflationary pressures as rocketing oil and food prices combined with local controls led to a shortage of cooking oil and flour earlier this year.

Malaysia, which imports about 30 percent of its rice needs, heavily subsidises more than 20 daily food items, including milk and salt.

World rice prices have soared this year, a trend blamed on higher energy and fertiliser costs, greater global demand, droughts, the loss of rice farmland to biofuel plantations, as well as commodities speculators.

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