

## The Star : Price rises hurting the wallets of Malaysians

Written by Administrator

Friday, 11 September 2009 15:41 -

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4 November 2007

PETALING JAYA: Bread now costs 20 to 30 sen more per loaf, and toll charges may be raised again next year. All over the country, Malaysians are paying more for popular local fare like *char kuay teow* and *roti canai*. Prices are increasing across the board for items and commodities essential for a modern lifestyle. Toll on the Damansara-Puchong Expressway (LDP), for example, has increased this year from RM1 to RM1.60.

While this may be a worrying situation for Malaysia, it is hardly a localised phenomenon but one that is happening globally. The immediate concern to Malaysians, however, is the effect on their wallets. According to the latest Consumer Price Index (CPI), prices have increased by 2% from January to September. The highest increase was in alcoholic beverages and tobacco (7.3%) and food and non-alcoholic beverages (2.8%).

The Consumers Association of Penang (CAP), however, feels the CPI does not reflect the true situation. The CPI deals with averages but most consumers will dispute this figure. Consumers can tell you prices have gone up by more than 2%, said CAP president S.M. Mohamed Idris.

Razak Hamzah, 43, and his wife Siti Ruhayu, 37, who have three school-going children, know for a fact that the price of their purchases has gone up significantly. They, like many other families, really feel the pinch when it comes to basic necessities like Milo, milk, flour, cooking oil and chicken. I can remember getting two chickens for RM13, but today I can only get one, said Siti. So, for the couple, it is all about juggling expenses and keeping strictly to a budget which remains at RM300 per month for groceries despite higher prices. We try to make do with less. Our income hasn't gone up so we have to be smart and adjust our needs, said Siti, who runs a business with her husband. Those in the middle and lower middle income groups will feel the effects of the price increases most painfully as food is one of their core expenses. Fears that the salary increases for civil servants of between 7.5% and 42% effective July 1 would result in price hikes despite government controls have come true. Hence, the call by MTUC for a cost of living allowance (Cola) for private sector workers; and Cuepacs' nationwide boycott campaign against rising prices of essential goods. Dr Yeah Kim Leng, group chief economist at Ratings Agency of Malaysia (RAM), attributes the price increases to the rise in commodity prices like wheat, milk, corn, soya bean and rice, which are at a 10-year high. There are also energy commodities such as petrol and gas to take into account. Oil is currently selling at US\$92 per barrel. The revision of control prices of commodities has exerted domestic price pressures, he said. A price increase in petrol will result in higher transportation fees, and is relayed to the consumer and this trend is occurring all over the world. Other factors include the growing of crops for bio-fuel and animal feed instead of for food. Even global warming is in the picture. The rising price of wheat due to drought and reduced harvests in Australia caused the price of flour to rise: in Jamaica it's up by 30%; in China, the price of a packet of instant noodles jumped an average of 20% and by as much as 40% in some cases in July. Mydin Mohamed Holdings Bhd (MMHB) managing director Datuk Ameer Ali Mydin looks at increasing prices differently. Undoubtedly, prices for almost everything are going up, but is anything wrong with that? He believes that if prices globally are increasing, there has to be a pass-through mechanism implemented by the

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Government. We cannot live in an isolated world. In this globalised economy, we cannot have a protected economy. We can live with it temporarily to obtain a balance, but currently we can see the Malaysian economy becoming increasingly distorted because of the millions of ringgit going into subsidies of petroleum, flour or rice, for example. He said the country did not have deep-enough pockets to maintain this indefinitely. He said the wages of Malaysians had also been artificially kept low. Citing the example of his starting salary 26 years ago at RM1,400, Ameer Ali said: Now, I am employing graduates at the same salary. There is something wrong here. In every other developed country, the minimum wage has increased by at least 100%. He said certain measures taken have helped the country in its early development stages. But we have to get out of this rut and become a consumption-based economy. When you increase wages, you can increase the price of flour or petrol. So, the person who now earns more is also paying more, but all subsidies have been removed.