NST : Paying the price: Spend wisely

Written by Administrator
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<div align="center"><p class="pagenav">23 October 2007</p></div><p> </p><p class="abstract">YOUR editorial "Paying the price" (NST, Oct 20) hit the nail on the head: with world oil prices breaching US$90 (RM300) per barrel, the strain on the government in respect of fuel subsidies becomes greater. </p><p class="abstract" align="justify"><table border="0" cellspacing="3" cellpadding="0" width="200" align="right"></table></p><p class="abstract" align="justify">Though it is laudable that the prime minister promised there would be no further fuel price increase this year, with oil prices hitting record highs, we should expect a significant hike next year, as implied by the Domestic Trade and Consumer Affairs Minister.�</p><p style="text-align: center"></p><p style="text-align: center">Consumers pay high car prices to support the local automotive industry.</p><p align="justify">This is only right: fuel subsidies has resulted in artificially low prices - a market anomaly which breeds inefficiency and wastage.

However, when we consider the wrongness of artificially low fuel prices, we should also address the wrongness of artificially high car prices.

This is the flipside since the major consumer of petrol and person who would be most affected by higher fuel prices is the Malaysian motorist. </p><div align="justify">Let us make no bones about it: despite the reduction in import duties, cars in Malaysia are expensive. Even if we take our national cars, considering the usual specifications these cars come with, with generally few basic safety features such as anti-lock braking systems (ABS) or airbags which are normal fare in other markets, one would be hard-pressed to say they are cheap.

They are cheap only relative to foreign makes, not if compared to normal prices in other countries. And if we venture into prices of foreign cars in Malaysia, we are faced with what is bordering on the ridiculous.

Malaysia is one of the few countries in the world where a standard European-made sedan can easily be more expensive than a small house.

We know why such policies exist: we want to nurture our car industry.

But while it is wrong for the government to continue with fuel subsidies, similarly it is wrong for consumers to continue supporting the local automotive industry by having to pay high car prices in this form of reverse subsidy.

This market anomaly is a strain on the Malaysian consumer, which will doubly hurt once fuel pump prices go up.

The same argument against fuel subsidies should apply to car duties: both create artificial prices, one lower, the other higher than what it would be, if left to market forces.

High car prices have made Malaysia a protected, captive car market. Just see how Thailand's car industry has progressed relative to ours. Not to mention the actual financial burden on the people, having to splurge large amounts of cash on a declining asset.

Market prices should prevail to align with present realities - for both fuel prices and car prices. The government must correct these two anomalies come 2008. Consider the consumer's plight.

Let's share the burden of record oil prices and not simply pass it on without alleviating the complementary pain of expensive cars. We cannot correct one without the other. We must right these two wrongs simultaneously. </div><div align="justify">by W.N.N, Ampang, Selangor</div><div align="justify">Letters - NST (23 oCT 2007)</div><p style="text-align: center"> </p>