

Poor and rich alike affected by price hikes

IS there any among us in Malaysia who does not have to care about how prices are going up? It is easy to believe that the wealthy and the powerful are unaffected when goods and services cost more, but that is not true.

When people cannot buy as much with the same amount of money as they used to, they are likely to cut spending that is deemed unnecessary. Businesses will eventually suffer and so will their owners.

And when people are unhappy that their purchasing power is shrinking, they expect the leaders to find ways to reverse the trend, or at least halt it. In other words, rising prices can be a problem for the whole country.

It is heartening, therefore, that the Government is setting up a high-level committee to deal with the increasing cost of living.

On Monday, Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said he would head the committee, which would meet for

the first time in early January.

It will indeed be a panel of heavy hitters because it will include six other ministers as well as secretaries-general of their ministries.

The ministers are Datuk Seri Hamzah Zainuddin (Domestic Trade, Cooperatives and Consumerism), Datuk Seri Mustapa Mohamed (International Trade and Industry), Datuk Seri Mahdzir Khalid (Education), Datuk Seri Idris Jusoh (Higher Education), Datuk Seri Ahmad Husni Hanadzlah (Second Finance Minister) and Minister in the Prime Minister's Department Datuk Seri Abdul Wahid Omar.

Dr Ahmad Zahid said the committee would look into what various non-governmental organisations have to say about the rising cost of living. He added that leaders of the NGOs would be invited to meet with Prime Minister Datuk Seri Najib Tun Razak so that they could express their concerns and views on the issue.

It is a good start to gather input from the civil society. This will help the Government to

piece together a picture of how the rakyat is affected by higher prices and how they are responding. The feedback from the NGOs will surely cover matters such as the Goods and Services Tax, price controls, subsidies, the minimum wage, aid schemes and housing.

Essentially, this reflects the people's clamour for relief from the pressure of having to pay more for so many things.

There is no doubt that the poorest families must get immediate and constant assistance if they were to cope with the harsh economic realities of today. Many of those in the middle class are also feeling the pinch, and their contribution to the country's development will be hit if they increasingly have trouble dealing with the higher cost of living.

However, we must keep in mind that the measures to ease the pain of consumers do not necessarily address the root causes of the price hikes.

There are a lot of factors that determine

prices, but we can agree that government policies play a huge overall role.

These policies influence how resources are allocated in an economy; how much the private and public sectors spend, save or invest; how well the workforce is trained and educated; how productive we are as a nation; and how well our laws and rules are enforced.

All these aspects matter if we want Malaysia's cost of living to be less of a burden.

The high-level committee has a lot to digest and formulate over the coming months. Meanwhile, it will help tremendously if the rakyat knows that the Government recognises their difficulties and is working on solutions.

For one thing, badly articulated suggestions – no matter how well-meaning – on dealing with the higher cost of living should be avoided. These tend to be perceived as dismissive and unsympathetic. The price hikes are hard enough as they are.