

Dr M: Currency stronger than what exchange rates show

KUALA LUMPUR, Sun. — Dr Mahathir said the Malaysian currency was stronger than what international exchange rates indicated.

He said the ringgit had appreciated against the British pound and the US dollar although it had not appreciated against the yen "but then nobody's currency has appreciated against the yen".

He was asked to comment on a report in a US business publication (*Fortune 500*) that Malaysia was among seven countries which risked devaluation of their currencies as they were allegedly prone to a financial crisis like Mexico.

He said: "They (*Fortune 500*) should have predicted that which happened to Mexico but they didn't. Now they are trying to become great astrologers, trying to predict about us."

He said such dire predictions about Malaysia was nothing new as there had been those who predicted that the country would collapse, there would be race riots, the economy would go down the drain and the Malaysian currency devalued.

Dr Mahathir said this was because some Western countries believed their currencies would always be stronger than Malaysia's and cited how after its independence the British had asked that the pensions for British expatriates be paid in British pounds. He said the exchange rate then was RM6.80 for a pound but this had since come down to about RM4 a pound.

Asked to comment on an option which could make Kuala Lumpur a financial futures market, Dr Mahathir said the country already had its own futures market — the Kuala Lumpur Options and Financial Futures Exchange (Kloffe).

He said that a derivatives market, if properly regulated, could work and benefit the market but excessive speculation would not bring profits for anyone.

Dr Mahathir said: "We think Kloffe is a good thing. There must be a futures market for people to hedge but not for people to speculate excessively."

The Prime Minister said hedging and speculating are two different things. He add-

ed that taking care of one's business was an important task of businessmen, who sometimes have to hedge to protect their investments.

"But when you just go into the market to play and see if you can get some money out of the movements in the market, (then) I think this is wrong."

Asked if there would be regulations to check against speculation, the Prime Minister said this was very difficult since speculation was seen everywhere, especially in the stock market.

Asked to comment on inflation, especially whether the country was winning in the battle to control it, Dr Mahathir said: "You know whenever there is a festival, people tend to take advantage and profiteer. This is bad.

"I think they are doing harm to themselves. Once the price goes up, bringing it down is going to be very difficult. Bringing it up is not so difficult. I've tried to explain many times to traders and workers that what is important is not the amount of money but its purchasing power."