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Bank Negara's role in currency crisis defended

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MALAYSIA has a stable banking system controlled and monitored by Bank Negara which has prevented any abuse, Deputy Finance Minister Datuk Wong See Wah said yesterday.

He said there were only isolated cases of the public withdrawing their savings from banks because of rumours that they (the banks) were facing financial woes.

"But this was immediately resolved with the intervention of Bank Negara which assured the public that the banks supposed to be in trouble were doing well," he told the Dewan Rakyat.

Replying to points raised during the debate on Central Bank of Malaysia (Amendment) Bill 1997, he said Bank Negara was doing its best to ensure that the banking system continued to be effective.

Replying to points raised on why Bank Negara did not aggressively get involved to protect the depreciation of the value of the ringgit, Wong said Bank Negara had specific guidelines and used them only when allowed.

He said it was Bank Negara's policy to allow the ringgit's value to be determined by market forces. Malaysians should have confidence in the leadership's statements that the ringgit would soon recover.

"What is important is for all parties to heed the advice of Prime Minister Datuk Seri Dr Mahathir Mohamad that there should not be any panic as serious and concerted efforts are being taken to address the situation."

"We must be disciplined and allow the efforts being taken to materialise as soon as possible," he said.

Bank Negara officials and employees were fully committed to their responsibilities.

He said Bank Negara had its reasons for not being openly involved in protecting the ringgit.

It was incorrect to say the Singapore dollar was not affected by the region's currency crisis.

Wong said recognised foreign exchanges had stated that on Oct 7 the Singapore dollar fell by 0.7 per cent.

During the debate, Lim Guan Eng (DAP-Kota Melaka) said Bank Negara must explain why it was "dumb and silent" when the country's leadership was attacking foreigners such as George Soros for being responsible for currency manipulation.

He said he believed the Prime Minister who blamed Soros and others for manipulating currency trading.

"Since Dr Mahathir Mohamad had rejected an offer by Soros to participate in a forum and give reasons why Soros was being blamed, Bank Negara should come forward and provide evidence that Soros and others were the culprits," he said.

At this stage, Karpal Singh (DAP-Jelutong) said Dr Mahathir should file a suit against Soros for his statement that the Prime Minister was mismanaging the country.

"If there is such a court case, I will offer my services for free to Dr Mahathir."

Calling Soros a devil, Karpal Singh said: "I would know what to do when Soros is put on the witness stand in the suit."

Lim, continuing the debate, said Bank Negara must draw the line and come out with a minimum value for the ringgit. If this was not done, the

ringgit would fall further.

When the Thai baht dropped drastically, the Bank of Thailand's governor resigned. He asked whether the Governor of Bank Negara was considering such a move.

He said Bank Negara must explain its silence.

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