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Daim-Ringggit

DAIM DISMISSES CLAIMS RINGGIT FALL DUE TO WEAK FUNDAMENTALS

By: Jamaluddin Mohamed

LANGKAWI, July 30 (Bernama) -- The economic adviser to the government, Tun Daim Zainuddin, today said that claims by rogue speculators that the Ringgit fell sharply because of Malaysia's weak economic fundamentals do not hold water.

Before their speculative attacks about three weeks ago, everything was stable and the economic fundamentals were sound, said Daim, a former finance minister.

"If there were no speculators, everything will be stable," he told reporters after moderating a special closed session for Heads of State/Government at the final day of the three-day 1997 Langkawi International Dialogue (LID '97) here.

Daim said there must be a reason for the currency to fluctuate too much as there was nothing wrong before the speculative attack began, he said.

He was commenting on US under-secretary Stuart Eizenstat's comment yesterday that Asian countries must correct the fundamentals of their economies and not look for scapegoats for the recent currency crisis.

Prime Minister Datuk Seri Dr Mahathir Mohamad had pin-pointed that US billionaire financier George Soros was behind the move to destabilise Southeast Asian currencies.

"If nobody came and disturbed currencies in these areas, the currencies will be stabilised. The reason for the fluctuations was because somebody came and speculated," Daim said.

He said the US could say anything it liked but the fact remained that there was too much unnecessary currency fluctuation.

Daim said if people wanted to speculate, there was nothing countries in the region could do about.

However, a free market did not mean that people have the freedom to come and destabilise other economies, he said.

"As the prime minister had said before...leave us alone and we can manage our own economy," said Daim.

He said if Soros were to deny that he had not attacked currencies in the region, there was nothing that Malaysia could do.

The currency attack first occurred in Thailand and then affected the currencies of the Philippines, Malaysia, Indonesia and Singapore.

Commenting on the signing of a re-purchase agreement by Asean central banks in Shanghai last week, Daim said it would allow other signatory countries to defend a country when its currency was attacked.

"However, if the attack is on all currencies at the same time, then everybody has to defend their own currency," he said.

The re-purchase agreement will allow other signatory countries to buy foreign currencies in a country whose currency was under attack in a move to stabilise that country's currency.

On the activities of some Malaysians taking advantage of the current currency situation, Daim said there would be people out to make profit. --
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