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Dr M: Long-term solution sought to curb attacks on ringgit

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KUALA LUMPUR, Wed. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today the Government was studying various steps for a long-term solution to curb speculative attacks on the ringgit, including limiting such activities through taxation.

Dr Mahathir said there was a need for long-term measures to curb speculative activities which could destroy economies, especially those of poor nations.

"Some countries are already thinking of limiting speculation (on their currencies) through taxation. I don't know whether we can do that, but we are studying the situation," he said.

Dr Mahathir also said the Government would reduce imports but would not defer some of its major projects.

"Imports cost a little bit more because the value of the ringgit has come down. So for the time being, we have to reduce the imports. It is only a temporary measure and we will go on with the projects," he told reporters after a farewell call on co-chairmen of the Council of Ministers for Bosnia-Herzegovina Boro Botic and Dr Haris Silajdzic at Hotel Istana.

Dr Mahathir said the private sector built large townships in Malaysia, complete with houses, mosques and schools.

"Each one (of the projects) costs RM4 to RM5 billion. The Government does not spend any money because they are all done by the private sector.

"But even if it is done by the private sector, they have to import certain goods. We have to reduce these imports," he said.

The Prime Minister expressed confidence that the ringgit would "pull through" although there were deliberate attempts by the rich and powerful to destroy poor economies like Malaysia.

"We will recover definitely. But these avaricious people just don't care about poor people. They are being backed by very powerful countries which think that destroying the economies of developing countries are great fun. They don't care.

"They talk about human rights, poverty eradication and things like that, but then their people come here and squeeze a country which is just trying to raise its head. They think this is great... this is democracy, this is freedom, this is free trade."

Dr Mahathir said he was annoyed because these activities were supported by rich countries which preached human rights and democracy but condoned activities which destroyed the weak.

"They say there is no conspiracy. But whether there is conspiracy or not, the fact remains that they have done this deliberately. Knowing that the ringgit is sliding, they force it down further to make money for themselves," he said.

Dr Mahathir said the so-called free world and open market system had turned the world into a jungle, where the avaricious people, who were backed by the rich countries, could do what they liked.

Asked whether Malaysia would take part in a rescue package by the Asian Development Bank and the International Monetary Fund to stabilise Thailand's economy which floundered following speculative attacks on the baht, Dr Mahathir said:

"We have a responsibility to help our neighbours. If we can help, we will help."

The ADB said on Monday it would provide US\$1.2 billion (RM3.27 billion)

over the next three years to stabilise the Thai economy.

The US\$1.2 billion is part of the US\$16 billion raised on Monday by the IMF to boost the Thai economy.

Dr Mahathir declined to say whether Bank Negara would introduce additional measures to curb speculation.

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