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DR MAHATHIR CAUTIONS LOCALS AGAINST SPECULATIVE ATTACKS ON RINGGIT

By: Michael Raj

LANGKAWI, July 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has cautioned local parties from being involved in speculative attacks against the ringgit.

These people were only interested in speculating to profit for themselves at the expense of the economy, he said.

"We hope they do not get involved in this practice which is damaging to our economy," he told reporters after a series of bilateral meetings with various leaders from Southern African countries.

Dr Mahathir said he supported Bank Negara's move not to come in to support the ringgit as it would have been expensive to buy up the ringgit under the present circumstances.

"When you buy ringgit and if the currency depreciates, that difference is a loss but not the total amount," the prime minister added.

Asked how the situation was now, he said, "At the moment, we are still bearing up...but the fact remains that we have lost money."

"...because the ringgit depreciates, our per capita income goes down and the purchase of imported goods goes up in price and therefore we have to spend a lot more money, that will flow out of the country, and that will aggravate our balance of payment deficit. So it has all kinds of side effects."

The prime minister said the currency situation was discussed between him, officials from the finance ministry, Bank Negara Malaysia as well as certain chief executive officers of banks, including the chief executive officer and managing director of Malayan Banking Bhd, Amirsham A. Aziz recently.

"We discussed this upon my return from abroad as I wanted to know what exactly was happening on the ground...I am not an expert in finance, I need to listen to these people.

"From the meeting, we learnt quite a lot about what is happening and we may think of certain things that we can do," he disclosed.

Asked whether there was evidence to show that US financier George Soros was behind the speculative attack against the ringgit, Dr Mahathir said, "He admitted he did it but he claims that it is not because of Myanmar.

"But there is evidence which we cannot disclose....there is no doubt that he did this thing."

The ringgit plunged to an almost four year-low when it hit a low of 2.65 to the dollar in recent days, after coming under heavy attack by rogue speculators, especially the last few weeks.

This followed soon after the Thai central bank decided to "manage float" the Thai baht on July 2. Thereafter no Asean currency, not even the Singapore dollar, was spared from the speculators' attack.

The prime minister said Soros also admitted that he was involved in Myanmar...that he did not want it to join Asean.

"And it (the speculative attack against the ringgit) and Myanmar's entry was too close for the thing to be a coincidence," he said.

At that time, Asean was about to admit Myanmar, the attack took place against the Asean currencies...."the timing was too close," he said.

"The attack is still going on but he (Soros) claims he is doing charitable work and that this thing is not connected," Dr Mahathir said, adding that "it is difficult for us to say it is not connected."

Asked if Soros was still attacking the ringgit, the prime minister said

"the ringgit is still said to be under pressure, so I do not know what he is doing."

Questioned on a similar speculative attack against the ringgit in the late 80's by a certain foreign bank which took positions against the ringgit, he said "there was also evidence that foreign people were involved but we managed to ward it off."

Dr Mahathir said because of the problems in Thailand, which had been aggravated by speculators pushing its currency down further and some weaknesses in the Thai economy resulted in share prices dropping and currencies depreciating in the region.

"But when you couple that with an attack on the currency, then the damage done is much greater. When the Thai currency goes down, even if there is no attack on the ringgit, the fact is that things in Thailand are cheaper than here and thus there is pressure on us to push down prices below our cost...that is very bad," he added.

On whether the issue was discussed with the Southern African heads of government who held called on him today, Dr Mahathir said they did and the visitors understood the dangers of such speculative attacks better after his explanation.

"At the moment they are not under attack and I think their economies will be so weak for anybody to come out of this (attack) for this is a great player (Soros) with billions of US dollars. Of course if he attacks, he might cause a total collapse of the economy," he said. -- BERNAMA

MR DVS SHY