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New measures to safeguard ringgit

DEPUTY Prime Minister Datuk Seri Anwar Ibrahim said yesterday strengthening the economic fundamentals would be the best defence against currency speculation.

Although a strong economy would not guarantee that speculators would stay away, he said the effect of their action would then be temporary as there would be a limit to what they could do.

"Ultimately, the fundamentals will be the key and answer. I believe primarily because of our strong standing, we have been able to weather the initial attacks on the ringgit."

Speaking after a closed-door session with Heads of Government attending the Langkawi International Dialogue 97, Anwar, who is also Finance Minister, said strengthening the fundamentals was actually a pro-active stance.

"Because if they are weak, whatever temporary measures and however drastic or radical the action we take, they will not be sustainable. So, before we proceed with other measures, we have to ensure the economy remains strong."

He was earlier asked whether the time had now come for the Government to go on the offensive against the speculators.

On Prime Minister Datuk Seri Dr Mahathir Mohamad's statement yesterday that the Government had some ideas on what to do to protect the country's economy, Anwar said:

"The Prime Minister is proposing additional measures as the country's economic fundamentals are strong. Of course, we are looking at them closely and he has had sessions with governors of central banks and finance ministers."

"But of course, I cannot reveal the details, as much as George Soros (the American financier responsible for attacks against Asean currencies) is not telling what he plans to do."

When asked whether the additional measures to be taken by the Government would be able to punish the speculators, he declined comment.

But he added with the sophisticated technology in place, the Government had to be smarter (against speculators).

When suggested that Bank Negara refrained from intervening, he said the important principle of any currency was to allow it through the market forces to reflect the economic fundamentals.

But, he said, the recent happenings were on the contrary, thus the Government could not allow things to slide or allowing some speculators to undermine the ringgit.

On the call by the United States that Malaysia provide evidence of Soros' involvement in the attacks against the ringgit, Anwar said: "He is known to be involved in interfering and speculating in currencies like in the United Kingdom in the past. It is based on this background that his case is referred."

Asked whether the Heads of Government he met had voiced their concern that their currencies could also fall prey to speculators, Anwar said they were interested to know measures taken by the Government which could come in handy in the event their currencies were also attacked.

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