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Anwar-Currency

RINGGIT'S DECLINE WILL NOT LAST LONG, SAYS ANWAR

BATU PAHAT, Oct 7 (Bernama) -- Deputy Prime Minister Datuk Seri Anwar Ibrahim said today the government's confidence that the decline in the value of the ringgit will not last long is based on sound economic fundamentals and does not reflect the leadership's arrogance.

Defending Prime Minister Datuk Seri Dr Mahathir Mohamad's approach in dealing with the currency crisis, he said the government was confident as the economic fundamentals were good.

He described the economic problems brought about by the ringgit's fall now as an economic "haze," and expressed confidence the situation would not last long in view of the measures being taken to overcome them.

Speaking at a luncheon organised by the Johor State Umno Liaison Committee here, Anwar said steps to avoid wastage and belt-tightening measures coupled with efforts to get the people to pull themselves together were taken by the government to end the decline in the ringgit.

However, in cutting costs, he said that any allocation which directly benefits the people especially the poor would not be affected and would continue to be disbursed.

Meanwhile, on the foreign exchange market, the ringgit closed higher today at 3.2700 to the US dollar compared with yesterday's closing of 3.3650/50.

On the leadership's tough stand in dealing with the problem, Anwar said it had met with success to the effect that the International Monetary Fund (IMF) had agreed to discuss in Washington this week Malaysia's proposal to introduce prudential regulations on hedge fund activity.

"If the Prime Minister had been soft and too diplomatic, the effects would not have been much, but when confronted with tough statements, the whole world and the international financial community were shocked, taken aback and there were those who were angry.

"While many were still in shock over Dr Mahathir's statements, I followed up on his views by calling on the IMF to introduce measures to control currency speculation," he said.

Anwar said it was this apparently differing approaches between the Prime Minister and himself which triggered a backlash from certain parties, particularly foreigners, aimed at undermining the unity among the leadership.

He said that his explanations were aimed at beckoning the international financial community to implement measures to control and save the economies of developing countries as well as their financial markets from becoming victims of manipulation and excessive speculation.

Anwar, who is also Finance Minister, said no approaches by the leadership relating to the country's administration and economic and political matters were adopted without collective decisions following discussions.

However, there were parties which were trying to create a rift between the leadership, Anwar said, and called on all parties to maintain unity and discipline in efforts to ward off the current crisis.

He said the Prime Minister's tough statements was his way of drawing international attention to the country's plight and it has worked. "We have succeeded in jolting the world as evident by the IMF's discussions to control hedge trading," he said.

The government, he said, had taken the initiative through discussions

and consultation to solve the problem, besides hoping for greater unity among the people.

"The people should let no one, be it a foreign agenda or small groups within the country to undermine national unity. Don't think that because there is an economic crisis in Mexico and Thailand, Malaysia will meet a similar fate," he said.

"We still have reserves from the budget surplus achieved last year, not to mention the government's austerity drive. So don't be too worried with the agenda of foreigners or any small groups within the country," he said.

Besides that, he said that steps to avoid wastage and cooperation from all sides were among measures to stop the crisis affecting the ringgit currently.

"Sacrifice by all is needed to overcome the problem...that is why we are starting from the top by cancelling visits to foreign countries and reducing allocations to government departments and agencies, but allocations directly benefiting the people such as funds for the poor especially in rural areas will continue to be disbursed," he said.

Also present at the function were Johor Menteri Besar Datuk Abdul Ghani Othman, Rural Development Minister Datuk Annuar Musa and Youth and Sports Minister Tan Sri Muhyiddin Yasin. -- BERNAMA

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