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Shafie: Our policy on the ringgit consistent

reports on "Dewan Rakyat" by Aionon Mohd; Tina Melan
BANK Negara's monetary policy on the ringgit has always been consistent, with market forces being allowed to determine the value of the currency, the Dewan Rakyat was told.

However, Finance Ministry Parliamentary Secretary Datuk Dr Shafie Salleh said it was also the policy of the central bank to intervene whenever there was excessive speculation which could affect the currency's stability.

"In short, it is a two-level policy - allowing market forces but intervening whenever there are drastic speculations, not based on the economic fundamentals."

Winding up points raised by MPs debating the Supplementary Supply Bill 1997, he said whenever Bank Negara intervened, it would pull out as soon as the currency stabilised.

He was interrupted several times by Lim Guan Eng (Kota Melaka-DAP) who said the central bank did not have a policy, but acted more on an ad hoc basis.

He said at one point, Bank Negara intervened when the ringgit dropped against the US dollar but did not do so when it dipped further later.

Dr Nungsari Ahmad Radhi (Balik Pulau-BN) said statements by Bank Negara during the "ringgit crisis" also reflected inconsistencies, adding that they actually "tipped off" speculators at what level of the ringgit that would see the intervention of the central bank.

At one point, Shafie said he could not reveal the amount of money spent by the central bank to shore up the ringgit nor its current reserve standing.

"These figures are a secret," he said, when asked by Lim and Mohamed Sabu (Pas-Kubang Kerian), who both claimed the amount spent was RM7 billion.

Shafie also refrained from replying to Lim's claim that the organisation behind the speculative activities was Quantum Investment Fund headed by George Soros or his related companies.

The Kota Melaka MP was referring to a statement by Prime Minister Datuk Seri Dr Mahathir Mohamad on Monday that the current speculative pressure on several Asean currencies was backed by a financier who is known to hold a strong view on Myanmar's admission into Asean.

Addressing the issue in general, Shafie said the Southeast Asia region was growing rapidly, and hence it was not a surprise that there were elements trying to derail its success and development.

On developers exempted from building low-cost units in their projects, he said in cases where the cost of land was high, the units would be built elsewhere.

"There are also other ways carried out by State Governments to have the units constructed. Besides, acting Prime Minister (Datuk Seri Anwar Ibrahim) has also directed the State Governments to explain their decisions to exempt such developers."

When Deputy Housing and Local Government Minister Datuk Azmi Khalid raised his ministry's request for additional RM3.25 million for beautification programmes for the Commonwealth Games, there was an exchange of words between him and Lim over the appointment of local councillors.

Lim had said that because they were not elected, accountability was

lacking, as could be seen from the many weaknesses occurring at municipal and district councils.

Azmi said as the councillors were appointed by the Government, the question of accountability should be viewed from the performance of the Government.

"The achievements and progress brought by the Government in the 40 years it has been in power speaks well of its accountability."

He added that the country could not afford to see "intense politicking right up to the grassroots level" as it could affect development.

Noh Omar (Tanjung Karang-BN) wanted to know whether the beautification programme would be ready in time, and whether the trees to be planted would be of the "instant" type.

He also wanted to know how the local people would benefit from the beautification programmes as it would be unfortunate if in the end, the trees and flowers had to be imported.

Badruldin Amiruldin (Yan-BN) said instant trees were not "reliable" as they could be easily uprooted during heavy rain and storms.

The House burst into laughter when he suggested that Malaysian species, like betel leaves and pegaga be planted.

The situation turned more hilarious when Wan Junaidi Tuanku Jaafar (Batang Lupar-BN) suggested that a species from Sarawak, which he described as having similar qualities to Tongkat Ali, also be planted.

Dr Tan Seng Giaw (Kepong-DAP) remarked that Tongkat Ali was not feasible, saying the plant was not "that beautiful".

He also reminded the ministry not to concentrate only on planting trees, while other weaknesses, like open spaces being turned into car wash centres, were not corrected.

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