

PM: RM3.80 peg to remain 8

8/13/12/98

KUALA LUMPUR: Malaysia will maintain the RM3.80 peg to the US dollar for a "very long, long time," Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said it was very important that the ringgit did not fluctuate.

"If anybody tells you the Government is going to change the value of the ringgit, tell them to jump into the sea.

"It is going to remain at RM3.80 for a very long, long time," he said at the launch of the Home Ownership Cam-

paign.

Dr Mahathir reiterated that a fixed exchange made it easier for businesses to budget because they knew exactly how much the ringgit was worth.

He added that fluctuations in the ringgit created problems for property developers because they imported products.

"With the fixed exchange rate, you can work out how much you are going to pay," he said.

Touching on Singapore's Central Limit Order Book (CLOB) which had been trad-

ing in Malaysian shares and isn't recognised by the KLSE, Dr Mahathir said there was now no longer any "black market shares" outside the country.

"It is all back here now. As you can see, the share prices have appreciated from 262 points (KL Composite Index) in September, the KLCI has now reached 530 points — almost double.

"In terms of market capitalisation, that is almost RM180bil," he said.

He added that Malaysia lost

some RM700bil when the share market plunged from an index of 1,200 points (RM900bil market capitalisation) to 262 points.

"Now we have recovered RM180bil to RM200bil. This has happened because the Government took action.

"We asked people not to invest through black market organisations. But they said they want to make money there. It does not matter if the economy is destroyed as long as they make money there.

"You can see that once we

remove the black market, everybody gains," he said.

He added that when share prices went down, companies could go bankrupt.

In September, other than pegging the ringgit to a fixed exchange rate the Government made the ringgit non-tradeable overseas which then crippled offshore banks offering high interest rates for ringgit deposits.

It also "brought back" all Malaysian shares in KLSE by not recognising the shares traded on CLOB.