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Mahathir-Controls

EXCHANGE CONTROLS BEARING FRUIT, SAYS PM

BANGI, Sept 8 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the exchange control measures announced last week have borne some fruitful results.

This was evident by the surging interest in the stock market and the stabilisation of the ringgit, he said of the measures aimed at defending the ringgit against further speculative attacks.

Although Malaysia believes in the free market and despite speculators blaming the government of poor governance, "we are not allowing them to touch our currency," he said.

Dr Mahathir said that from Oct 1, this year, those holding ringgit or having ringgit deposits overseas would not be able to convert the currency to purchase other foreign currencies unless they use the money to buy Malaysian assets.

The Kuala Lumpur Stock Exchange, which surged ahead since the measures were announced last Tuesday, recorded its biggest one-day rise in 24 years yesterday when the composite index increased 22.46 per cent or 81.62 points to 445.06.

At one point, the CI reached an intra-day high of 473.49 buoyed by widespread buying while the ringgit, which has been pegged at RM3.80 to the dollar, has stabilised against other major currencies.

With such positive developments in the market, "the measures are not bad at all," said Dr Mahathir of the controls during a question-and-answer session after delivering a keynote address at the bi-annual conference of the Commonwealth Association for Public Administration and Management, here.

Dr Mahathir also said the exchange control measures had been very successful and the people had regained confidence in the economy.

"Generally, our economy is picking up and I hope it will continue," he said.

At a news conference later, Dr Mahathir said the sacking of Datuk Seri Anwar Ibrahim as Deputy Prime Minister and Minister of Finance would not cause disorder in the country.

"No, I don't think so. The fact that we can see our share market rising... (and) generally, Malaysians are more disciplined, we do not expect that kind of problem," he said.

To a question as to whether the government would remove a cap on lending for share purchases, he said: "We will be watching the stock market closely".

"If it goes up too fast, there won't be any necessity to lift the lending cap, but if it moves sluggishly, we will make money available from the banks," he said.

On concerns whether a black market would emerge for the ringgit following the exchange control measures which would make the ringgit non-convertible overseas, he said: "It can be controlled".

On the views of the International Monetary Fund (IMF) last week that the exchange control measures would fail, Dr Mahathir said: "We will see whether it fails or not".

"They wish it will fail, they will do everything to make it fail," he said.

"Right now, a lot of people are cracking their heads to try and find how they can frustrate Malaysia," he added.

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