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Mahathir-IMF

M'SIA LOOKING AT IMF SUGGESTION ON INTEREST RATES

KUALA LUMPUR, Jan 19 (Bernama) -- Malaysia will look into the International Monetary Fund's suggestion that local interest rates be raised, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Commenting on the suggestion, he said Malaysia was not ordered by the IMF.

"I think the IMF is a responsible international body which does not threaten...it is giving advice to us," he told reporters after attending the 4th implementation council meeting of the MSC at Cyberjaya near here.

Dr Mahathir said the "IMF is not threatening us to do this or that" lest the Ringgit's value would drop again.

"But we will look into it," he said.

The suggestion came from IMF managing Director Michel Camdessus after he wrapped up initial consultations with Deputy Prime Minister Datuk Seri Anwar Ibrahim as well as Malaysian Treasury and Bank Negara officials last week.

However, Camdessus had also said that the central bank had already taken steps towards that direction, a move which while being supportive of the Ringgit, would stifle business activity as it would make loans expensive.

Analysts said it was both a difficult and expensive balancing act for the central bank which over the past six months has been trying to minimise the volatility in the local unit despite the odds stacked against it.

Interest rates are currently hovering at around 9.5 per cent from an average of 7.5 per cent before the attacks on regional currencies last July, while the Ringgit, which fell to a low of 4.88 against the US dollar two weeks ago, has recovered to a high of 4.05 level in intra-day trading today.

To a question by a foreign journalist whether he was crushed by the economic crisis personally and that he was not his old self lately, the prime minister said: "We allow for speculation but if it's good for the media and they can sell more and get more audience, it is their right to do so."

Asked on whether there would be snap election, he said: "You have to ask (DAP secretary-general) Lim Kit Siang."

On the opposition leader not getting any air time over television, Dr Mahathir said he himself has been a victim of censorship, particularly by the international media, which tended to ignore his positive view points but highlighted his negative remarks. -- BERNAMA

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