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Mahathir-Capital

GOVT WILL NOT IMPOSE CAPITAL CONTROLS, SAYS MAHATHIR

KUALA LUMPUR, Aug 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the government will not impose restrictions on the movement of capital in and out of the country.

"We have no intention of controlling capital movement," he said at a news conference after closing the seminar on financial services products at the Institute of Islamic Understanding Malaysia (IKIM), here.

Asked to comment on the resignations of Bank Negara Governor Tan Sri Ahmad Mohamed Don and his deputy, Datuk Fong Weng Phak, he said: "They wanted to quit, the papers said it was due to disagreement (over monetary policy), so I think I accept that."

"Well, we have some differences...the government has never agreed to this idea that we should raise the interest rates and dry up the credit because this would cause contraction and we have seen the second quarter Gross Domestic Product figures," he said.

The contraction is worse than expected, the Prime Minister said.

Malaysia recorded a -1.8 per cent growth in the first quarter.

Asked whether he was surprised over the resignations, he said: "No, not at all. We thought that he would have resigned long ago because he knows of course we did not approve of the policy recommended by him, but he chose not to resign before."

On whether Ahmad would be persuaded to come back, Dr Mahathir said: "No, no."

He said that Ahmad "resigned now because he must have his own reasons."

Announcing the resignations late yesterday, the Finance Ministry also said that one of its assistant governors, Datuk Dr Zeti Akhtar Aziz, would be appointed acting Bank Negara governor effective Sept 1.

When asked whether Dr Zeti would subsequently be made governor, Dr Mahathir said: "It is not known yet. Zeti was appointed as acting governor for legal purposes."

-- BERNAMA

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