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`Malaysia does not need to adopt a currency board system'

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MALAYSIA is not thinking of implementing a currency board system as the ringgit has held up "quite well" compared to some of the region's other currencies, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"Of course, there is devaluation... but in comparison, the ringgit has done quite well," Dr Mahathir said at a joint press conference after chairing the International Advisory Panel (IAP) meeting in Cyberjaya yesterday.

Indonesian Finance Minister Mar'ie Muhammad had on Wednesday told the Jakarta Parliament that his Government was preparing the groundwork to adopt a currency board system, under which the rupiah would be pegged to a fixed exchange rate against the US dollar.

Thailand was also reported to be discussing the option but Bangkok has since denied any such plans.

The system is currently used in Hong Kong and Argentina where the local currencies are fully backed by foreign exchange reserves.

On Malaysia's fundamentals, Dr Mahathir said what is most "fundamentally right" about the country is its political stability.

"We have no problems with succession or anything like that. We have had political stability for a long time... we are predictable.

"Next, of course, is our ability to manage our economy which has grown rapidly without getting into too much foreign debt - whether private or public," he said.

Growth had been high, inflation low and the country has succeeded in nurturing good, profitable companies, the Prime Minister added.

The stock market was also strong before the current problems as is the capital market and banking system. "No bank has failed .. no one has been asked to close down," he said.

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