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Mahathir - monetary

MALAYSIA NEED NOT TIGHTEN MONETARY POLICIES FURTHER

KUALA LUMPUR, April 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia does not need to tighten its monetary policies further as it had already done so.

"We have already tightened so much that businesses are screaming because they can't breathe. How much more tighter do they want it to be?" he told reporters after a special closed-door meeting with Umno division heads here today.

He was responding to an International Monetary Fund report calling for Malaysia to further tighten its monetary policies.

On the IMF's call that companies should not be bailed out, Dr Mahathir said: "It depends on how you interpret a bailout.

"If a company is badly managed and we go in and use public money, it is wrong. When they devalue the ringgit and depress the value of shares, any company may collapse."

He cited the example of the US government stepping in to help Chrysler out of bankruptcy when the car manufacturer lost half of its share capital and the US dollar was depressed.

"Of course that is not a bailout because it is not done in Malaysia. But if this happened in Malaysia then that is considered a bailout," he added.

-- BERNAMA

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