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RM11bn returned from Singapore: Mahathir (HL)

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SOME RM11 billion has returned home from Singapore following the Government's exchange control measures instituted early this month, Prime Minister Datuk Seri Dr Mahathir Mohamad.

"We have checked this (the money that was in Singapore and has been brought back to Malaysia) ... it is now about RM11 billion," he told newsmen after watching the Commonwealth Games' athletic events at the National Stadium in Bukit Jalil, Kuala Lumpur.

The foreign exchange controls, announced by Bank Negara on September 1, were principally aimed at bringing back ringgit currently held overseas.

It is believed that a significant amount of ringgit, estimated at RM20-RM25 billion, is deposited with banks in Singapore which offer higher interest rates than those in Malaysia.

The measures were intended to deny speculators access to the currency and minimise the impact of destabilising short-term capital flows on the domestic economy.

The measures, among other things, end ringgit's convertibility outside Malaysia from October 1.

"They have siphoned our ringgit to Singapore ... Now that the ringgit in Singapore is no longer legal tender, that ringgit has to come back because outside Malaysia, the ringgit is useless.

"They are forced to bring back the ringgit.

"So now we have a lot of money in circulation and the liquidity problem is mostly resolved," he added.

Dr Mahathir said Malaysia tolerated Singapore all this while because the country was not facing economic problems.

"We are now experiencing economic problems and they (Singapore) continue to do this.

"We ask them not to but they ignore us, so we take action.

"The ringgit they are holding must now be here. If they are not, they (Singapore) tend to lose billions," he added.

Asked how much money has been pumped into the banking system following the various measures taken by the Government to increase liquidity in the country, Dr Mahathir estimated that some RM10 billion are in circulation following the 2 per cent cut in the statutory reserve requirement (SRR) effective last Wednesday.

"Now, we have a lot of money in circulation ... For every 1 percentage cut in the SRR, some RM4 billion is pumped into the banking system. When we reduced the SRR by 2 percentage points, that means RM8 billion.

"This should enable banks to lend ... If banks don't lend, we will check on them," he said.

The SRR of banking institutions is now at 4 per cent of their eligible liabilities from 6 per cent previously.

Dr Mahathir was also asked whether the Government will adopt a similar action against Singapore as it did to Britain, barring British firms from vying for government contracts, following media attacks on government leaders.

He said the Government is in a way already taking action against Singapore.

"In a way we are doing it...we have stopped their Clob (Central Limit Order Book) International trading," he added.

Relations between the two countries turned sour of late following

several actions by the republic to undermine Malaysia.

The latest were remarks made by its Senior Minister Lee Kuan Yew in his memoirs, "The Singapore Story".

Asked whether the Government will ban Lee's memoirs in the country, he said: "Why should it be ... this is a free country.

"People can say what they want but they must be remember that if they make the people angry, that will simply make it difficult for us to have good relations with Singapore.

"Even if Malaysian leaders want to have good relations with their counterparts in Singapore, Malaysians may not want the Government to do so.

"The leaders, of course, must respect the wishes of the people," he said, adding Malaysians can ignore Lee's memoirs but they will not happy when the memoirs run down the country's respected leaders like late prime ministers Tunku Abdul Rahman and Tun Abdul Razak Hussein.

(END)