

Ku Li: Capital controls brought stability

26 SEP 1999

KOTA BARU: Capital controls introduced by Bank Negara on Sept 1 last year have made the country politically more stable, Tengku Razaleigh Hamzah said.

He said the controls had helped the country tide over economic problems caused by the fluctuating ringgit.

Tengku Razaleigh, a former finance minister, said by pegging the ringgit at RM3.80 to the US dollar, foreigners were attracted to invest for the long term in the country as they could buy land at a lower price and such invest-

ments had created more jobs.

"Previously, the investors were scared to come in because of the ringgit's instability," he told reporters yesterday.

Tengku Razaleigh, who is also state Umno liaison committee chairman, said the ringgit's stabilisation had also benefited exporters as the goods could be sold at a lower price.

The Malaysian success had also prompted other countries such as India and Chile to implement similar measures, he said.

He said Malaysia had intro-

duced capital controls without expecting help from other countries and this had been accepted by the world.

Tengku Razaleigh added that he agreed with Prime Minister Datuk Seri Dr Mahathir Mohamad's call for the international community to introduce a system to curb speculation on currencies.

"These people are making a living by trading on currencies instead of goods," he said, adding they had vast sums at their disposal.