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PM: No reason to revise RM peg against US\$

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PRIME Minister Datuk Seri Dr Mahathir Mohamad reiterated yesterday that the Government will not revise the RM3.80 peg against the US dollar unless "the situation becomes uncompetitive for Malaysia".

"Why should we be worried. We are doing very well and very comfortable. Nobody is getting hurt. So why want us to revise?" he told a news conference after opening the two-day Malaysian Structural Steel Association's convention and meeting in Kuala Lumpur yesterday.

He was asked the Government will revise the current peg against the US dollar.

Malaysia has removed most of the restrictions it had introduced in September 1998 in the aftermath of Asia's financial crisis, when it also fixed its currency, the ringgit at 3.80 against the US dollar in order to provide a stable environment for economic recovery.

In fact, Bank Negara Governor Datuk Dr Zeti Akhtar Aziz had told Reuters in Fukuoka on Sunday, at the sidelines of an economic symposium, that Malaysia will keep its remaining selective capital controls for a "very, very long time" and does not believe its currency needs to be revalued.

When asked to comment on an article in the Far Eastern Economic Review that says Malaysia will be facing economic uncertainties in the next three to five years due to the Government's huge expenditure in bailing out ailing companies, Dr Mahathir said other foreign countries, including the US are also doing the same thing.

"They (foreign countries) were also doing the same in terms of bailing out companies... bailing out car companies and the Long Term Capital Management Fund.

"They say it is good for them and so we are just copying them," the Prime Minister said.

The Far Eastern Economic Review July 13 edition said a conference in Washington entitled "Prospects for a Post-Mahathir Malaysia" concluded that Malaysia could face considerable political uncertainty, including infighting in Umno once Dr Mahathir retires.

The panelists also predicted new economic turmoils would hit Malaysia between three and five years due to Malaysia's growing fiscal debt, brought on by the Government's move to rescue troubled companies and the minimal restructuring of the economy in the wake of the 1997 financial crisis.

The conference, organised by the American intelligence community, was attended by officials from the Central Intelligence Agency and the US departments of State and Defence as well as academicians, economists and former American diplomats and journalists in Malaysia.

To a question on whether the 2001 Budget would have a surplus, Dr Mahathir said: "There is a possibility but it also would depend on how the Government wants to spend. We think we need to spend money to stimulate the economy."

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