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RM peg against US\$ will remain: Dr M

Fadzil Ghazali; Kamarul Yunus

THE Government expects to retain the ringgit exchange rate at RM3.80 to the US dollar for the year unless Malaysia becomes uncompetitive because other currencies depreciate.

Prime Minister Datuk Seri Dr Mahathir Mohamad said he does not see any reason for reviewing the fixed value of the ringgit against the dollar.

"We do not see any reason (to revise). Unless we become uncompetitive to our neighbours or competitors, then we may have to consider. But only if there is very heavy pressure," he told reporters at the Parliament's lobby yesterday.

Dr Mahathir said at present, Malaysia's economy is doing very well and the country has no difficulties with RM3.80 rate against the greenback.

"We have no problems with 3.80 even though sometimes our neighbours' currencies worsen or get better. The likelihood for this year is that it will remain at 3.80," he added.

Malaysia fixed its currency at the current exchange rate against the US dollar in 1998 when the country introduced its selective capital control measures designed to pull the country out of the regional currency crisis.

Dr Mahathir said he does not foresee drastic changes occurring to other currencies in the region, hence, eliminating the possibility of a need for Malaysia to review the pegging system.

"If the baht suddenly depreciates by 50 per cent, this means that Thailand is more competitive. Then we may have to consider. But I don't think that is going to happen any time soon," he said.

On reasons why the scholarship for students studying overseas went up by 65 per cent, Dr Mahathir said it is mainly because of the increase in cost of education due to the depreciation of the ringgit.

"That is why we are bringing back most of our students overseas. It is also because we have similar facilities in the country," he said.

Dr Mahathir also chided those who considered the Government as not being generous in providing incentives and discounts under the Budget 2000 and that it was mainly out to win support for Barisan Nasional in the November general elections.

"For instance, I suspect that some pensioners actually now earn more than what they earned when they were working. So I do not know whether people can say that the Government is not generous," he said.

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