

Dr M: Wrong to assess competitiveness on value of country's currency

DATUK Seri Dr Mahathir Mohamad yesterday defended Malaysia's competitiveness and warned against any further devaluation of the ringgit as it could result in the collapse of the country's economy.

The prime minister said that it was wrong to assess a country's competitiveness exclusively on the basis of the currency's value against the currencies of competing countries.

Dr Mahathir said in his keynote address at the Malaysian Capitol Market Summit 2001 yesterday that he would like to use the opportunity afforded by the event to "correct myths" on Malaysia's competitiveness.

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Apart from the currency parity, he said-factors like labour productivity, political and social stability and the efficiency of underlying infrastructure were equally important determinants of competitiveness.

Dr Mahathir, who is also the finance minister, scorned requests by some sections of the community for the government to devalue the ringgit following the fall in the currency values of neighbouring nations.

"When all the other factors contributing to productivity are taken into consideration, the claim that Malaysia's competitiveness is fast eroding does not really hold water. Given Malaysia's many positive attributes, the idea that devaluing the ringgit would make the country's products competitive does seem to reflect ra-

ther casual and shallow thinking," the prime minister said.

He said there was not a single factor which could be manipulated in order to effect a positive turnaround, but "on the other hand, the mishandling of a major economic factor can bring about a real disaster."

"Thus the devaluing of the currency can cause economic collapse," Dr Mahathir said.

According to him, Malaysia does not depend on fiddling with the interest rates or exchange rate, or pump priming on its own in order to grow the economy. Instead, it studies and corrects every segment of the economy to keep it on the right track.

Dr Mahathir also stressed the government's commitment to enhancing transparency and a high standard of corporate governance.

According to him, the government is serious in its efforts to create a capital market that is resilient, efficient and competitive, and believes its efforts should lead to a regaining of investor confidence in the Malaysian capital market.

Touching on information and communications technology (ICT), Dr Mahathir said that it "clearly waits for no one" and that Malaysians should seriously consider expanding electronic trading.

"If we fail to tap into opportunities arising from the application of ICT in our capital market, we may lose our competitive edge," he warned.