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MAHATHIR-RINGGIT

RINGGIT WILL NOT BE RE-PEGGED, SAYS MAHATHIR

KUALA LUMPUR, May 12 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad reiterated that Malaysia will not re-peg the ringgit although there are attempts by speculators to spread rumours that the local currency will be devalued.

"We know it (speculation) is happening but we do not know who, this time around," he told a press conference after a Workers Day gathering at Stadium Putra in Bukit Jalil near here today.

He said this when asked whether there were currency speculators operating now.

The ringgit was pegged at 3.8 to a US dollar in September 1998 as part of the selective capital controls to ward off attacks by currency speculators.

Dr Mahathir said that the speculator could be a local or a foreigner.

"It seems that they are waiting for our ringgit to be devalued despite me saying no and the finance minister too has said no," the prime minister said.

He said that the country would not submit to the pressure exerted by speculators to re-peg the ringgit as Malaysian goods are still competitive.

Dr Mahathir said that the competitiveness of Malaysian goods did not depend entirely on the value of the ringgit, but also on high productivity, political stability and good industrial relations.

In his speech at the gathering, the prime minister said that there were attempts by parties to manipulate the money market, hoping that the ringgit would be re-pegged and as such they could make profits.

He said that these people would buy the US dollar at RM3.8 hoping that the value of the local currency would drop to RM4.20.

"This is one form of gaining profit. It is an irresponsible act which can damage the country's economy," he said.

Dr Mahathir also said that the Consumer Price Index (CPI) in Malaysia did not increase sharply as in other countries.

He said that the CPI in Malaysia is less than three percent last year compared with some other countries where it increased by about 1,000 percent.

"I think in some other countries, they need to use their salaries as soon as they get paid to buy goods at supermarkets as prices may increase the next week," he said.

"In Malaysia, we know that at the end of the month, there will not be much difference in the prices of goods, so we don't have to hurry to buy the goods," he said.

Dr Mahathir also said that compared to some other countries, Malaysians have three times better purchasing power. -- BERNAMA

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