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MAHATHIR-CURRENCY

PEOPLE'S FAITH RESTORED CONFIDENCE IN THE RINGGIT, SAYS DR MAHATHIR

KUALA LUMPUR, Jan 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said that Malaysia managed to control the exchange rate of the local currency against that of major currencies because of the people's faith in the ringgit.

He said that this was unlike Argentina, whose people did not have trust in their own currency despite it being pegged to the US dollar like the ringgit.

"This caused them to have problems now," Dr Mahathir said here today.

He also said that in some neighbouring countries, many hotels would rather be paid in US dollars rather than in their own currencies, unlike in Malaysia where payments were always made in the ringgit.

Dr Mahathir said that the country has also managed to give out the exact value for the ringgit during transactions.

He said that the availability of an efficient government machinery to administer the money system well has enhanced confidence in the country.

The Prime Minister was commenting on Argentina's move to move away from a decade-old fixed currency peg and devalue the peso by 29 percent against the U.S. dollar in efforts to ward off a recession.

Argentina is devaluing the peso currency to a fixed rate of 1.40 to the U.S. dollar from the decade-old one-to-one rate. -- BERNAMA

SHO FR/MR