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MAHATHIR-RINGGIT
RINGGIT PEG TO REMAIN, SAYS MAHATHIR

PUTRAJAYA, Dec 11 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today reiterated that the ringgit peg will remain in place unless something drastic happens.

"Like for example, our neighbouring countries with whom we compete...their currencies depreciate so much that we are no longer competitive or they appreciate so much that the cost of import by Malaysia becomes very high," he told a press conference here today after launching writer Alijah Gordon's book "In the Time of the Mishmish" here today.

Dr Mahathir said he did not understand why certain quarters said the fixed exchange rate regime was bad.

"I don't see stability in the countries where the currencies are floated but we can see China (which also follows a fixed exchange regime) doing quite well, and Malaysia is also doing quite well," he said.

He said Argentina, which has a fixed exchange rate but currently facing economic problems, may not be doing well but that it was a different matter altogether.

On the latest International Monetary Fund (IMF) report which stated that Malaysia was recovering from the impact of last year's global slowdown, Dr Mahathir said that it was a vindication of the position Malaysia took in handling its economic crisis.

IMF had long ago accepted that what Malaysia did was the right thing, eventhough only after four years since the Asian financial crisis that the IMF has finally acknowledged Malaysia's action as the right move in its report, he said.

"They said that we did right thing and that there is an alternative way of dealing with the financial crisis."

He, however, added: "But at the end of it, they say we should really do away with the fixing of the exchange rate so that the exchange rate will be determined by currency speculators ... and you know what happened to us."

He said currency speculators were not interested in stability (of a country) because they would not be able to make money unless a currency goes up and down.

"So they want the currency to go up and down so that they can make money. They are not interested in our economy," he added. -- BERNAMA

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