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MAHATHIR-CURRENCY

DR M: OPTION TO USE CURRENCIES OTHER THAN US\$ CAN PREVENT MANIPULATION

PUTRAJAYA, Feb 27 (Bernama) -- The domination of the US dollar in global trade and international transactions has distorted the world's economy and even that of the United States, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

As such, there should be an option to use either the US dollar, euro, yen or even gold for these transactions to safeguard countries from the dangers of currency manipulation, he said.

"When you put too much value on a certain currency, it becomes very powerful and that currency works against us," he told a group of 31 senior foreign journalists who met him at his office here after covering the just-ended 13th Non-Aligned Movement (NAM) summit.

"We keep reserves in US dollars and that is of course to the benefit of the United States," Dr Mahathir said.

Asked by an American journalist to elaborate on his call for countries to use the euro instead of depending on the US dollar in their transactions, the prime minister said using one currency alone to do business could expose countries to the dangers of manipulation.

"There is one article which points out that the United States is living on borrowed money. It has always got a deficit, a huge deficit and yet for 10 years it was growing at a tremendous rate," Dr Mahathir said.

During the same period, Japan, which made a lot of money, saved a lot of money and had huge reserves but was said not to be doing well.

The contradictions happened simply because "we are giving value to the US dollar which it doesn't really have," he argued.

Dr Mahathir said there was nothing to back the US dollar other than the people's belief in the currency.

He said when the US dollar had at one time during the Asian financial crisis appreciated against the ringgit, Malaysia suffered and so did Indonesia.

"So it is clear that if you use one currency alone to do all your business, you're exposing yourself to the dangers of manipulation. We don't want that to happen.

"We should work out a strategy so as to make use of other currencies."

For the purpose of trade, Dr Mahathir said oil should not be quoted only in the US dollar.

"Today oil prices have gone up but the US dollar has come down, something that the people don't point out," he said.

He said the oil price was actually not US\$36 per barrel if the US dollar value now was compared to one year or three years ago.

Japan, for example, would have to pay US\$36 per barrel although the value of the US dollar now would actually be less against the Japanese yen since the yen had appreciated.

"These movements of currency, sometimes due to manipulation, are not good, especially when you have only one currency as a kind of benchmark," the prime minister stressed. -- BERNAMA

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