

Explain free trading of ringgit, says Dr M
Malaysianmirror.com
17 September 2010

KUALA LUMPUR - Former Prime Minister Dr Mahathir Mohamad said he hopes for an explanation from the government to why it wants the ringgit to be traded offshore again saying the move would not facilitate foreign investments.

Mahathir's latest Friday blog posting was a response to the government's plan to consider trading offshore the Malaysian currency which reached its 13-year high peak at RM3.11.

"I hope the government will explain why it wants the ringgit to be traded again. I hope it is not because we want to be good boys who will always do what we are told to do," he said.

Prime Minister Najib Abdul Razak reportedly said last Sunday that the government believed the move would not bring negative implications to the nation's export.

However, Mahathir said FDI is no longer sufficient to help facilitate the country's growth and it is a double-edged sword, using the 1997-87 financial crisis to support his argument that local investors will suffer the consequence losses.

Mahathir noted that the reasons to why the country's FDI has decreased were due to lower cost of labour in countries such as China, Vietnam, Thailand and Indonesia, as well as the economic recession in Europe and America making less capital available for investment.

He said if free trading is allowed, it is either the ringgit will appreciate which increases the cost of investment in Malaysia and therefore, lesser FDI; or depreciate with more FDI but at the risk of getting hit by recession.

Mahathir claimed that the present global financial crisis was due to the abuse of regulation in the financial market which currency trading has remained unregulated and selective.

" If we fully free our ringgit the risk of being attacked by currency traders will once again be faced by us. Do we really want to have the financial crisis once again?" he asked.

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