

# Use gold; US dollar will collapse: Dr M

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**KOTAKINABALU:** Former Prime Minister Tun Dr Mahathir Mohamad has proposed that the usage of gold as the standard for trading currencies in the global market, because it is only a matter of time that the US dollar will collapse.

"At the moment the US dollar is used as the standard for measuring other currencies, because we thought that the US dollar will always be strong, but today the US dollar is devalued by 50 percent against the Euro and by quite a lot against the Yen," he said.

Mahathir, who is chairman of Perdana Leadership Foundation, said that this would mean that the US dollar is not that stable as what many countries used to believe.

"When we are paid with US dollar, we are paid less than what we should be paying because the US dollar has devalued by 50 percent, so we cannot always be using the US dollar.

"If you don't want to be shortchanged, you should asked to be paid in other currencies, in stronger currency for example in Euro," he stated at the special dialogue session in the International CEOs Conference 2005 at the Magellan Sutera Hotel yesterday.

According to Mahathir, if countries start rejecting the US dollar as a trading currency, he did not rule out the possibility that the US dollar

will collapse.

"The US dollar is actually on its way to collapse. That's why I mentioned just now that the US owes the world seven trillion dollars back in 2003 and by now it should be much more than that.

"When a country has such big debts, it means that the country currency has got no value anymore," he added further.

Mahathir said that the reason why the US dollar still commands some value is because people are still willing to accept payment in US dollar, but he believes that they are being shortchanged.

"But the time will come, when we have to switch away from the US dollar.

"Now we have suggested that instead of going for other currencies like the Euro or the Yen, let's use gold," he said, adding that this is not something strange.

He was fielding questions from the floor. Among the participants who posed question to the former Prime Minister was chairman of Suria Capital Holding Berhad Tan Sri Ibrahim Menudin, who asked him to what extent the US dollar will continue to be dominant in the world currency trading market.

According to Mahathir, currencies today mean nothing.

"Currency is not like coffee, sugar

or some other raw materials which you can make use of," said Mahathir, adding that nowadays other countries are becoming conscious that currency trading is not doing anybody any good.

Citing the 1997 regional financial crisis, Mahathir said that after the crisis many of those countries involved in currency trading were in dire straits.

"One country went almost bankrupt with about 40 million people thrown out of jobs and there were chaos and killing and all sort of things, and this is all caused by somebody wanting to make money out of trading currency.

"I think it is totally immoral ... if you want to make money there are other ways of making money ... for example go sell sugar or coffee or whatever, and don't sell currency because currency can make it lose its value but if you are trading coffee, you cannot sell it at a lower price below the market. It may depress the market, but there is still value because people will want to drink coffee and they will buy coffee.

"But if you buy currency you cannot drink it. You cannot make anything out of it, especially when you know what you buy is half the value," he said.

He pointed out that the International Monetary Fund (IMF) can stop the immoral currency trading, if it wants to do so.