

Mahathir: Reduce reliance on US dollar

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KUALA LUMPUR, Mon. — Former Prime Minister Tun Dr Mahathir Mohamad today urged countries to reduce their reliance on the US dollar, arguing that this would help insulate them from rising oil prices.

"Euros, pounds and yen would be safer than the US dollar," he said in a speech to an East Asian conference of government leaders and businessmen.

"I would urge countries

and businesses to switch to euro and yen or buy gold."

Mahathir said such a move would save countries from being hurt too much by oil price increases, which were considerably higher when measured in US dollars than in other currencies.

He said because the dollar had devalued, oil producers were being shortchanged and had had to raise prices so as not to lose out.

"The US dollar no longer

reflects the true value or wealth of nations," he said.

Dr Mahathir also had some stinging words for US President George Bush, saying he was "not likely to know the true causes of the US dollar depreciation and the apparent rise in the price of oil".

"Bush is not likely to link it with the huge deficits of the US or the spendthrift ways of his Government," he said.

"At best, he would be in denial."

The former prime minister added: "We cannot expect Bush to do anything to restore the correct value of the US dollar. Nor would he be able to correct oil prices."

He said the US, especially under the George W. Bush administration, was spending beyond its means due to the belief that the inflow of dollars would continue.

Dr Mahathir also said Australia should be excluded from a new East Asian

grouping.

"I don't know whether Australia is Asia. Actually they are Europeans, they cannot be Asians," he said in reply to a question on whether Australia should be allowed to join the grouping.

He also criticised Australia's refusal to sign an Asean treaty of amity and co-operation.

"What they are saying is 'behave yourself or you may get invaded'," he said.