

Dr M: Value currencies against gold instead of US dollar
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KUALA LUMPUR - Go back to gold, former prime minister Tun Dr Mahathir Mohamad tells economies entangled in a financial crisis.

The world should re-look at valuing their currencies against the precious commodity instead of the US dollar, Dr Mahathir said at the International Conference on Global Movement of Moderates dinner yesterday.

He added that the price of gold had been rising while the US dollar suffered a devaluation.

If the world needed a new financial blueprint, said Dr Mahathir, reviewing the Bretton Woods system would be the best thing to do.

"You don't really have to exchange gold but to value your currency against it.

"Then you can have a business based not on speculation or manipulation, but on real value," the senior statesman told an audience of about 500 at a hotel here.

The Bretton Woods Agreement is an international trade agreement signed after World War II, which benchmarked the currencies of its signatory countries against gold and the US dollar.

Earlier in his speech, Dr Mahathir blamed the global financial crisis on manipulation and abuses by certain players in the financial market.

He said there were people who made huge sums of money at the expense of the world.

"Malaysia became poor because of the abuses in the financial market during the 1997-1998 crisis.

"Paper currency has little value. But an ounce of gold at one point was worth US\$35 (S\$44). Its current price for the same weight is US\$1,700.

"If we want to have a new financial architecture, the best way is to get back to the beginning," said Dr Mahathir.

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