

Mahathir Points to Dollar Crisis

Malaysian Prime Minister Mahathir bin Mohamad, in an interview with Malaysia's *New Straits Times* on Dec. 26, departed from his usual reticence to discuss the economic crisis within the United States, and advised that the world economy should return to a gold-reserve standard.

Dr. Mahathir was asked about the impact on Malaysia of the slowdown in the United States, and if Malaysia would continue its fixed exchange rate—a policy adopted in September 1998, together with selective currency controls, and which saved Malaysia from the worst effects of the speculative attack on the Asian economies and the destructive IMF conditions which were imposed on its neighbors. The Prime Minister responded: “Today, our highest level of trade is with ASEAN [the Association of Southeast Asian Nations]. Our trade with China and the Middle East is also growing. The percentage of trade with the United States is reducing. This is important.

“I think the United States will face a lot of difficulties in the next few years even if they do not go to war with Iraq. There are more bankruptcies in the United States. Huge companies, like the second biggest insurance company, are going bankrupt. United Airlines is bankrupt. The companies which are not bankrupt are not doing well. The hotel industry, the travel and service industries are suffer-

ing. If you read today, more people are begging. Unemployment figures may even be higher than what's been reported. So I don't think the U.S. can recover so soon. . . .

Gold, or Currency Basket?

“The ringgit [the Malaysian currency] peg has done us a lot of good, and the world has to admit this. . . . As long as we're competitive and our productivity is good, we can maintain a stable currency and exchange rate. The only problem is that it is now stable only against the U.S. dollar. It is not stable against other currencies. That is why we are thinking about the Gold Dinar. Gold, as I have mentioned many times, has an intrinsic value. It is not a piece of paper, so it cannot fluctuate too much. So if you peg your currency to gold, then you have a better reference point.”

Dr. Mahathir was then asked if a “basket of currencies” would not serve as well. He responded: “People can still devalue and revalue your currency. We pegged our ringgit to a basket of currencies at 2.5 to one U.S. dollar. That did not prevent [speculator George] Soros from selling our currency at a rate below that. . . . I can never forgive him, because he created misery for 40 million people. They were already poor and he made them poorer. He made money, gave a few cents for charity and he was called a great philanthropist. You stole money. Robin Hood stole money from the rich to give to the poor. That's fine. Soros stole money from the poor, took it all for himself and then gave a few cents to poor people. That's not a philanthropist. That's not even a Robin Hood.”