

'The British have gone back on their word'

Govt not making a cent, says Dr. Ng

K. LUMPUR, Nov. 20

THIRTEEN Senators including two from the Opposition Pan-Malayan Islamic Party made a strong plea to the Government today to re-consider its decision of devaluing the old MALAYAN dollar.

They made the appeal when the Upper House was discussing a matter of "definite, urgent and public importance"—the devaluation of the pound and its effects on the country particularly on the old currency.

Tan Sri Haji Mohamed Noah, who successfully asked for an emergency debate on the matter moved a motion expressing "anxiety" over the effects of the British Government's decision when the House resumed this afternoon.

Worst hit

The Senators said that rural people, workers, petty traders and hawkers were the worst hit by the devaluation of the old currency.

They asked the Government, if it could not re-consider the decision, at least to shoulder part of the burden.

Dato (Dr.) Cheah Toon Lok urged the Malaysian, Singapore and Brunei Governments, to share the losses.

He worked it out at \$30 million each.

The Senators also urged the Government to withdraw its sterling reserves and convert them into either gold or dollar to avoid further losses should the pound be devalued again.

TAN SRI HAJI NOAH described the devaluation of the old Malayan currency as the most logical step for the Government to take.

Otherwise, the country would be worse off when the time came to liquidate the assets of the Currency Board.

As it was estimated, \$600 million of the old currency is in circulation, out of which at

least half would be in Malaysia.

He urged the Government to examine the possible repercussions of devaluation as it could cause the Malaysians involved loss of not less than \$45 million.

"Out of this estimated \$300 million in circulation in Malaysia, it is probable that a very substantial sum is in the hands of the rural people, who due to lack of banking facilities, have to keep their money at home," he said.

Aggravate

"These rural people are already experiencing a lower standard of living due to the falling rubber price and the high price of rice.

"It can be expected that the devaluation would further aggravate their present plight. "I would, therefore, request the Government to take immediate and concrete action to consider their plight. However the Government is to be complimented for not devaluing the new Malaysian currency."

Tan Sri Haji Noah said that this was due to the foresight of the Government in diversifying its investments and trading policies.

DATO SIR CLOUGH THURASINGHAM said that he had never thought that the country would be confronted so soon with the problem which it had faced after the Japanese occupation.

He agreed with Tan Sri Haji Noah that the rural people suffered the most.

As a lawyer, he had seen old currency intermingled with new notes in land transactions.

Swindlers

As chairman of the Selangor Turf Club, he discovered today that one labourer had \$600 old currency.

These workers, he said, had been saving for their retirement.

Dato Sir Clough added the devaluation of the old currency had already caused confusion.

He would not be surprised if swindlers were taking the opportunity of the confused situation.

He doubted whether there was any legal justification for the devaluation for as far as he was aware the decision should have the sanction of the previous Currency Board.

He had seen no paper on this.

The Government's decision was a "hasty" one and he called for its suspension.

INCHE AMALUDDIN DARUS of the PIMP in supporting the views of the previous Senators described the Government's decision to devalue the old currency as a "sudden monsoon storm."

He said that he was surprised why the Government had not taken early action to prevent the old currency from



DR. NG

"Senators should not blame the Govt."

being devalued. Britain's economy had been ailing for some years.

Final date

As a member of the Commonwealth, the Government should have followed developments in British economy.

The Minister of Finance, Tun Tan Siew Sin, he said, had been attending Commonwealth Finance Ministers' conferences. He should have been aware of what was going on.

He expressed regret over the Government's decision in passing on the loss to the people.

The people had not been told of the final date when the old currency would cease to be legal tender.

The Government should realise its mistake and remedy it by re-considering its decision.

Otherwise he would not be surprised if there were people who committed suicide.

DATO CHEAH TOON LOK said that the Malaysian people were against the Government's move to devalue the old currency, without first discussing it in Parliament.

Assurance

He contended that they had a right to know why this money was going to be devalued.

"A few months ago, when the new currency was going to be issued, the Finance Minister assured us that one old dollar would be equivalent to one new dollar in value," he said.

"The old dollar is also signed by the Finance Minister. How is he going to face the people in the next election and tell them that the notes with his signature have lost value?"

The people should be given a chance to change over from the old currency to the new. If a month's amnesty is given, I do not think the Government will lose anything."

Dato Cheah added that if the Malaysian, Singapore and Brunei governments should decide to meet the losses themselves, this would mean that each of them would have to put out only \$30 million.

He suggested that the Malaysian Government should discuss this proposal with the Singapore and Brunei governments.

This was not too much to pay especially when the Government had already wasted a lot of money on prestige projects alone.

TAN SRI T.H. TAN said that the British economy was tottering and the only way out was to devalue sterling.

"However, what is not understandable is that Britain

should let down such a great friend and ally as Malaysia. Our sterling reserves, we were once told in the Senate, were second only to Australia's," he said.

"I am informed that as recently as a week ago, an assurance was received from the British Government by the Malaysian Government that the pound would not be devalued."

"Now we know that assurance was never meant."

"It is my further knowledge that about a year ago, when our Government was contemplating to withdraw some of our sterling reserves, high officials of the British Government flew hurriedly into Kuala Lumpur to plead with us, to beg us, not to take this step because (they said) if we withdrew a sizeable portion of our reserves in London, the pound would collapse."

"Malaysia like a good and loyal friend and ally obliged. And yet, having rendered this assistance to the British Government, Malaysia today finds herself 'played in the eye'—to use a good old English expression."

"It is easy to calculate that the devaluation of the pound means a loss to Malaysia of something like \$250 million."

"This is a very serious matter occurring as it does at a time when the price of rubber in the world market is causing a serious shortage in our revenue."

He strongly regretted the utter lack of consideration the British Government paid to a good friend and ally like Malaysia.

Attitude

The people could not help feeling that Britain had let Malaysia down.

Their confidence in British friendship and intention, he said, was rudely shaken and he urged the Government to review its attitude and relations with Britain without further delay.

Tan Sri Tan said that Bank Negara Malaysia was generally regarded and accepted as the custodian of Malaysia's monetary welfare.

"No one can ever be convinced that Bank Negara was not aware of the possibility, indeed probability of the devaluation of sterling," he said.

"Nor can anyone be convinced that Bank Negara did not know the effects of such devaluation on our national economy and on the savings of our people."

"And yet with all its advanced information and knowledge, how often did we hear Bank Negara urging the people to change their old notes for new?"

"Our Government, upon the issue of our new currency notes, assured our people that the old notes, until such time as declared no longer legal tender, would continue to be equal in value to the new notes and coins."

"Millions of our people in the kampungs and villages, on the strength of this assurance, had not bothered to change the old for the new."

"They were waiting till the last warning so to speak. Today these people find themselves with a 15 per cent loss on their savings."

"Few people could be persuaded to believe that Bank Negara did not fall in its duty to the people."

"Only now after our nation has suffered a loss of 15 per cent on our sterling reserves has Bank Negara awakened to the need to remind the people to change their old currency notes for the new."

"I submit if the confidence of the people is to be maintained in the value of our own currency, Bank Negara has to do a much better chore than it has already done, particularly in warning the people of the effects of



DATO CHEAH

"The people have a right to know why this money was devalued."

sterling devaluation on our own currency.

"There was an earlier instance this year of how Bank Negara had to go to the rescue of a bank to prevent a run. This in spite of all the supposedly constant and rigid checks by Bank Negara on the operations of that bank."

Tan Sri Tan stressed that the Government must act quickly to cut the losses and to regard further British assurances with suspicion.

He added: "I know what Britain wants to do is completely beyond our control but what is within our control is the handling of our sterling reserves still in London."

"To say that our Government has not done anything is grossly unfair. But I plead that no longer should we place complete trust in those who let us down. Once is enough."

Confidence

DATO J. CRAWFORD said that although he shared the feelings of his fellow Senators, the Government could not be blamed.

The Government, had been carrying on the people to change their old currency for the new one since June 12 (the date the new currency was introduced).

He understood that in Singapore 80 per cent of the old currency had been redeemed.

DATO S.O.K. UBAIDULLA wanted to know how much of the Malaysian sterling reserves had been withdrawn.

The talk on devaluation of the pound had been going on for the past one-and-a-half years and the Minister of Finance himself had taken the Senate into confidence by telling the House that Malaysia was walking on a "tightrope" and if the pound was devalued the country would be the second largest sufferer after Australia.

He had also informed Senators that Malaysia's sterling reserves would be gradually reduced.

He did not blame the Minister because the Chancellor of the Exchequer, Mr. James Callaghan, had assured the Minister that Britain had no intention to make such a decision.

Dato Ubaidulla appealed to Tengku Abdul Rahman, "that man who has every sympathy with the people" to re-consider the Government's decision.

Nightmares

HAJI MOHAMED SAAD also called on the Tengku to re-consider the decision.

DATO ATHI NARAPPAN said that the only satisfactory feature in the Government's decision was that two-thirds of the old currency had been collected.

Still this would not prevent many people from being deeply worried and he was sure that many others would have nightmares for days to come.

The Government, he said, was now "morally obligated" to depart from the practice of pegging Malaysia's currency to sterling to either gold or dollar so that the country would not be faced with another devaluation.

He also called on the Government to re-consider the decision within its wisdom.

SENATOR AISHAH GHANI blamed the economic experts