

# KERATAN AKHBAR

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## OPR hikes keep inflation in check

POPULIST POLICIES

# OPR HIKES KEEP INFLATION IN CHECK

**A** FORMER minister's comment on the overnight policy rate (OPR) shows a lack of understanding of how the economy works. Here are my rebuttals.

**FIRST**, look around us. The weakening ringgit is not an exception.

A Google search of the US Dollar Index would've explained that the US dollar is appreciating relative to other currencies.

One fun fact -- the US Federal Reserve Board (Fed) hiked its interest rates by 4.75 per cent. As for Bank Negara? Just 1.25 per cent.

I'm sure the ringgit would've been much stronger if Bank Negara had hiked the OPR, if a strong ringgit is the goal.

But if that happens, good luck to many homeowners about repaying their loans.

**SECOND**, a strong growth can be unsustainable. A sustainable growth is like running a marathon. If you run too fast, you will lose steam just as quickly.

However, if you keep a consistent pace, you can finish the race. As for how fast is too fast, we should trust the decisions of experts from a renowned institution.

**THIRD**, the OPR does tame inflation. Would you believe that a plate of wantan mee at my favourite place now costs RM10?

Can you imagine how much more expensive that dish would have cost if the OPR had not been increased?

Also, inflation is like a balloon. You have to put enough weights (OPR hikes) on it to keep it in check.

If we don't, then it will fly off into the void, and wantan mee will cost more



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than what it is now.

Another important point is that Bank Negara's decisions are bound by law. So if you think it has made a mistake, then file for judicial review and

present your economic models.

I am equally sure that Bank Negara's decisions are done by experts, and conclusions are made after analyses. Policy decisions need to balance

between a lot of things, and not just popular opinion.

**LASTLY**, the OPR now is the same level as pre-pandemic.

So what's all the fuss? Let's not push

for populist policies that'll wreck our economy.

**WONG TECK JIN**

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