

1. Introduction

From July 1997, the ringgit began to depreciate following the fall of the Thai baht. When the crisis started in July 1997, the RM vs US\$ exchange rate was RM 2.52 against the US dollar. By end 1997, the ringgit had depreciated to RM 3.774 against the US dollar. The lowest rate recorded against the US dollar was RM4.88 on 9 January 1998.

Depreciation of the domestic currency in such large magnitudes has serious implications on the economy. The impact of the depreciation on local businesses and the measures they seek from the government to expedite economic recovery are the issues studied in this paper.

2. Objectives of study

The objectives of the paper are as follows

- I. Seek to understand the origins of the crisis.
- II. Review the Malaysian government's policy response to the crisis
- III. Find out the effects of the Ringgit depreciation on Malaysian businesses
- IV. Find out what Malaysian business seeks from the government following the crisis
- V. Conclude with some actions / strategies to be undertaken to expedite the country's economic recovery