

KEEP IT FAIR

S 4. 11.97

Time we change present market rules, says Mahathir

KUALA LUMPUR: Datuk Seri Dr Mahathir Mohamad, in a reminder to developing countries over the lack of a clear definition of globalisation, has called on the Group of 15 countries to ensure 'they are not taken advantage of.'

"Without clear definition as to what is meant by globalisation, we may find ourselves disadvantaged and helpless, as it is quite often impossible to make corrections after the facts have been created," the Prime Minister said.

He said if countries were to accept globalisation, then there must be a fair system of trading, whether it be in goods and services, shares or currency.

"I would like to refer to currency trading in which we had no say and now we find it impossible almost to correct the system even when it is clearly to our disadvantage," he said when opening the seventh G-15 summit here yesterday.

Leaders attending the three-day summit included Indonesia's President Suharto, Egyptian President Hosni Mubarak, Peruvian President Alberto Fujimori, Algerian President Liamine Zerouel and Zimbabwean President Robert Mugabe.

Describing the present currency trading system as "unethical and unfair" to countries whose currencies were under attack, Dr Mahathir called for a fair system in currency trading.

"A world trading system cannot rely entirely on market forces. It is time that we draw up fair rules for the market place.

"If we don't, then the fight for independence will have to begin all over again for the present market rules will surely result in a new imperialism more noxious.

"Market forces by themselves

cannot determine that the rules and regulations will be fair to all. Since the beginning of time, market forces by themselves have been exploitative.

"Thus a few bottles of whisky was the price paid for Manhattan Island and glass beads were traded for valuable goods and treasures belonging to the indigenous people, the simple and trusting natives," he added.

Dr Mahathir spoke about the Malaysian and South-East Asian painful experience "in the name of free trade" that led to some currency speculators wreaking havoc and

impoverishing their economies within a few months.

"The international institutions in which we had placed our trust claim that they are powerless to act against these traders.

"The rules of trading are devised solely by the traders and these rules have been designed to benefit them," he said, adding that their funds were more than the reserves of most developing nations.

Dr Mahathir said weak fundamentals were often cited as if these could mysteriously on their own weaken currencies.

"The truth is that currencies

weaken only if currency traders sell them for US dollars. These traders are not doing so to save their investments.

"In fact they have no investments in our countries. What they actually do is to borrow the particular currency from foreigners or locals and then sell this currency for US dollars."

The Prime Minister said the traders could cause any currency to depreciate and earn huge profits for themselves.

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Dr M: Disturbing trends since last WTO

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"We have now seen how even the strongest currencies of the countries with the strongest economies can be made to depreciate..

"The oft-repeated loss of confidence is nothing more than an excuse to launch an attack and make profits.

"This deliberate devaluation of the currency of a country by cur-

rency traders purely for profit is a serious denial of the rights of independent nations."

He also noted that since the last World Trade Organisation ministerial meeting in Singapore, disturbing trends had begun to surface.

"We face the threat of unilateral action, the denial of developing status and virtually little liberalisation on trade in tex-

tiles, garments and commodities.

"Systems of trading conceived before the WTO have now become entrenched and little sympathy is shown to complaints that they are detrimental to the economic well-being of developing nations."

He said developing countries failed to distinguish between long-term investments and short-term speculative

hot money investments.

"We know how damaging the investments in our share markets can be. After pushing up share prices to ridiculously high levels, foreign investors dumped the shares and collected high capital gains.

"It is far better for us to invest in productive capacities in our own and other developing countries," he added.

After the opening by

Dr Mahathir. Muabe spoke for Africa, followed by India's Shri Kishan Kant representing Asia, and Fujimori for South America.

The leaders had been ushered into the ballroom of the Palace of Golden Horses at the Mines Resort City by a group dressed in traditional Malay costume and carrying *tepak sireh* and *bungatelur* in a glittering ceremony.