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Dr M's statement `an expression of concern for region'

Anita Gabriel in Hong Kong

HONG KONG, Tues: Prime Minister Datuk Seri Dr Mahathir Mohamad's remarks on the financial market crisis at a conference here last weekend should be seen as an expression of concern for the region.

His deputy and Finance Minister Datuk Seri Anwar Ibrahim said Dr Mahathir's remarks represent a "legitimate" concern.

"As far as Malaysia is concerned, there are no changes and there is absolutely no reason to introduce new guidelines, rules or regulations in the market," he told a press conference.

Anwar, who is here to attend the annual International Monetary Fund/World Bank meetings, was asked to comment on Dr Mahathir's speech last Saturday that forex trading was immoral and should be deemed illegal and restricted to trade financing.

Anwar said he has made very clear to the IMF, the US and several countries on a bilateral basis that there is no change in the country's monetary policies.

He said while Dr Mahathir recognises the need to adjust macroeconomic policies in the country, one cannot deny that there have been unscrupulous activities in the regional currency markets of late.

As such, he stressed that there needs to be in place an effective mechanism to protect emerging markets from unscrupulous manipulation while supporting the liberalisation of financial system.

On why there seems to be a contradiction in Dr Mahathir's and his (Anwar) statement with regards to currency trading and who should be believed, Anwar clearly underlined their respective roles.

"You should trust the Prime Minister because he gives the general direction of expressing the general sentiments of many people in the region," he said.

"My task as finance minister is to deal with specific measures and the decision stands that we are not pursuing this issue or attempting to introduce rules or regulations on currency trading. So you trust both (both of us)," he said.

Anwar said Dr Mahathir's remarks should not be perceived as an "ultra-nationalist outburst".

On the exchange between Dr Mahathir and US financier George Soros - Dr Mahathir has called Soros "moron" and "a criminal" while Soros has called the Prime Minister "a menace to his own country" and "a loose cannon" - Anwar said:

"I think the exchange now is somewhat equal.

"I don't want to be dragged into it, but it is a fact that speculators use the initial weaknesses in Thai experience to further speculate and manipulate," he said.

Asked to comment on Soros' outburst at Dr Mahathir, Anwar said Soros has very little understanding of Malaysian politics and economics.

He also said the statistics cited by Soros on credit expansion in Malaysia last Sunday at a press conference were "certainly misplaced".

"That proves that he also has his flaws and limitations," he said, clarifying that the non-performing loans in Malaysia is very low in the region of 3.3-3.4 per cent.

In addition, the increase in private debt is due to the Government's privatization policy, the initial responsibility of the public sector.

This has resulted in a drastic reduction in public sector borrowing

which has instead been transferred to the private sector.

Mega projects have been deferred to address the country's balance of payments position and guidelines have been introduced to curb banking institutions' exposure to the property sector.

"In political philosophy I am a liberal but in managing the economy I am a conservative.

"We are mindful of the fact that we are not necessarily invincible.

"We are quite vulnerable to the effects from neighbouring countries," he said.

The country has enjoyed a 8 per cent growth over nine years and during the first half of the year it grew by 8.4 per cent and expected to achieve close to 8 per cent this year.

"But next year, I am sure we have to moderate the growth.

"I don't think we can register a 8 per cent growth such as seen over the last several years," he said, adding that export growth has been higher over the last few months.

Asked to comment on Soros' allegation that the Malaysian media are not independent, Anwar said there is on the contrary "quite a free press in the country".

He added that Malaysia is committed to the principle of a democratic society, which includes a free media.

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