

02/12/1997

Dr M: We've nothing against IMF packages

Fauziah Ismail; Wendy Lim; Adeline Ong
MALAYSIA has nothing against "IMF packages", but it is also not seeking help from the International Monetary Fund, Datuk Seri Dr Mahathir Mohamad says.

The Prime Minister said at a press conference that he did not seek assistance from the IMF during his meeting yesterday with the world body's managing director, Mr Michel Camdessus.

"No, we did not ask for assistance from IMF... However, I have been told that if I say this, then we will again come under tremendous pressure to force us eventually to ask IMF for help," he said when asked about the meeting in Kuala Lumpur.

Dr Mahathir said his discussion with Camdessus concerned regulations and making currency trading beneficial to all. "IMF can make recommendations because it is entitled to ... in fact it has the authority to enforce rules and regulations."

The Prime Minister said while Malaysia has nothing against IMF packages and while he thinks that IMF is not out to deliberately create problems for countries that seek its assistance, the conditions imposed by IMF sometimes create problems for the aid recipients.

"(The IMF) feels that there should be more discipline ... Unfortunately, it also results in difficulties for countries concerned and their economies," he added.

He cited the example of IMF requiring a country being bailed out to increase its interest rates. "Invariably, when you increase interest rates, businesses suffer. If we can avoid that, we would like to have the funds but we do not want the business people to suffer.

"There are many ways to skin a cat," he added.

On currency trading, Dr Mahathir said he expects the activity to be regulated in a year or two.

"The IMF will meet in April. The Asia-Pacific Economic Cooperation (Apec) leaders have decided to wait for IMF's recommendations. We would like it (regulation) to happen as quickly as possible ... maybe in one to two years.

"I would like to have it today but I cannot. This is beyond my power to do and I know everytime I open my mouth, they will press the ringgit further down.

"They will say that they have no confidence in the country because the Prime Minister talks too much."

He was asked how long he thought it would take for currency trading regulations to be formulated.

Asked if Apec members were against regulating currency trading, Dr Mahathir said they recognise that there is problem but "they are not going to suggest how to remedy it".

"They recognise it is not a problem for just South-East Asian countries ... it is a world problem. But they want to wait for IMF to decide on something."

Dr Mahathir was also asked about his views that the World Trade Organisation (WTO) should also regulate currency trading.

"Since WTO is concerned with trade and if currency trading is regarded as trade, it should come under the ambit of WTO.

"All countries can then have a say in formulating the regulations which should be designed to stimulate the world economy, not impoverish it ...

and are fair to everyone."

Dr Mahathir had made the call when opening the two-day Asean Finance Ministers meeting and the Asean Finance Ministers plus Six meeting.

In his speech, he said, while the IMF should continue to supervise currency trading, the WTO must be the one to formulate the regulations if currency trading is considered a trade.

"... is it logical to control the world trade in goods and services which make up only 5 per cent of total trade and leave a trade that is 20 times bigger unregulated and beyond the purview of those who are responsible for achieving fairness in world trade?"

Asked if he thought the IMF was being dominated by the US, Dr Mahathir described the multilateral financial institution as "quite independent."

"I have spoken to Camdessus and he is very independent-minded. In all things, it is good for parties which will be affected to have a hand in the formulation of any rules, regulations or laws," he stressed.

(END)