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Dr M: It'll still work without currency trading

A. Kadir Jasin in Santiago, Chile

DOING away with or regulating currency trading would not affect world trade and the ability to fix the value of currencies.

This is the view of the Prime Minister, Datuk Seri Dr Mahathir Mohamad, when he repeated the call for doing away with currency trading or at least to regulate it.

Speaking at a gala dinner of the 12th annual general meeting of the Pacific Economic Co-operation Council (PECC) here on Tuesday (Chilean time), Dr Mahathir said there were already numerous economic indices to determine the value of a currency.

These included per capita income, gross domestic product (GDP) and gross national product (GNP). They, and other economic fundamentals, could be assigned specific points within a certain range.

This would enable investors and others to determine the potential and future economic performance of a country.

"Everyone should be free to make his assessment based on these indices and buy or sell the currency to finance trade."

He said trade would not only continue to be facilitated but would grow when uncertainties relating to currencies were eliminated.

"Currency manipulators create uncertainty. Your costings can be adversely affected by revaluation or devaluation of a currency. It may be good for them but it will not be good for you."

The Prime Minister said while nations could not go back to the Bretton Woods (Agreement) and the fixed exchange rate, the value of currencies should fluctuate a bit simply because economic performance of countries was never constant.

There must also be changes in the exchange rates between countries because of differences in economic performance.

"If we want to see the world trade grow then we should not support the abuse of free trade caused by the trade of currencies as commodities. They are not commodities. They are merely tokens with no intrinsic value but are meant only to facilitate trade.

"Because of them we do not have to barter," the Prime Minister said.

He acknowledged the need for a standard that was less volatile to compare the value of different currencies, adding that the US dollar was unstable.

Dr Mahathir said a common basket of currencies could be used with each component being valued according to the economic indices of the country it belonged to.

Although there would be fluctuations in the value of the currencies in the basket, they were, however, likely to cancel each other, and the basket if wisely chosen, was likely to remain stable.

Dr Mahathir said free trade was not a religion from heaven. It was the invention of men and could prove to be horribly wrong.

"How many millions of people died because someone invented communism and national socialism? How many countries have been impoverished by socialistic theory?" asked the Prime Minister.

And what is the meaning of democracy, he said, when the elected leaders of a country had to submit to the wishes of self-appointed currency traders from other countries.

"What is the meaning of democracy if freedom is denied the popularly elected leaders to manage their own country's economy? What is democratic

about impoverishing poor people in poor countries in order to force them to accept the avaricious in the rich North?" he asked.

He said after enduring hundreds of years of colonial exploitation and working hard thereafter, the sacrifices of Southeast Asian people had come to nought because a few very rich currency manipulators and short-sellers decided to rape their countries under the guise of free trade.

Dr Mahathir said the few dollars these traders donated to charity would never be enough to compensate for the destruction of the economies of not just a few people or a country, but the entire region.

Yet, said the Prime Minister, the media from the North openly gloated and tried to put the blame on allegedly incompetent Southeast Asian leaders.

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