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G-15 stand a great boost

ALTHOUGH the peoples of the Southeast Asian region are still reeling from the effects of the problems concerning their currencies caused by manipulative attacks, it is encouraging for them that increasingly the rest of the world are seeing merit in the Malaysian view that there is a real need to have regulatory measures to make currency trading more open and transparent. The G-15's special statement at the outset of its seventh summit in Kuala Lumpur on Monday to hammer home this vital issue and its later decision on urgent follow-up actions are undoubtedly a feather in Malaysia's cap.

But it is clear that Prime Minister Datuk Seri Dr Mahathir Mohamad, who should feel vindicated by events of the past fortnight, is far from saying "I told you so" to his detractors. It could be recalled that when he first called for curbs on currency trading to prevent damaging effects of speculators and manipulators on the economy, he was strongly and widely criticised in the Western media and financial circles.

Speaking at the close of the successful summit on Wednesday, Dr Mahathir emphasised that the currency problem has not "hijacked" the other issues of the summit. Leaders of this economic grouping of developing countries are in fact greatly concerned with macroeconomic issues to which order in the financial markets is integral. Although not all member countries have been affected by the currency problem, Monday's statement pointing out that no one country can be insulated, shows the acute awareness of the contagion effect. This is abundantly manifested in last week's wild fluctuations in stock markets around the world. Thus, the financial problem which started in Southeast Asia in July, spreading to the East Asia, not sparing even sturdy Hong Kong, has finally hit the United States and Europe.

The support from Asean, the recent Commonwealth Heads of Government Meeting and the G-15 has obviously strengthened the hand of Malaysia and other like-minded nations to push for this fundamental issue at the forthcoming Asia Pacific Economic Co-operation summit. Even the US said this week that the Nov 24-25 Vancouver meeting will give regional leaders a forum to address issues underlying the recent market problems.

As to whether the US and other developed nations would go along with any proposal as specific as the G-15 statements on the currency issue, it is left to be seen. As Malaysia has said some developed countries are still not convinced that there is a need for reform but, with the support of other countries, it will continue its campaign. The proposed rules and regulations for currency trading from the G-15 will be swiftly presented to the International Monetary Fund and the World Bank. As to whether they will enforce these regulations, it is a separate issue.

The recent financial problem around the globe highlights the risks and potential dangers of an increasingly globalised financial system that is unco-ordinated and unregulated. The sudden and sharp depreciation of Southeast Asian currencies in the past months, impoverishing the peoples and setting back their development plans, makes nonsense of the oft-touted noble objective of developed countries to help build stronger and more prosperous economies in order to have a better and happier world. The Apec summit will indeed be a test of the developed countries' sincerity in working for this goal.

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