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Mahathir-Currency

MAHATHIR CALLS FOR CURRENCY TRADING TO BE OUTLAWED

By: Azman Ujang

HONG KONG, Sept 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today called for the trading of currencies to be outlawed, declaring that it is unnecessary, unproductive and immoral.

He said the world did not need currency trading because buying of money was only necessary to finance real trade.

"It should be stopped. It should be made illegal. We don't need currency trading," he told a packed World Bank Seminar attended by some of the world's most powerful financiers, business gurus and tycoons here.

Dr Mahathir said that by making the suggestion he knew that he was taking a big risk but he had to do so, so that society could be protected from unscrupulous profiteers.

Dr Mahathir's call, which is bound to cause ripples at the annual World Bank and International Monetary Fund (IMF) meetings here, came in the wake of the currency crisis in Southeast Asia which badly hit especially Thailand, Malaysia and the Philippines.

Explaining what the currency crisis meant to Malaysia, Dr Mahathir said everyone, including the government, had lost 20 per cent of the purchasing power of whatever money they had.

"The poorer have become poorer and there are now more poor people in Malaysia. The rich have become poorer too but we will not waste any sympathy on them of course.

"But the currency traders have become rich, very very rich, through making other people poorer. These are billionaires who do not really need any more money," said the prime minister who made out a very strong case for the ban on currency trading.

He said the trade in currency was actually 20 times bigger than real trade in goods and services.

But other than profits and losses to the traders involved, there really was no tangible benefit for the world from this huge trade, he said.

"No substantial jobs are created nor products or services enjoyed by the average people. The whole trading is secretive and a bit shady as huge sums are apparently moved about from banks to banks. No real money is involved, only figures," he said.

He said if there was real money involved, one billion Malaysian ringgit would need a big truck to move from place to place and obviously this was physically impossible if the Great Train Robbery was not to be repeated hundreds of times over.

The prime minister, in a keynote speech lasting 50 minutes and which received several long applause from about 500 people at the Hong Kong Convention and Exhibition Centre, said because the currency traders had huge funds at their disposal, they were in a position to influence the currencies with their investments and divestments.

They made the currency market their cash cows and they could not fail to make a profit whichever way the market index went, making billions with each transaction.

"Unfortunately their profits come from impoverishing others, including very poor countries and poor people. Southeast Asian countries have now become their target simply because we have the money but not enough to defend ourselves.

The prime minister said he realised that no one would want to return to the fixed exchange rates but if anarchy was abhorred by good citizens

everywhere, there was no reason why the world should not abhor anarchy in the world financial system which currency trading could bring about.

Dr Mahathir said currencies should only be bought to enable countries to finance real trade instead of currencies being bought and sold like they were selling commodities.

Arguing that currency values must be linked to the economic performance of the countries concerned, he said there were enough indices to indicate the value of currencies and the rates of exchange.

In this way, they would not be a fixed rate but the range of fluctuation would not be too wide either.

The prime minister made it very plain that Malaysia was bitter over the attempts to push the country back by a decade through the forced devaluation of the ringgit, by means of what he described as the "rape of our stock market".

But he struck a somewhat conciliatory note by saying that despite the bitterness, Southeast Asian countries like Malaysia were still keen to receive investments from Europe and America.

"We have always welcomed foreign investments, including speculation. They can come in to buy shares and to get out if they wish to for whatever reason.

"But when the big funds use their massive weight in order to move the shares up and down at will and make huge profits by their manipulations, then it is too much to expect us to welcome them, especially then their profits result in massive losses for ourselves," he added.

There had been a lot of talk that Malaysia was scaring away foreign or Western capital, said Dr Mahathir, in reference to some measures taken by the government recently to check manipulations in the stock market.

"But you should appreciate that we of Southeast Asia at least, are now very scared about foreign capital. We thought they were helping to prosper us. But now we will have to be more circumspect," he said.

He said Malaysia believed that there were sincere investors out there and would certainly welcome them but not a few rogues who could cause a market turmoil.

The prime minister also told Europe and America that they have nothing to fear about a prosperous Asia or Southeast Asia or if Asia had big ideas of how to improve itself.

"Asia is full of great opportunities not just for Asians but for everyone. Given half a chance we can prosper.

"We cannot all be as big economically as Japan, but we will not be excruciatingly poor. If the countries of Europe and North America can be almost uniformly prosperous we don't see why we cannot be allowed to be a little prosperous," he said.

Fears about a prosperous Asia could be a threat to the rest of the world were misplaced for a number of reasons.

To begin with, Asians were not ethnically related like the Europeans.

As Dr Mahathir put it: "We come in various colours and shades, practising different religions, speaking different tongues and with very different cultures.

"We will always disagree with each other, possibly fight against one another leaving us little time to confront others from Europe.

"You have nothing to fear from the prosperity and well-being of the Asians. You have everything to gain, for our prosperity will contribute to your prosperity and the prosperity of the rest of the world.

"So think of Asian opportunities and seize them," urged Dr Mahathir.

Earlier, World Bank President James Wolfensohn, in introducing Dr Mahathir described him as a "remarkable man from a remarkable country with remarkable record".

Tomorrow, the focus will be on American financier George Soros who will speak at the same seminar on "Global Integration".

Soros has been under attack by Dr Mahathir as the speculator largely responsible for bringing down Southeast Asian currency markets in the last two months.

The Hungarian-born financier, who has denied Dr Mahathir's allegations, is expected to react further on the prime minister's now famous remarks tomorrow. --BERNAMA

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