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Malaysia to continue explaining (HL)

A. Kadir Jasin; Syed Nadzri in Edinburgh, Scotland

MALAYSIA will continue to use international forums, including the forthcoming Asia Pacific Economic Co-operation summit in Vancouver, Canada, to explain the effects of excessive currency speculation and manipulation on world economies, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Speaking to the Malaysian Press at the end of the four-day Commonwealth Heads of Government Meeting, he said there was a greater awareness among Commonwealth leaders of the negative effects of such activities.

This was reflected by the inclusion of a statement on recent developments in the currency markets in the ground-breaking Edinburgh Commonwealth Economic Declaration.

This is the first time that the CHOGM has issued a declaration on economic issues in line with the theme of the meeting, Promoting Shared Prosperity.

Commenting on the adoption of the statement, the Prime Minister said this was in line with the decision at the recent Commonwealth Finance Ministers meeting in Mauritius.

Responding to a question, Dr Mahathir said Malaysia had to make unilateral efforts to contact other countries to explain the developments because not all Commonwealth countries had been affected by currency speculation or were familiar with it.

He said Malaysia had put more effort into bilateral discussions at the Edinburgh meeting because the problems it was facing were different from those confronting other member countries.

Dr Mahathir said while the small nations had a different set of problems to grapple with, the advanced countries were not very keen to discuss problems facing Southeast Asia.

The Prime Minister, however, noted that several British Ministers were interested in the situation in Southeast Asia, especially after the speculative attack on the Hong Kong stock market spilled over into European markets.

Responding to another question, Dr Mahathir said there appeared to be a lack of understanding of currency speculation, adding that some leaders from developed member states seemed to think that such speculation had something to do with the way an economy was managed.

Coincidentally, he said, this too had been Malaysia's view when the Mexican peso was the target of a sell-off some years ago.

"We did not fully understand the Mexican situation because that country was far away from us," he said.

The Prime Minister noted that where there was an acknowledgement that the devaluation of currencies was due mainly to speculation and manipulation, the tendency was to defend the practice as part and parcel of a free market.

"They seem to treat market forces as if they are a religion."

He said the speculative attack on the Hong Kong stock market a week ago had somewhat changed the thinking of Western leaders because their markets had also been badly affected.

He said they seemed to have acknowledged that the forced devaluation of Asian currencies had enhanced Asia's competitiveness and decreased their own. They now realised that they were losing markets because Asia, in particular Southeast Asia, was poorer due to the currency depreciation, he

said.

Asked for his view on the conduct of the meeting, Dr Mahathir said it appeared to be better than the previous CHOGM held in the United Kingdom.

He noticed a higher level of interest and participation among the local people.

Dr Mahathir credited the smooth progress of the summit to the able chairmanship of British Prime Minister Tony Blair.

Dr Mahathir said the new British Government seemed to be more sympathetic towards the CHOGM with Blair himself being more willing to hear the views of all parties and accepting some of them even though he might have different views.

He said the informal discussions during Sunday's retreat at the world famous town of St Andrews were open and comprehensive.

He said he was pleased with the summit's decision on membership criteria, citing the right of the Palestinian state to become a member in 1999.

On whether Malaysia was prepared to face a decline in employment or even a rise in unemployment as a result of the current economic problems, Dr Mahathir said should this happen, the first to be affected would be foreign workers which currently number 1.7 million.

"This is unfortunate but Malaysia has to take care of its people first."

To another question, Dr Mahathir said he was not in favour of Malaysian companies carrying out roadshows purely to raise the market value of their shares.

He said they should depend more their companies' fundamentals to attract investors.

Dr Mahathir spoke of the danger of artificially pushing up the price of shares in order to make capital gains, to obtain massive loans and to acquire other companies.

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