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PM: Crash proves Malaysia's point (HL)

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THIS week's world stock market crash, which saw the New York Stock Exchange (NYSE) suffer a record plunge on Monday, proves Malaysia's point on the need to regulate currency trading.

It also proves the validity of Malaysia's "prosper thy neighbour" policy, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Developed countries should realise that in making the developing countries poorer, they themselves risk becoming poorer, he said.

"From the beginning, I have maintained this but nobody wants to admit it. Now, they are slowly facing reality. When they destroy us, they are also destroying themselves," he told reporters at the Sultan Abdul Aziz Shah International Airport in Subang on his return from an official visit to Slovenia and the Commonwealth Heads of Government Meeting in Edinburgh.

Dr Mahathir said even in the US, following a government directive, big companies are buying back their shares from the market, starting with computer giant IBM which has announced a share buyback exercise costing up to US\$3.5 billion.

"When we decided to allow the process here, we were strongly criticised by various quarters, including from within the country. But when the US does it, everyone accepts the decision."

The Prime Minister said following the global stock market crash, many of the world's leaders now think differently on the need to make the so-called market forces more transparent.

"Several corporate figures including currency traders mocked the idea when it was first proposed. Now that the problem has smacked them (national leaders) on the head, they are thinking differently," he added.

It appears the problems created by currency speculators and manipulators in the region have spread to Wall Street and the rest of the world.

"Now it is not only the Prime Minister of Malaysia, but other government leaders as well who are making public statements and appeals on the issue. It is not us alone anymore.

"If previously they said the Malaysian leader should be replaced because he could not manage the country's economy, now the other leaders, whose countries are facing the same difficulties, should also be replaced too," Dr Mahathir said.

Asked whether the developed world is coming round to Malaysia's position, he said the UK appears to be keen on the idea.

"I have spoken to British Prime Minister Tony Blair about it, and it seems like he is willing to listen.

"But some continue to hold on to the view that there must be something wrong that we had done in Malaysia to cause the problems. I discovered that many leaders and government heads do not quite understand the currency trading mechanism," he said, adding that he is still of the opinion the world would never be safe as long as currency trading is not properly regulated.

"They insist we govern according to the rule of law, but in currency trading, there is no such rule of law or any rules for that matter. The traders can do whatever they want.

"I am confused. They insist upon the rule of law for governments but won't impose any rules on the so-called market forces.

"They think that the market forces can exercise self-control and discipline. How can there be discipline, when the market is so easily

excited by money?" he added.

On the International Monetary Fund (IMF), Dr Mahathir said he is saddened that the IMF appears to be taking advantage of the situation to impose additional conditions for its assistance.

"That is why we avoid seeking such assistance. We can overcome this problem if the rakyat is willing to support the Government and exercise a certain degree of self-discipline. If we are willing to do this, we will not be a slave to anybody. Otherwise, we risk becoming colonised again."

Asked whether the current developments mean there is greater hope for Malaysia's initiative to succeed, Dr Mahathir said there is certainly more awareness on the issue now but he is not overly optimistic.

"When Mexico was in trouble, even we ourselves thought there was something wrong with the country's economy.

"But when we face the same situation and investors started pulling out, we realise that it is not a question of domestic mistakes but more of the activities of currency traders who create opportunities to generate huge profits... billions."

Asked for his message to the World Trade Organisation (WTO), whose director-general Renato Ruggiero arrived in Kuala Lumpur yesterday to attend the G-15 economic ministers' meeting, Dr Mahathir said:

"There will be no globalisation, no deregulation unless the WTO rules are imposed on all countries."

Globalisation and deregulation will be meaningless if the rules are applied only to the advantage of certain countries, he said.

"We must be wary about what they suggest because their proposals tend to profit them much more than us."

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