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Asean-US (Currency)

US ISSUES SPECIAL STATEMENT TO DEFEND SOROS OVER ASEAN CURRENCIES WOES

KUALA LUMPUR, July 28 (Bernama) -- The United States today ruled out American billionaire George Soros as the only man behind the speculations on some Asean currencies.

Rather, it defended its stand that market movements were not dominated by a small number of currency speculators, let alone one person, who happened to be a US citizen.

"We would have preferred not to comment here on the currency situation. This issue of currency is more properly a dialogue for finance ministers and economic ministers," US Under-Secretary of State for Economic, Business and Agricultural Affairs Stuart Eizenstat said in a special statement on currency fluctuations at the Asean Post-Ministerial Conference (PMC), here.

He said, however, that since it had been injected in opening comments by a statement alleging "sabotage", the US delegation felt it necessary to make a brief statement. "Blaming these events on speculators is not supported by the evidence," he said.

Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad had on Saturday named George Soros as the person responsible for Southeast Asia's currency turmoil and said people who undermined the economy of poor countries were criminals too, just like those who produced and distributed drugs as they were out to destroy nations.

Eizenstat noted that the same allegations were made with respect to European currency fluctuations in 1992 and subsequent analysis of those events determined that speculation had actually played no role in causing the fluctuation.

Similar studies of the peso crisis in Mexico, he said, demonstrated that the capital outflows were not caused by the activity of speculators.

"It is inevitable when you have open and liquid capital markets that people will trade in those markets. By allowing them to trade in those markets, they are able to take advantage of trends, but they do not have the ability to cause the trends," he said.

Eizenstat said open capital markets were absolutely vital to economies such as those in Asean, as demonstrated by the extraordinary history and phenomenal success of the Asean economies and this track record was caused in part by open market capital.

"The United States has been very supportive of the IMF (International Monetary Fund) in responding to these events, and just recently, with respect to a member of Asean, the US supported IMF arrangements for emergency financing to support that nation's currency," he said.

"These kinds of disturbances happen in markets. They can have serious consequences, but we do not believe that such consequences result solely from -- or are caused by -- the activity of speculators," he added.

Meanwhile, US State Department spokesman Nicholas Burns told reporters after the Asean-US dialogue session that it was not appropriate to blame those problems on one individual.

"It is not appropriate to blame one person as currency fluctuation is directly, whether in the US, Mexico, East Europe or in Asia, caused by economic forces and not by one individual," he said.

"George Soros is an honourable man who has done a lot of good work. And it is not fair to blame one individual for what is caused by economic forces," he said. -- BERNAMA

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