

# Ways to regulate currency

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By WAN HAMIDI HAMID

KUALA LUMPUR: Datuk Seri Dr Mahathir Mohamad yesterday proposed ways to regulate international currency trading, arguing that the basis for changing the exchange rate must be regularised.

As long as there are buyers, there should not be a change in the rates, he said.

Only a certain percentage in the change of exchange rates should be allowed for a given time, he added.

"Any rate exceeding the percentage allowed should result in stoppage of trading. The sell-

ers must deliver within a specified period the money sold.

"An amount not exceeding a certain percentage of the trade of the country must be fixed as the maximum limit for any deal on any day," the Prime Minister said when opening the International Conference on Managing the Asian Financial Crisis here.

Banks must be made to reduce the money they lend to currency traders to reasonable multiples, he said.

Only then, he said, would currency trading be regulated in countries where speculators operated.

He said the rules and laws

would prevent the traders from making the kind of profit they were used to making but it would be the same principle as trade in goods and services which were limited by what the market could bear.

He said there could not be any sale without any purchase because there must always be a willing buyer and a willing seller, and they would neutralise each other.

"But it would seem that sometimes there were only sellers who devalue the currency without there being any buyers to revalue the currency," he said.

Dr Mahathir said currency traders controlled and managed huge funds invested in by the very rich in the very rich countries.

"On top of that, they could leverage by, in the case of the long-term capital management (LTCM) fund, up to 200 times. They are well connected.

"They are the cronies of bankers who manage funds belonging to the public. They believe that if they are big, no one can stop them from manipulating the market."

After the currency traders attacked the East Asian economies, he said, the International

Monetary Fund (IMF) came in to offer loans on condition the countries allowed foreign companies to acquire businesses or start businesses without any condition.

When the economic turmoil worsened, he said, the IMF was blamed but the currency traders were left off hook.

"But then Russia collapsed under their attacks and the rouble became useless. The LTCM fund lost a huge sum of money. Nobody really knows how much because transparency is demanded by them only of others but not of themselves," he said.

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