

PM: Regulate rating agencies

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By WAN HAMIDI HAMID

KUALA LUMPUR: Datuk Seri Dr Mahathir Mohamad called yesterday for the regulation of international rating agencies, saying that their biased assessment in the past had made many countries poorer.

The Prime Minister said their decision to downgrade countries without being asked to do so had damaged their economies.

He said they should not rate

unless they were asked to do so, adding that they should show transparency as they kept their basis of assessment a secret.

"They go around rating everybody. I don't know what is the rating on me.

"I'm quite sure if I want to borrow money, I will have to pay 200% or 300% more interest (than others) because they would have downgraded me," he said during a dialogue at the International Conference on Managing the Asian Financial

Crisis here.

Dr Mahathir said that reports of the rating agencies should be made available only to people who requested them and must not be published in the newspapers.

If not, he added, all the banks in the world would follow their biased ratings and no one could do anything about it.

The Prime Minister said that no one knew who owned the rating agencies although it was probable that banks which were

interested in lending money could be their co-owners.

"If it is so, what they are doing is to make sure the banks, which are shareholders in the rating agencies, will benefit from downgrading the credit rating of a country.

"Then they can charge higher interest rates. Whether they are owned by the banks or not, let us have a bit more transparency. Don't ask the Government to be transparent if you are not transparent," he added.

On capital control, the Prime Minister said the Government would continue with it until the world established a regime that would not expose Malaysia to the threat of having the ringgit devalued by the market.

"If the international community decides to regulate currency trading, and there is order in the international regime for managing the exchange rate, then Malaysia will go back to the system it belonged to before," he said.