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## Cautious stand over US proposal

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MALAYSIA is adopting a cautious stand on the US proposal for finance ministers and central bank chiefs of the Group of Seven (G-7) developed nations and emerging market countries to meet within a month to devise long-term solutions to the present financial crisis.

Prime Minister Datuk Seri Dr Mahathir Mohamad said such a meeting, which is expected to be held in Washington, was proposed by US President Bill Clinton because "they (the G-7 countries) are experiencing the effects of the financial crisis in East Asian countries.

"They are calling for such a meeting because they are facing problems, which are not ours.

"If we (Malaysia) continue to experience economic problems and they are not affected by this, they will not be calling for such a meeting ... This is for their own interest," Dr Mahathir said at a news conference after watching the track events at the National Stadium in Bukit Jalil, Kuala Lumpur yesterday.

He was asked to comment on Clinton's proposal last Wednesday for a new strategy to overcome the current international financial turmoil.

Clinton had called for a meeting in Washington to devise long-term solutions to the economic problems experienced by countries in East Asia, Russia and Latin America.

Dr Mahathir was also asked what Malaysia or he himself as First Finance Minister would bring up at the meeting if the country was invited.

"We have to be careful because whatever decision they may take during the meeting will only benefit them, not us.

"What they will do is to design the so-called financial architecture which will again solve their problems but not ours. As far as they are concerned, anything that happens to us is not relevant until it impinges their own economies.

"Today, they (the developed nations) are feeling it, so they want to do something about it but how far will they go ... probably, just enough to solve their problems, not ours," he added.

On whether the international community is beginning to take note of what he says on economic issues and solutions, Dr Mahathir said: "I am not particular whether they take notice or not.

"In fact, I have been described as a mad man recently by the London Times.

"What is important is what the developed nations do to help the economies of the world recover.

"And the economies of the world cannot recover without the recovery of the economies of countries of East Asia," he said.

Various international organisations and agencies are beginning to agree with Dr Mahathir on various economic issues and measures taken by the country to address the problems.

The UN Conference on Trade and Development (Unctad), for example, agreed with Malaysia's capital control measures announced on September 1.

Unctad had, in its Trade and Development Report 1998 released worldwide on Wednesday, said that currency control may be an essential tool for developing countries to ride the current financial crisis and protect themselves from the volatile market.

Clinton also hinted strongly the possibility of the US lowering its interest rates to ensure continued economic growth, a move advocated by Dr

Mahathir when most East Asian countries were hit by economic problems caused by speculative attacks on the region's currencies since last year.

On whether such capital control measures taken by Malaysia would deter foreign direct investment (FDI), Dr Mahathir said the country can still develop if it receives less FDI.

"Yes, we want FDI but don't ever say that without foreign investments we cannot survive. Even without FDI, we can still develop, probably not at a high level as before but perhaps better than what we have now," he added.

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