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`IMF ineffective due to policy favouring West'

THE International Monetary Fund's failure to help resolve Asia's financial crisis is due to its policies which favour the Western banking institutions.

Senator Datuk Mohd Zuki Kamaluddin said this was made evident through their measures like the tight monetary policies imposed on those seeking aid.

Mohd Zuki said this during a debate on a motion calling on the IMF managing director Michel Camdessus to resign for failing to take suitable measures to tackle Asia's economic crisis.

He said the UN must restructure the IMF to ensure that its policies were in line with the development of the global economies.

Supporting the motion, Senator Datuk Sairin Karno said even when it was proven that IMF measures were a failure, there were other leaders who wanted Malaysia to bow to the IMF.

"Now it has been proven that Malaysia's implementation of currency exchange rate controls have curbed ringgit speculation and we are actually on the road to recovery," he said.

Senator Datuk Yee Lung Fook said statements made by Al Gore (US vice president) and George Soros had strengthened Prime Minister Datuk Seri Dr Mahathir Mohamad's position.

He said Soros was reacting to Malaysia's initiative to insulate the economy from the pressures of speculation in the ringgit.

"Only time can tell that the measures taken by Dr Mahathir will bear fruit. If these measures succeed, then people like Soros who participate in currency speculation will be badly affected, especially when other countries affected by the economic downturn emulate the same measures."

The IMF, he said, had failed to come out and implement a system to regulate world currency trading which had made most countries suffer.

He said Indonesia's economy had suffered when it implemented measures suggested by the IMF.

Senator Tee Thiong Hock said it was very clear now that the IMF had failed in its so-called mission to "save troubled countries".

Tee said now after more than 20 months since the economic problems surfaced, many had lost faith in the IMF.

"The most disappointing is that the IMF had failed to take any action against hedge funds which had caused a lot of sufferings and severe political and social unrest to the affected nations."

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