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IMF must regulate currency trading or take part of blame

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THAILAND, South Korea and Indonesia have each signed a contract with the International Monetary Fund in order to get a hefty financial rescue package to help their respective economies recover.

This means that they are legally bound to honour the contract.

They will not spare any effort to ensure fulfilling their responsibilities pertaining to those contractual duties under their control, within the borders of their countries.

What about the external factors - such as the free market - which are beyond their control since they are outside the countries' borders?

One such external factor is speculation and manipulation in currency trading.

The three countries are victims of destructive volatile currency trading.

When Prime Minister Datuk Seri Dr Mahathir Mohamad first suggested that currency trading be regulated by the World Trade Organisation for transparency and accountability he was quickly reminded by Mr Michel Camdessus, IMF managing director, that the matter of exchange rates was under the purview of the IMF.

This means that the IMF must carry out its responsibility and duty to regulate international currency trading whereby destructive currency speculation and manipulation can be removed.

If the IMF does not regulate currency trading, then it shall be guilty of negligence, or even contributory negligence.

It appears, therefore, that those recipient countries of the IMF financial rescue packages could already have a chance to repay half the loans they received.