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CLINTON-CURRENCY

CLINTON'S CALL SHOULD INCLUDE FINANCIAL DISCIPLINE: FORMER BANKER

By: Mikhail Raj

KUALA LUMPUR, Sept 16 (Bernama) -- U.S. President Bill Clinton's call for a top-level meeting of finance ministers and central bank governors within 30 days to shore up the global financial system must include steps to discipline financial markets.

"There must be steps to control currency speculators and hedge funds to prevent the instability they bring to markets," Tan Sri Ramon Navaratnam, economic adviser to the Sungei Way group of companies and former banker, said.

He said the measures should also entail the drawing up of another Bretton Woods agreement regulating currency markets as espoused by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Clinton, in addressing the Council of Foreign Relations Monday, had called on US Treasury Secretary Robert Rubin and Federal Reserve chairman Alan Greenspan to arrange such a meeting with the Group of Seven industrialised countries as well as those from emerging markets.

Navaratnam, however, said Clinton's initiative should be sincere and not a political gimmick to rescue himself from the glare of publicity from his own problems.

"We hope that he shows us the mettle of his leadership," he said, adding that the United States should also provide leadership in bringing about changes to the international financial structure.

Describing the call made by Clinton for a meeting to review the financial system within the next 30 days as a bold and positive initiative, he said if it is seriously adhered to, then it could be very beneficial to the present economic crisis which is becoming worldwide.

This indicates the high priority that this problem deserves which was neglected all this time until the crisis crept up to Latin America, the doorstep of U.S., he said.

He cautioned that it should not be the same as the promise made by U.S. Treasury Secretary Robert Rubin last year to have a new monetary architecture which came to nought.

On Clinton's remarks that Japan is the key to economic recovery in Asia, Navaratnam said that "this could well be misleading as another red herring if the U.S. continues to pass the buck to Japan."

Japan itself can contribute through reflation, building up its economy but all their efforts and Asian efforts will come to nought if the U.S. itself does not mean what it says by taking a strong leadership role in introducing rapid reforms to the international monetary structure, he said.

He said that a reform of the financial market has become even more urgent with the shocking admission by the International Monetary Fund (IMF) that it had made blunders in dealing with Asia's economic problems.

On this basis, "We should replace the leading officials in the IMF and at the same time, urge the U.S. to provide its share of the US\$18 billion to the fund," he said.

Only with a new leadership will the necessary monetary reform take place as well as increase the confidence of the IMF itself, he said. --

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