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MAHATHIR-CURRENCY

RECOGNISE CURRENCY TRADING AS ROOT CAUSE OF FINANCIAL CRISIS, SAYS MAHATHIR

KUALA LUMPUR, Nov 2 (Bernama) -- Corrective action cannot be taken to solve the present financial crisis unless currency trading is recognised as the root cause of problem, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said cosmetic adjustments, correcting peripheral causes, and so on, would not do any good at all.

"Nor would an admission that currency trading is too big and too powerful to be regulated help overcome the problem," he said in a keynote address presented at a luncheon held in conjunction with the international financial conference on "Managing The Asian Financial Crisis: Lessons and Challenges".

Dr Mahathir said currency trading in the present form was not essential even though exchanging one currency for another was necessary for world trade.

The two-day conference, jointly organised by the Rating Agency Malaysia Bhd, Asian Strategy and Leadership Institute and, Lim Kok Wing Integrated is attended by 350 participants including those from Japan, Korea, Hong Kong and Singapore. "If currency trading cannot be done away with, than it should be properly supervised and regulated.

"This is possible if the big rich economic powers are willing to cooperate, to enact laws and rules and to enforce them," he said.

While saying that currency trading must be forced into the open, Dr Mahathir added that the world acted in concert to prevent money laundering.

"There is no reason why the world cannot act in concert to regulate currency trading," he said.

Dr Mahathir, who is also the First Finance Minister, said such trading must be registered and licenced in the countries where they operate.

Banks must be made to reduce the money they lend to these funds to reasonable multiples, he added.

He said the basis for changing the exchange rate must be regularised so long as there were buyers, there should be no change in the rates.

Dr Mahathir said only a certain percentage in the change of the exchange rates should be allowed for a given time and any rate exceeding the percentage allowed should result in stoppage of trading.

"The sellers must deliver within a specified period the money sold.

"An amount not exceeding a certain percentage of the trade of the country concerned must be fixed as the minimum limit for any deal on any day," he said.

The Prime Minister said the rules and regulations and laws would obviously prevent the traders from making the kind of profit they were used to making.

"But if trade in goods and services are limited by what the market can bear, why should it not limit trade in currencies?

"Must we protect the excessive profitability of currency trading to the extend of plunging countries, regions and the world into economic turmoil and recession?" he asked.

Dr Mahathir pointed out that free trade was good only if it brings about wealth and benefits to the peoples and the countries involved but it was not meant to profit one at the cost of the destruction of the other partner.

He said: "If free trade means that the rich can rape the poor, than we

might as well resort to conquest and colonisation of the poor by the rich and the powerful.

"If this is what the world economic order is going to be like, than we might as well not talk about the independence of nations and human rights.

"It would be the height of hypocrisy if we accept the exploitation of the poor by the rich as the norm, when we all talk about a brave, humane new global society.

"We are actually backsliding and returning to the Dark Ages, the age of superstition in which economic and political exploitation must be subscribed to by everyone on pain of being declared a non-believer and being burnt at the stake."

In his 30-minute speech, the Prime Minister also touched on efforts in rescuing companies during economic turmoil to avoid massive collapse of the economy.

Dr Mahathir said rescuing companies was something everyone did and the idea that the companies which fail must not be rescued was not a matter of religious injunction.

Too many innocent people would be punished if businesses are allowed to fail. Punish the wrong doers by all means but killing the companies serves no good purpose," he added.

Dr Mahathir said the innocent would be the one who suffer most and so if there were failures, the companies could be resuscitated and the country go on prospering.

He blamed the simultaneous collapse of the East Asian economies due to the role of currency traders.

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