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Mahathir-Currency

M'SIA'S CALL FOR NEW FINANCIAL ARCHITECTURE GAINING ACCEPTANCE

PETALING JAYA, Sept 13 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia's call for a new international financial architecture has received wider acceptance as more people realised that unregulated currency trading is damaging to world trade.

Commenting on United States President Bill Clinton's remark on the international financial architecture, he said: "People are beginning to see that currency trading is very damaging to world trade."

The prime minister was speaking to reporters after opening the Commonwealth Law Conference here today.

Clinton, addressing the chief executive officers' summit held on the sidelines of the Apec meetings in Auckland yesterday, for the first time said that "it would be a mistake not to reform the financial architecture."

This clearly mirrored Malaysia's consistent stand for the global financial system to be reformed, failing which developing economies would continue to be at the mercy of unscrupulous currency speculators.

Dr Mahathir said Malaysia had lost purchasing power of US\$50 billion in one year when the ringgit depreciated by 50 per cent while the East Asian region lost hundreds of billions of dollars due to the currency turmoil.

He said amidst this scenario, world trade must also contract.

"So now they have come to realise that. When we can't buy a Boeing aircraft, for example," he said.

Earlier in his speech, the prime minister said currency traders might have made a few billions of dollars at the expense of the wealth of others that took decades to build up.

He said the governments of the countries attacked by the speculators were blamed for not being transparent, for cronyism and corruption but the governments' success in achieving continuous high growth for their economies was dismissed as irrelevant.

The currency traders were blameless eventhough the currencies were devalued only after they started attacking these currencies, Dr Mahathir said.

Dr Mahathir said currency cannot possibly devalue itself and the act of short-selling had resulted in its depreciation during the crisis.

"It should be obvious that it is the currency traders and their short-selling activities which devalued the currency.

"But if anyone accuses the currency traders of causing the devaluation, they would punish the accuser by devaluing the currency further," he added.

-- BERNAMA

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