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Clinton-Mahathir

CLINTON BACKS MAHATHIR ON CURRENCY REFORM

KUALA LUMPUR, March 1 (Bernama) -- When Prime Minister Datuk Seri Dr Mahathir Mohamad spoke of the need for international financial reforms some two years ago when currency speculators wreaked havoc on currency markets, his idea was scoffed at.

He was labelled as being ignorant of the intricate mechanics of currency markets.

But of late, Dr Mahathir's view has gained currency and the latest had come from none other than US President Bill Clinton.

In a foreign policy speech delivered in San Francisco over the weekend, Clinton said the need for financial reforms was particularly acute whenever large amounts of foreign capital flowed into emerging markets and then flowed out again just as quickly, bankrupting entire economies and throwing back into poverty millions of people who had just become part of an emerging middle class.

These words exactly echo what Dr Mahathir had eloquently repeated time and again since the currency crisis engulfed East Asia in late 1997.

Clinton had also said that US prosperity was not immune to a global financial crisis and that the international financial system must be reformed.

Against this backdrop, the US president revealed that more would be done in the upcoming summit of the Group of Seven (G-7) nations in Bonn.

This was what Dr Mahathir had in mind when he spoke about financial reforms

-- to egg the big powers into action to bring about a more equitable financial trading system that was transparent.

While there are still sizeable numbers of commentators who still maintain that there is no need to do anything, there is a growing chorus calling for financial reform.

Take for instance, George Soros, the most well-known currency trader today. In his new book, "The Crisis of Global Capitalisation", he said there had been certain fundamental flaws in the global financial system.

"Unless we attend to them, the system is liable to disintegrate and we shall suffer the consequences," Soros said.

Even German Chancellor Gerhard Schroeder had come out to speak against speculators whom he said had been wrecking havoc in stock markets as well as entire economies.

The new German leader, who came to power late last year, said the speculative forces had brought whole economies on the brink of ruin and led to dangerous instability around the world.

Saying that even Soros had admitted that there should be order, Schroeder said then it was high time that the world got serious in establishing a new financial architecture.

Dr Mahathir has also found support in Jean Chretien, the Canadian prime minister, who was also devastating in his remarks against currency speculators.

Saying that the Western world had been too triumphant about capitalism, he added: "To me, capitalism has not come up with all the answers."

When a market collapses, the losers are ultimately the ordinary people, he said.

"We cannot see prosperity disappear overnight because some boys in red suspenders in New York decide this is not a good currency," said Chretien

in a reference to young and brash currency traders who did tremendous damage to the market.

Singapore senior minister Lee Kuan Yew also said recently that if the US, Japan and the European Union could agree to a new financial architecture, the move would reduce the wide fluctuations in the exchange rates of the three major currencies and that of developing countries.

Dr Mahathir had said that the world can do without the destructive cattle-like behaviour of speculators.

If the world really believed in peace, democracy and justice for all, currency trading should be destroyed or curbed, he said.

"Then and then only we will see a revival of the world's economy and an equitable distribution of wealth," said Dr Mahathir.

-- BERNAMA

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