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WEF-CURRENCY SPECULATORS

DR MAHATHIR TELLS GOVTS WHICH CAN'T CONTROL SPECULATORS TO RESIGN

By: Yong Soo Heong

DAVOS, Jan 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad, who appeared to be irked by the almost never ending debate over the destructive roles of currency traders, says governments which harbour them and claim they cannot control them should resign or be overthrown.

In yet another hard-hitting speech against currency traders whom he said had destroyed huge amounts of wealth in order to make relatively small profits for themselves, Dr Mahathir said he had no reason to change his mind over what he had said in Hong Kong in 1997 that they were the cause of destroying the economies of East Asia, Latin America, Russia and the rest of the world.

"The world can do without their destructive cattle-like behaviour," he told a luncheon address along the sidelines of the annual World Economic Forum (WEF) here Friday.

Dr Mahathir said if the world really believed in peace, democracy, in justice for all, currency trading should be destroyed or curbed.

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

"If they cannot be done away with, they should at least be regulated," he said.

The prime minister again reiterated that currency trading had served no good purpose as far as the world's economy was concerned.

While it may enrich a few rich capitalists in developed countries, "it does so at the expense of relatively poor countries and their poor people."

Dr Mahathir told his audience that millions in East Asia were starving or had only one meal a day, were unable to afford medical treatment or milk for their children.

"You may want to blame governments for this catastrophe but before the currency devaluation these things did not happen," he added.

Dr Mahathir said the International Monetary Fund (IMF), the (Western media) and rating agencies were also culpable but not initially and directly laid the blame on currency speculators for the crisis affecting various parts of the world.

Currency traders, he stressed, were not interested in the good behaviour of governments but were only interested to be in countries where there was sufficient wealth to be robbed.

"Countries with worse governments are left free of attacks if they are too poor to be robbed through currency devaluation," he said, adding that Malaysia would not be taken by the claim the market was disciplining governments.

He said if there was easy money to be made, currency traders would not care less if these governments were run by bandits.

Tracing the history of the present financial crisis, Dr Mahathir said developing countries which were praised for their economic miracles only collapsed in July 1997 when their currencies were deliberately devalued by currency traders.

In Malaysia's case, he said the ringgit was devalued by 80 percent at certain times and the Kuala Lumpur Stock Exchange's Composite Index dropped to as low as 260 points when almost US\$300 billion was wiped out in terms of market capitalisation.

When this happened, Dr Mahathir said the IMF used its "Malaysian cronies" to force interest rates up, squeeze credit and shorten the period

for loans to be declared non performing to three months from six months.

He said when Malaysia appealed to the IMF and the World Bank to curb the activities of currency traders, IMF managing director Michel Camdessus merely said currency trading was so huge and involved great banks of the West that nothing could be done to regulate currency trading.

Dr Mahathir said that Malaysia could not understand that argument since it felt currency trading was the root of the financial turmoil.

The prime minister said Camdessus' statement seemed to suggest that the rights of currency traders were more important than the global economy and that they must not be frustrated in any way.

He said since the world community was dragging its feet in restructuring the international financial system, Malaysia decided to take independent action to protect its interests and this was effected by the imposition of selective exchange controls from Sept 1 last year. -- BERNAMA

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