

10/03/1999

Anti-speculation move has worked

MALAYSIA'S unilateral action to stop currency traders from speculating in and devaluing the ringgit has resulted in financial and economic stability and a return to a growth path, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"All the economic indicators have turned positive as social as well as political instability have been arrested," he said in his message to the 21st joint Majeca-Jameca meeting in Kuala Lumpur yesterday.

Majeca is the Malaysia-Japan Economic Association while Jameca is its counterpart based in Japan.

Dr Mahathir said the Japanese delegation to the meeting will be able to see for themselves the results of measures taken to regain Malaysia's economic strength and stability.

"It is almost two years since the first signs of economic and financial turmoil hit the East Asian region. The regional problem has now become a global problem. There is every indication that no country will be spared from the ill effects of the currency speculators which started in mid-1997," he said.

Dr Mahathir said many of the affected countries were led to believe that there was no alternative to the policies prescribed by the International Monetary Fund (IMF).

"Time has since proven that the IMF is not infallible and that its remedies have been not only ineffective but actually damaging," he said.

Dr Mahathir said the weakness of the exchange rate mechanisms and the vulnerability of national currencies to speculative attacks have impoverished nations.

"In some countries this indiscriminate action, in the guise of a free market activity, has even paved the way for social disorder and political instability. Despite these apparent and adverse repercussions, powerful economies still insist that uncontrolled currency trading must be protected," he added.

Dr Mahathir said while Malaysia believes in free trade, it cannot accept abuses which destroy the economies of nations.

He said Majeca-Jameca's commitment to further strengthen goodwill and amity will increase trade and investment flows between Japan and Malaysia, which has become more imperative now than before.

(END)