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We won't let our guard down, says Dr M

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MALAYSIA will not let its guard down until a new international financial regime that is safe for emerging economies is devised, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

There is still fear that the currency speculators will be back as "new funds are already being set up by such greats as Merriwether who apparently has not done enough damage with the LTCM debacle", he said.

"We are not out of the woods yet," Dr Mahathir said in his keynote address when opening the Langkawi International Maritime and Aerospace 1999 maritime and aerospace conferences at Porto Malai in Langkawi yesterday.

He said Malaysia's selective currency control measures are not harming its 22 million population or its trading partners. "We are doing ourselves and our partners and suppliers a lot of good.

"The only people who have and will continue to lose out are the unconscionable money traders and fly-by-night investors. We really do not care for them," he added.

Malaysia believes that a steady exchange rate is good for business as there will be no need to hedge, which Dr Mahathir described as "unnecessary cost which only benefits the hedge funds".

The world, he said, can actually do without currency trading. "Just because in the context of free trade and globalisation it can be done does not mean we should allow it to be done.

"There are many things we can do in this world but we are not allowed to do because they harm others. Unfortunately, the International Monetary Fund (IMF) is not inclined to do anything that will deprive the currency traders of their opportunities to make huge profits or even to render it transparent.

"Mr Camdessus promised us but he did nothing," he said.

The Prime Minister said Malaysia has no choice but to keep its currency from getting into the hands of the currency traders.

The result of these measures - restrictions on short-term speculative capital and later the lifting of restrictions on short-term capital flows - have been much better than expected.

"Despite vociferous condemnation by practically the whole world, our selective controls have resulted in much faster economic recovery than the other countries affected by currency trading.

"While other countries in the region have also recovered, it must be remembered that they are burdened with huge debts with international agencies which they now have to repay. Also, the damage to their economies caused by the standard IMF remedies is severe and will take much time to be repaired."

The Prime Minister said the fact remains that the region as a whole is now much more healthy economically than in 1997-1998. "This means that we are in a position once again to do business to buy things and to trade generally."

He also said there will be no sudden turns and twists in the policies, laws and practices of the Malaysian Government. "If at all, we will improve on them for the good of business."

Malaysia is a great place to do business in, Dr Mahathir said, and the Government will make sure that the business community will not regret their choice.

"We hope that the aerospace and maritime industries worldwide will always consider Malaysia when they want to invest, to relocate and to set up regional servicing, manufacturing and operating centres," he added.

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