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World leaders back Malaysia's call for financial reforms

WHILE changes to the global financial architecture are still a long way off from being realised, the fact that most world leaders are voicing the need for these changes should augur well for Malaysia, said the National Economic Action Council (NEAC).

In a statement, the NEAC said: "Far from being a pariah in the international financial structure, Malaysia could turn out to be the voice of reason which brought about much needed change".

The NEAC said when the Asian economic crisis first started to take root in mid-1997, Prime Minister Datuk Seri Dr Mahathir Mohamad became the first leader brave enough to point the finger at the arbitrary flow of short term money as one of the main causes for crisis.

Today, the NEAC said, calls for changes to the international financial architecture are almost an everyday topic, with even the International Monetary Fund (IMF) and US President Bill Clinton, joining the fray.

A recent article in the Wall Street Journal highlighted the concern of IMF head Michel Camdessus, whom it quoted as saying, "Some commentators are worried that the sense of urgency for the reform seems to have dissipated,".

The Wall Street Journal also quoted Clinton as saying:

"When the tides of capital first flood emerging markets and then abruptly recede, when millions who have worked into the middle class are plunged suddenly into poverty, the need for reform of the international financial system is clear".

The NEAC said Salomon Smith Barney, economic adviser to the Government, said the debate in coming months on changes to the international financial architecture could exert a positive influence on investor perception of Malaysia.

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