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Mahathir-Soros

MAHATHIR: Soros' Conviction Proves He is a True Menace

From Wan Nurzila Wan Abdul Rahman

JITRA, Dec 21 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today that the conviction of US financier George Soros of insider trading by a French court proves that he is a true menace to the world's economy.

The prime minister, who has accused hedge funds owned by Soros of speculating against regional currencies including the ringgit which led to the 1997 Asian financial crisis, said he was glad that "Soros was finally convicted for his wrongdoings."

"It shows that he is not very ethical," Dr Mahathir said when responding to reports that Soros was convicted of insider trading by a court in Paris yesterday and slapped with a 2.2 million euro fine (RM8.4 million).

Soros was found guilty of using insider information of a botched 1988 corporate raid on Societe Generale to make US\$2 million (RM7.6 million) on the company's stock.

Soros has denied the allegations.

Dr Mahathir, who spoke to reporters after opening the new Dewan Wawasan in Jitra, followed by a Hari Raya open house, said:

"When he (Soros) said that I was a menace to my own country, actually he is the menace to the world's economy."

"I am glad to hear that (the conviction)," Dr Mahathir said.

Hungarian-born Soros, 72, was widely blamed for excessive speculation against regional currencies in July 1997 which led to the economic crisis and a recession from which some economies have yet to fully recover.

The currency crisis erupted in July 1997 following the attack on the Thai Baht.

Despite Asian economic fundamentals being strong, the ringgit and other regional currencies also came under intense speculation.

At one time in 1998, the Malaysian unit depreciated to as low as RM5.20 against the dollar from a high point of RM2.42 before the crisis.

To cushion its economy, Malaysia imposed unorthodox capital controls in Sept 1998 including pegging the ringgit at RM3.80 to the US dollar.

This provided a crucial stability anchor and cushioned the currency and economy against speculative attacks by hedge funds and unscrupulous speculators.

The IMF, which initially denounced the peg when it was introduced, now recognises the peg as a stability anchor consistent with the fundamentals of the economy.

Nevertheless, an IMF report recently suggested that Malaysia should gradually de-peg the ringgit.

Dr Mahathir has dismissed the IMF's suggestion, saying that Malaysia should determine its own exchange rate rather than floating it and allowing it to be attacked by speculators again.

The prime minister has said that there was no guarantee that the ringgit would not be attacked again, which was why he has called for efforts to curb foreign exchange speculators.

To this end, Malaysia has consistently called on the IMF to draw up a new International Financial Architecture which would rein in unscrupulous speculative hedge funds.

Little headway has been made in that direction due to opposition from developed economies.

Besides this, Malaysia has said that the value of the ringgit would

have to depreciate or appreciate by 20 per cent for a sustained period before the government would consider changing it, but that does not mean it would de-peg the currency.

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