

Newspaper	New Straits Times
Date	3/4/2011

## Dr M: Curb financial abuses

### • From Zaharah Othman in London

THERE is a need to revise the global financial, monetary and banking system to curb abuses that caused the current financial crisis, Tun Dr Mahathir Mohamad said.

The former prime minister said all countries should come together to work out how to curb abuses that led to the crisis.

"If you keep the present system, this crisis is going to recur,

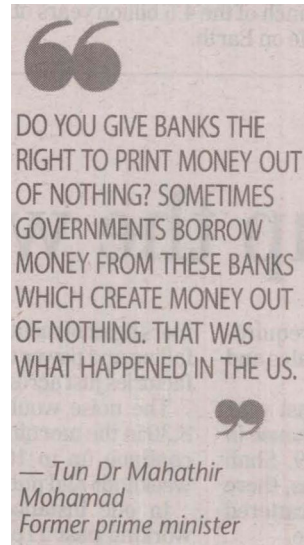
"Do you give banks the right to print money out of nothing? Sometimes governments borrow money from these banks which create money out of nothing. That was what happened in the US. So, we need to look at the system in total and this should be done in a new Bretton Woods kind of conference."

Dr Mahathir said that large amounts of money were lent to people who obviously could not afford to pay back.

"That is why we have the subprime crisis which started off this financial crisis.

Most are happening in rich countries like US, but because of how we are interconnected, what happened in the US will have an effect on the rest of the world.

"Malaysia is a trading nation



and when our trading partners collapse, of course we feel the impact. Malaysia's exports to US account for 20 per cent of our total exports and another 20 per cent (goes) to Europe.

"Now both the US and Europe aren't able to buy what we produce and we feel the effect of the financial crisis," he said at a talk on "The Alternative G20 Agenda: Real Financial Fairness" at the Royal Commonwealth Society yesterday.

The event, chaired by RCS chairman Sir Michael McWilliam, was organised on the eve of the meeting of Group

of 20 leaders in London.

Dr Mahathir said it was wrong to bail out failed institutions, banks and companies.

"Malaysia did bail companies in the 1997 crisis but at the time the rest of the economy was still normal and so the bailed companies and banks were able to function and recover because the money given to them had to be repaid.

"There can be no way for them to repay in a situation where there is total collapse, where there is total recession involving the whole world."

Dr Mahathir said everyone had to accept the fact that "you cannot recover to the extent that you were before the crisis occurred..."

On the financial crisis that Malaysia faced in 1997/98, he said Malaysia was told that it should let companies go under as they were inefficient and so should disappear.

"But why are the governments in the west giving out so much money in order to resuscitate banks which were the cause of all these trouble? They should be allowed to close down? This is what they should do to be fair to tax payers".

Dr Mahathir is in London on a three-day working visit as founder of the Kuala Lumpur Foundation to Criminalise War.