

17 OCT 1997

Mahathir-Budget

PM CONFIDENT '98 BUDGET PROPOSALS CAN ATTRACT GENUINE INVESTORS

KUALA LUMPUR, Oct 17 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that he is confident the 1998 Budget proposals will be able to attract genuine investors to the country.

"The Budget this time will not affect genuine investors especially those setting up factories, manufacturing goods and doing business in the country," he told reporters at the Parliament house lobby after the tabling of the '98 Budget by Finance Minister Datuk Seri Anwar Ibrahim.

According to Dr Mahathir, those who were not satisfied (with the Budget) would be those involved in currency trading.

"These people buy currencies. Sometimes they buy shares and even then not for long. They buy shares with the hope that the share (prices) will soar. Then, when there is a hike in the share (prices), they will reap the profits and move on to another country," he said.

At the 20-minute news conference, Dr Mahathir who has not fully recovered from flu, was still obliging and fielded questions from local and foreign journalists.

Asked whether the '98 Budget could be considered painful, he said: "It is not a painful budget really but we had it so good for so long. So it may be a little bit uncomfortable."

"The Budget this time is unlike the Budget in previous years. We experienced good economic growth for nine years. This year, we are facing a currency problem.

"And as stated by the Deputy Prime Minister and Finance Minister that our fundamentals are very strong and there is no reason that there should be people said to be lacking confidence in our economy to the extent of causing the decline of our currency," he said.

Asked on measures and strategies taken by the government to overcome the currency problem, he said: "The strategy is there but the people attacking the ringgit do not care about our strategy or the actual position of our currency or our fundamentals because they have other interests."

Dr Mahathir said that it was difficult to monitor the existing trading system set up by the currency traders themselves.

"These people can have a large amount of the ringgit to trade. For instance, if they have US\$1 billion, they could borrow from the bank 20 billion. With the large amount of money they could buy or borrow the ringgit in the hands of other nationals," he said.

"These people could borrow or sell the ringgit at a low price. In this way, the value of the ringgit falls and the money in their hands becomes bigger than the income of our country and other countries.

"That is the reason for the fall of the ringgit. Not because there are shortcomings in the economy of our country," he said.

Asked whether this situation would persist, the Prime Minister said that for as long as this group of people carry on with their currency trading without any curbs, there would not be any developing country that would be safe.

"These people will reap profits from a country, affect its economy and after making enough profits, they move on to another country," he said.

When asked on the government's decision to put on hold the implementation of some big projects including the Bakun hydroelectric dam project, Dr Mahathir said: "Obviously, we have the money...we can go ahead with these projects. These are large and exclusively infrastructure

projects."

"But as you know that if I say that we will go ahead when we have the money, immediately this is taken as an excuse to attack the ringgit and make sure that we cannot have the money. I do not know what's their gain," he said.

Answering a question on the move to switch to Information Technology at a time when the country's economy is not doing well, the Prime Minister said: "Actually we have no choice. Already we have shortage of workers and in order for the economy to grow and to increase the income of the people, we have to switch to IT.

"In IT they are more knowledge-based. The income and the value added there will be much greater and therefore the economy will grow without the need to import more workers," he added. -- BERNAMA

NZ RM