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PM URGES INTL COMMUNITY TO HALT ATTEMPTS TO UNDERMINE FINANCIAL MARKETS

By: Siti Hawa Othman

KUALA LUMPUR, Sept 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has urged international community to put a stop to vicious attempts by manipulators to undermine the financial markets.

"Some systems which are being abused blatantly should be stopped legally," he told reporters after the three-day UMNO General Assembly which ends today.

"The world does not benefit from people who does nothing and yet managed to move massive amount of funds in the world.

"The international community should put a stop to this. Only then can Malaysia and emerging countries be safe from these manipulations. Of course it does not happen to powerful countries, and if it did happen they are able to fight it, so they are not so concern. But if we talk about global economy, then we have to take into consideration the poor countries," he added.

Dr Mahathir said some people were not happy with the rapid growth of Southeast Asia as they "do not wish to see anymore of the little Japan."

"We are told that there is no conspiracy but it is too much of a coincidence that it should happen to a group of countries, described as dragons and tigers of Asia. We could not be 100 percent wrong when we say that there are attempts to stifle the growth of this region," he added.

Southeast Asian currency and stock markets have been put under pressure for the last two months. Starting with the Thai baht, which dropped sharply, regional currencies also subsequently fell on heavy selling, triggering steep declines in the ringgit, the Indonesian rupiah and the Philippine peso.

Malaysia however, saw its stock market and ringgit recoverd on the government's decision to delay some big projects and lift restrictions on trading of blue chip shares.

On Friday, the Kuala Lumpur Stock Exchange Composite Index rose 90.47 points or 12.37 percent to 821.59 points, while the ringgit ended the week at 2.9425/75 against the US dollar from 2.9640 last Friday, after crossing the RM3.0340 mark on Thursday.

Dr Mahathir said Japan was once told by former US state secretary, James Baker that he (Baker) did not want to see any more of the Little Japan. In other words, Japan is not supposed to help the emerging nations.

On the concept of open market, the Prime Minister maintained that Malaysia believed in an open market which is opened to speculation and not manipulation.

"When people with lots of money and some skills are able to cause currencies to be revalued or devalued, then the trading is no longer normal and becomes a monopoly."

He cited the example of US oil magnate John Rockefeller, who once monopolised the US oil market, forcing the government to step in. His action resulted in the enforcement of the anti-trust law by the US government.

"The same was done by Britain when the Malaysian government acquired plantation giant Guthrie in a dawn raid. The subsequent reaction was a new ruling insisting any acquisition of above five percent to be declared."

"There are times when steps taken by the government were rendered illegal, which were legal before," he added.

Dr Mahathir stressed that the world does not benefit from manipulators

and things done by them were not productive because "they do not create jobs, goods or services."

In the light of the current regional currency problem, he said there were people who moved massive amounts of money all over the world and in the process made a lot of money for themselves.

"I am told that the volume is more than 20 times the world currency trade. Obviously somebody is making a lot of money for themselves," he added.

When asked about the country's big projects, he said any response from him on this matter, would trigger manipulators to push down the currency.

He cited an example on how the ringgit fell by two basis points barely half an hour after Reuters aired his reply that the big projects would go on when Malaysia has the money and capacity.

"I can't imagine how some people can move some amounts of money and deliberately push the ringgit down for some reasons we could not appreciate," he added.

"Some people do not want Malaysia to build the so-called mega projects," he said .

Asked how he felt about the deferment of the big projects, he said the "development of Malaysia means a lot to me as it is good for the country. The country is not building statues or monuments but railways, airports, roads and hydro-power."

"Everything we do is being condemned initially," he said, recalling the jibes on Proton when it was launched in 1985 but which now has been proven to be successful.

He said there was nothing wrong with the country's economic fundamentals, citing the growth of eight percent, inflation being kept at three percent, good performance of companies and a stable political system.

"But they pushed the currency (down) and make life miserable for us..," he said. -- BERNAMA

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