

06/09/1997

RM60bn fund only as a standby, says Mahathir

PRIME Minister Datuk Seri Dr Mahathir Mohamad said that the RM60 billion fund set aside to shore up the stock market will be a standby fund which will be used if the need arises.

"It has nothing to do with the performance of the market. If the market is good without spending the RM60 billion fund, it's well and good. We won't use it," he said.

He was asked at a press conference at the end of the first of the three-day Umno General Assembly in Kuala Lumpur whether the RM60 billion fund will be scrapped as the market rose 12 per cent yesterday.

Dr Mahathir had announced on Wednesday that RM60 billion will be made available to buy stocks from locals at a premium while those sold by foreigners would be purchased at the current market value.

He added that the objectives of the various measures introduced were also achieved.

"Our objectives is to stop short-selling and manipulation and that has stopped. Therefore, there is no more necessity to place restrictions on the 100 companies.

"So, we allow for free trading now but we do not allow for short-selling nor will we tolerate manipulation," he said.

To another question, Dr Mahathir said that the RM2 billion swap restriction will not be lifted.

"There is no necessity for us to lift the swap restriction. Why should we remove it?" he said.

When asked how long the restrictions will be in place, Dr Mahathir said: "I don't know. We will see how the ringgit performs."

To a question on how it will look on the country to retract measures introduced, and to reschedule big projects, the Prime Minister said that the country did not retract its measures.

"Our efforts to curb short-selling and manipulation were achieved. That is our objective," he said.

Asked to comment on a meeting between the Economic Adviser to the Government Tun Daim Zainuddin and fund managers, Dr Mahathir said that they have met and have had discussions.

"Maybe the effects of the discussions can already be seen. He told me that they have met, but I did not ask him what they discussed," he said.

On the International Monetary Fund and the World Bank's (IMF) role in the regional currency crisis, Dr Mahathir said that in the case of Thailand, both monetary agencies had responded.

However, Dr Mahathir said the IMF package will be a heavy burden on Thailand.

"For one thing, the baht has depreciated by 30 per cent which means for the money that they borrowed - US\$15 billion (US\$1 = RM2.97), Thailand would have to find 30 more per cent to pay, and that means that it will take a very long time.

"You must remember that the 30 per cent will also carry the same interest and it is not really helpful to Thailand.

"Thailand does not deserve to be treated that way - you know that their finance companies had to be closed down and all sorts of things have been happening to Thailand, including lost of jobs ... Is that very helpful?" Dr Mahathir asked.

(END)

