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Mahathir-Currency

SHORT-TERM MEASURES WILL CONTINUE TO STOP MANIPULATORS, SAYS PM

KUALA LUMPUR, Sept 2 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said tonight Malaysia will continue to undertake short-term measures to weed out currency and stock market manipulators so that they will not be able to jeopardise the country's fundamentally sound economy.

The prime minister said such short-term measures were vital to prevent a sharp decline in the stock market brought about by the selfish actions of these groups of foreign investors.

He revealed that their recent "dumping" of shares on the KLSE had led to some RM500 billion being wiped out in market capitalisation, something which Malaysia could not afford to ignore.

"We have to put a stop to that," he said during a one-hour live question-and-answer session with Riz Khan aired over CNN tonight.

Dr Mahathir also said that Malaysia had been made poorer by almost 20 per cent due to continued manipulation of its currency and stock markets, especially that spearheaded by financier US George Soros.

Without such short-term measures such as barring short-selling...and unless Malaysia overcomes the present problem as soon as possible, "there will be no (need for) longer-term measures," he said.

He also said that unlike some other countries which were "also suffering" because of currency and stock market manipulation, Malaysia had the capacity to counter them.

Dr Mahathir admitted that these short-term measures would obviously have a short-term effect in hampering the country's vision 2020.

"...but over the long term, provided we can get over this currency crisis, we believe firmly that people will continue to come to do business in Malaysia simply because the country is good for business."

He reiterated that there was a total dichotomy between the performance of Malaysian companies and their share prices, saying that the fundamentals of the Malaysian economy were still positive.

"These people (manipulators) are actually outsider traders, not insider traders because they know exactly what is going to happen and they go in and they do it...so that they can make money for themselves at the expense of the poor people in our countries," he said.

Asked by a viewer from Hong Kong as to how sure he was that Soros, who he had described a moron, was behind the attack on the ringgit, Dr Mahathir said that the financier himself had admitted his involvement.

"...he says of course that he was not that much involved, but we know that he operates several funds and those funds are being used to depress the value of the ringgit.

"...And they have started something which has of course been followed up by other funds, otherwise how would the ringgit be devalued so quickly unless somebody is manipulating it...it doesn't happen by itself," the prime minister said.

On what plans he had in dealing with those who manipulate the Malaysian economy, he said "we are not in a position like some big powers to go abroad and arrest people who undermine our economy, but we have some plans to prevent too much manipulation such as stopping short selling."

On whether it was a mistake to float the ringgit and whether a fixed exchange rate was a possible answer to the current financial crisis, Dr Mahathir said:

"...we believe in the float, but there must be some tangible thing

which can influence the value of the ringgit.

"For example, if the economy is doing well, then the ringgit should actually appreciate but if the economy is doing poorly, perhaps it should depreciate," he said.

"But what we resent is people manipulating the ringgit in order to make money for themselves and in the process impoverish our people and the people in other countries too...so there should not be a fixed exchange rate, it should be related to economic performance of the country," he said.

On his criticism of high import duties imposed on Malaysian goods when imports into Malaysia themselves were subject to similar duties, Dr Mahathir said that some local industries, such as the motor industry, needed some protection.

The prime minister also said that Malaysia emphasised political stability as a vital ingredient before instituting economic policies, a move which has brought about the desired results.

He also said that Malaysia's current problems stemmed partly from its outward-looking economic policies, with trade evenly distributed throughout the world, such as 18 per cent of its trade being with the United States, 20 per cent with Europe and 22 per cent with Japan.

"So we have a good spread...but a lot of investors came in to buy shares in our market and pushed up prices and now decided to dump the shares and push down prices."

"...so to that extent, we are very vulnerable to manipulations of certain investors whose main concern of course is to make money for themselves irrespective of what happens to us," he said.

Dr Mahathir also denied that the current problems could be caused by over-investment in infrastructure or a lack of back-up infrastructure, saying criticism that the level of investments in infrastructure was unsustainable were unjustified. -- BERNAMA

AD MR JK