

18/10/1997

Slight discomfort but not really painful, says PM

PRIME MINISTER Datuk Seri Dr Mahathir Mohamad said the 1998 Budget was unlike the previous years', coming after the nation had had it so good for so long, and that it could cause a little discomfort.

Dr Mahathir who attributed the difference to the depreciation of the ringgit which came after nine years of high growth, however, said the Budget was not "really a painful" one.

"We have had it so good for so long. So we may feel a little bit uncomfortable, but not painful," he told reporters at Parliament House, when asked whether he would describe the Budget as "painful".

Dr Mahathir said the Budget would be favourable to foreign investments which were long-term, serious and meant to produce something for the market.

The genuine investors, being those interested in producing goods and services, have confidence in the economy.

Such good feeling about the Malaysian economy was expressed by some German industrialists who met Dr Mahathir yesterday.

"They are very keen, very confident. They want to set up factories."

He said it was clear as outlined in the Budget proposals by Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim that the fundamentals of the economy were very sound.

Overall, the new measures would reduce the deficit in the balance of payments to add to an already big Budget surplus, in excess of RM8 billion.

He cited the cutting back of expenses and travels, with ministries being asked to cut spendings.

Dr Mahathir however said while the strategies contained in the Budget would be favourable for the economy, it was more difficult to control the value of the currency as there were people with a different agenda.

He said under the current system of financial trading, speculators could have access to huge funds exceeding the country's revenue. They could raise bank loans to manipulate currencies.

They also transfer profits made in one country to another and with measures to regulate currency trading expected to take time to materialise, the speculators in the meantime, will be free to roam and will be able to jeopardise the economy of any country.

On the decision to defer some projects including the Bakun Hydroelectric, Putrajaya Administrative Centre Phase 11, and the Northern Regional International Airport, Dr Mahathir said the projects could go ahead with the availability of funding as these were almost exclusively infrastructural projects.

However, announcing that the Government would go ahead with these projects when funds were available could be immediately taken as an excuse to attack the ringgit to make sure the country would not have the money, he added.

(END)