

29 SEP 1998

Mahathir-Currency

FOREIGNERS NOW REALISE OUR CLAIMS ARE VALID, SAYS DR MAHATHIR

KUALA LUMPUR, Sept 29 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today foreigners now realised that Malaysia's complaints about currency trading were valid following the collapse of a hedge fund in the United States.

Now they knew that currency trading was not all that beneficial after having a taste of their own medicine, he said when winding up the debate on the Securities Industries Bill (Central Depository) in the Dewan Rakyat.

"Now only they realise that our earlier claims are valid," he said.

The Long-Term Capital Management (LTC) suffered massive losses after launching a speculative attack on the Russian rouble resulting in several banks being forced to supply it with large amounts of loans.

As a consequence of the LTC debacle, Dr Mahathir said there was a possibility of many more hedge-funds and banks collapsing en masse.

To the point raised by Dr Tan Seng Giaw (DAP-Kepong), the Prime Minister said Malaysia needed investor confidence in the area of normal investments and not for share purchases.

The Prime Minister said incentives had been given to foreigners to invest unfortunately they were not making use of these opportunities but instead were involved in buying and selling of currencies or shares which had given rise to many problems.

"Hence we have separated the Ringgit from the world money market so that the Ringgit will not be bought and sold and we can determine the value of the Ringgit and this facilitates trade," said Dr Mahathir who is also the First Finance Minister.

On the Central Limit Order Book (CLOB) of Singapore, a stock market not recognised by the Kuala Lumpur Stock Exchange (KLSE), Dr Mahathir said there had been no agreement on the setting up of CLOB.

He said the government's move to bring Malaysian shares traded in CLOB for trading at the KLSE would not impoverish Singapore as Malaysia was only bringing back its own wealth.

He said that previously Malaysian shares traded in CLOB were through nominee companies and the KLSE was not informed of the trading to the extent that one nominee company had 200,000 owners and the effect of this trading on share prices was only obvious

On claims that activities in the KLSE only involved capitalists, Dr Mahathir said the government's measures also provided opportunities to ordinary people to invest via the unit trust.

Hence the KLSE activities gave profits to both the poor and the rich.

On questions posed during the debate as to whether Malaysia's economic recovery measures had affected other countries' moves to help out, he said Japan intended to provide help but other developed countries did not want to see Malaysia attaining economic recovery.

Despite the various pressures such as by credit rating agencies and others, Malaysia was able to preserve its economic independence, he added.

On the point raised by Datuk Muhammad Abdullah (BN-Maran) on the country having two Finance Ministers, the Prime Minister said it was a temporary measure until a new Finance Minister was appointed.

-- BERNAMA

SHO AAM SHY