

THE HEDGE FUNDS
chedet.co.cc
January 15, 2010

1. One commenter on my blog does not think the hedge funds are doing anything wrong. That depends on what one considers to be wrong.
2. Hedge funds works on borrowed money. That is quite normal and acceptable. But they borrow anything up to thirty times the funds held by them. Ordinary investors cannot do this.
3. Investors therefore have to invest in hedge funds in order to take advantage of the borrowing capacity of the funds.
4. If an investor invests 1 million dollars, the hedge fund can borrow 30 million dollars. With this 30 million the hedge funds can invest in a variety of shares etc.
5. Obviously when the shares yield returns they will be 30 times the return on the 1 million invested with the funds.
6. After paying interest on the loans and subtracting the commission due to the managers of the funds there would still be a lot of profits left to pay to the original 1 million dollar investor. Paying this investor a 20% - 30% return on his 1 million investments would be well within the amount earned from the 30 million investments.
7. I am simplifying the example a little but essentially this is what happens. The savvy fund managers, very knowledgeable about the market can also guarantee the return on the 30 million and certainly the high return on the 1 million.
8. But supposing the investments by the fund result in a loss, the amount lost would also be 30 times more than the losses to be sustained by 1 million investment.
9. Assuming that the loss is 5%. On 30 million it would amount to 1.5 million. The loss cannot be met by the original 1 million investment. If the interest and other charges on the 30 million is added, there is no way for the hedge fund managers to cover the losses. That is when the 1 million investment would be lost. Orange County in California was bankrupted in this way by the investment in the hedge funds.
10. The operation by this hedge fund is legitimate. It can result in huge returns for the investors. It can also result in the investor becoming bankrupt. In America it has contributed to the financial crisis plaguing it today.
11. Whether we consider the investment through the hedge fund is good or bad depends on us. If we don't mind the collapse of the financial institutions then it is good. But most people regard the current financial meltdown as bad.

62 Comments

By saifullahAuthor Profile Page on February 4, 2010 5:29 PM

the problem here is that these so-called savvy fund managers think that they can predict the market situation when in reality nobody does. nobody can predict human emotion which runs the market. investment requires us to learn how to MANAGE risk not predicting the market situation. if you fail to do so you will fail in your investment.

By B0BAuthor Profile Page on January 28, 2010 8:35 PM

MY DEAR RESPECTED & BELOVED TUN.....

Someone said focusing our life solely on making a buck shows a poverty of ambition. It asks too little of ourselves. And it will leave us unfulfilled. Likewise it is a thousand times better to have common sense without education than to have education without common sense. Any how, I always try to believe the best of everybody -- it saves so much trouble. Many thankssssssssssss...

<http://leadershipskills.blinkweb.com>

By sipatungAuthor Profile Page on January 28, 2010 6:10 PM

Tun yang dikasihi,

Terima kasih untuk entri ini. Cukup mudah untuk difahami artikel ini berkenaan hedge funds dan risiko tingginya. Siap dengan contoh sekali.

To Parvinder: Good luck with accountancy! I applaud your positive attitude and yearn for knowledge in this field.

By qiqiAuthor Profile Page on January 28, 2010 1:19 PM

Assalam mualaikum Yang Sangat di Kasihi Tun Dr Mahatir

May I offer some reference reading and material for those who wish to gain a better understanding of MONEY SUPPLY and the "hands" that control them:

1 SYNAGOGUE OF SATAN by Andrew Carrington Hitchcock

this is a historical time-line sweeping from the year 740 to the present day....It is a must, for an insight of "who is who" behind the various WARS and what their objectives were, and will be.....

2 speeches by Benjamin Freedman on who were the financiers of world wars

3 speech by David Cole on New World Order

From this short list, it is hoped that the reader will be able to cross-refer to other materials.

it will be clearer then,

to understand "MOTIVES" & weed out "PROPAGANDA" and to know what was the "gold standard" and "Bretton Woods",

"the 700 million ounce of gold at Fort Knox vault", "the creation of money", "federal reserve", "world bank", "IMF", "United Nation" and "occupation of PALESTINE" etc.....

InsyaALLAH, It will be obvious why our Malaysian Government did what it had to do then.....TO PROTECT MALAYSIA

I am very proud to have had a leader like you.....very proud indeed
Wasalam

By Charles E. Jannuzi Author Profile Page on January 26, 2010 7:28 PM

I found this piece in the form of a .pdf at BBC News. You can download the full file there. But here is an excerpt. I thought readers of Dr. Mahathir's pieces on practical macroeconomics and finance might find it interesting. It's a British 'mea culpa' about the very things Dr. Mahathir had been warning about for years:

BBC News - The New Capitalism

excerpt:

Here it's necessary to take a detour into the way that credit was created in the boom years and is in the process of being destroyed.

The recycling of Asian and Middle Eastern surpluses to the UK, Europe and the US in the form of loans wasn't a simple conversion of a pot of savings into an identical pot of debt. When loans were used to buy houses, or to support property developments, or to finance hedge funds that trade in every imaginable security and commodity, or to fund the buyouts of companies by private equity firms, these loans pushed up the value of assets. This rise in the value of assets sparked yet more lending, often at higher ratios of the loan to the value of the asset, to do more deals – which in turn pushed up asset prices further.

As we entered 2007, whether you were borrowing several billion pounds to buy a company or £250,000 to buy a house, lenders were prepared to lend you almost 100% of the purchase price with few strings attached.

There's a subtle but important point here. There were twin connected bubbles in assets and credit. Both of those bubbles have burst. Falling asset prices are leading to losses for those who borrowed to buy those assets (hedge funds, private equity firms, billionaire corporate raiders, banks, homeowners). And as they struggle to pay their debts, they sell other assets, driving down the price of those assets and causing losses for other borrowers. And when they can't repay banks, the resources of banks are depleted, which means there's less credit available – and no 100% mortgages or other loans – which drives down asset prices further, which leads to a further contraction of lending, and so on in vicious cycle of decline.

So it is unrealistic to expect our banks to cease the insidious process of contracting the volume of credit they'll provide - whatever the coaxing and bullying of politicians - unless and until the price of property, shares, commodities and other assets stops falling. Or to put it another way, asset prices have to find a floor – and they haven't found the floor yet – before the financial economy can rebuild itself and the real economy can receive the necessary finance that will allow the recovery to begin.

As for alleviating the burden of all that debt, history would suggest that'll necessitate the printing of money on a colossal scale, a revival of inflation, to reduce the real value of the debt. But as a deliberate strategy, that would be fraught with risks for the Government, since the influential babyboomer generation is now old enough to consist mainly of savers rather than borrowers – who would be the victims of spiralling prices rather than the beneficiaries.

A couple of questions follow. Who's to blame? And where will all this taxpayer support for banks - and probably, before long, for real companies and the real economy too - lead us? It takes a whole book to assign culpability. But the short answer is that we're all at fault to varying degrees.

The authorities in the US and the UK were aware of the dangers of allowing the financial and trade deficits with China and other exporting nations to persist. They could have corrected these deficits by using tax and interest rate policies to reduce our rampant consumption. But they chose not to do so, because it all looked too difficult. Our own Government turned a blind eye to all the evidence that a rampant lending binge was taking place, because the Exchequer was receiving all those lovely tax revenues from the housing and City bubbles – and because there was kudos to be had from the world renown of our financial services industry.

In 2006 and 2007, I had long conversations with ministers, officials and regulators about how the hedge-fund and private-equity booms – the mind-bogglingly huge rewards available to the stars of these industries - were symptomatic of a malfunctioning in markets. I saw the frenetic activity of these young financial firms as a manifestation that too much debt was available on ludicrously cheap terms that didn't remotely reflect the risks – and this seemed to me to be worrying. The standard response from those who now know better was that it would all come out in the wash in a painless way, that these new firms were a great asset to the UK, and I was fussing about nothing.

A corollary of precisely this complacency was that central banks, such as the Bank of England, were hopelessly wrong in believing that the explosive growth of credit and the surge in the price of assets such as houses was somehow hermetically sealed from the rest of the economy, such that it wouldn't damage everything when the bubble was finally popped. That said, most would say that Alan Greenspan, the former chairman of the Federal Reserve, the US central bank, was the most benighted of all about how the global economy had become safer and sounder.

Also regulators were negligent in allowing the creation of what's become known as a shadow banking system, in which trillions of pounds of long term loans in the western economies were financed with credit that could be withdrawn far too quickly.

As for the media, we certainly could have shouted louder about the risks of all that debt being accumulated – but perhaps the volume control was set a little too low because of all the splendid advertising revenue that was generated by the property boom.

And, to repeat, most of us were prone to forget that if you borrow £100, or indeed £4000bn, you have to pay it back one day.

But it's quite hard to mount a convincing argument against the notion that most at fault were the banks and bankers – because they systematically failed to do what they were handsomely remunerated to do, which was to properly assess the risks of all that lending.

Their survival as institutions now wholly depends on the goodwill of governments and taxpayers around the world. From Australia, to South Korea, to Germany, France, the UK and the US – inter alia – taxpayers financial support for the banking system is now equivalent to more than one quarter of global GDP, or more than £9,000bn.

There are reasons to believe that credit from taxpayers can't and won't be repaid for many years, in that this credit is financing the correction of huge financial and trading imbalances between the western and eastern economies. So if we've witnessed a semi-permanent nationalisation of the banking system and will soon see significant taxpayer support for real companies in the real economy, then our banks and private-sector companies will have to work much harder to sustain the goodwill of those who are keeping them alive: millions and millions of taxpayers.

By Charles E. Jannuzi Author Profile Page on January 25, 2010 4:32 PM

Dr. Mahathir has long pointed out what is going on with hedge funds and private equity. One key issue, as he cogently explains, is the leveraging that goes on with so many of these funds. They are 'gearing' their investments way beyond their capital base. I would point out one of the reasons they even have a capital base and can get credit/borrow money is because they are tapping into the huge pools of Asian savings, such as in Japan, S. Korea, and Taiwan.

This is why private equity firms from the US were so keen to get Asian banks after the Asian crisis of the late 90s (which also enveloped Japan, but in a different way because it was already a developed economy, and one that more or less kow-towed to the US, the World Bank and the IMF).

By antikmalaya Author Profile Page on January 19, 2010 1:59 PM

Tun yang dikasihi,

- 1) We must magnify your idea on Gold Dinar as a solution to the financial crisis. Not many agree to this idea because it is a threat to the USD.
- 2) The time is now ripe for us to move into Gold Dinar. Many efforts done in the past to promote Dinar failed because we did not understand the spiritual content of it. Dinar is a protected mechanism by Allah swt and we cannot misuse its uses.
- 3) Personally, I want to promote Dinar as the single currency for the world but this could be almost impossible. I believe there is still hope to promote Dinar amongst friendly parties. China has a big role to play in driving the world economy. Perhaps, we can invite China to promote Dinar as China is fully aware of the danger in using paper money.
- 4) Central Bank will not support Dinar because this will eventually pose threat to RM. It is logical for them not to support because all central banks are under the control of US/IMF. For as

long as we use paper money, Muslims will not be free from misery. Our nose is hooked by the system because it is subject to manipulation.

5) Paper money is the product of RIBA. How can we seek guidance from Allah swt when RIBA dominates our life. With Dinar & Dirham, RIBA will naturally die off.

6) We must gather intellects to formulate on the mechanics of Dinar. Dinar and Dirham are given special standing by Allah swt.

7) We should encourage our Rakyat to keep some gold as a measure to preserve their wealth. Gold has never failed to preserve wealth.

It would be interesting to meet you one day to exchange view on this matter as not many Muslim leaders agree to your view on Gold Dinar.

By ParvinderAuthor Profile Page on January 19, 2010 10:27 AM

Greetings Tun.

Firstly i would like this opportunity to address to some individuals who say i think i know better than you. No im not from Oxford, and im not even past 25 years old. Im a person who questions things when i dont understand them and further analyse the replies i get and i dont just buy them and rely on one source for enriching my knowledge... thats called being a follower rather than an intelligent knowledge seeker.

We Malaysians are always interested in slamming one another for sharing some knowledge or asking something.... Its very sad to see that 52 years of independence has only got our mentality this far.

If i had not asked, no one would have bothered replying like they did in this post... i think ive seen the most informative, proper replies in this post than any other posts u've given till date. This is because i asked something complex, that no one properly even understands. And a handful individuals who had knowledge came up to share.

Malaysians will never come close to understanding hedge funds unless we include that in our education modules which is highly unlikely to happen(im sorry but if i had a chance, i'd overhaul the country's education system, and who knows i might someday)

I think your reply is pretty informative, its added more to my understanding about hedge funds, and i give credits to some handful commentators who have come up to even correct some claims. (Fx spec especially). I think that guy knows what he's talking about rather than some clowns who simply wrote utter nonsense.

I appreciate that you actually replied something to my comment. I'd love to write up more of my views on things and enrich myself with some of the knowledge you have, but time does not permit me. Im a full time student studying accountancy. Maybe someday we would meet (im being positive) and we can further strengthen our knowledge by exchanging views.

Most importantly my gratitude goes to you for actually taking the time to address my lack of knowledge. You see i dont fear being wrong, because i look forward to being corrected, that is the learning process no one can run from.

Today im trying to enrich my knowledge on the financial, monetary systems and the economy, and what you did here is chip in to that knowledge. I'll remember this post. Thank you so much for the time Tun. I'll be reading more posts and replying as i see necessary.

You have a good day

Warm regards,

Parvinder

By JamalAuthor Profile Page on January 19, 2010 1:58 AM

Dear Tun,

What's so bad about Riba that Islam forbids it? What so bad about Hedge Funds (HF)? They are suppose to be the fuel that power the economy. With the availability of HF it creates more fuel to grow the economy faster.

That is the reason all companies and countries welcome such borrowed fund to allow them to grow and expand. Sukuk or bonds are sold by countries or big companies to raise funds with promises to pay Riba. But without these bonds the roads can't be build, the infrastructure can be made, etc..

All fair arguments for Capitalism...as these are capitalist practices.

What we do not see is that payment of such riba actually create inflations...continued slow inflations.

Inflation is suppose the be due to such things as supply lagging demand. But with the busniess try to make profit they will make more thus supply will catch up with demand - right, so prices will go down again. It is suppose to be cyclical but the trend shall be flat (or horizontal).

But looking at the past price trends this trend is anything but flat it is always an increasing trend. Our RM1.00 now can buy much less than what it can some years ago. I invite anyone to proof me wrong!

So why is this so. There can be only one clear answer and it is RIBA.

It's quite simple really. If I have RM 200.00 now and put RM100.00 under my pillow and another in the bank with a 5% interest. After 1 year the RM100.00 under my pillow will be RM100.00 and the RM100.00 in the bank will be RM105.00.

So the RM100 at home can buy less that the RM100 in the bank after 1 year - right.

Now the buying power depend on the price of the product or service. What has it got to do with the buyer's source of funds (that from home or the bank)? Mind you the business selling will also need to get his loan from the bank which will charge him more than 5% (lets say 10%).

In order for the business to pay back the bank he must ensure that his products are marked up by his overhead and profit(or loss) margin plus the bank's 10%.

Thus whatever the going bank interest rate of your money in the bank it will match it to the product price whilst the money from home will lag behind in buying power (value). So for those who don't earn interest to keep up to the businesses prices increases (as the business will need to service the bank loans) the money we earn via salary and such(equal to the money under the pillow) will be able to buy less year on year.

There you have the unseen and not very apparent BUT real reason for the continued inflation we experience. Its in the RIBA.

This create the ever unsatisfied need to grow and grow, faster and faster, bigger and bigger...just to feed the banks thru the RIBA.

In this case is the bank really a vital instrument of growth for any nation or community? atleast not the bank in its presetn form is NOT.

It a vicious cycle...

By MAAAauthor Profile Page on January 18, 2010 5:51 PM

Salam Tun (Tokwan),

Here is some request on your knowledge on economy. Since you were emphasizing on usage of gold as currency during your era as PM. There are lot of benefits of using gold as currency since it has it's own value. However, this Bretton Woods system has been stopped as instructed by President Nixon. The worldly recognized currency came up, paper money which can be printed as much as possilbe to expand the debt. I believe there would new currency or money will come up which electronic money. So, is it possible for you to write a book that gives some idea on overall economy and specifically to our Malaysia's economy? I'm very much appreciate your respond.

By breedloveAuthor Profile Page on January 18, 2010 5:49 PM

Salam to Tun all bloggers

It is a very eye opening to many laymen including myself to read about the mechanics of the Hedge Funds and the perils which can and will follow as a result (the recent Global Monetary Crisis is a perfect example).

As many would now agree, all global systems, finance, living management - health, education, morals, in fact way of life has been heading in a downward spiralling motion and would not be long before the ultimate chaos will inevitably happen.

i think and many would agree too, we are in need of a head who can, will and able to lead everyone, and since the internet has global reach, the whole world in fact, towards the truest way of living again.

Dare we do it, living truly by our beliefs.....? and not just harping about it...?

Who can be the Leader the world need now.....?

Hope we can look into this....

Just a rambling from the south....

By AlanAuthor Profile Page on January 18, 2010 4:33 PM

We, Malaysians, are such complainers or whingers. We always talk abt other countries when we cannot even maintain ours. We discuss abt US\$ not backed by gold, market treated as casinos, bail outs and etc. Just remember we are not even recognised as influence-able country.

We shld look at our own backyard. If you choose to ignore it and 'play the game', we can truly move forward.

By checkerAuthor Profile Page on January 18, 2010 4:33 PM

Salam Tun & fellow CheDet's bloggers

Dengan izin Tun, I wish add to Zahrah Tariq comment 17th Jan.

It is a good proposal that Tun should upgrade your thoughts & philosophy to global level through Muslim nations. Said to say that you are much ahead for the Malays race to accept your strategic thinking in trying to change their mind-set. In your own "you have failed" that area but we should rember that success will come after failures if we commit to persistance.

It would be much better to spend remainder of your life towards the advancement of Muslim nations. You have much more freedom to do that now after leaving the government, no one to answer to but ALLAH. DO IT FOR NO ONE BUT ALLAH, insya'allah you will succeed.

You can propogate Islam as a religion of PEACE & LOVE across the world. We believe you can work out the best possible strategy to achieve that with your wisdom and great vision as you have laid out for Vision 2020 which is still relevant if the current Malaysian government has the sincere political will to implement them. You can start it by laying the foundations of accepting, forgiving, and practicing Islam for today and phlosophising it for the far future generation of the world.

Islam, as you have said earlier, is really a misunderstood religion by the world for simple reason that the present Muslims with their superior in number and wealth given by ALLAH, has forgotten the true teaching of Quran & hadith. Prophet(BPUH)had shown excellent ways in every aspect of life for all of us emulate and had left us a useful advice/instruction " I leave you all 2 things, Quran & Sunnah. If you refer to these 2 sources, you will never become astray but be safe forever, in this world and world-after" Despite strong resistance, HE had managed to spread Islam throughout the world and is still growing. Let us start from there.

We hope that Tun will give a good thought on this proposal.

my email: orbee007@hotmail.com

May ALLAH bless us all.

By priss01Author Profile Page on January 18, 2010 1:50 PM

I have to admit I enjoy reading your economic related topics.

It's very informative. I've going to start converting my most of my saving into gold too. The ringgit seem to be losing a lot of value along with the dollar.

By hamairudinAuthor Profile Page on January 18, 2010 12:06 PM

Dear Tun,

The capitalism, communism, democracy, fascism and all kind of isms are created by the Jews. There is only one solution, go back to what Allah has commanded in the Al-Quran. Don't take, practice Riba@Interest. If that simple command being followed, there will be no problem.....But I really don't agree with the Islamic Finance System being conducted in Malaysia....it is the twin of the conventional system.....what do you think Tun....

By HBTAuthor Profile Page on January 18, 2010 11:48 AM

Ayahanda Tun,

May I....,

//By checker on January 17, 2010 6:00 PM

.....You may not win any Nobel Peace Price (so what ? what Obama has achieved to earn such award?) but you will be rewarded later in world after and that is worth 10 times the riches of the world put together, for those with IMAN.//

Dear checker,

1. Dr Mahathir Mohamad is not what you think he is....and Nobel Peace Prize indeed belongs to Barrack Obama, Black (not white), U.S.A and what happened to Haiti now because Barrack Obama got the Nobel Peace Prize. No matter what happens, USA will fight until the end of the world for greener earth.

2. Because of one self-centred President USA, George W. Bush, 2 aliens were breed in US, George Soros and Warren Buffet, and 1 UK opportunist (Tony Blair) in mingling with Justice and Liberty, the people in the world fell just like that because of the domestic press media that twist and spin their words and statements.

3. Mr Warren Buffet's hedge fund scheme is "Be Greedy When Others are Fearful, Be Fearful When Others Greedy", copied dog of George Soros.

4. George Soros scheme was of ½ full, ½ empty glass of water, that lead BN lost more than 2/3 in Mar 8, 2008. Now, PKR copied George Soros because they do not know that the world is a GLOBE, and PKR is just only 1 dust in 1 Globe.

5. In order to reverse the impact of the worst financial mess in 2008 through peace (2 fingers symbolised V for Peace or Vendetta for UK), Mr Barrack Obama, Black, was given a Nobel Prize in the hope that the world will stay together through "Globe Bonding" so that the world would be able to solve 1 Climate for 1 Earth so that our next generations will have greener earth.

6. Yesterday, Jan 27, 2010, our PM Najib was honoured by Saudi King, King Abdulaziz, the Order of Merit (1st Class), the same reward given to President Barrack Obama.

7. PM Najib is the PM cum Finance Minister of Malaysia, Chairman of BN and President of UMNO who represents the Government of Malaysia, Kings and King.

8. If we respect and work for the country, does it matter who got the award? If Lee Chong Wei got 1st title in Seoul, South Korea, will you feel jealous then just because he is not from your race?

9. Checker, you are indeed a katak with the "knowledge" of torchlight inside the "tempurung". Don't you that there 2 spot light in front of your car so that you can use them when you are landed in dark and lonely road to avoid road accident?

10. You are indeed 2 x 5 due to jealousy. Ada kerja tak mahu buat sungguh2, and you think that your race is the greatest in the world. Orang-orang tak suka lu 2x5, out you go lah!! Lu tak tahu ke??

Good day Ayahanda Tun

By mgpunyaAuthor Profile Page on January 18, 2010 10:18 AM

YABhg Tun,

...bunch of crooks running...legitimate business, sir.

By suhainin suhaibolAuthor Profile Page on January 18, 2010 10:02 AM

Assalamualaikum...

Dan.... Tun cukup mengerti bahawa

mereka sendirilah yang meletakkan ekonomi mereka seperti berada di hujung tanduk...mereka melakukannya sebagaimana mereka berjudi.

Menjadi kebiasaan bagi mereka untuk tidak memperdulikan kejatuhan pihak lain demi keuntungan. Bagi mereka, itu 'Nature'.... "Dalam Rimba, Pemangsa yang menduduki tingkat teratas dalam hirarki pemangsa...menjadi dominan."

Adakah Allah mencipta keadaan itu sememangnya begitu?

Dalam dunia ini, manusialah sebenarnya yang menduduki hirarki teratas sebagai pemangsa.... Apa yang tidak dimakan oleh manusia? Babi... Ular... anjing... harimau... beruang.. katak.. malah kalajengking, labah-labah bahkan ulat.... itulah manusia dengan ketamakannya dan kekuasaannya.

Dan... sudah saya katakan, biarlah keadaan mereka begitu kerana tangan-tangan mereka sendirilah yang mencipta ekonomi mereka sedemikian rupa... suatu ketika, mereka akan menemui satu tahap, di mana mereka akan terperangkap sendiri dengan keadaan..... "Ke hadapan tidak boleh... mundur ke belakang pun tidak dapat."

Apa yang mereka boleh lakukan ketika itu....? Hanyalah... "Berangan-angan untuk memiliki sayap."

Apa yang perlu kita lakukan... kita tadbirurus sistem ekonomi kita sekemas mungkin dan jika kita masih gagal juga.... Itu bukan lagi di atas kekuasaan kita.

Kita semua dicipta untuk saling bergantung antara satu sama lain, bagi mencapai keseimbangan.... tetapi sudah menjadi lumrah bahawa ada sahaja perkara yang akan menggagalkan semua keseimbangan itu.... Bukankah itu menjadi suatu tanda bahawa dunia ini tidak kekal abadi? 'Hari itu akan tiba juga Akhirnya.'

Biarkanlah mereka...seperti kata Tun..."Kalau mereka fikirkan itu baik tanpa menghiraukan kerosakan yang bakal dialami....maka ianya baik."

Bagi yang percaya..."Sesungguhnya Allah menegah kita melakukan kerosakan di atas muka bumi ini."

Adakalanya saya bermimpi untuk mencipta Koloni masyarakat yang berada di luar koloni dunia yang ada sekarang. Atas sebab itu saya selalu berkata kepada gagasan kami.....
"Sudah mampukah kita hidup di Planet Marikh?"

Mereka semua tertawa dan berkata..."Sudah gilakah barangkali pemimpin kita yang satu ini?" Memang saya gila dan pakar psikiatri mengesahkannya.....? Benarkah?

Sebenarnya saya sudah hilang kepercayaan dengan semua sistem yang dicipta lama sebelum ini...."Kapitalis,sosialis,demokrasi,bla...bla..bla.." tiada satu pun di antaranya yang benar-benar berhasil...Dan...Saya bosan untuk terus berharap dan menunggu dengan panduan semua sistem lapuk ini.

Tentu ada yang bersetuju dengan mimpi saya untuk mewujudkan koloni sendiri dengan sistem kami sendiri.Dan....semoga mimpi itu menjadi realiti selagi ianya berpaksikan Hukum-hukum Allah.

Sebenarnya kita semua sedang bermimpi dan terpedaya dengan segala kemanisan dunia ini....terserah kepada kita samada mahu terus bermimpi atau kejutkan diri dan kembali kepada kebenaran.

Salam.

By musatoAuthor Profile Page on January 18, 2010 9:28 AM

Assalamualaikum Tun.

Konsep hedge fund ni ada kena mengena dengan percentage keuntungan yang dibenarkan oleh Islam.Dengan kata lain berlakunya amalan yang seiras dengan RIBA.

Sudah tentu amalan peratusan keuntungan perlu dinilai dari setiap sudut kemasyarakatan.Peniaga perlu untung,tetapi masyarakat disekeliling juga perlu merasa nikmat 'keuntungan' peniaga tadi.Antaranya nikmat dari segi kesihatan produk,kebebaloian pembelian sesuatu produk dan dari mana duit pelaburan itu datang.

Hedge fund tidak berdasarkan berfikir sedemikian kepada masyarakat. Pelabur mengejar kekayaan untuk kepentingan diri sendiri. Tidak mempedulikan masyarakat. Sebab tu kewangan dunia merudum jatuh. RIBA dalam skala yang besar.

Sekarang anda tahu kenapa RIBA tidak dibenarkan dalam Islam.

Saya juga seorang peniaga roti, bukan cikgu sekolah. Tapi sekolah roti saya sekarang berada antara 5 terbaik dalam negara. I'm proud of it. Harap saya sendiri tidak terlibat dalam RIBA.

Terima kasih Tun.

By Mag58 Author Profile Page on January 18, 2010 8:38 AM

Askm Tun, hope you are feeling good today.

America boom throughout the years after their Great depression in 1930. Intermittently, their vibrant economy were always disrupted and ruined by the mavericks of hedge funds borrowers. The latest felon was Bernard Madoff who sunk all his investors investment by a swooping RM210 billions. If this happen to Malaysia, the whole lot of our country monetary reserve will be drained off. Malaysia can be declared "BANKRUPT"

Madoff life is rag to rich and he was able to have lifestyle many time more lavish than the Arab Syeikhs. This is what we called maverick and not like what Barry Wain had term you. So, the moral of my story here is for Barry Wain to get his fact right and not simply term people as he likes. Again, the analogy that I can deduced is if we are the father in a home, we need to spend to keep our member of the family well fed and well sheltered. So, as a Prime Minister, Dr. M needs to do his duty viz to get Malaysia moving and develops or maybe Barry Wain would very much preferred that Malaysian lives on the tree and let laissez-faire leader like Dato Abdullah Ahmad Badawi lead us. Later, the west can come and re-dominate us economically. Whether he spend the coffer lavishly or otherwise is all up to his discretion as a Prime Minister. If he is a 'Maverick' Prime Minister definitely he will be replaced in the country General Election which recur every 4-5 years. That doesn't happen but instead the multi-racial people of Malaysian insisted and re-elected him including the opposition people. If not, Mahathir can only withstood only a single term as a Prime Minister. So, what Wain alleged is just a 'cheap shot of himself to stardom' trying to ride on Dr. M popularity and get his name to be in the centre-page instead. Shame.....shame. Shame on you,.....Barry Wain!!!!!!

By HBT Author Profile Page on January 18, 2010 8:37 AM

By HBT on January 18, 2010 8:23 AM

Good morning Ayahanda Tun,

10. The operation by this hedge fund is legitimate. It can result in huge returns for the investors. It can also result in the investor becoming bankrupt. In America it has contributed to the financial crisis plaguing it today.

11. Whether we consider the investment through the hedge fund is good or bad depends on us. If we don't mind the collapse of the financial institutions then it is good. But most people regard the current financial meltdown as bad.

12. Like Ayahanda Tun wrote, "There is no country more rotten, no race more racist, no party more corrupt than Malaysia, the Malays and UMNO. And of course there is no PM more abusive of his authority than the PM of Malaysia of 22 years. Really Malaysia should revert to being a British colony again."

13. Now Dr Mahathir Mohamad cannot clear his name nor can Pak Abdullah can clear his name.

14. The Government has announced that it will not set up a Royal Commission to investigate Dr Mahathir Mohamad losing 100 billion Ringgit of Government money and what happened to the RM270 billion received by the previous Government from Petronas.

15. Of course, Barry Wain must be very happy base on Tony Blair's Justice and Liberty, (BW's book has nothing to do with Buckingham Palace, Queen Elizabeth II), Ayahanda Tun, since his books can sell at RM193 (pound 65) to speculators and so-called savvy hedge fund mangers to attack Malaysia's Economy 8 years from now through our sama lah - traitors yelled pengkhianat = 2 x 5.

16. Those Malaysians who bought Malaysia Maverick may be the alliances (that what traitors for) of "Tony Blair" whom had lecture US on "JUSTICE" last year (bukan wabak TB dulu itu yang telah mengancam byk nyawa2 kita pada tahun 50-60an). To him, maybe 1 Malaysians should be the looser like Palestinian because we are NGOK -"lampusuluh" di bawah Tempurung, salah siapakah?? Israel, B. Obama's CD or CDO, Cina, Indian, Bumiputra, Malay or Yahudi, biasalah sikap kita ini, Ayahanda Tun, right.

Good day, Ayahanda Tun.

P/S: TQ so much Prof_ridcully for the detail of UN 181 (11) resolution on Palestine___ "By prof_ridcully on January 17, 2010 6:38 PM" to Ravi, the 2 x 5 kerana syiok dan keliru with sejarah Tanah Melayu and Modern history, that's the metality that need to be "educated with morality and religion", maybe he has not study Pengajian AM Malaysia kut?

P/S: To Mr KJ (nice fasion of melting pot), you are the Chief Youth For UMNO, a MP representing REMBAU, Negeri Sembilan. You are not Sylvester Stalone's RAMBO, k.

P/S: S..Tan, not only UMNO, all Multi-Local and International Corporations in the world had the same mentality. Now watch for Selangor, and see how TS Khalid bin Ibrahim and Elizabeth Wong performing the black magic of "Dog eats Dog" "world of the 1960's in year 2010, 50 years from today. PKR will fall because they are Deleting Debts of DEB, Gangsters tak bayar hutang, you mahu ke to lead Selangor, they are worst than Ah Long, at least Ah Longs pay hutang owed to Ah Long Banks...

By nazrimalikAuthor Profile Page on January 18, 2010 8:28 AM

To k.a., hv read urs. A gd 1 yet again. Tq. Keep writing...

By mgpunyaAuthor Profile Page on January 18, 2010 8:03 AM

YABhg Tun,

The world is one big gambling den!

By S..TanAuthor Profile Page on January 18, 2010 12:17 AM

Dear Tun, salam mesra harap sihat sejahtera. Kiriman saya dgn izin..

.....IN WRONG HANDS

Hedge funds are tools of finance, religion is a tool of faith. Some use hedge funds for commerce some use it for cheating. Some use religion for violence some use it for peace. Do we blame and ban religion?

Mankind has used many financial instruments since beginning of trade. From barter, metals, currency to derivatives. All had problems and collapsed. It is not the system, it is the people!

Only when people think of the interest of the other party not his own will any system work. If religion and God can be monopolized what is hedge fund?

By FXSpecAuthor Profile Page on January 17, 2010 11:56 PM

Dear Tun

With your permission I am going to respond to Objective Q.

Thanks for commenting on my comment.

Its great that you are so familiar with the dark side of hedge funds, which is also the dark side of people bent on defrauding other people, given the opportunities, whatever the circumstances or platforms. Hedge funds is just one platform among many: Your run of the mill well established institutions - investment banks including GS (which they say have access to dark pools), Enron, Madoff's stockbroking business, even Bursa Malaysia is a platform to fleece other people (as you can see happened several times even during the current rally (bull market?) which started in March 2009 until now). You don't have to invent hedge funds for fraudsters and crooks in general to practice their trade. Any vehicle is good enough for them as long as theres, as you say, "lambs to be slaughtered".

Even if I was defending hedge funds (which I was not, if you read my comment carefully enough) you should know which side of hedge funds I was defending then, if you understand hedge fund that well. Your own dark side seems to surface when you threatened to turn me from being a defender to a hater of hedge funds by hoping to trade against me, presumably with you winning the trade (and of course winning real big - otherwise I won't learn the lesson). If you are operating a hedge fund as you seemed to imply, I hope you have not exercised the option of crossing to the other side.....ever!

Now, I don't trade against individuals. I don't trade big. And I don't trade to kill other people (or teach them a lesson). I trade to make a living, and if on the the few occasions that I make a "killing", its a bonus to me. I never knew who were on the other side of my trades (neither would you unless you are a manipulative crooked broker abusing your access to the system, which I believe is always possible despite the check and controls devices put in place) . I am not interested simply because everybody who trades should know what they are doing. If they don't they have no business trading. This simple dictum of knowing what you do applies in all spheres of life.

Thats what I was trying to say in my earlier comment. Get to understand this thing called 'hedge funds', the true hedge funds - the funds (and their managers) who are trying to fulfill their mission for their investors of minimising investment risk while maximising absolute returns under all market conditions. Understand to the point of becoming an expert, if that is at all possible. This is the only way to defend ourselves from onslaughts by others using those expertise. (I suppose this urging does not apply to you since you're already an expert, even on the dark side of hedge funds).

Forget about hedge funds once we successfully established our own (Islamic) financial system as an alternative to the existing one.

Tun explained only one aspect of hedge fund strategy which is leveraging up to 30 times their capital. But what Tun did not say was that not many hedge funds out of the 8,000+ operating now use leveraging to that extent. What captured by headlines across the world sensationalised George Soros leveraged bet against the pound, or LTCM's leveraged implosion in 1998. But do these kind of cases paint the true picture of how hedge funds operate and performed? Many went unreported and unknown to the public unless he diligently looks for the information. For this purpose (of understanding hedge fund), Tun's article did not exactly help but on the contrary can mislead and confuse.

Similarly Tun was not spot on on the Orange County debacle. Robert Citron, the Democrat county Treasure-Tax Collector might have used some hedge fund strategy (leveraging again) but that did not make the county fund he managed a hedge fund. He didn't even bother to hedge, hence his undoing. (Dont' worry, my respects for Tun do not diminish one iota for this oversight on his part, if that is your quibble against what I wrote).

Perhaps, what we should be against then is the practise of overleveraging, not hedge funds per se. Well, we should also be against "the dark side" of everything, not just the dark side of hedge funds. Should we kill all hedge funds just because some macro funds (operated by the likes of Soros) overleveraged? What about the many hedge funds which are doing a real service producing consistent and stable returns over the years for their investors - the pension funds, the charitable foundations, the university endowments, the individuals (who can afford it) etc., regardless of market conditions?

Yes, we may hit our target if we use a blunderbuss, but many innocents may get hurt also. But the sniper, expert at his trade, will use a highpowered rifle with just one bullet to nail down his target with no collateral damage whatsoever.

Do I sound like defending hedge funds? Perhaps you should be more "objective" (befitting your nick) if you still think so. As for your trade against me, my advice is "stop hoping"! You can't be too sure also of who can turn out to be the lamb in wolf's clothing....no, I don't think I sound threatening....heheheh!!!

By checkerAuthor Profile Page on January 17, 2010 6:00 PM

Salam Tun & fellow bloggers,

Tun have proven to the world during the Asian financial crisis in refusing to accept IMF prescription to resolve the problem. Malaysia's refusal to accept their "offers" and instead as alternative solution, Malaysia resorted to monetary control by fixing the exchange rate was condemned by almost everybody so called financial experts. Their ego were shattered. Now history has proven your decision was the right one and what have they to say about you? The list can go on about your constructive ideas for the development of Malaysia. And yet even when you are no more in power, they (sadly to say even Malays themselves)still continued to bad-mouth you.

You are a true natinal leader and Malaysia may not be able to have such a leader for the next 500 years. As a true national leader YOU LEAD with great vision & wisdom and not cowardly, for reason for support to enable you to hold to power, by simply following somebody else's instruction or stupid advices, as most world leaders are. I am not apple-polishing but I think one should give credit to whom the credits are due. You may not win any Nobel Peace Price (so what ? what Obama has achieved to earn such award?) but you will be rewarded later in world after and that is worth 10 times the riches of the world put together, for those with IMAN.

I do pray that you will have and maintain good health, body & mind, with strength to pursue 1) the peace movement and 2) conversion monetary system to gold-back Dinar. True Muslim leaders should give undivided support to your efforts in both cases. May ALLAH give you that strength.

May Allah bless all of us.

By Zahrah TariqAuthor Profile Page on January 17, 2010 4:00 PM

Respected Tun mahatir Mohammad,

The latest issue about the use of the word Allah has caused a certain level of speculations about the future of Malaysian philosophy.I request you to propose an immediate strategy to settle this.the options of Satu Malaysia are there but its interpretation in the actual working of government agencies will hold it together.More so i suggest your efforts to translate Muslim unity for practical success among Muslin nations is vital.Malaysia can start it by laying the

foundations of accepting, forgiving, and practicing Islam for today and philosophising it for the far future.

Salam.

Zahrah.

By Nothing But Wind Author Profile Page on January 17, 2010 12:15 PM

Dear Tun Dr M,

If anybody says that we need not be alarmed of the existence of hedge fund, then, they should be made aware of its pros and cons just as Tun is doing.

The fictitious cash created by the real deposits in the made into the financial institution is unbelievably 30 times real deposit.

Just imagine, you deposit RM10,000 in the bank and the bank gives you or somebody else a loan RM300,000 for that deposit. You would be very excited and be squandering the money because the money was just fictitious and you got it without much difficulty.

Even if all the fictitious money is lost you could just get your self liquidated. All in all the party which really makes huge profit is the financial institution. It just converts RM10,000 to RM 300,000 worth of credit instantly without any top up.

I still wonder why the financial institutions are given such low interest to its depositors.

By jong52yuara Author Profile Page on January 17, 2010 12:12 PM

Assalamualaikum Tun,

probably im naive and young, but capitalism has been around ever since.. you sounds like wanna blame what hedge fund is doing, although i do understand youre saying this is very high risk industry.

you cant do anything unless you planning to change the capitalism economy, why? because hedge fund was making money from somebody's losses, then in order to prevent such thing happened that would be communism.

communism enabled no such rich or poor.. everyone will be treated fairly.. but the question arise. does leader like you want to be treated like normal powerless citizen? i guess not..

By kamal ahmad Author Profile Page on January 17, 2010 12:10 PM

Salam kasih dan salam hormat Ayahanda Tun. When I was a small boy Ayahanda Tun, one of the highlight of my days then was sneaking out on bicycle and going to the wet market on Friday (back then weekend commenced Friday). I would get to watch a man sells potions in a traveling show. He bottles up all the eucalyptus smelling pinkish liquid in neat bottles and sells them from the back of his old Austin Wellesley. He would sit in the trunk with it opened and supported by

old wooden pillar. With a hailer he would start his trade. He would tell us things we don't even know existed. I never buy any of his ointment. But the way he talks and sells simply amazed me. He would begin by talking about Tunku Abdul Rahman all the way to J.Nehru and he would cap things off with the Arab royalties. He sold remedies for tape worms. He sells enough to call it a living. Then when I grew up I found myself peddling such blazing sales lines for a living too. Except that I don't play with tape worms and I did not sit in the trunk of an old rusting British junk. But there is no different between him and many of us really. Just a couple of salesman trying to make a living. You are right about the derivative funds Tun. Sometimes when it gets done on another country maybe the guilt gets less. But it is still wrong. As a resident of Orange County CA then, I identify what you meant by that line. The municipals of Orange County had invested until they had no more cash flow to sustain daily supports and operations. They were neither bankrupted nor insolvent yet at the time. But panic redemption run did them in. They file Chapter 9 with around US1.5 billion of losses in interest rates hedge funds market. Had they were able to sustain a bit more they might have not lose that cash as their previous position rebounded after that. But yes, who to tell of tomorrow; history is a lot easier to pin point accurately than what the future may hold. Hedge funds trading should be ban. AIG, Leeson, Amaranth Funds, these are all billions of losses. Hedge funds is like MLM. But in MLM (I termed it) as the chopstick formula. Mainly because in Malaysia, MLM gets established primarily by the Chinese (no puns intended) who sits as company directors and top managers. They are the ones who initiated things, bring in a product from the US/UK (the exchange rates is a safe buffer) and sets up MLM companies. Under them they would have sub managers and so on and so forth; these managers would have to rush out to get more MLM participants. They would have problem maintaining the participants. They would incur cost in getting participants for the MLM, and they make roughly USD2 per participant and they have to keep selling to maintain their network of participants (or they call it down-line). That brings me to my chopstick analogy of things; the money would still have to go back to the top for the bosses to release their commissions and goods. Hence like when you eat with the chopstick, the higher up you hold, the more you get to stuff into your mouth, the lower you go, the crazier it gets and at the bottom, you are just noodles for the top again. So in MLM the top makes the dough. But in hedge funds operations is the opposite. The middle makes the dough and carry less risk. While the bottom makes some too with bigger risk but the top, they look glamorous but the arrows find's them first in the first event of failure. For every fall of the derivatives, people who make money are often those who disappear in the middle. Soros played at all ends. Leeson would be the best example of things. Hedge funds nearly bankrupted Asia in 97/98. But it also opened our eyes to the trade. I think that one day derivative managers would shore up their operations and make it more palatable just like how pyramid schemes up shifted into MLM somewhere ago. Suddenly it become taxable and gradually it becomes engine for growth. But hedge funds, derivatives trades as we know it today is bad but maybe progression would find the way. It gets easier when it gets done far away from you. It gets easier when we think we have proper mechanism and insulations and break-tiers. But its all bluff as like the chopstick, there is no guarantee those two separated sticks would notify you first hand in the event they were about to collapse on each other. Just like that tape worm ointment salesman, how could he know Nehru had bad case of tape worm? How could he know the Arab royal households had bad tape-worms on their camels? He don't. He made things up, but it sells and at the end of the day when he packs up the trade in the back of his old Austin for home again, it's a living. It is another day at earning a living and off course, he hope for the day when he gets to perfect his trade for the betterment of all. Spot on with your

analysis Tun. You saved this country from them back then. Impossible to march with a left foot from this posting. Tun, in history you stood up against this evil and saved a young nation. You opened many eyes and minds to the dreads of this trade. We are forever grateful to you. For always, you mean the world to all of us Ayahanda Tun.

By PembelaAuthor Profile Page on January 17, 2010 11:29 AM

Assalammualaikum Tok Det,

MONEY MAKE MONEY

1. Hedge Fund, trust fund, seed fund, bla..bla..bla...
2. Currency trading, money market, stock exchange, bla..bla..bla..
3. Banking, Insurance, housing loan, hp loan, mortgage, bla..bla..
4. Credit Card, Debit Card, Charge Card, bla..bla...bla
5. Lintah darat, chetty...AH LONG!

THEY ARE ALL THE SAME...

It just like heineken, carlsberg, guinness stout, rick martin, cognac, black label, bla..bla...bla. All are the same but come with different color, taste, bottle and branding, sexy model with different bikini, bla..bla..

Also like heroine, morphine, syabu, ice, bla..bla.. come with different color and shape but offer the same...feeling good like heaven on earth.

~~~~~

Bottom line they are all the same...aren't they? Cannot defeat them so how about we join them!!!

We offer the same what they offered. Huge loan, high interest, sky high profit, bla..bla...bla...

Coz if we don't do it, some moron like Soros will do it and wallop all the monies and blame on us of being incompetent and stupid in managing our own economy.

So lets do it. Let blow it. Blow it big!!!

Woiiii...arak and drugs is a ultimate sin. One could not compare arak with money market, stock exchange, banking, riba', bla...bla..bla. We must compare apple to apple.

Hellooo...doesn't arak and riba' are the same apple? Any ulama here?

~~~~~

And when all these crap will stop?

Sampai kiamat kot?

PEMBELA

<http://pembelamelayu2009.wordpress.com/>

By Objective QAuthor Profile Page on January 17, 2010 7:39 AM

Alsalamu Alaykum Dear Tun Dr. Mahathir;

In response to the Commentator FXspec.. and others, please add these facts to your knowledge base when contemplating the defense of Hedge Funds.

1- While a simple Stock broker requires a LICENSE (Series 7) at a minimum to trade a single security or share, Hedge funds can trade Million of Shares Off Shore without having a single license from the SEC (Security and Exchange Commission). In other words, while they are required only to be registered with the SEC they are NOT licensed by the SEC, yet they can trade any securities they want free and clear. All the registration requirements represent toothless laws that are based on "Best Efforts" but No Licensing Laws.

2- I can start a Hedge fund in the Cayman Island or Netherland Antiles, or Barbados for less than 20,000 USD and start my own hedge funds without any SEC watchdogs on my back.

3- I am not required to report Quarterly, Monthly or Annually to the SEC.

4- I can now participate (If i am large enough) in the mother of all Scams, "Dark Pools" WHICH allow me to screw my own shareholders by shorting into positions that i have recommended or positions that i have advertised on CNBC or Bloomberg without anyone every knowing.

5- While all the innocent Suckers (401K Savers and Mutual Funds) advise their LAMBS (CLients) to hold own for the long term, I as a hedge fund, am allowed to "Flash Trade" and not report who is behind these trades or what positions i took. In other words i know the lamb are in a herd moving in one direction, the Mutual Fund Manager or the Fund-To-Fund Manager trusted me with the savings of some retirees from a pension funds, and i am going to go directly against them in fast flash trading through an off-shore dark pool. Cooooooolll.

5- As a hedge fund i can conduct "Lock Outs" through "PIPE" deals (Private Investments Public Enterprise" where i can lend my unregistered money or licensed by the SEC to a publicly traded company and then LOCK THEM out of selling their share while i artificially and incrementally "PUMP" the stock slowly till the price goes up, then short into it or just sell it. And oh, by the way, i have warrants that i can exercise into preferred shares to take all you assets in case you go bankrupt, or, MY FAVORITE, convert some of the warrants through a debt agreement into a Convertible-Note tha pays me 20%-25% interest, and just when you are about to kick-the-bucket, i convert the rest of warrants into preferred shares to catch your assets in BK.

6- Just in case all this was very dull for you, there is always my favorite, Maddoff Special, of trading offshore CDS's and CDOs that allow two hedge funds to sell these products to each other, one registers it as an asset the other registers it as a REVENUE, then they trade back and forth, to show that both have increasing revenues and growing assets, while in reality they are just playing PING-PONG.

I love hedge funds personally...Law of the Jungle at its best...Really, but for a sane person to defend them, you just have to be another Lamb lead to the Slaughter...

I just hope one day I get to trade against you, and I will make sure you hate Hedge funds very quickly, one I show you the pain resulting from the dark side of the Hedge fund....

Sorry... Gott to sign off quick.....

God Bless Tun

God Bless Malaysia

By HajarAuthor Profile Page on January 17, 2010 12:24 AM

Dearest Tun,

As always, Tun is able to explain things very clearly. Thanks Tun.

Hopefully, the commenter does not have any difficulties in understanding why investment through the hedge fund is BAD. It's almost the same as the "SKIM CEPAT KAYA – get-rich quick scheme". We invest a small amount of money, and we are promised very high returns - VERY TEMPTING...

But, some people forget that the THE HIGHER THE RETURNS of an investment, THE HIGHER THE RISK. And, to make things worse, like what Tun mentioned in this article, the investment can also incur losses that are greater than the initial investment. The difference between OWNING RM1 million and OWING RM0.5 million is very significant.

Thanks so much Tun for the crash course on hedge funds. By the way Tun, I do not understand the 1Malaysia slogan. Like I said before, it is almost the same as DAP's "Malaysian Malaysia" slogan. I really hope that DSN knows what he is doing. May be Tun can comment on the differences between the two slogans.

** May Allah SWT bless Tun & family **

By naetto92Author Profile Page on January 16, 2010 10:50 PM

Tun,

Which bank is riba free? Need to borrow few thousand to sound proof my house.

By Riza AhmadAuthor Profile Page on January 16, 2010 9:19 PM

i read malay dilema when i was 15, after all these years, i can see not much changes on the malays' attitude. i have some ideas that we can try to change the situation. need tun to have some comment on the idea on my blog <http://kerjaya-muslim.blogspot.com/>. TQ.

By tolokmindAuthor Profile Page on January 16, 2010 8:28 PM

Salam Tun,

For the people of religion, their religion is the ultimate truth. They live with it and die with it. Nothing that you say will change them.

The same goes to the people of finance. They will live with it and and will die with it. Absolutely nothing that you say will change them.

<http://tolokminda.wordpress.com>

By checkerAuthor Profile Page on January 16, 2010 7:23 PM

Salam Tun & fellow bloggers,

As long as the systems are man-made, it will never be perfect and therefore it will be well exploited by any human with greed for power and wealth. That's the man reason why Islam forbid Interest.

The solution is to create a system that abide to the teaching of Quran & hadith but this will take a great effort, political wills and commitment by the Muslim themselves to get away from those jewish financial system. It is not impossible and can be successful if we pray for Allah's guidance and insya'allah Allah will show us the way

May Allah bless us all.

By rahmatamirAuthor Profile Page on January 16, 2010 5:34 PM

salam tun...

Pada zaman pemerintahan islam, tiada sistem pelaburan seperti sekarang.

Mungkin sekarang kita nampak pelaburan sesuatu yang menguntungkan, tapi kita tidak tahu agenda di sebaliknya...

siapa yang mewujudkan pelaburan? kita sebagai pengguna sahaja..

sudah tentu sistem ini berasal daripada kaum yahudi dan nasrani yang sentiasa mencari kelemahan dan menjatuhkan kita sebagai orang islam supaya kita semakin jauh terpesong dari ajaran Nya...

Saya harap Tun dapat menyokong blog saya-bangyim.blogspot.com

By faizfakhirinAuthor Profile Page on January 16, 2010 5:16 PM

Kita tahu dan kita cuba cari jalan untuk keluar dari permainan yahudi dengan mengeluarkan sistem sendiri....islamic system yg ternyata telus dan adil...menyangkal pendapat israel dan amerika yang bertahun membuat kajian....kita hanya pandai menyangkal...tetapi mampukah kita

lakukan perubahan dengan keadaan politik yang tidak stabil...dengan kemalasan umat islam menimba ilmu.....apa betul islamic concept di monopoli pedagang islam?...

By NusantarianAuthor Profile Page on January 16, 2010 4:01 PM

Assalamualaikum tuan rumah,

They created systems that favors them, Jewish. This sort of information should be taught to public as we all are scapegoat to these systems.

By LeeCampwinAuthor Profile Page on January 16, 2010 3:34 PM

Is government want protect your image and also Malaysia Nation image, so they don want the book be published to public? Barry Wain book if published out, will only give negative effect on the country.

By MufeedAuthor Profile Page on January 16, 2010 2:53 PM

Dr.

What are you saying is correct , you are a man with a clear and right vision , you led your country to be one of the most important industrial countries , Continue working more and more to reach the place of Japan and South Korea ... All the best to Malaysia ..

By ZafrinZAuthor Profile Page on January 16, 2010 2:43 PM

Its not only what can Hedge fund to the country. Its what come after that is more devasatating. I was working in Buenos Aires back in 1997 when the hedge fund attacked our currency and south east asians'. And in came IMF, subtlety via anwar, disguised to rescue Malaysia, and recommended increasing minimum monthly credit card payment, reduce repayment period to recall for loans and increase personal income tax. Even before then, IMF has been known entrenched deep in Argentina's economy and I saw the pains through Argentinians' eyes the affect of this beast credit squeeze to repay their (IMF) loan. I saw budget for Education and Social were slashed handicapped many public schools and low salaried teachers. Only the wealthy were able to afford education in private schools and overseas. And now, after so many years, IMF is active again wanting to give loan instead of aid to Haiti, and released loan progressively to Sri Lanka just recuperating from long years of civil war. It remains to be seen which shall not be surprising, to see the vicious cycle happens again.

By FXSpecAuthor Profile Page on January 16, 2010 12:40 PM

Dear Tun

Its very seldom that I disagree with Tun. However, this time I have to correct some factual/conceptual errors in Tun's article. The article overgeneralised and oversimplify the way hedge funds operate. The effect is definitely easy understanding of what a hedge fund is from the layman point of view. But it does not paint a complete picture of the reality of the hedge fund and its industry. This may ultimately mislead and/or confuse that very layman, thus serving no useful purpose.

To get a more comprehensive understanding of hedge fund, please refer to, among others, the following website:

<http://www.magnum.com/hedgefunds/aboutthehedgefunds.asp#hedgefund>

To summarise, the website maintains that:

". Hedge fund strategies vary enormously – many, but not all, hedge against market downturns – especially important today with volatility and anticipation of corrections in overheated stock markets.

. The primary aim of most hedge funds is to reduce volatility and risk while attempting to preserve capital and deliver positive (absolute) returns under all market conditions.

. The popular misconception is that all hedge funds are volatile -- that they all use global macro strategies and place large directional bets on stocks, currencies, bonds, commodities or gold, while using lots of leverage. In reality, less than 5% of hedge funds are global macro funds. Most hedge funds use derivatives only for hedging or don't use derivatives at all, and many use no leverage."

In the main, among the key points that characterises a hedge fund are:

. The managers' remuneration is heavily weighted towards performance incentives, thus attracting the best brains into the industry - most hedge funds are staffed by PhDs not only in the quantitative disciplines but also from others eg. physics/hard sciences, engineering, and the social sciences. The negative effect here is that the hedge funds gain in term of brainpower, is the other industries' loss.

. Hedge fund managers invest their own money in the funds they manage, thus "the cooks eating their own foods". They want to preserve, not gamble with, their own capital, while maximizing absolute returns. A case in point is the The Medallion Fund, a hedge fund in the stable of Jim Simon's Renaissance Technologies (Rentec) group of hedge funds - with annual returns averaging 35%, the fund is only open to former and current employees of Rentec. (The fund also charges the investor 5% management fee and 40% (yes, 40%) performance fee - probably the highest in the industry).

. Hedge fund has many advantages over mutual funds (or unit trusts in UK/Malaysia parlance) the main ones being its extremely flexible investment options and loose regulatory and disclosure requirements. Mainly due to these, the average hedge funds' return has over an 18 year period (1988-2005) with 17 negative quarters in the S&P500 index, totaled a negative 10.3%, while the average US equity mutual funds (with its long-only bias) returned a total negative 115.7%, thus displaying the ability of hedge funds to preserve capital in failing equity markets (the return of the S&P index itself was a total negative 113.01%).

Now, what about the Orange County bankruptcy in Dec 1994?

First, the losses amounting to US\$1.6 billions was not due to investment in hedge funds, but was incurred due to failed bets on interest rates not rising.

Secondly, the funds totalling almost US\$8 billions which was then leveraged up to US\$20 billions was managed by its own popularly elected (so popular he won reelection 7 times) Treasurer-Tax Collector, Robert Citron, a Democratic politician operating in otherwise conservative/Republican county at that time.

Third, in a comprehensive post-bankruptcy study conducted by Mark Baldassare, a fellow at the Public Policy Institute of California, the finger was ultimately pointed at the government, in particular to Proposition 13, a citizen's fiscal austerity initiative which the state adopted. This Proposition started the ball rolling in severely limiting the ability of local governments to raise tax revenue. Given the extreme fiscal pressures on county administrations, the state loosened its investment rules, thus paving the way for Robert Citron and his kind to unleash their aggressive investment strategies, which if unhedged (ironically) could only spell disaster when the interest rates tide turns against them.

We can always blame the Jews for all the wrongs in the world and that's probably true too. But it doesn't address the real issue of us getting screwed left and right by whoever (probably the Jews again) due to our own ignorance and refusal to make ourselves experts in all the fields they are expert at with which they use against us.

Petronas is an example of where we successfully turned the table against our exploiters. Tun himself had turned the table against the currency manipulators in 1997-1998 global financial crisis. But as Tun himself testified that it required expertise and an avid understanding of how the market operates to be able to come up with an impactful solution to our woes.

Hedge funds, as a strategic investment class is here to stay for the foreseeable future. Unless we can come up with an alternative financial system/architecture to rival/replace the present one, we had better understand them - truly understand them, make use of them to our advantage (make sure it's halal, first) or at the very least not let others use them to take advantage of us. Hedge fund is part and parcel of this financial system. And its influence is growing rather than waning.
By NIK ZAFRI Author Profile Page on January 16, 2010 12:34 PM

Extracted from my blog at <http://www.nikzafri.blogspot.com> - Written on Thursday, April 30, 2009

DEAR HEDGE FUNDS MANAGERS

Although hedging is done 'discreetly' by some 'hedge fund managers', I still think that Malaysia (in particular SC) should keep a close surveillance by having a revised version of regulations to monitor private equity company's especially. I heard stories from some European friends that EC has come out with such regulations. Finally EC has come to its senses and limit of patience. (the line must be drawn here..this far..no further...) Anything > 1:1 leverage is only a 'rumour' and excuse being protective but if you go on being stubborn about it - it may be 'the end' of private equity...(trust me)

I know that many may disagree with me and they are willing to see me to debate endlessly on the subject (hey..you guys are forgetting, I am well aware of the mechanisms..ok?) Everyone involve

in hedge fund in Malaysia in whatever capacity should know better what's going on this world today. Even the most popular and oldest Rolodex is slowing down..so, you should think twice before moving on...(not to mention Alpha, Pequot and Andor - possible shut down is expected)

Bursa Malaysia is just showing the signs of curing but if you should all know the danger of 'reopening old wounds'...look around you..do you care? Volatile price, foreclosure even unemployment (not to mention crime rates) etc can be translated into 'not favouring' the hedge funds...in short - 'losses'!! But so many of us claimed that hedge funds is not the cause but quoting European policymakers :

"They many have exacerbated it by fueling bubbles with leveraged investments in the good times and then offloading assets by the bucket-load in the bad times"

Many people follow your assurance that they'll be making money but they didn't actually get what they should be getting - but most of you fund managers love to blame 'the economic crisis'...what an absurd statement! (excuse me!) You are 'hedging'!! (making money in down markets - this doesn't work anymore..face it!) Traders and portfolio managers have been sending e-mails to me that they are loosing money out of their pockets...ask them why? (20% on top of 2% management fee? Ring a bell?)

But despite of all these talks of mine - I ain't implying that hedge fund is no good but during unsuitable times like today, something should be done either follow the rules 'religiously' or off you go! Why Nik? Here's my answer : it's almost 1998 all over again...and I'm sure you don't want this to reoccur. 1998 is not because of hedge funds but a proper regulations were not really there yet.

So, what sort of regulations Nik? You have ideas? Ok..first of all private equity and hedge funds 'people' must be transparent from now on...no more 'disreet'..no more 'classified'..no more 'confidentiality'. I know sometimes taxation is a big issue to you but give it a thought for just a short while - give your lending ears to listen to what I have to say before you click 'x' on this blog.

Initial proposal from Nik Zafri to anyone out there reading my blog - who wish to listen :

You must first reveal your plan (To the proper authorities..I don't know..maybe SC, Inland Revenue, BNM) on:

- a) managing level of capital,
- b) managing risk,
- c) valuation of assets and most important
- d) your strategy in doing business.

2nd - STOP NOW if you're involved in any trade relating to MONEY LAUNDERING!! (so, is this the thing you're being discreet about?) Get out now before it's too late!

3rd - It's time to pay based on gains not losses!! Otherwise, we will go back to square 1...make money during down market..gosh...

Having this sort of regulations may help our economic recovery further but of course if the regulations are not strict enough and having loopholes...definitely there can be abuse - some people in the market will always creatively found a way to do 'evasive maneuvers'

By Rimba Emas Author Profile Page on January 16, 2010 12:26 PM

SALAM BUAT TUN BERDUA MOGA DIRAHMATI ALLAH S.W.T.

1) SALAH SATU GOLONGAN MANUSIA YANG MENJADI DURI DALAM DAGING UMAT ISLAM IALAH MANUSIA MUNAFIK.

2) SALAH SATU CIRI YANG ADA PADA SESEORANG MUNAFIK ITU IALAH BARLAINAN KATA DI MULUT DENGAN KATA DI DALAM HATI.

3) DI KAITKAN DENGAN MAKNA YANG DIBERI ATAS MAKSUD 'HEDGE FUND' OLEH YANG MENCIPTA SATU BENTUK PENAWARAN DALAM SISTEM KEWANGAN PERBANKKAN INI SEPERTI DI DALAM KAMUS, MEMBAWA MAKSUD LEBIH KURANG SEJUMLAH WANG YANG DIBERI SEBAGAI MENGELAK BERLAKUNYA KERUGIAN.

4) SEPATUTNYA BENTUK PENAWARAN SEPERTI INI PATUT DIHARAMKAN KERANA IA BOLEH MENYEBABKAN KENAIKAN SESUATU BARANGAN ATAU PERKHIDMATAN TERSEBUT. CONTOHNYA DENGAN ADANYA KEMUDAHAN INI BOLEH MENINDAS GOLONGAN YANG BERPENDAPATAN RENDAH MENDAPAT BARANGAN DAN PERKHIDMATAN ITU.

5) KALAU INGIN DIJALANKAN JUGA PERKHIDMATAN INI PERLU DI ADAKAN PENGASINGAN IAITU PENGAMBILAN WANG DARI MEREKA YANG TIDAK MENGAMBIL PERKHIDMATAN INI. DALAM SISTEM PERBANKKAN PERKARA INI MUSTAHIL DAPAT DIELAKKAN.

6) KEJADIAN-KEJADIAN SEPERTI KERUGIAN WANG, BENCANA, KEMALANGAN PERLULAH ADA PENGKELASAN KEBERANGKALIAN YANG MENERIMA WANG INSURAN SUPAYA, YANG TIDAK PERNAH TERLIBAT KEMALANGAN ATAU MENUNTUT WANG INSURAN TIDAK DIANIAYA ATAS KENAIKAN SEBARANG KOS ATAS ALASAN KERUGIAN YANG DITANGGUNG.

7) DOA-DOA ORANG YANG TERANIAYA KADANG-KADANG ADA DIMAKBULKAN DULU DI DUNIA INI UNTUK MENJADI TAULADAN ATAU PENGAJARAN KEATAS MEREKA YANG MENGAMBIL KESEMPATAN MENGUMPUL WANG MODAL UNTUK PELABURAN.

8) ADAKAH 'HEDGE FUND' MAINAN PENGATURNYA UNTUK MENGHARAP KERUGIAN YANG MELABURNYA DI BENARKAN MENGGUNAKAN WANG TRANSAKSI MILIK ORANG RAMAI YANG TIDAK MELABOR DALAM PERKHIDMATAN INI ?

9) BILA RUGI KERAJAAN TERPAKSA 'FREE HEDGE FUND' DEMI DUIT RAKYAT DAN PEKERJA PULA. ELOK SAHAJA DI BERI NAMA 'PASSION HEDGE FUND'.

WALLAHU'ALAM

By HBTAuthor Profile Page on January 16, 2010 11:36 AM

Good morning Ayahanda Tun,

12. Past is Past.. and we should be implementing the aftermath plans of People First, Performance Now..... by De-Centralising the Authority to reverse the impact of hedge fund caused by 911, Invasion of Iraq, Increased USA soldiers in Afghanistan (watch movie "Iron Man" if you want to know what is Afghanistan), conflict in Gaza, H5N1, Tsunami in Aceh (few Penangese were killed) and Jerebu from Indonesia, serious flood in Terengganu and Kelantan, Japan & Taiwan earthquake, Szechuan China earthquake, Land slides in Penninsular and Sarawak, now Haiti's worst earthquaketo avoid another ballooned, speculated and hedged financial crisis 8 years from now.

13. The blogger does not think the hedge funds are doing anything wrong. Then this blogger is definitely 1 KATAK di Bawah TEMPURUNG by yelling Israel and USA as the culprits which are few thousand miles from our nation because the blogger did not realize now is the period of International News Free because of 1 Cyberjaya.

14. Hedge fund is a criminal act, and the blogger cannot run away from the wrongdoing because of 1 "Allah"..

15. The blogger will have to pay for the price. In Malaysia, the blogger may be able to run away from being trial at court, in reality the blogger is only an emperor who thinks that he has clothes on, but 1 World 1 Malaysia see him as naked. It has nothing to do with our MACC, and our MACC officers are never trained to go after blogger like this one, hence they need capital investment (Government's Subsidies) in upgrading the advance techniques and human resource training, perhaps in Singapore.. the most economically and best alternative if they are trained in Singapore.....

16. Today, 1 Malaysia Government has opened her market to the world, if the local and international investors do not trust our KLCI , eg:- "ANA" shares, they will not invest in this shares even if this "ANA" shares promised them heaven and hell because investors are much.. more savvy..... and techno minded than "ANA" in dealing with their wealth, and this wealth belongs to them..... But to the major share holders of "ANA", the wealth of "ANA" may belongs to a-gung (atuk = Tok Penghulu in a Village/Kampung).

17. Since major share holders of "ANA" are Tok2 Penghulu, and if they insist that they have done no wrongs, then they will lost all the wealth invested in the company "ANA". Today, Local and Foreign investors have plenty of choices, they opted to invest into more reliable and more transparent (transparent does not mean we can see through, and to protect this transparency's right,

By samuraimelayuAuthor Profile Page on January 16, 2010 11:34 AM

SALAM KASIH DAN SAYANG
AYAHANDA RAKYAT TUN
IZINKAN,

...Orange County in California was bankrupted in this way by the investment in the hedge funds.
...AND MADE THE 'PRESERVED PUMPKIN' SCHEMES APPEAR LEGITIMATE.

ATLEAST 'SILVER COUNTY' IN MALAYSIA DID NOT GO BANKRUPT!

'HAVING FUN WILL MAKE ME HAPPY
HEDGING FUNDS WILL MAKE ME CRY'

HAVE A 'HEDGE' WEEKEND AYAHANDA, BONDA TUN AND ANAKANDA
CHEDET.CC.

ALFATIHAH, AMIN.

Anecdote : Laughter is still the best medicine.

By TAuthor Profile Page on January 16, 2010 10:34 AM

/// 3. Investors therefore have to invest in hedge funds in order to take advantage of the borrowing capacity of the funds. ///

Says who? Who is forcing investors to invest in hedge funds? Is anyone holding a gun at investors? It is all done to greed. If the investor is risk averse, he can always put him money in the money.

BTW, your local neighbourhood banks are also highly leveraged like hedge funds. They take your money and invest it by ten folds. 10 times gearing, not quite the 30 times you quoted for hedge funds - but highly geared nonetheless.

Bottom line is - caveat emptor.

By AlanAuthor Profile Page on January 16, 2010 5:09 AM

When we discussed a topic esp non-personal type of discussion, writers or ppl here stop referring to a particular ethnic group esp referring to Jews in the first entry.

We shld move on, embrace and stop referring to ethnicity example Jews, Malays or Chinese. Then we discuss a topic objectively. Otherwise it is wrongly stereotyped and this discussion is flawed and becomes unintelligent.

By amin tanAuthor Profile Page on January 16, 2010 2:57 AM

Dear Tun,

Borrow money from the bank to buy shares in stock market is not investment in economic terms, but it is called speculation. Investment in economics means creation of goods and services in the country. Whereas buying shares in stock market is just transfer of share ownership, not actual creation of goods and services. Bank Negara as the central bank should never allow people to borrow money from the banks to buy shares in the stock market. This problem arises when the central bank's political master the finance minister knows very little about economics. He maybe a lawyer, malay studies graduate or a medical doctor by profession doubling up as prime minister as well. To compound the problem the finance minister has vested interest to help his cronies. He will allow anything under the sun. That is why we have the 1997 market crash.

American economy is not good for us to emulate. It is a reckless, cowboy and gangster economy ruled by the like of George Bush junior. They advocated regime change in the government of Iraq, subprime loans in huge scale taking in off shore funds from even faraway Singapore's government hard earned savings by the billions, not to mention the U.K., European and the Japanese banks were badly hit too.

My suggestion is never allow people to borrow money from the banks to speculate in the stock market.

amin tan

By JamalAuthor Profile Page on January 16, 2010 1:20 AM

Dear Tun,

Thank you for this "HEDGEFUND IN A NUTSHELL" posting.

Hope it is now very clear to all and sundry the heinous use of hedgefunds to improvise the poor and enrich the rich...or what's that again..oh its called Capitalism.

So Communism is dead, Socialism is dead and now Capitalism has killed itself.

So what is the best alternative?

Tun...over to you again sir.

By S..TanAuthor Profile Page on January 16, 2010 1:06 AM

Dear Tun, salam mesra harap sihat sejahtera. Kriman pendek saya untuk tajuk ini....

.....UNCHARACTERISTIC

I am at a loss for words on this topic. Non provocative, no bad mouthing, non confrontational despite a pet US-bashing topic. Very uncharacteristic of Tun?

Useful, crucial reminder for our financial regulators. However the biggest hedge fund in M'sia is Umno (PNB,BNM,Khazanah)!

By kelapaAuthor Profile Page on January 15, 2010 10:59 PM

i look forward to a brighter future with islamic banking and financing. my wish that the syariah requirement is fulfilled, without short cuts. keep it clean and halal, insya'Allah the fund, the investment and we all will be blessed.

By orang kampungAuthor Profile Page on January 15, 2010 10:49 PM

Salam Tun yang di hormati,

1. Pelaburan amat lah di galakkan. Orang Malaysia di galakkan melabur dalam skim ASN, ASB dan ASW untuk mendapatkan pulangan yang baik bila untung.

2. Banyak unit trust di buka ... ada untung ... ada rugi ...macam unit trust negeri-negeri kebanyakan rugi ... cam mana ya.

3. Bank Negara merupaka institusi kewangan Malaysia yang bagus. Bila rugi dalam perniagaan Forex, banyak akta dibuat, banyak larangan di laksanakan melarang individua Malaysia jangan berniaga Forex. Jika Bank Negara untung Forex rasa nya lain cerita.

4. Dulu masa broker firm tak ada fasiliti margin trading, pelabur kena keluarkan semua modal, pasaran saham tak rancak ... perkenalkan kemudahan ini. Rasa nya banyak keburukan dan kebaikan margin trading di perbincangkan dan diluluskan. Bila rugi ... jadi lah macam ini.

5. Ramai juga yang kata pasaran saham, pasaran hadapan dsb ni MACAM judi, macam kasino, jadi ramai yang cadangkan tutup semua aktiviti ini. Tapi Malaysia ada pusat judi, besar dan hebat, yang memang kalau berjudi ni rugi, tapi di benarkan pulak ya. Malah di jadikan salah satu tarikan pelancungan Malaysia.

By nazrimalikAuthor Profile Page on January 15, 2010 10:28 PM

Wow! That commentator thinks he knows more than Tun. An Oxford University grad perhaps?

By hadafiAuthor Profile Page on January 15, 2010 8:58 PM

tun, if i'm not mistaken you have 3 times make a comment of hedge funds. started when dato' najib become pm. i would like to read abot your comment on islamic finnce vs the hedge fund. i believe islamic finance including banking system, have a fair, attractive, and profitable for the transaction, akad & system. because islam is progressive & not only for sembahyang, puasa & zakat.

just like u did on your very last time as PM on dinar emas.

looking forward.

tq

hadafi

islamic bank manager

By hakimjbAuthor Profile Page on January 15, 2010 7:18 PM

If the current financial system allows this kind of profiteering, then, just like your efforts to criminalize war, we must make hedge funds (and other oppressive systems) a perceived crime and illegal. Whatever we call ourselves - Malaysians; Muslims; A developing country - I believe that we must conduct a critical analysis of our global economic system and act assertively in the world stage to prevent further injustice.

Perhaps it's time for our intelligentsia to conduct thorough studies of our global financial system and make solid arguments. Then, our politicians and diplomats must garner support from other countries and global economic organizations to criticize and pledge to put a stop to this vulnerable system.

It's a globalized world for a long time now. If we still remain passive, our survival will be in the mercy of others. It's okay though - keep on fighting about petty issues, as long as 'the others' are interested to help us.

By Mag58Author Profile Page on January 15, 2010 6:54 PM

Askm wbrt Tun,

I think morally it is not right to invest in hedge funds as it is a sort of short selling. We borrow at an incredibly high leverage from the bank with incredibly high risk and also a respective high return. This sort of money movement can enriched us extortionately, likewise it also can impoverished us overnight. Country so small like us would be better to be avoiding it as big brothers like EC, USA, Germany, UK and France are the main players. Their individuals alone like George Soros and other currency traders can single-handedly make small country like Malaysia be economically ruined. Only those who are the 'tali-barut' of the West wouldn't mind such kind of game as long as their personal coffer is filled up to the brim. So.....don't play this game as we (Malaysia) are a drop out of an entire ocean. Cheers Tun.

By MadudAuthor Profile Page on January 15, 2010 6:54 PM

It is plain and simple. Banks are the creation of the jews. They charge RIBA or interest. Remove RIBA and we are home free.

By lampusuluhAuthor Profile Page on January 15, 2010 6:13 PM

Dear Tun,

Current financial system designed by Jews is a big failure..only they will benefit from whatever happens. whatever u mention above is the act of creating "new monies"..everyone is doing that

nowadays...hedge fund can borrow 30times more than the amount that they have and same goes to the banks, they can loan out 8times more money than what they actually have as deposits and other types of instruments..so they are CREATING MONEY OUT OF THIN AIR, which will definitely increase the money supply, drive up the inflation level,devalue the currency and oppressing the poor..same goes to margin trading, with a small collateral, one can borrow more money to be invested in stocks...

unless we try to free ourselves from the current economic conditions controlled by the Jews using USD, there is no way to fight this system whereby everyone;the banks, financial institution , the rich etc are manipulating it to gain more profit...

so, my suggestion is, lets go back to the basic, invest in gold instead of investing in other fiat money instruments...Tun, i hope through your Perdana Leadership Foundation, you can set up a platform for us, those who support the usage of gold dinar in international trade to actually introduce and implement the dinar based financial system in Malaysia. and not to forget, please suggest to the cabinet to review back Exchange Control Act 1953 one more time, it has been reviewed once in 2004 but no change has been made...

fighting for the reformation of current financial system

andrew thomas

By donplaypuksAuthor Profile Page on January 15, 2010 5:49 PM

Tun

During my college days we were asked to write a critical essay on 'The Stock Market is Nothing More Than A Casino.'

It's astounding that this has become a reality across the Globe where investments are little valued on the dividend or net asset value models anymore and the underlying business itself is often totally disregarded since it's only share prices that are dealt with on a 'virtual' basis!

Instead, due to excessive leveraging, especially by banks and hedge funds, shares prices are manipulated (ramped up) by 'hot' money flows and then dumped to leave the smaller players and genuine investors with huge losses.

More than that, USA Congressional hearings day before yesterday in the USA have revealed that mega Investment Houses and Merchant Banks (in particular Goldman Sachs) who act as underwriters for huge share offers, placements and right issues, have been allowed to SHORT SELL investment they themselves recommend to their clients to BUY, thus standing on its head the principle that the buck stops with the Underwriters! This conflict of interest has huge ramifications in the financial world where it is now clear that all the risk is born by unsuspecting investors, and the fact that Govt WILLL bailout the big banks and financial houses has been factored in!!

Govts and Central Banks everywhere must set clear rules limiting Banks, Merchant Banks, Financial Houses and Hedge Funds from over-leveraging. My personal view is that Equity:Debt ratios should not exceed 2:1. This would allow for an element of speculation, but not an excessive one for investments in share markets. Speculation in futures and currencies should be totally banned, except for genuine producers, buyers and sellers who taking actual physical delivery of goods and services.

Such controls might reduce the huge volume of speculative trade that has unhealthily driven the USA and European economies, but that is infinitely preferable to the boom and bust economic cycles we are now struggling with that threatens to bankrupt the whole world everytime it occurs!

If USA will not lead the way for a total revamp and reform of financial trading due to selfish interests, perhaps Asia and Malaysia can take the first steps!

dpp

We are all of 1 race, the Human Race

Source : <http://chedet.co.cc/chedetblog/2010/01/the-hedge-funds-1.html>