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B E347 AAE
MAHATHIR-EXCHANGE
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KUALA LUMPUR, APRIL 12 (BERNAMA) -- PRIME MINISTER (DATUK SERI DR MAHATHIR MOHAMAD SAYS HE SIMPLY DOES NOT NOT UNDERSTAND WHY THE KUALA LUMPUR STOCK EXCHANGE IS OVER-SENSITIVE TO RUMOUR-MONGERING INSTEAD OF FUNCTIONING ON THE BASIS OF CORPORATE PERFORMANCE AS IN THE OTHER, MORE ESTABLISHED STOCK EXCHANGES.

HE SAID BECAUSE OF ITS VULNERABILITY TO ALL SORTS OF RUMOURS, THE KLSE COULD EASILY BE MANIPULATED BY PEOPLE WITH VESTED INTERESTS JUST THROUGH CREATING STORIES IN THE MARKET.

+I JUST DON'T UNDERSTAND HOW STOCK PRICES CAN FLUCTUATE VIOLENTLY IN REACTING TO RUMOURS EVEN THOUGH THE COMPANIES CONCERNED ARE STRONG AND ARE MAKING GOOD PROFITS,+ HE SAID WHEN OPENING A SYMPOSIUM ON THE +BUMIPUTERA ECONOMIC CRISIS+ ORGANISED BY THE FEDERAL TERRITORY CHAMBER OF COMMERCE AND INDUSTRY.

CITING AN EXAMPLE, HE SAID WHEN HE PROPOSED A FORMULA TO SOLVE THE POLITICAL CRISIS IN SABAH RECENTLY, HE NOTED THAT THE KLSE INDEX ROSE BY FIVE POINTS.

BUT WHEN THE FORMULA DID NOT WORK, THE INDEX FELL BACK FIVE POINTS AND THE STOCK MARKET REMAINED WEAK. -- MORE
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THE PRIME MINISTER SAID THE GOVERNMENT FORESAW THE CURRENT FATE OF THE KLSE QUITE SOMETIME BACK AND THAT HE HAD HIMSELF REPEATEDLY WARNED AGAINST TURNING THE EXCHANGE INTO A CASINO.

CONCERNED ABOUT ITS WELLBEING, THE GOVERNMENT TOOK MEASURES TO PROP UP THE MARKET, INCLUDING ASKING INSTITUTIONS TO INVEST ACTIVELY, DATUK SERI DR MAHATHIR SAID.

BUT, HE REGRETTED THAT THIS MOVE WAS MISCONSTRUED BY CERTAIN QUARTERS, RESULTING IN MARKET TALK THAT THE GOVERNMENT TOOK SUCH ACTION BECAUSE A CERTAIN MINISTER WAS TRYING TO PROTECT HIS OWN STOCKS.

THIS HAD DAMAGED THE REPUTATION OF THE MINISTER CONCERNED AND LED THE GOVERNMENT TO DISCONTINUE SUCH MARKET-SUPPORT MEASURES, DR MAHATHIR ADDED.

THE PRIME MINISTER SAID APART FROM RUMOUR-MONGERING, OTHER FACTORS WHICH DEPRESSED THE ECONOMIC CLIMATE WERE THE OVER-INVOLVEMENT BY BUSINESSMEN IN THE PROPERTY SECTOR AND THEIR OBSESSION IN +LISTED VEHICLES+. -- MORE
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SUCH OBSESSION HAD LED TO A DELUGE OF COMPANIES SEEKING LISTING ON THE KLSE NOT FOR THE SAKE OF DOING BUSINESS BUT MERELY TO GET RICH QUICK THROUGH MAKING PUBLIC ISSUES, HE SAID.

DATUK SERI DR MAHATHIR SAID THAT THE GOVERNMENT, BUSINESSMEN AND BANKS SHOULD NOW SERIOUSLY THINK OF WAYS TO OVERCOME THE PRESENT CRISIS BEFORE IT BECAME WORSE.

THE PRIME MINISTER SAID THAT ON HINDSIGHT, NOBODY, INCLUDING THE GOVERNMENT, SHOULD BE SPARED FROM BLAME FOR THE CURRENT ECONOMIC DIFFICULTIES FACED BY THE COUNTRY EITHER THROUGH WRONG POLICIES OR ASSUMPTIONS.

+I MUST ADMIT THAT EVEN I MYSELF HAVE MADE MISTAKES IN RUNNING THE COUNTRY FOR, AFTER ALL, I AM ONLY HUMAN,+ DR MAHATHIR SAID.

+THE TROUBLE IS THAT I GET ALL SORTS OF ADVICE IN RUNNING THE COUNTRY, SO MUCH SO THAT SOMETIMES IT BECOMES CONFUSING,+ HE ADDED
IN A LIGHTER VEIN.

-- BERNAMA
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