

Sanity must be restored: PM

By SHARIFHARON

SANITY must return to the business world and real profits must replace non-taxable capital gains as the attraction of the stock markets, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

"Big Bang" computers, automatic purchases and sales of shares need to be restudied so that wild swings in stock market prices will be replaced by more sensible ups and downs, he added.

Opening the ninth convention of the Malaysian Economic Association (MEA) in Kuala Lumpur yesterday, Datuk Seri Dr Mahathir said if there is going to be recovery, the mad race to design and manufacture endlessly improved arms using ever more sophisticated and ever more costly technology must also stop.

Money must go back to the production of useful and cheaper necessities or even luxury items, the production of which will consume raw materials, create jobs and spread wealth throughout the world, he said.

He pointed out that the linkages in the financial and stock markets cannot be broken, adding that small poor countries can-

not influence the market or the world's economy.

Datuk Seri Dr Mahathir said the confidence of the world has been badly undermined by recent events but "cool heads" and strong political leadership among the big can still restore equilibrium.

He stressed that an expanding and stable world economy is needed for the economic strategy of small countries like Malaysia to succeed.

There is no doubt that the country needs a dynamic and competitive private sector, he said, but that is only a necessary condition, not a sufficient condition.

"We must recognise the reality that our success will depend on the successful efforts to bring about growing and open markets in the industrial world just as much as our own efforts.

That responsibility lies mainly with the United States and its principal trading partners, notably Japan and West Germany.

"It has become a cliché that money talks. Over the past year the talk has been so noisy as to be deafening," he said.

All this while real business — the pro-

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and marketing of goods and services — was all but forgotten. Good performance and dividends are irrelevant when much more can be made by selling pieces of paper with imaginary values, he noted.

The modern commodities are money and shares, the purchase and sale of which far exceed the real world trade in goods and services over any time period.

"When currencies become goods and are so treated, something must be fundamentally wrong. What is fundamentally wrong is that technology has outstripped human capabilities to make use or take advantage of these technologies without disturbing the human environment," he said.

He added that although the US Strategic Defence Initiative ("Star Wars") is technologically possible, to attain this possibility all the resources of a state have to be diverted to these weapons which ideally "should not be used if they are to serve their purpose".

"And so we have the fantastic deficits in the US which without doubt distort the total industrial development not only of the US but also the whole world," he said.