

PM: Don't gamble in the stock market

By Nuraina Samad

KUALA LUMPUR, Feb. The stock market should not be treated as a gambling institution but used for investments and to raise funds for business, Datuk Seri Dr Mahathir Mohamad said tonight.

The Prime Minister said although an active stock exchange was indicative of the health and sophistication of a country's economy and speculation in shares was normal, "excesses, like everything else, are bad for the health".

"We are seeing once again excessive speculation which pushes up prices to unrealistic levels with frequently sudden and steep falls.

"The prices are quite unrelated to performance of companies.

"Some of these speculative activities are financed

by the banks," he said at the annual dinner of financial institutions.

Dr Mahathir said although he did not foresee a recession in the near future, he reminded banks that they should not finance share purchases of a speculative nature.

"It is unhealthy. You

□ BEWARE THE 'INFLATION PSYCHOSIS': P22

maybe caught napping once again. You may have to bankrupt more people".

Dr Mahathir suggested that banks be more judicious in lending for share purchases.

"The stock market should be active. There must be movements, people should make gains and should lose sometimes. But the stock market should

not be a gambling institution."

Dr Mahathir said another area that needed attention was financing property development because the current boom in the property market had brought about an increase in the number of property development subsidiaries or divisions.

He cautioned that the property market was "never stable" and underwent "a distinct cycle".

"The problem is that some troughs are very deep and when this happens, a lot of people are going to get hurt".

Dr Mahathir said banks should therefore be more circumspect when financing property development as there were indications that there would be a glut of residential development, condominiums and office space.