

Govt has no hand in bourse activity: PM

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THE Government has no hand in the performance of the market, does not influence it as such and neither does it have any intention of interfering, "as the stock market must function on its own".

Investors must buy and sell based on their own perception of the market, Prime Minister Datuk Seri Dr Mahathir Mohamad said, adding that it is important for people to study the performance of companies and the performance of the economy as a whole.

He was asked by reporters in Kuala Lumpur yesterday to comment on allegations and rumours in the market that the recent decline in stock prices had been brought about partly by Government interference.

He pointed out that Malaysia is growing at 8 per cent a year, one of the highest rates of growth, and has very low inflation and, therefore, is a safe place in which to invest. Dr Mahathir explained that with low inflation, "your money does not depreciate in value. So you can save your money or you can invest and retain the value of your money and make profits".

Malaysian companies are also doing very well and in fact some of them are doing better than "some of the giant companies in the rest of the world". Dr Mahathir cited Maybank as an example. It recorded almost half a billion ringgit profit in the first six months of last year.

"That is almost equal to the total profit of one of the biggest companies in America with capital much, much more than ours."

Maybank announced on Tuesday a strong growth of 40 per cent in group earnings to RM486.3 million for the six months ended December 31 1993. Corporate earnings of listed companies improved by an average of 20.4 per cent in 1993 and are forecast to do even better this year.

Obviously, Dr Mahathir pointed out, Malaysian companies are doing extremely well. But "we can't understand

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the behaviour of the market". People, he added, tend to invest based on rumours and sometimes they base their investments on happenings in other countries.

If Malaysians invest wisely Dr Mahathir said, "I am quite sure that the market will be stable and people will not lose money".

"But if they insist on speculating too much, then of course when you speculate, you must expect sometimes to win, sometimes to lose.

"That is what speculation is all about. But if you invest based on the performance of companies and all that, you can see the trend and you should not be making losses nor should the market collapse for no apparent reason, just because somebody makes a statement."

In the preceding 13 trading days up to Wednesday, the market had shed 104.83 points. It however gained 44.93 points yesterday to close at 1,074.24.

The Malaysian market had emerged the best performer in 1993 with the Kuala Lumpur Composite Index gaining 98.04 per cent, its performance was

SECTORIAL EARNINGS GROWTH (%)		
	1993	1994 (forecast)
Construction and infrastructure-related	16.99	20.56
Cement manufacturing	11.27	15.91
Building materials	24.57	28.86
Gaming	21.38	27.37
Banking	36.45	43.86
Telecommunications	23	25.71
Cable manufacturing	40.63	13.63
Air transport	20.86	30.36
Plantation	19.42	12.32

Source: PNB Stock Market Review 1993 BT table

even higher, at 113 per cent, according to Morgan Stanley Capital International.

Asked about rumours that the Government had a hand in the market, Dr Mahathir replied: "The Government has no hand in the market. We don't influence the market as such."

However, he said, when there are people playing around with the ringgit, trying to force it to go up or down, for example, to make a quick profit, "we have to be careful".

He explained that it is so easy to force the value of the

ringgit up, and then subsequently to dump the ringgit, and then it goes down. "A lot of people are going to be hurt. So when such a thing occurs, I think the Government has a duty to stabilise the situation. Otherwise we don't interfere. It is not the Government's wish to interfere," he said.

The Government wants to see a prosperous country and "we work very hard to make this country prosperous and that means, of course, people will be prosperous". Dr Mahathir stressed that "it doesn't pay for us to make people poor

or bankrupt".

"Bankrupts, whether they are individuals or companies, is a cost to the nation. We lose that way. The Government doesn't make anything when people lose money but the Government makes something when they make money.

"As I keep on saying, we have a share in their profit. We have no share in their losses. So it will be stupid of the Government to make people lose money. Then we lose our income."

Asked about talk that the Government had intervened in the market to help finance the election campaign in the coming Sabah polls, Dr Mahathir replied: "I don't think so. In fact, to finance the Sabah election, the best thing is to make people rich, perhaps they can help contribute to our fund or something like that. We have never done that kind of thing."

On whether the Government will introduce measures to prevent manipulation of the market, Dr Mahathir said: "It is very difficult. We don't want to be interfering because the stock market must function on its own."

He added that people must invest in the market based on their own perception, adding that that is why it is important that people study the performance of the economy as a whole.

He said: "I think Malaysia is the best place to invest in now. As you know, people don't invest in many other countries now because they are not doing so well. Why should we follow them? Their country is not doing well, therefore people don't invest. So you should invest in a country that is doing well, and that is Malaysia."