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PM: Growth depends on stability

Ramlan Said

KUALA LUMPUR, Wed. - Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight continued political stability and the expectation of consistent policies were crucial to the country's financial and economic growth.

Dr Mahathir said if a Government keeps on changing, policies would also change every now and then which did not augur well for investors who preferred to have some certainty to attract them to invest.

Speaking at the Kuala Lumpur Stock Exchange charity night, Dr Mahathir said investors would like to be fairly certain of what was going to happen in the future before they commit themselves.

"Investments do not yield profits immediately. It takes some time for this to happen. If they do not know what's going to happen, they will not invest at all ... as a result, the economy will not grow," he said.

Dr Mahathir said Malaysia was very fortunate because it had been having the same form of Government since Independence.

"As a result, we have been able to attract so much capital, both foreign and local and this has done lots of good for the country which has recorded a growth rate of more than eight per cent for many years."

On claims that this impressive growth rate would cause the economy to overheat, Dr Mahathir said the answer to this was not to slow it down.

"To check the deficit in the balance of payments, the Government feels the best thing to do is to increase exports and reduce imports. We believe in seeing this economy grow," he said.

The Prime Minister added that the Government would also like to see the present growth rate remain simply because Malaysia wanted to achieve a developed nation status by 2020.

"We have to grow at a higher rate initially so that at the end of the period, when the growth will be at a lower rate, we will still be able to achieve our objectives."

On the stock market, Dr Mahathir said too much speculation could bring about negative results.

He reminded the audience, comprising stockbrokers and industry officials, that in the share market, not everyone would make money.

"Lots of people make money in the share market but others must lose their money," he said, adding that due to overspeculation, "a few people have to jump over the parapet".

Sometimes, he said share prices went up and down without any particular reason.

Unfortunately, Dr Mahathir said prices of some shares did not relate to the performance of companies like whether they were doing well or not.

In jest, he called on stockbrokers to inform him of things that he could say which could help push upshare prices.

Dr Mahathir said he also could not understand why prices of newly-listed companies should go up rapidly besides the shares being heavily over-subscribed.

"These companies are new to the market. It is not healthy for such share prices to go up that way."

Later, Dr Mahathir witnessed the presentation of donations totalling RM5.7 million by stockbroking companies to several charitable organisations.

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