

Govt to boost KLSE by buying shares, says Dr M

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KUALA LUMPUR: The Government will buy shares to boost the Kuala Lumpur Stock Exchange whose composite index has slipped to a nine-year low.

Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday the plan was similar to measures taken by Hong Kong to prevent share prices from slipping further

and described the move as an effort to counter foreign speculators.

He assured the people however, that the Government would not increase taxes in its efforts to boost the economic position of the country. *S19.8.98*

Raising taxes, he said, would be unfair to the people although the measure had been proposed by the International Monetary Fund (IMF), which also wanted the Gov-

ernment to reduce credit.

Dr Mahathir said although Hong Kong's move to buy shares in the market had been criticised by the foreign media, Malaysia would take similar steps to save the KLSE and the economy.

"When we want to borrow money, the terms they (foreign financial institutions) gave were so drastic that it prevented us from doing so. But it is something we have to do," he told reporters after speaking at

the Workers Day unity gathering here.

Hong Kong pumped reserves into the stock, futures and options markets in a bid to counter speculators which sent the Hang Seng index soaring after days of heavy losses. The move however drew widespread criticism from international investors and local legislators.

Dr Mahathir said the Government had already introduced mea-

asures to ensure prudent spending and reduction in imports, which some people considered radical.

The Government, he said, was still looking for other means to revitalise the economy through measures that might be introduced in the next Budget.

"However, the people must be responsive and supportive and willing to embrace the measures and actions.

PM: Measures won't work if there is no support

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"If there is no support, it is pointless to introduce and implement measures because these actions would be ineffective and useless. This is why I have been urging the people to be alert, prepared and ready," he added.

On Tabung Haji's plan to buy shares in local companies with public interest, Dr Mahathir said it showed that share prices no longer reflected the real val-

ue of a company.

"This makes the companies ripe for picking by foreigners. What we fear is an asset stripping of the companies and we cannot allow this to happen," he said.

Asked to elaborate, the Prime Minister said: "We have information (about asset stripping) although the scrippless nature of the transactions makes it difficult to track."

Dr Mahathir said the Govern-

ment was looking at how Hong Kong bought the shares and Taiwan's move to "issue moratorium on banks not to sell shares even though they were undervalued."

"They (foreigners) tell us what we hid to the economy was wrong. But we did not attack the share markets or issue a gazette to devalue the currency. It was the *orang asing* who did it," he said.

Dr Mahathir also chided the

local media for not adequately reporting on measures to revive the economy and noted that reports were more focused on other issues. *S19.8.98*

"The foreign media now see the rationale of our policy in reviving the economy and publish it just as they are criticising currency speculator George Soros on his currency attack on Russia, as well as the IMF.

"Yet our local press are slow

in reacting to such news. In some cases the reporting is not balanced," he added.

Earlier in his speech, the Prime Minister said the attacks on the currencies of several countries were getting more irresponsible and dangerous.

He said he was worried if such attacks continued, they might hit powers which could afford to react.