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Mahathir-Stock

DON'T MAKE QUICK GAINS OUT OF STOCK MARKET, SAYS DR MAHATHIR

KUCHING, Oct 6 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir today advised stock market investors not to make a fast buck out of the stock market as it was bad for the business and the country.

He said they should keep their stocks as long-term investments and wait until the stock index goes up further before deciding to dispose of them.

"Just because you can make a few cents...wait the index will go up (hopefully) to 500 or 600 (points). At that time when you sell, you can make more money," he said when opening the 52nd annual general meeting of the Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCCIM) here.

Making an ardent appeal to local stock investors, he said they should regard the stock market and the companies they invested in as theirs.

He said they should help each other because when the share market went up, the problems of non-performing loans and their not being able to meet margin calls would disappear.

"Then we can do business and prosper and become rich again. We want you to make a lot of profit as I often enough said if you make profit, 28 percent of it goes to the government," he said.

Dr Mahathir reiterated that the present predicament faced by the Kuala Lumpur Stock Market (KLSE) was due to the currency speculators who devalued the ringgit which affected the worth of listed companies.

"Believe me, our companies are good companies. Before the crisis, all of them were making huge profits from RM100 million to RM2 billion a year like Permodalan Nasional Berhad (PNB) and Telekom Malaysia," he said.

But these companies suffered because of the pressures exerted by the foreign speculators, he said.

He said the government wanted to create a business-friendly atmosphere because when the business sector did well, they would help the country and the people to prosper.

Unfortunately, he said Bank Negara under the former governor decided not to be friendly with business people, but instead chose to be friendly with the International Monetary Fund (IMF).

So the IMF in its attempt to stifle the country's economy told the central bank to raise interest rates, shorten the period of non-performing loans from six months to three months and do lots of other things like putting a 15 percent limit on credit growth.

He said this had created problems for the business community so much so that many of them could not borrow money because the interest rate at one time was as high as 24 percent.

In a bid to revive the economy, he said the government had changed all that forcing the previous central bank governor to resign.

"We have no regrets because he has damaged the economy of the country, in fact the previous Minister of Finance worked closely with the governor in following the IMF," he said.

Dr Mahathir said the government had completely changed the stance of the central bank as the latter's role was to help the economy grow and not stifle it.

Due to the different set of policies and action being pursued by the government now, the economy was today doing quite well with foreign reserves having gone up and the balance of trade having improved, he said.

Dr Mahathir said more people were starting to borrow from banks to run

their businesses and be active again in their business operations.

"We want people to borrow to do good business, of course, and not to gamble away their money," he said in jest.

He said with the repatriation of about RM12 billion worth of ringgit funds from abroad as a result of the government's selective currency control measures, there was sufficient capital domestically for lending purposes. -- BERNAMA

OPP CJ SHY