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MAHATHIR-CONTROLS

BETTER SHARE PERFORMANCE DUE TO CAPITAL CONTROLS

SHAH ALAM, May 15 (Bernama) -- The current recovery and impressive figures on the local stock market is a result of the implementation of selective capital controls, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He told reporters after he opened the Proton Total Research & Development Facility here that there is no reason to remove the controls unless the international community made it safe for Malaysia to remove them.

He felt that the international community is not concerned about what would happen to Malaysia but were bent on how they could benefit from the present financial regime.

As such, he did not see why Malaysia should be obliged to change its approach and policy which had helped it recover much faster than other East Asian countries and other countries elsewhere.

"We have done this alone by resorting to a very unorthodox approach and it has worked," he added.

On the improved performance of the local stock market, he advised players not to treat it as a gambling den.

The prices of shares, he added, should correlate with the assets, performance and potential of the companies concerned and should not be like previously where the prices of some second board counters could increase six to seven-fold upon their listing and their rise was not in accordance with their performance.

A short-term gain could result in a long-term loss and is unhealthy for investors, companies or even the country, he said.

On some analyses that the improved stock market performance is temporary and that speculation on the coming general elections played a big part in its movements, Dr Mahathir said "the stock market performs like a yo-yo and has its ups and downs."

"We cannot stop the yo-yo but if we could lessen the range of movement of the pendulum, then it'll be safer," he added.

"We have to monitor these things...we cannot follow what they (the analysts) say. The analysts have not suggested anything that have been helpful to us. We were having terrible problems to our economy and had we followed all their suggestions, it would have been disastrous. So we have to think of our own solution," he stressed.

Dr Mahathir also maintained that the Kuala Lumpur Stock Exchange is less restrictive and there are only minimal controls when compared to other advanced countries.

He said even in the United States, there is a tax on capital gains but Malaysia does not have a capital gains tax except a levy on repatriation of capital. -- BERNAMA

SHO SHY