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Mahathir-Attitude

ECONOMIC RECOVERY ALSO DEPENDS ON RIGHT UNDERSTANDING & ATTITUDE

KUALA LUMPUR, Feb 26 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the factors for the country's economic recovery are already in place and what is needed now is for the people to have the right understanding and attitude on the matter.

"A mentality which perceives that the present economic downturn is caused by +our own mistakes+ makes it difficult for the country's economic recovery," he said, adding that certain foreigners would be quick to say that the situation was caused by the so-called cronyism and nepotism in Malaysia.

"In fact, such claims are made to shield the mistakes of (foreign) currency speculators who had abused facilities in the open market to reap massive gains for themselves," he said when opening the Securities Commission building at Bukit Kiara, near here.

Dr Mahathir said what was most unfortunate was that certain Malaysians who had benefited from the country's rapid economic growth also echoed such allegations.

He said certain foreigners who had failed to wrest control of local banks and businesses through the privatisation process had acted to attack the local currency and stock markets so that local firms and banks would be rendered weak.

"They hope that we would be forced to sell them cheaply and that they (foreigners) would reap huge gains and control our economy," he said. "Their claims that they only wanted to discipline our government to wipe out cronyism, nepotism are mere fairy tales."

On the stock market, Dr Mahathir said profit-taking at too early a stage had affected the ascent of the Composite Index and caused the recovery of businesses and the economy to be more difficult and would subsequently cause the government to face financial difficulties.

"Prices on the stock market would surely rise or fall but the movements of the prices should reflect the assets and performances of the companies concerned," he said.

The prime minister said excessive selling by foreign investors who came into the market just to reap gains could pose a problem for the country.

However, he said, the government had decided to relax certain conditions for investments in the stock market by foreign investors.

Dr Mahathir said the 10 per cent levy on profits repatriated from Malaysia imposed recently would replace the restrictions on repatriating investment funds which had been placed in the country for less than a year from Sept 1 last year.

He said the levy was fair and appropriate because foreign investors were given a chance to reap profits from their investments in the local market without having to pay a capital gains tax.

He described the 10 per cent levy as a small fee when compared with the capital gains tax if it were to be imposed,.

"We should remember that opening our stock market to foreign investors also exposes us to the risks of attacks which may cause the nation to lose," he said.

On the role of the SC in the nation's securities industry, Dr Mahathir said it should be firm in its supervision but it should not be too restrictive for companies seeking a listing on the Kuala Lumpur Stock Exchange.

"Studies which are not useful and delays in the listing process may not be beneficial to the companies concerned as it would affect their costs. The SC needs to be considerate as well as efficient when evaluating listing applications," he said.

-- BERNAMA
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