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No plan to review capital controls

SHAH ALAM, Sat. - The Government has no immediate plans to review the selective capital controls introduced last September as the measures are working well, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the various impressive figures on the economy, including the bullish run of the Kuala Lumpur Stock Exchange, were the results of the controls.

"I do not see why we would want to change them. We are not obliged to change a policy which has helped the country recover much faster than other East Asian countries," he said at a Press conference after opening the Proton total Research and Development Facility.

Dr Mahathir, who was asked to comment on the KLSE Composite Index which surged to a 19-month high at 766.82 points yesterday, said the controls may not be lifted until a review to the international financial architecture was made.

On whether he thought the market's impressive performance was only temporary, Dr Mahathir said the ups and downs of the market was a normal phenomenon.

"We can't stop it from going up and down. But if we can reduce the fluctuations, it will be much safer," he said, alluding to the practice of short-selling that could influence prices.

Dr Mahathir said if somebody decided to engage in short-selling, they would make profits but in the process destroy the economy and the companies, thus the need for the authorities to monitor such activities.

Dr Mahathir urged investors not to regard the stock market as a place to gamble.

"When you buy a lot, the price will go up. When this happens, you sell and make profits. Then you suppress the price again and it will go down further, than short-selling and buying back."

Dr Mahathir was also asked on ways to check the unhealthy practice of investors buying shares for short-term gains, including a proposal that such profits be taxed while the tax on dividend be lowered.

He said if this was acceptable to investors, the Government would have no problem with it.

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