

How long market should wait for a breather?

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The stockmarket is going through a crisis period with investors having almost zero confidence, no regulatory activities in sight ahead of the much-talked restructuring of the regulator, and the government's negligence in taking a right decision.

The stockmarket did not see such a bad situation even in 1996 when the market bubbled first and then burst.

The share price index came down by almost 40 percent from its peak five months ago, while the singly-day turn-over declined drastically to a more than two-year low.

The occasional gains only created hopes among the investors, but every time the following days' losses broke the investors' hope.

On one hand, the institutional investors remain almost inactive in the secondary market, and on the other hand, many retailers are trying to quit the market with losses.

If this trend continues for a long time, the worst period is coming in the history of Bangladesh's stockmarket.

Although almost everyone predicted and expected a massive correction in share prices, when the market was rising abnormally, no one thought that the declining trend would continue for such a long time.

Market experts identified the government's delay in implementing the recommendations by the stockmarket probe body as a major reason behind the current market situation.

They said, restructuring of the Securities and Exchange Commission (SEC) has become a most significant factor to bring back stability to the market.

Although Ibrahim Khaled-led probe body submitted the report on April 7, the government officially released it on April 30, and no major restructuring is seen, only except the appointment of a new member to the SEC.

After the resignation of two SEC members -- Md Anisuzzaman and Yasin Ali -- the existing SEC Chairman Ziaul Haque Khondker and newly appointed member Helal Uddin Nizami are in the commission.



Stock investors protest a sharp fall in prices in front of the Dhaka Stock Exchange building on Sunday.

But the partial restructuring of the SEC is affecting its policy making decisions, as these two persons will not be able to hold any commission meeting in absence of quorum in the commission.

"The government's delay to take actions to establish the recommendations of the probe committee dented the investors' confidence," said Professor Salahuddin Ahmed Khan, who teaches finance at Dhaka University.

He said a lack of participation by institutional investors due to a credit

crisis also pushed the market down.

Khan, also a former chief executive officer of DSE, said, "The government should take steps to implement the recommendations, including an overhaul of the SEC, in a bid to regain the investors' confidence."

Akter H Sannamat, a market analyst, said: "May be some big investors, whose names were in the probe report, are trying to pull down the market deliberately through creating a selling pressure by circular trade, resulting in a panicky situation among the retail investors."

Sannamat, also a former managing director of Prime Finance and Investment, said, "The dilly-dally movement of the government in implementing the recommendations of the probe committee hampered the investors' confidence."

He said, due to a credit crunch the institutional investors are failing to buy shares. "The Bangladesh Bank should reduce the CRR (cash reserve requirement) and SLR (statutory liquidity ratio) to increase money flow in the market through the institutional investors," he added.

Arif Khan, managing director and chief executive officer of Zenith Investments Ltd, said: "Credit shortage in the banking sector has left a negative impact on the market. The institutional investors are failing to make new investment in the market, while some have adopted a wait-and-see policy, as share prices are continuously falling."

Investors' participations are important to bring back normalcy to the market, he said, adding that retail investors also want the restructuring process to be complete quickly.

China's web spin doctors spread Beijing's message

AFP, Beijing

China, which employs an army of censors to police the Internet, has also deployed legions of "web commentators" to get the government's message out -- in a crafty but effective way.

With nearly half a billion people surfing the net in China, more than half of them using microblogs, the Internet has quickly become a vital forum for debate in the world's most populous country -- and a major sounding board.

That fact has obviously registered with the country's Communist leaders, who pay careful attention to the conversations that unfold online despite the heavy government restrictions on what can and cannot be discussed in cyberspace.

Enter the "web commentators" who, either anonymously or using pseudonyms, spread politically correct arguments -- many of them for money. Who are these high-tech propaganda wizards, infiltrating blogs, news sites and chat rooms?

"It is very mysterious... these people don't talk to the media! Everyone is just guessing," Jeremy Goldkorn, editor of the China media website Danwei.org, told AFP.

For high-profile independent Chinese blogger Li Ming, the army of pro-government web commentators must number "at least in the tens of thousands".

Renaud de Spens, a Beijing-based expert on the Chinese Internet, told AFP that most of them were likely students "doing a basic cut-and-paste job" -- a mindless task, "just like if they took jobs in telemarketing".

Some of those students are trying to improve their chances of gaining a coveted party membership.

But the group of web spin doctors also includes civil servants and employees of state-owned firms -- and even retirees and housewives keen to support the party line.

De Spens notes that the system is far from centralised.

"The provinces, cities, districts and work units all rally their own small armies to infiltrate the Internet in a subtle way," he said.

In 2010, the Global Times reported that Gansu province alone was looking to recruit 650 full-time web commentators "to guide public opinion on controversial issues".

Amnesty International secretary-general Salil Shetty in March warned that countries like China and Iran were investing "considerable resources into pro-government blogs" in an effort to

cement state power.

About five years ago, when blogs first took off in China, the country saw its first "wu mao" (50 cents) -- net commentators paid by the message to spread the official party line.

But according to De Spens, they were progressively replaced by a new breed of online government workers -- who are more subtle and more effective.

"It certainly seems that they have gotten more sophisticated," Bill Bishop, co-founder of the news site MarketWatch.com who now blogs about the Internet in China, told AFP.

"They have been doing this for years. They have been very good at learning how to use the Internet."

Instead of posting simple slogans such as "Long live our leaders" or "Long live the party", the web commentators develop detailed, rational arguments.

On the crisis in Libya, they have published comments slamming the hypocrisy of the West in launching air strikes against the regime of Moamer Kadhafi -- a campaign opposed by Beijing -- saying they are only interested in oil.

"There is a subliminal effect -- the message gets into people's heads, even the dissidents, especially the arguments that make sense," De Spens said.

Other recent hot topics include the US raid that resulted in the killing of Al-Qaeda leader Osama bin Laden, China's efforts to build an aircraft carrier, equal opportunity in education, food safety and vegetable prices.

On Sina Weibo -- China's answer to Twitter, which is officially blocked on the mainland -- the pro-government netizens are working on tainting the reputation of detained artist and activist Ai Weiwei.

Web commentators "are paid based on the

number of comments they post, and they can also get a bonus if one of their posts is named one of the most popular on the site," Li explained.

Experts are divided on the overall effectiveness of the massive web operation.

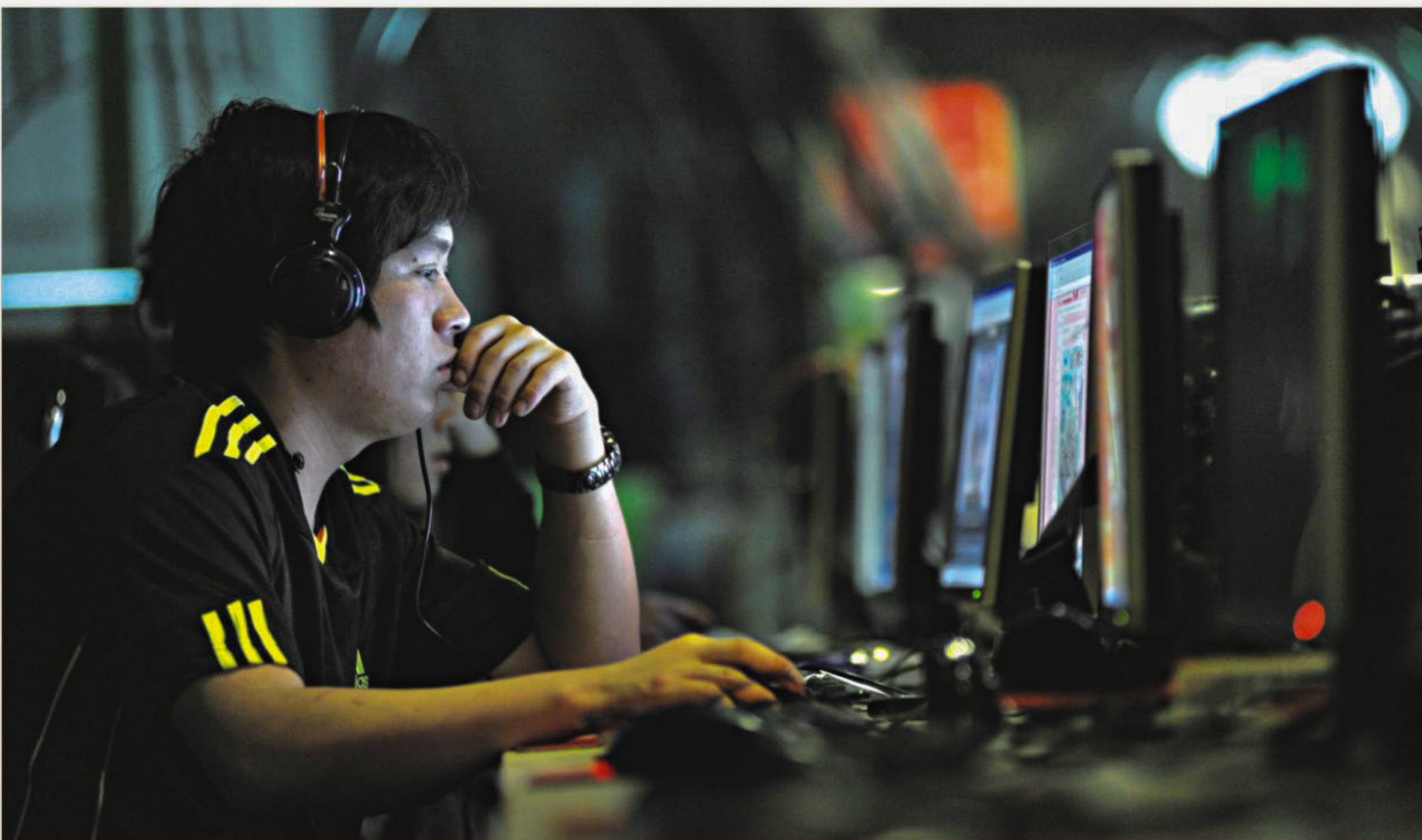
"On the main hot topics, three days into the debate, only the propaganda remains online," creating a "false general opinion" which the great majority of web users will blindly follow, De Spens said.

"That is the major success of Chinese propaganda."

But Goldkorn counters that Chinese web users are "quite savvy... they tend not to trust anyone."

"When there are large numbers of comments that are toeing a government line, it certainly makes it more difficult for people who disagree to have their voice heard above the noise," he nevertheless acknowledged.

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A man surfs the web at a cyber café in Beijing. Internet has quickly become a vital forum for debate in the world's most populous country, China.

AFP