Market Booster By Henry M. Seggerman, BUSINESS KOREA.

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Did you know that Korean individuals` equities exposure is 7% instead of 14% as in the US, and Korean pension funds` equities exposure is 4% instead of about 50% as in the US? Korea really should be creating an atmosphere of trust for its stock markets, and should have all government pension funds invest in them. This doesn`t mean just a 100 billion here, a 100 billion there, but rather a serious asset allocation policy going forward. There is no excuse for not doing this. Not doing it in fact is unpatriotic and harmful to Korea. Meaningful pension fund investment will result in trillions of won pouring into the stock market, driving it way up.

Did you know that Korea has one of the very worst dividend payout ratios in the whole world? Many believe that company management are selfish and simply don`t want to share their winnings with shareholders. This is not entirely accurate. A big part of the problem is Korea`s double taxation of dividends. First, corporations have to pay a tax on recurring corporate profits. Then, part of net profits after tax are paid out to shareholders in the form of dividends. The Korean government then imposes a second tax on the dividends paid out. In effect, Korea collects tax twice on the same earnings. Korea should eliminate this unfair double taxation of dividends. This will boost dividend payout ratios, cause serious value investors to become interested in the Korean market for the first time, and result in trillions of won pouring into the stock market, driving it way up.

Did you know that credit cards don`t really exist in Korea? This is so because about 95% of Korean credit cards are on 30-day terms, unlike the rest of the world, where revolving credit lines are available virtually everywhere. Rather than collecting reasonable, regular interest from high- volume customers who choose to pay over time, credit card companies derive much of their income from cash advances, which incur usurious rates, making them dependent the most naive customers for a sizable portion of their income. All too often, these unfortunate customers pay their personal bills in cash, while the high rates serve to reduce any real spending power.

Once this faulty system began collapsing because 30-day terms just can`t be digested by real consumers, banks responded by severe tightening, which resulted in the sudden death of consumer spending in Korea. The saddest part of this tale is that the government, with a scheme of boosting sales tax revenue lost to cash sales in the underground economy, originally created and stimulated the credit card industry in Korea. They managed to kill the goose that was supposed to lay the golden egg for them.

Banks should be discouraged from living off usurious cash advance charges, and instead encouraged to offer revolving credit lines to customers with reasonable credit histories. The introduction of personal checks would also help modernize Korean consumer finance. Rationalizing consumer credit and making it more efficient can surely help stimulate moribund consumer sentiment, hovering in the low 60s range lately. [Can it go any lower?] If consumer sentiment rebounds, this is certain to stimulate the stock market in a big way.

Did you know that many companies in Korea, in the wireless telephony, auto insurance, television advertising, brewing, and other businesses, are in essence prohibited by law from making a profit? This is because they are shackled by nonsensical, value-destroying price controls and quotas. This really hurts Korea`s stock markets.

Just one example: wireless telecom service. Unlike fixed-line, Korea has three service providers in this area. Prospective customers ought to be free to shop for the best prices and services. Instead, the MOIC controls the entire business with rigid tariff controls and marketing regulations. The result of this is overcapacity, lack of real competitive drivers, and depressed profit margins. On top of all this, last year the MOIC abused shareholders by forcing the wireless companies to spend large sums of money on risky venture IT companies. The wireless providers were not even told which IT companies they had to invest in; the MOIC just issued a government decree requiring them to make the investments. Bizarre.

Of course, if there is a 100% monopoly, as in fixed-line telecom, power and gas distribution, the Korean citizenry should be protected via price controls. However, if there exist more than one available competing providers, controls should be removed. Let the competitors in wireless telecom set any rates they wish, give out as many free handsets as they can. If one of them goes bankrupt, supply and demand will allow the surviving companies to raise rates and reduce handset subsidies. As wireless is an open market with more than one service provider, free market principles should govern its behavior. Other than protecting customers from fraudulent representations, price-fixing and contractual defaults, the government should just stop meddling in competitive businesses.

Wireless is just one example. We could enumerate a long list of regulatory value destruction, from huge overcapacity in auto insurance, to unfairly cheap television advertising airtime, to overpriced domestic barley quotas for brewers, and much more. Deregulation is the only remedy to this misguided meddling. And it has to be real deregulation, not lip service, not just a tokenistic easing of a few controls. When real deregulation comes to industries shackled by nonsensical, value-destroying price controls and quotas, the best companies in these sectors will at last enjoy real profit growth. When Korea commits itself firmly to deregulation, it will have an enormously positive effect on its stock markets.

Did you know that many so-called experts argue in effect that cleaning up falsified financial statements is bad for the stock market? This is nonsensical. If falsified financial statements or insider trading are exposed at a listed company, its share price will fall. If falsified financial statements and insider trading are investigated widely, the share price of companies demonstrated to be without falsified financial statements or insider trading, however, will rise.

A few months ago, Kookmin Bank`s CEO, J.T. Kim stated that more chaebol falsified financial statements and insider trading will be revealed. If Korea does not correct falsified financial statements and put a stop to insider trading, then the Korean economy and stock market will behave as if all Korean companies are guilty. It is utterly illogical and ridiculous to say that keeping these abuses swept under the carpet will help maintain economic or stock market stability. The abuses should be eliminated without delay. Delay hurts the economy and stock market and perpetuates the embarrassing Korea Discount.

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