

CNS0543

U GE 12-09 00144 EA906

aae the

MAHATHIR SAYS POLITICS AND BUSINESS DO NOT MIX

Mahathir-KUB

bm

92
KUALA LUMPUR, Sept 12 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that politics and business cannot mix directly or there would be dire consequences.

Opening the 12th Annual General Meeting of Koperasi Usaha Bersatu (KUB) at Pusat Islam here, he said politics was responsible for providing infrastructure so that business and economy could grow well.

+Some people feel that if they can use political power (in their business deals), then they can make big profits,+ he said.

Because of this, certain businessmen frequently asked politicians in power to abuse their power for their own interests.

If this happened, the country's economy would be eventually destroyed because of widespread corruption, the Prime Minister said. -- more

▼12/09/10-54MST

CNS0571

U GE 12-09 00183 EA907

aae the

Mahathir-KUB 2 Kuala Lumpur

Dr Mahathir, who is Umno President, said it was time for honest Bumiputeras to lead KUB to turn it into a strong cooperative that was not only capable of attracting Bumiputera members but also non-Bumiputeras.

+I believe the new KUB directors have the professional efficiency but I wish to urge directors to always keep abreast of the latest developments and trends in the economy, industries and financial markets,+ he said.

The Prime Minister said many people had placed their trust in the KUB management by investing in the cooperative with the hope that their trust would be respected.

+In working towards success, KUB should form its own corporate culture that is objective and has a clear understanding of the role it can play in the country's economic development, and map out effective strategies to achieve its aims,+ he said.

To implement these, Dr Mahathir said, the KUB needed workers who were loyal to the organisation and to the struggle of the cooperative movement. -- more

▼12/09/11-39MST

CNS0572

U GE 12-09 00176 EA908

aae tbe

Mahathir-KUB 3 Kuala Lumpur

He wanted the KUB to reassess its performance because it had accumulated losses of \$95 million and liabilities totalling \$120 million when it was relaunched last year.

He said that in the early 1980s, KUB and its subsidiaries possessed assets totalling \$1.4 billion but in the subsequent years the cooperative was burdened with a weak management which resulted in the dwindling of its group property last year.

Dr Mahathir said while it was true that everyone faced problems during the economic recession, certain cooperatives in the country managed to weather the rough period to continue operating well until now.

Cooperatives that failed during the recession were those which miscalculated by investing in the property and building sectors as well as those involved with subsidiaries or businesses that suffered losses, he said.

He said: +In their bid to make quick profits, some cooperatives were even involved in complex financial deals which were actually transactions on papers only.+ -- more

▼12/09/11-42MST

aae tbe

Mahathir-KUB 4 Kuala Lumpur

He said apart from the need to have leaders who were efficient, honest and who did not play politics, the success of a cooperative depended on its leaders being sensitive to the business by handling it as a profitable company to pay dividends to the members.

+Take risks but do not try to make quick profits because fast gains are usually prone to turning into big and fast losses,+ he said.

Dr Mahathir said the challenge faced by the present KUB management was to give it a fresh breath of life by regaining the members' confidence.

He said although the number of KUB members had increased from 112,000 last year to 116,000 currently, the increase was still small and most of them invested less than \$1,000 while some invested only \$100.

This was the reason for the cooperative's small investment fund of about \$20 million which had made it difficult for the cooperative to venture into high-investment fields. -- more

▼12/09/12-06MST

CNS0589

U GE 12-09 00090 EA913

aae tbe

Mahathir-KUB 5 (last) Kuala Lumpur

The Prime Minister said the closure of several Deposit-Taking Cooperatives (DTCs) six years ago, considered a black chapter in the history of the local cooperative movement, should be a lesson to all.

Dr Mahathir said Bank Negara was then forced to freeze the property of 24 DTCs which ran into financial problems because of their inefficient management, imprudent actions and corruption which led to almost 600,000 depositors losing more than \$1.5 billion. -- Bernama

▼12/09/12-08MST