

HELPING HAND

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PM: New rules will ensure survival of good companies

By SHAMSUL AKMAR and SHAHANAZ SHER HABIB

KUALA LUMPUR: New rules and laws need to be introduced to improve the resilience of corporations in times of economic turmoil, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said the ease with which currencies are devalued and shares depreciated could distress even the most sound of companies.

"This points towards a need for new rules and regulations. Many existing laws, rules and banking practices tend to aggravate the problems of corporations during economic turmoil.

"These will have to be studied and new sets of regulations and laws formulated.

"The idea is not to help bad companies but enable good companies to survive, when their failure is not of their own making and to turn them around," Dr Mahathir said when launching the Registrar of Companies' (ROC) centennial celebrations and opening an international conference on corporate governance in conjunction with the event.

He said the survival of these companies was not just for their own good but for the good of the nation.

"Governments need profitable companies if they want to fill their coffers," he added.

Dr Mahathir said the return of rampant capitalism was unfortunate.

"The old capitalists were confined to their own country. Modern information technology and the ease with which huge funds can be accumulated and managed has given new capitalists tremendous powers.

"With billions and even trillions at their disposal, they can now challenge whole governments. The sovereignty of nations in terms of currency and movements of capital have now been lost," Dr Mahathir said.

He said the free flow of money which should have brought wealth to poor countries had now brought about their impoverishment.

"Although government practices and lack of openness may be blamed, there can be no doubt that the loss of control over exchange rates and the cross-border flow of capital are responsible for the fi-

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financial turmoil now assailing countries of East Asia," he said.

Dr Mahathir said admittedly there were, weaknesses and unacceptable practices in the management of the economy but they were not any more worse than those of developed countries when they, too, were at the growing stage.

"Their rampant capitalism was so oppressive that the working class revolted and gave rise to socialist and communist ideologies.

"As we all know, the conflicts which followed cost millions of lives, a hot and cold war which sapped the wealth of the whole world," he said.

Dr Mahathir said unlike many newly-independent countries, Malaysia did

not discard the market economy in favour of socialism and communism

"But we made the market an instrument for social engineering in order to achieve justice and fairness to all in our multi-racial society," he said.

The Prime Minister said good governance for the corporation could not depend on laws and their enforcement alone.

"A good corporate culture is a necessity.

"In Malaysia, we have decided that the private sector has a big role to play in the development of the nation.

"It creates wealth, jobs and pays taxes. Since what it does is important for the nation, the Government should actually facilitate the smooth functioning of private enterprises," he said.

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