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Dr M tells how West re-colonises countries

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PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday provided a detailed account on how an actively developing country such as Malaysia can be subjected to recolonisation.

Beginning with putting pressure on the local currency, he said, outside forces will consequently devalue domestic companies by depressing prices of their securities.

In the process, the external attackers make huge profits on two fronts - the foreign exchange and share markets, the former through speculation and the latter through gains directly and indirectly from short-selling.

"Within a short time, in fact within a few hours, millions of dollars of profits could be made through currency trading," Dr Mahathir said, adding that currently big banks in the world are increasingly focusing on currency trading even though such activity destroys other people's lives.

"They are currently making preparations by expanding their companies and banks through mergers, buyouts, etc. Recently the merger of two giant banks resulted in their funds increasing to US\$653 billion (US\$1 = RM3.93).

"Compare this to Malaysia's reserves, which stand at about US\$20 billion," the Umno president said in his presidential address at the opening of the party's general assembly in Kuala Lumpur.

The amount of funds owned by huge banks in developed countries totalled about US\$28 trillion while hedge funds have some US\$180 billion, with the leverage capacity of about 20 times more to trade in currency.

Against a currency attack, Malaysia could lose all its dollar savings should it try to continue intervening in the market to defend the ringgit.

"Because they (the outside forces) know we are unable to defend the ringgit, they can do whatever they please. Those among us who frequently talk about basic human rights should remember that to those who are greedy, their greed is part of their right," he said.

Reflecting on events prior to the attack on the economy, Dr Mahathir said many countries studied reasons why the Mexican economy faced problems not long ago and took steps to protect themselves.

Providing examples, he said countries such as Slovenia and Chile introduced certain investment restrictions which were radical steps, inconsistent with general practices in the developed countries.

Malaysia did not take similar actions because they were not in line with what was being practised in the West. "Besides, we like to be praised by certain people," he added.

Thus, the Malaysian economy remained open and many groups travelled to the US to conduct roadshows to attract foreign funds into their equities and the domestic industries.

The Government, on its part, warned of the dangers in having high share prices that were not related to the assets' worth or the companies' performance. But still, many managers could only see profits resulting from the increase in prices of shares.

When activities in inflating share prices became rampant, the original business of companies became secondary, being overtaken instead by activities in the trading in its shares instead.

Meanwhile, Western-originated instruments and methods such as short-selling were allowed in the Malaysian market, or even encouraged. "We follow them, because many are willing to go after anything that is Western

and sophisticated," the Prime Minister said.

All warnings to link the value of shares to company performance were ignored and finally when foreign investors repeatedly short-sold, prices plummeted.

The drastic drop in share prices in turn plunged many domestic corporations into debt, especially as value of the shares which were pledged as collateral fell below the amount of loans extended to them.

Banks in turn pressured these companies to top up their margins and when companies were not able to do so, the financial institutions were forced to sell the pledged shares, bringing prices down even more.

As bad debts increased, banks stopped lending and businesses of the affected companies suffered even more, in terms of earnings, before they eventually incurred losses.

As losses were incurred, the companies could not pay taxes and this in turn affected Government revenues.

The foreign forces, the Prime Minister continued, at times make attempts to change a country's leadership.

Apart from applying economic pressure, they also use the foreign media and local ones which do not want to be accused of being afraid of the Government to bring down the leadership.

"They blame governments for economic deterioration and currency devaluation. With that, anti-government movements are initiated resulting in demonstrations and riots.

"This approach will give them political power until such a time when they will determine the leadership of that country. Definitely they will choose leaders who they feel can be manipulated. At that time, independence is meaningless," Dr Mahathir said.

When this happens, the economy will be open for foreign funds to buy over local companies at cheap prices. The funds will then revive the economy and the value of Malaysia's currency, thereby creating value for their investments here.

Malaysians will end up working for these foreign companies who will proudly proclaim themselves as having rescued the economy. "Their actions do not differ much from robbers who steal our money and then return half of it, claiming that they are out to help us," he said.

There will not be anymore giant Bumiputera companies then, and neither will there be any Bumiputera millionaires and billionaires.

"Critics comprising foreigners and those among us will be happy and satisfied as unwanted practices have been eradicated. What is unfortunate is that all of us will be servants to foreigners who will rule our own country."

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