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HIGHLIGHTS OF PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD'S SPEECH
AT THE 52ND UMNO GENERAL ASSEMBLY TODAY:

CLAIMS OF CRONY CAPITALISM EXCUSE TO ATTACK ECONOMY

+ Claims of crony-capitalism, corruption and non-transparency said to be found in Asian countries are only excuses to attack the economy and financial sectors of these countries, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

He said that admittedly to some extent there was truth in these accusations. But while there was some truth to the charges, the attackers cannot deny that their attack on the countries' currencies resulted in a lot of profits for them.

RESERVES OF HEDGE FUNDS HIGHER THAN COUNTRY'S RESERVES

+ Hedge funds, which derive their earnings from speculative activities, have reserves higher than the reserves of countries, which gives them a huge capacity to attack developing economies, Datuk Seri Dr Mahathir Mohamad said.

He said the amount of funds owned by huge banks in developed countries totalled about US\$28 trillion, that is 28 thousand billion.

Hedge funds meanwhile owned about US\$180 billion, which means they can borrow from banks 20 times the value of their funds to trade in currency, i.e., about US\$3.6 trillion.

Their funds sometimes are even higher than the reserves of countries, which makes countries, especially developing countries, vulnerable to currency attack, he said.

MANAGERS DID NOT HEED GOVT'S WARNING OF TOO HIGH A VALUE OF SHARES

+ Company managers did not heed the government's repeated warning that too high a value of their company's shares that is not related to assets' worth or company performance was unhealthy and dangerous, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister said many of them could only see the profits resulting from price increases in shares.

He said shares of Malaysian companies increased in value because they attracted foreign investors, adding shares were no longer used to raise capital but became a commodity to be bought and sold.

This festered short selling, with shares meant to be sold no longer need to be bought which in the process led many to focus on share markets while losing interest in businesses involving goods and services.

IMF CONDITIONS WILL REQUIRE MSIA TO OPEN ECONOMY FULLY TO FOREIGNERS

+ The New Economic Policy (NEP) will be jeopardised if foreigners take over the country's economy, Prime Minister Datuk Seri Dr Mahathir Mohamad warned.

For instance, he said if Malaysia were to resort to assistance from the International Monetary Fund (IMF), the conditions it imposes will require the country to open up its economy 100 percent to foreigners.

"Definitely, there will not be any Bumiputra quota as they would view

the NEP as an injustice, which is unacceptable to their liberal democracy," he said.

GOVT NOT ABLE TO HELP ANYBODY LEST IT BE ACCUSED OF CRONYISM

+ The government will not be able to render assistance to anyone during this economic downturn due to accusations of cronyism. Any help will be termed as a bail out, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

SPENDING BELOW AFFORDABILITY WILL AFFECT BUSINESS

+ Prime Minister Datuk Seri Dr Mahathir Mohamad said that if "we were to refrain from spending below our affordability," businesses will suffer. Traders will not gain profits and the government will not be able to collect tax to finance its spendings, he said.

NOT NECESSARY TO BOYCOTT GOODS OR FOODSTUFF, SAYS DR MAHATHIR

+ It is not necessary for the people to boycott goods or foodstuff which have risen in price, unless the hike is caused by traders' greed, Datuk Seri Dr Mahathir Mohamad said.

"Don't anyone try to take advantage of this economic problem to rake in excessive profits," he said.

He called on the people to buy as much local goods as possible.

DON'T ACCEPT GLOBALISATION WITHOUT CAREFUL STUDY

+ The people should not accept globalisation being pushed by the West without careful study and without suspicion, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

MARKET FORCES A MYTH, SAYS DR MAHATHIR

+ Datuk Seri Dr Mahathir Mohamad said the country cannot rely on confidence through market forces to combat the current economic crisis.

The Prime Minister likened depending on market forces in restoring currency, economic and political stability, to awaiting one's fate but not doing anything to save oneself.

While there are claims that market forces tend to create a government which is more transparent, free from corruption and nepotism, what it does is actually allow traders and speculators to extract as much profits as possible from the country.

-- Bernama
sj