

28 MAY 1998

Mahathir-Capitalism

MAHATHIR CAUTIONS YOUTHS ON EMERGING ABSOLUTE CAPITALISM

KUALA LUMPUR, May 28 (Bernama) -- Datuk Seri Dr Mahathir Mohamad has cautioned Asian youths against the emergence of absolute capitalism as a new and powerful ideology to the extent that it can topple governments and cause economic disaster.

The Prime Minister said absolute capitalism, being renamed as market forces, had led to governments abdicating their roles in favour of those who control capital.

"From now on, the people who control money will run the world with only one objective -- to make money. If it becomes necessary to overthrow governments in order to do so, then governments will be overthrown," he said.

"This is the new ideology, so powerful that it is the only one permitted...no opposition will be tolerated," he said in his speech at the opening of the 1998 Harvard Project for Asian and International Relations conference here today. His text of speech was read out by Education Minister Datuk Seri Najib Tun Razak.

Dr Mahathir cited how in currency devaluation and depressing the stock market, the new capitalists had found the most effective instrument to create fear.

"Thus, when a currency of a country is devalued, instant poverty can be created," he said.

When left in a vulnerable state, he said, a country cannot go against market forces because to do so would result in a loss of confidence and another round of attack.

He likened a country which had been forced to raise interest rates to maintain investor confidence and lowering them to generate business activities as being "caught between the devil and the deep blue sea."

Dr Mahathir said raising taxes, keeping money tight, reducing credit and removing subsidies would lead companies to go bust, cause unemployment and induce riots and political instability.

"Eventually, the country will go bankrupt and foreigners will buy up all the good companies at a cheap price," he said.

On the other hand, if a country defied market forces and tried to keep interest rates low, borrowed money to replenish the system and rescued beleaguered businesses, there would be another round of attack by market forces which would result in a further devaluation of the currency, more capital loss, bank bankruptcies, further cuts in government revenue and economic disaster for the country.

Dr Mahathir also said when money in the system diminished following currency attacks, high foreign borrowings to replenish assets would increase the nation's debts further and in the process lead to a loss of confidence and further attacks.

"Yet, no borrowing will result in no credit being available to the banks and companies being hit by the double whammy of currency devaluation and share market collapse," he said, adding that there was really no choice but to submit to market forces.

He also lamented how nations could go bankrupt and millions could lose their jobs by "a shadowy small group who trade by changing figures on computers located in the currency trading rooms all over the world."

Saying that Asian countries were now in a state of turmoil and regression, he added that many were saying that Asian values had been the

cause of this regression and that Asians condoned corruption, nepotism and crony capitalism.

"But is it true that Asian values and practices brought the misfortune that are faced by them today? Isn't western greed also responsible? Isn't the new capitalism, the market and the forces that move it, the single-minded quest for profit not equally or more responsible?" Dr Mahathir asked.

Dr Mahathir said tactics adopted by the market forces often displayed double standards for when such a tragedy was mentioned, the only bland reply was "that is what currency trading is all about."

Saying that the traders often acted in herd instincts, he said, if they saw movements in one direction then everyone moved in that direction.

"It is a sad commentary on the level of human development that people, intelligent people, should behave like herds of cattle. But they seem to glory in their herd behaviour. People who criticise them are regarded as financial ignorami, as dim-witted and deserving of whatever ill-fortune may befall them or their country," said Dr Mahathir.

"What I have tried to illustrate is the distance off-centre that the capitalist free market pendulum has swung," he said, adding that people had become such believers in the system that "we no longer care for the original objectives or the obvious results."

A system that was designed to free people from stifling governmental regulations and enable them to prosper through their own initiatives and labour had now resulted in the suppression of that very freedom and brought about misery for the people instead, he said.

Dr Mahathir said the free market system was good and certainly was better than the centrally planned economy of the Communists.

"But the free market now translates into unrestrained dominance of the rich over the poor, the strong over the weak.

"Apart from calling capitalism +market forces+, it is no better than the inconsiderate capitalism of the past that brought about the violent reactions and birth of socialism and Communism," he said.

Dr Mahathir also said the religion is liberal democracy and its corollary, the free market and the "priests" are the ever more liberal democrats and free marketeers.

In the past, religious and sacred books were used to cow people but "today the media does a better job," he said.

Citing a recent television report on the shooting of demonstrators by the law enforcement forces of a certain state, Dr Mahathir said at the end of the episode, the commentator said by way of mitigation that "but at least this is the only democratic state in the region."

Dr Mahathir added, "Being democratic excuses all, even the killing of people. If you are not democratic, then even if you bring prosperity to the country and the people, you must still be considered wrong and you must be disciplined and chastised."

-- BERNAMA

MR/SHY TS