

19 JUN 1998

1. TRANSLATION OF TEXT OF SPEECH OF PRIME MINISTER

DATUK SERI DR MAHATHIR MOHAMAD AT THE OPENING OF THE

52ND UMNO GENERAL ASSEMBLY TODAY.

THE CHALLENGES OF TURMOIL

In a few more days it would be 12 months that we are faced with the economic crisis. Last year when we had the Annual General Assembly, the effects of the economic crisis had not been felt. Even now many have not really felt the burning effects of the crisis. Oil palm growers for instance did not feel any effect at all, in fact they are happy that the prices of palm oil have escalated.

2. Nevertheless, many of the rural people have begun to feel the economic impact by virtue of the fact that prices of basic necessities have increased.

3. If we observe the rush in towns, including Kuala Lumpur, it is difficult for us or foreign visitors to believe that there is an economic downturn in our country. Cars on the streets are still packed and jammed as before, shopping malls are inundated with shoppers while hotels and restaurants are not devoid of people, and cranes actively worked through the night carrying construction materials.

4. So where is proof of an economic problem? Where is proof of a declining economy? Where is proof that supposedly there are foreigners who have victimised us by devaluing our currency and shares. Currency and shares are the preserve of the rich. Let them feel a little bit of pain as a result of the currency devaluation and the tumbling of share values. They are too rich, owning Mercedes, some having their own aeroplanes, yet others have their own ships. Let them feel slightly the sufferings that have fallen on the poor, perhaps this will make them remorseful.

5. The 'Mat Sallehs' (Westerners) have said it, and supported by the Opposition Party members, that those currently facing the economic problems are the cronies of Government leaders, the cronies of ministers and the Prime Minister. They robbed us of the country's money, the people's money, via many ways, including the privatisation of Government projects. Today they have lost not only their money but are being chased after by banks for not paying their debts. Their companies may go bankrupt. They may go to prison. This is very fair. This is the reward for them, and the Government which is corrupt, non-transparent, etc. Our currency devaluation is because of them and so it is only right that they are made to suffer. The 'Mat Sallehs' should know because they are 'Mat Sallehs' and they are smarter than we are.

AVOID TEMPTATIONS, HAVE SELF-CONTROL DURING CRISIS

6. People generally love to see those at the top collapse. Envy and hatred are strongly anchored in their hearts. But people are endowed by God with intelligence, know what is justice, able to distinguish one from the other, even in matters which cannot be measured or weighed physically unlike animals which do not have intelligence and are unable to compare and discriminate between one and the other. Animals only have desires. Human society which allows itself to be controlled by desires alone will never build a civilisation that is advanced and successful, that can bring happiness.

7. In facing the economic problems, we especially UMNO, its members, leaders at all levels, should not allow our desires to control our thoughts. On the other hand our thinking should, at the very least, curtail our desires. Let others be dominated by the feeling of vengeance, hatred and envy, etc. Whatever we do, it should be based on our thoughts and judgements consistent with the needs of an advanced civilisation, God willing.

8. Is it true that problems and economic recession are caused by East Asian Governments which are inefficient, non-transparent, corrupt and which practised crony-capitalism and others? If so, since when? Did it start from July 1997? Or is it possible within several months or a year before 1997, the poor management of these countries had been just as obvious? May be. But since July 1997 these countries have been praised for their efficient rule. Their countries were called Asian Dragons and Tigers with economies that were growing very rapidly, having industries of international status and capable of producing sophisticated products that can compete successfully in world markets. Their people are prosperous, have jobs, do not strike or vandalise shops to steal goods.

9. Undoubtedly there is corruption, lack of transparency and other things in Governments of Southeast Asia. Even advanced countries of the West are not free from this phenomenon. But for these badly managed countries, it is not possible to develop them rapidly. Many developing countries which are not able to develop at all are those with corrupt administration, non-transparent, inefficient, etc. Why is it that countries which are clearly corrupt and non-transparent do not face currency devaluation as bad as countries in Southeast Asia? We are puzzled why developing countries which previously were not able to develop, even moderately, today have currency values higher than that of ours? On the other hand countries of the Asian region which are said to have bad government, nevertheless, have experienced such rapid growth that they were known as economic Tigers.

NEGATIVE INFLUENCE OF CURRENCY ATTACKERS

10. Actually crony-capitalism, corruption and non-transparency which are said to be found in Asian countries are only excuses to attack the economy and finance of these countries. We admit to some extent there is truth in these accusations, but these attackers cannot deny that the attack on our currencies resulted in lots of profits for them. Within a short term, in fact within a few hours, millions of dollars of profits could be made through currency trading. On the other hand the ordinary trader would require a huge investment, be involved in work which is delicate and would take a long time, and face high risks before a small profit could be made. For those managing funds or banks, currency trading is more attractive

compared to giving out loans just to get interests. Currently big banks in the world are increasingly focusing on currency trading which generate good returns, even though such trading will destroy other people's lives. Today they may need to justify their action for devaluing currencies. Tomorrow they may not need this justification, so long as huge profits could be made, these people are willing to do anything towards that end.

11. 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 to increase to US\$653 billion. Compare this to Malaysia's reserve which totals about US\$20 billion. If giant banks like these sell Malaysian ringgit, for instance, we would lose all our dollar savings if we try to defend our ringgit. Because they 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 those who are greedy, their greed is part of their basic right.

12. The amount of funds owned by huge banks in developed countries totalled about US\$28 trillion, i.e. 28 thousand billion or 280 thousand-thousand million. Hedge funds meanwhile own about US\$180 billion. With this US\$180 billion they can borrow from banks 20 times the value of their funds to trade in currency, i.e. about US\$3.6 trillion.

NEW METHODS OF COLONIALISM

13. Colonial control of land by military strength can no longer be accepted by societies worldwide. But physical colonialism like this is no longer necessary. Control through currency trading has similar effects. Wealthy countries can also be colonised by making their country poor and become beggars in a short period of time, without resulting in any soldier getting hurt or killed. When a country becomes poor, its politics will become unstable and the fight for power will ensue. As a result, leaders will be changed until a candidate willing to take its place is found, one who is willing to submit to world power. In other words, colonialism has occurred.

14. Even though we have not been under the full control of foreign powers, they have begun to dominate our economy. By devaluing our currency and shares, our own companies have become ill and no longer able to reap big profits. When our companies are not profitable or continue to make losses, Government taxes will be reduced. As a result, Government is not able to pay towards its administrative costs. Even this can cause chaos and pressure to topple the Government. The needle they use is very fine and we may not even realise that we have been used.

15. We have seen this happening in other countries which have been attacked even worse compared to us. Perhaps there are people who believe that only by changing their Government that the economic problems could be resolved. But believe me, attacks will not cease until power is surrendered to foreigners, i.e. until the country is again colonised. What is important for them is not a government which is democratic or transparent, etc. What is important to them is a government that is more willing to accept orders from certain powers.

16. Can we be convinced that what happened to other countries will not happen to us? When Mexico was attacked we were not the least apprehensive. Our economic fundamentals were strong. There must be something bad that the

Mexican Government had done that made them weak to be attacked by currency traders.

17. Other countries studied reasons why Mexico faced the problem. They took the necessary steps to save themselves. Slovenia and Chile did not allow investment in their share markets without downpayment as well as guaranteeing that they will not withdraw their investment till such time as determined by them. Their actions are radical, inconsistent with general practice adopted by developed countries for their own interests. We will not act that way because we hold strongly to what is said to be the normal practice adopted by developed countries. Besides we like to be praised by certain people.

18. Such is the strength of our orthodoxy and confidence of our fundamentals that we deliberately open up widely our share markets. Many groups travelled to the United States to make road-shows in order to attract foreign funds to invest in our major industries. Our shares increased in value because they attracted foreign investors. Although the Government repeatedly warned that too high a value of shares that is not related to assets' worth or company performance is unhealthy and dangerous, many managers could only see the profits resulting from price increases in shares.

UNDERSTANDING THE EFFECTS OF SHARE BUSINESS

19. With the increase in prices of shares, heavy borrowing could be made while share-swapping among companies created giant companies. That companies did not quite make profits did not matter so long as such shares could be sold or pledged at a higher price. The original business is not important. What is important is the price of the shares and the business of the shares. The issuance of shares is no longer to raise capital but to become a commodity to be bought and sold. It is just like buying and selling currencies.

20. Meanwhile, short-selling is allowed or even encouraged. Shares which are meant to be sold no longer need to be bought. Suffice if it is loaned, and sold at a high price and rebought at a low price and then returned to the lender. With this facility many have instead focused on share markets and lost interest in businesses involving goods and services.

21. All this is created by the West and we follow them because many are willing to go after anything that is Western and sophistication. All warnings to link the value of shares with company performance were ignored. Finally, when foreign investors repeatedly sold their shares, prices of shares plummeted. They made huge profits from such sales because they had bought them at low prices. Through short-selling they were able to make huge profits.

22. When the price of our shares dropped, then our debts will exceed the value of our shares pledged. Banks will then pressure borrowers to increase their margins. But shareholders and companies are no longer able to do so. So banks had to sell shares which were pledged and this will further cause the value of the shares to fall. Banks no longer lend money because debts have become bad. The business of these companies has deteriorated, profits reduced and finally losses incurred. Definitely Government taxes will reduce, making it difficult to pay the administration

cost.

23. What we should note is that when businessmen and big entrepreneurs are faced with problems, we the small timers will also face problems, in fact the whole nation will face problems. It is from the profits of big companies that we are able to obtain taxes for the nation's expenditure. As such we should not be influenced by the Opposition's jubilation when big companies are faced with problems. Their problem is also our problem. It is not wise to incite hatred and envy towards those having problems.

24. We should understand all this. We should understand because whether we are successful or not in our effort to overcome the financial and economic crises will depend on how much we all understand the problems we are facing. Not understanding what exactly attacked us is equivalent to being blind and not knowing exactly the source of the attack. People who do not know what exactly attacked them will create enmities with the other people, the innocent. Thus the attackers will have a big laugh.

ATTEMPTS TO CHANGE LEADERS

25. In countries where they are able to exert great pressure their power is not confined to the economic and financial areas alone. They intend to control politics too and to determine who should lead that country. Initially the method used was to suppress their national economies and finances. Banks, companies, wholesaling and retailing businesses, the transportation industry, etc. were all pressured until they became bankrupt and could no longer function properly. Then workers will lose their jobs and their income. Because countries in Southeast Asia do not have unemployment benefits, as in the West, no gainful employment means that no income is available to buy food or medicine or milk for babies.

26. Through world media which they control, and with their influence on the local media, which do not want to be accused of having no freedom or are afraid of the Government, they blamed governments for economic deterioration and currency devaluation. With that anti-Government movements are initiated resulting in demonstration and riots. This approach will give them political power until such time when they will determine the leadership of that country. Definitely they will choose leaders who they feel can be manipulated. Otherwise the leader will again be changed. At that time, independence is meaningless.

27. An attempt to change leaders in Malaysia had taken place before when leaders were alleged to be anti-Jews.

28. Then they alleged that current leaders are obstacles to efforts at economic revival, that present leaders are ignorant of the intricacies of world financial systems. The objective is to cause political instability because their allegations will in turn create misunderstanding among leaders. One faction of the leaders' supporters will then strive to defend their existing leader and remove the challenger, while supporters of the challenger will pressure their leader to challenge the current leader. As a result campaigns which smear the respective leaders will be carried out until the situation becomes more tense and the politics strained. Under such circumstances, the economic and financial problems could not be overcome, and the economic situation will worsen. Finally the problems become worse, leaders unable to work together, and either one will fall.

Irrespective of who is successful, the attack on the country will continue until a leader is chosen, one that will submit to the wishes of the foreign powers, i.e. prepared to have his country once again recolonised.

FOREIGN POWERS MAY CONTROL LOCAL COMPANIES

29. When this happens, the economy will be open for foreign funds to acquire major local companies. At that time they will revive the economy and the value of our currency. This can be easily done as they will claim that their confidence had returned, thus allowing the value of the ringgit to appreciate. With the large amount of US dollars in their possession, they would buy the ringgit repeatedly. According to the trading system they formulated, each time any currency is bought using the US dollar, the value of that currency would appreciate. This way, not only will the economy recover, but the ringgit which they had bought cheaply would increase in value, giving them a large profit.

30. Thus if they bought the ringgit at RM4.00 to the dollar, and revive the value to RM2.50 per US dollar, they would make a profit of RM1.50 for each dollar they used to buy the ringgit. In US dollar terms, when one dollar is worth RM2.50, a profit of RM1.50, which is equivalent to about US60 cents is made, i.e. 60 percent profit for each US dollar used to buy the ringgit.

31. What is evident is that they can profit either by selling the Rrrnggit and devaluing it, or by buying and appreciating its value. After acquiring our companies cheaply, due to the devaluation of the companies' shares through repeated selling, they are able to increase the share value through repeated purchases. If the share value reaches the original high price, they would again make capital gains. Through this method, they can gain profit twice, once through the increase in the value of the ringgit, and again through an increase in the share value.

32. That is the reason why their newspapers keep on highlighting the large number of investors who are interested in acquiring companies in countries affected by the economic problems. They say there is a "fire-sale" in Southeast Asia. According to them, Asian companies and banks are like dead fish, floating belly up. They need only pick and choose. The others can be left to die. This is their attitude, seemingly responsible for the protection of human rights in the world. What is worse, after having destroyed our economy, these foreign quarters would claim that their acquisition of our companies are intended at rescuing us and reviving our economy. Their action does not differ much from robbers who steal our money and then returning half of it claiming that they were out to help us.

33. Malaysia can still defend itself. We still impose conditions that foreigners can only acquire a limited stake of 30 percent in Malaysian companies and banks. In the insurance sector, we have to allow foreign investors up to 51 percent ownership due to pressures imposed on us by the World Trade Organisation (WTO). They are still not satisfied as they want 100 percent. Why should we own companies, they say. It is adequate for us to work in foreign-owned companies. They will pay us better as they are larger and can better afford it. This is what they say. But after having achieved their objective, will they stick to their promise?

34. At the WTO, we still have a voice to defend ourselves, although we

are now alone. But if we have to resort to the International Monetary Fund's (IMF) assistance because our economy has suffered badly, the conditions imposed by the IMF will require us to open up our economy 100 percent to foreigners. With that, not only can foreigners own 100 percent equity in our companies and banks, but they can also carry out their business in our country without our participation. Maybe lower-rung positions will be given to us, but because they will claim that we are incapable, therefore senior positions will forever be held by them. Definitely there will not be any Bumiputera quota as the New Economic Policy (NEP) is an injustice, and unacceptable to their liberal democracy.

35. Obviously there will not be any giant Bumiputera companies. And we will be happy as there will not be any more Bumiputera billionaires and millionaires with their Mercedes, private jets and luxury yachts. All those who are accused of being political leaders' cronies will be got rid off. The only ones left will be the ordinary workers with salaries commensurating their limited abilities. The foreigners will earn high wages. They will in turn be the millionaires and billionaires with the Mercedes, private aircraft and luxury boats. Surely they will claim that they are among the deserving ones and not cronies of our political leadership. This situation is definitely fair. Critics comprising foreigners and those among us will be happy and satisfied as unwanted practices have all been eradicated. What is unfortunate is that all of us will be servants to foreigners who will rule our own country.

BUMIPUTERAS MAY BECOME SLAVES AGAIN

36. This scenario is not something I made up to frighten Malaysians, particularly, Bumiputeras. This scenario is the scenario desired by our critics, the critics of the NEP and the Malaysian leadership. If we try to imagine the situation in Malaysia without the NEP, this is the scenario that we will get.

37. Perhaps there are those who said they agree with the NEP, but yet said that the NEP had been misused to enrich a few UMNO leaders' cronies in particular. But if there are others who apart from those we know, have become billionaires through the NEP, would they not also be branded as cronies of the leaders? In fact, most who became rich because of the NEP are not known to party leaders and the Government then. Those known to leaders of the Barisan Nasional government are politicians who support them -- divisional and branch leaders, EXCO members and others. The Federal Government leaders know them better. They are genuine cronies. If there are cronies who should be enriched, then it is these cronies who should be made millionaires and billionaires. Obviously when political cronies become business cronies, the political backing for the Government leadership will increase. Helping non-politicians will not give Government leaders political mileage. In reality, almost all who became rich from Government assistance were themselves successful businessmen. They were assisted and given the opportunity as they had proven their ability in business. The probability was that if they were given the opportunity, they would succeed.

38. If someone who had never been involved in business, or had never succeeded is suddenly given a chance, they would only waste that opportunity and may even lose or trade off the opportunity given to them. Such experience has made the Government not keen to provide opportunities to those who are inexperienced and unsuccessful although they are among

political cronies who would certainly reciprocate through support for the leader.

39. Unfortunately whoever is given the opportunity and support would be branded cronies. Before he succeeded there was no accusation of cronyism. But if he succeeded and became rich, he will be accused of being a cron' although he has not received any Government assistance and is not close to any leader. Due to accusations of cronyism, the Government is not able to assist anyone especially during this economic downturn. Any assistance rendered will be termed as a bail-out. Apparently a straight and transparent Government should let problematic companies, especially those owned by Bumiputeras, to fold. It seems as if certain quarters want to see Bumiputeras remain forever unsuccessful. They see this economic downturn which they had caused as an opportunity to kill all Bumiputera-owned companies. To them maintaining poverty among the Bumiputeras is fair.

40. When such accusations are made by foreigners, locals and Bumiputeras will respond and accept the allegations. What is strange is that those who are taken in by these accusations are those who have benefited from the NEP. They benefit from education, high position and receive shares because they are Bumiputeras. If they are forced to compete against the non-Bumiputeras, chances are they will not gain scholarships or high position in Government or shares.

41. Look at oneself before accusing this and that person as being the leader's crony. Without the NEP and the preferential treatment enjoyed by Bumiputeras can we reach the level where we are today?

42. There are people who receive Malaysian scholarships, but arrogantly criticise the NEP's positive discrimination system. Ask yourself why you are given a scholarship? Is it so that you will receive a big income by working overseas, or is the scholarship given so that one day you may contribute to the people of this country, especially the poor? It is easy to talk about merits after you have benefited from a system without merits. Just because we believe that we can compete openly and successfully we should not suggest that we stop giving the opportunity to those who cannot afford to compete because they are not from wealthy families or those who could afford.

43. Actually, allegations that the Malaysian Government's leadership practises cronyism in enriching certain Bumiputeras are due to hatred at seeing the success of Government's initiatives. Which country has succeeded in its social engineering programme to achieve fairness in society? The Socialist and Communist systems failed and the capitalist system is even worse. It is only in Malaysia that the restructuring of society has succeeded without riots and without the confiscation of rights or property.

ISLAM AS A GUIDE TO OVERCOMING ECONOMIC PROBLEMS

44. Although UMNO has opened its doors to non-Muslims, its commitment towards the religion and its teachings has not faded. In facing this economic problem, Islam becomes our guidance. Islam is Addin -- the way of life. The lifestyle does not merely involve several compulsory rituals but also activities and actions to ensure a peaceful life.

45. One of the more evident lessons in Islam is the act of migration.

Migration means to move. Why did Rasulullah (Prophet Muhammad) move from Mecca to Medina? The reason is because of pressures and opposition he faced in Mecca. The Jahiliah (pre civilisation) Meccans objected to Islam which Prophet Muhammad (peace be upon him) propagated. They attempted to assassinate the Prophet.

46. The Prophet could well have left it to fate. After all did the Prophet not enjoy God's protection? What need was there for the Prophet to act to save himself? But we know that the Quran asks us to strive and help ourselves before Allah would help us. That is why the Prophet migrated, to try and save himself and not merely to surrender to God's will. This does not mean going against fate as whatever happens is still determined by fate.

47. Migrating does not merely involve physically moving from one place to another. When the Prophet shifted from Mecca to Medina, he also underwent mental migration. Obviously, the Prophet's thinking and approach in Mecca cannot be equated in Medina. The shift in the Prophet's thinking and approach is to ensure the successful propagation of Islam in Medina where the community comprised not only those who were sympathetic towards the Prophet and were interested to embrace Islam, but also those, besides the Jews who still doubt the teachings of Islam.

48. We see a display of the Prophet's wisdom in the drafting of the Medina Constitution which took into account the interests of all parties. Emphasis was given to brotherhood between migrants from Mecca, the Muhajirin and the Ansar of Medina. Prior to this both were at odds, but the Prophet succeeded in closing the gap and uniting them to create one ummah, a single Islamic community. And we know how Medina turned out to be the base for Islam's expansion and for the defence of its ummah. In the end Mecca fell and the whole Arabian peninsula embraced Islam.

49. Actually UMNO is an instrument which has adopted the Prophet's struggles as an example to change the fate of Malay Muslims and other Bumiputeras in Malaysia. From a race proficient only in farming and light handicraft, UMNO has brought Malays and other Bumiputeras to a world of knowledge and industry. From a race lacking in discipline and confidence, they have progressively been transformed into a more disciplined and confident race. With that they are successful and can compete and are more willing to face serious challenges.

50. Rightly, the development process of the Malays, migrating from farmers to entrepreneurs and educated traders ought to continue. However, it seems there are quarters who will not allow this. Irrespective of whether it was planned or not, the economic pressures imposed on Malaysia are directly affecting the Malays and other Bumiputeras. We are being pushed to become a backward and weak race, that is recolonised and having to serve others.

51. They are trying to destroy all that we have built, the developments we have achieved and the corporate figures we have nurtured. Their intention is to enslave the Malays and Bumiputeras once again.

52. There are those among us who do not believe that what is happening now can throw us back to the days of colonisation. There are those who say that what is happening now is only temporary and will return to normal on its own. There are also those who say that this is merely the market's

character or market forces. These market forces are apparently aimed at forming transparent Governments, free from corruption, nepotism and any form of crime by the leadership. Therefore, if we were to follow their prescriptions immediately, if we were to practise good governance, then market forces will reward us by resuscitating our economy until it becomes more progressive and dynamic than before.

53. This is mere fairy tale. Market forces are not meant to improve governments, financial management and practices of the countries under attack. Market forces are driven ultimately by huge profits. It is alright if something favourable happens. But, benefits, if they do occur are merely side issues. The most important is huge profits for the market forces. The bigger the profits the better it is to the market forces.

54. If in the course of chasing immense profits, their victims are destroyed, this is unavoidable. Thus, when these market forces, through currency trading, caused currencies to devalue badly, to the extent that whole countries and their population suffer, workers losing their jobs, famine occurring and diseases spreading widely due to lack of medicine, people migrating, resulting in riots, blood shed, death and collapse of Governments -- all these are acceptable if these market forces can gain huge profits.

55. Hoping for market forces to create a stable currency exchange, stable economy and stable politics is the same as not doing anything and leaving everything to fate. Market forces profit from economic and financial instability. Why should they stabilise the conditions at the expense of their profits? Therefore it is illogical that to resuscitate our economy and currency, we should submit to the demands of market forces. The Prophet did not submit to the demands of the Jahiliah in Mecca to save Islam.

56. The fact is we cannot rely on market forces' confidence to lift us out of the current economic problems. Yes, we want to clean up our practices, but not because we are pressured by the market forces. We want to do so because we believe it is good to rid ourselves of any ill practices.

SPENDING WITH PRUDENCE

57. Today these market forces have destroyed half of our wealth, therefore we must be willing to live with half of our earnings. Can we do that? Of course we can. Twenty years ago, our income was half of what we were getting before the 1997 turmoil. Back then, we did not spend like what we are doing now. If we are disciplined and prudent in managing our spendings then we can.

58. There are those among us calling for a stop in spending and to increase our savings. This is good if we keep our savings in fixed deposits or bank savings account. This will increase the bank's ability to provide loans. Companies will not be deprived of credit facility to sustain their business. But 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 taxes to finance its spendings. Therefore spend prudently and buy imported goods according to one's needs, but buy as much

local goods as possible. It is not necessary for us to boycott goods or foodstuffs which have risen in price, unless the hike is caused by traders' greed. Don't anyone try to take advantage of this economic problem to rake in excessive profits.

59. We can also try to reduce overseas trips, or sending children to seek further education overseas, in fact our children should be brought home to further their studies locally.

60. Each of us has our own personal wealth which is not bringing us any benefit. This wealth ought to be mobilised and converted into cash so that it can be invested or deposited in banks and churned out as loans to traders in need of credit. This personal wealth can be valued at billions of ringgit. This wealth will not just disappear. If the money we receive is invested in unit trusts, not only will they remain as our property, but will increase in value, God willing.

61. This UMNO-led Government has formulated various strategies and approaches which I need not elaborate as this is not the right time and because there are certain quarters out to see this fail. We are confident that we can deflect the attacks against us and redevelop the country. God willing, with the people's support our efforts to revive the economy will in the end be successful.

DO NOT BE DECEIVED BY THE WEST

62. All Malaysians should work together to defend the sovereignty of our nation. What we are doing is actually to defend our independence, no less than that. Do remember, those who created the economic turmoil that we are facing now are just like the colonialists, who once colonised us. Do not think their behaviour has changed. As the Malay adage goes, "Tigers will always have their stripes."

63. When they were confronted by the Communists they showed a smiling face. They were more concerned with basic human rights, with suppression among human beings, with violent Communism and injustice in the world. They claimed they would take action to prevent injustice and any form of suppression anywhere. They would preserve the country's sovereignty with the might of their military. They try to portray their actions similar to Hollywood's Rambo, one who is bold, strong and successful, and who never dies.

64. But do remember Bosnia-Herzegovina. When the Serbs attacked the Muslims and Croats in Bosnia, the West didn't do anything. Muslims were slaughtered, raped and massacred in front of soldiers of the West who were supposedly sent to save the Bosnians, yet did not lift a finger to help save the Bosnian Muslims.

65. Their planes were busily flying in the air to show their strength and might. But they did not shoot the Serbs or attack with their intelligence bombs. Slaughter, rape and killings continued unabated. Some 300,000 Bosnian Muslims were killed before the West dared take any action against the Serbs and Serbia.

66. Having witnessed the events in Bosnia-Herzegovina, Rwanda and

Burundi and now Kosovo, can we believe that the West will fight for the basic human rights including the right to work and be paid? It is most unfortunate that there are non-governmental organisations (NGOs) in Malaysia who are so influenced by the West that they constantly condemn Eastern countries, including Malaysia, for allegedly abusing human rights. But when actions of the new Western Capitalist caused 20 million workers to lose their income and jobs, we do not hear any NGOs condemning them for abusing workers and human rights. Surely the West will not bother about that.

67. With some 20 million workers unemployed, while those working are getting pay cuts, food and medicine for children are decreasing. The main thing for them is the enforcement of a trade system that is free and that payments of loans are made to their banks, banks which are rich, giant banks which are bigger and richer than all the countries which they had attacked and destroyed. To them the act of bullying weak countries has become something noble.

ONLY UMNO CAN DEFEND THE COUNTRY

68. To safeguard our independence and sovereignty, the only thing that we can hope is ourselves, it is we who are Malaysians, we the Barisan Nasional party, the members of UMNO who lead the Government of Malaysia, who are ultimately responsible for the good or bad of the country. After 40 years of independence, Malaysia under the Alliance and the Barisan Nasional Government led by UMNO has been successful in preventing any racial conflict, and has succeeded in rapidly developing the country, giving a better life for the people and most importantly, in regaining the dignity of our nation, the dignity of the Malays and other Bumiputeras so that they are no longer despised, rather are treated as models to other races, as an example of how a race which has been suppressed for hundreds of years is able to regain its dignity and place itself at par with others who are more developed, who once used to colonise and humiliate us.

69. All this, the regeneration of ourselves and the return of the dignity of our nation is based on a political party which was set up 50 years ago. UMNO was created not with a big ambition for at that time the thinking of the Malays was shackled by the colonialists such that it was never dreamt that the Malay States which were then factionalised, which were driven to parochialism, would ever be able to unite and rule themselves. For 100 years we have surrendered the ruling of the Malay States to foreigners and to that extent we no longer believed we were able to take over the mettle of power and to govern ourselves. Our self confidence was so low that there were Malay leaders advising activists, who opposed the Malayan Union that Malays should never indulge in politics, that politics are the domain of the aristocrats and the British. Only they had the right and were eligible. The aristocrats were only required to follow the footsteps of the British who claimed to know everything.

70. But when the Malay Associations agreed to set up UMNO, the process of reviving their self-confidence soon began. After successfully abolishing the Malayan Union, UMNO continued its demand for independence.

71. Success in any struggle does not mean that success will be permanent. Challenges and dangers lurk all the time. If we allow ourselves to be weak because of our prosperity, believe me, the success that we have

achieved will be alienated from us. Therefore it is imperative that UMNO be prepared at all times, that UMNO has to be continuously united, and that UMNO should be wary of the possibility of attempts to cause it to fail.

72. The West's propaganda is very subtle. We will not realise that we have been used by them. They create concepts all the time which supposedly reflect advanced civilisation, a civilisation that is more consistent with time. Among us there will be, in fact, there already exists those who do not want to be regarded as being left behind by time. These people always accept the current thinking of the West. When we accept them in a subtle way, then they will praise and accept us as a member of their club. The injection of this fine needle will be continued until they are able to separate those who are receptive to their concepts and thinking from those who are said to be backwards for rejecting it.

THE SUCCESS OF UMNO'S STYLE OF DEMOCRACY

73. Democracy was invented as a governing system by the people to replace feudalism. The objective was to establish a fair government for the people. Now the West argues that a government that can bring happiness to the people is not important, and that a more vital factor is to uphold democracy even though it causes suffering to the people. We can see how in certain countries elections after elections are held, but a credible government cannot be formed. The people's problems cannot be solved resulting in continued suffering and a country that cannot be developed. But the liberal democrats say this is perfectly fine, so long as their form of democracy is practised. In other words, mankind becomes the tool of democracy and not democracy as a tool for mankind for the good of the human race.

74. We accept democracy is a good system, with the greater probability of producing a fair and effective leadership, though this is not definite. In Malaysia, democracy has been successfully practised. We have been able to form Governments and choose them through general elections. The country is able to develop and the people live in peace and prosperity. But never think that the success of democracy in Malaysia is due to democracy being a perfect form of governance without any weaknesses. Democracy is successful in Malaysia because we Malaysians, Malaysian politicians and Malaysian political parties know how to use this democratic system.

75. If democracy merely refers to majority rule, Malays which make up the majority of Malaysians can use racial sentiments to establish a 100 percent Malay Government. With the rights of a majority government, chosen through democratic process, Malays can then claim all the country's riches for themselves, deny and suppress other races, alter electoral boundaries so that Malay political power would become bigger, stronger and permanent. All these can be done without discarding democracy. However, will this form of democracy bring peace and success to our country?

76. Democracy in Malaysia has been beneficial because we have not taken advantage of the system to our interest. Instead, we choose to work alongside other races, we do not discard minority rights and we emphasise on justice for all. With this, all races, as well as the Opposition will benefit and gain from the Malaysian way of practising democracy. With this politics become stable and democracy, including elections, can continuously be practised. With this, the same party-led Government has been voted to

rule this beloved country repeatedly.

77. There are quarters who accuse that democracy is non-existent in Malaysia because there is no change of Government everytime elections are held. They say change is part of democracy. If there is no change, then there is no democracy. And many among us feel slightly embarrassed as there is no change. But remember, the right to maintain Governments is not contradictory to democracy, in fact, it becomes part of democracy if the preservation is in accordance with the people's wishes.

78. Similarly with our country and party. UMNO is a democratic party, which accepts the principles and methods of democracy as we believe that democracy is the system and method that suits us best. Democracy provides us with the rights and opportunities as ordinary members to change, topple and elect leaders according to our desires. With this we believe that good leaders will steer the party all the time.

79. Although we believe humans will not do anything that is self-destructive, mankind will almost always indulge in unhealthy activities, which in the end would only bring misfortune. We know what is good, but we continue to do something bad, maybe out of lust or for short-term gains.

80. It is human nature to act aggressively when one is angry compared to when one is in a state of satisfaction or joy after achieving something. Therefore due to anger towards a good thing, the bad is also supported.

81. This is also true of short-term gains. Because of being obsessed with short-term gains, people are willing to do something which ultimately will not benefit them. Confronted with bribes, today people will forget about something bad that will befall them later, even in the world hereafter.

82. Because of this, even though we believe that democracy is good for ourselves, its practices should be carried out cautiously. If there are attempts to use democracy for bad intentions, then we need to tighten the procedures of democracy to avert such bad intentions. Let us remember that the West which claim that they are democratic did not allow the Communist Party to exist in their countries. Democracy also did not prevent them from colonising up to now.

83. Democracy is not a religion which is God-sent. Even religions can be misinterpreted and misrepresented by people with vested interests, let alone democracy. This being the case, not all that is preached by the Western liberal democrats will be practised by us. We will pick the good and do away with the bad.

BEWARE OF GLOBALISATION

84. We are living in a fast changing world. The era of information technology has dawned on us, bringing with it new opportunities that can better our lives. But the opportunities to damage our society have also appeared.

85. As usual, the West which from the beginning foresaw these opportunities made use of the opportunities that come with this new

technology to their own advantage. Realising that this technology would enable them to penetrate borders that insulate and safeguard peoples of the world, they created new philosophies and values which legitimised and supported their invasion.

86. Globalisation, the world without borders, deregulation and liberalisation are new terminologies introduced by the West. Not one was created by us, by the East, by Asia. Certainly the West did not come up with these new thoughts to lose out. Globalisation, the borderless world, deregulation and liberalisation are for their own interest. Let us not accept all these without study, without suspicion. Do not accept all these because we want to be regarded as sophisticated. Let us not be proud of being praised by them when we show how up-to-date our thinking is.

87. Those who survive, who succeed are people who are always cautious when new things are introduced, people who always look for the ulterior motives. Globalisation, liberalisation and deregulation might bring many benefits to us, but this new thinking could destroy us, too. The attack on our currency is part of globalisation, liberalisation and deregulation and we only end up big losers.

TAKE GOOD CARE OF UMNO

88. UMNO has survived, and even succeeded for over 50 years. Not many political parties that fought for independence have managed to survive this long. Most have disappeared soon after independence. But for more than half a century, UMNO has not only survived but is a success story in politics, successful in leading the Malaysian Government. Whether we would continue to survive or not, would depend on our culture, our character, and whether we are cautious and careful especially when something new is introduced. Do not, for whatever reasons, allow short-term gains to blur our vision about the long-term losses.

89. Nothing is permanent in this world. UMNO too is not permanent. But its lifespan need not be shortened just because we are careless, inefficient and obsessed with quick gains. The UMNO struggle is not yet over. Plenty more need to be done by UMNO. The Malays and other Bumiputeras are still not strong enough to be left alone to fend for themselves without UMNO's leadership and protection. They are still not that strong to compete in this ever-challenging world. Our independence is still not assured. Even nations that are more powerful than us have been defeated. Are we able to save ourselves without unity and brotherhood among us, without working together with other races which are in concert with us in saving our blessed nation? The answer is No. The answer is that we still could not practise the Western-style liberal democracy if we want to survive.

90. So we have to save and protect UMNO. Leaders are not permanent, leaders can be replaced and leaders can be found. But UMNO can endure longer than its leaders. So we need to be cautious, careful in running this organisation. It has served us well and we have to serve it well. too. God willing, our sincere and noble struggle will be blessed by the Almighty.

--BERNAMA