

22/10/1998

PM: `Crony capitalism' label tool of West to take over

Ashraf Abdullah

THE West is fond of labelling East Asian countries which restrict the participation of their private sector into these economies as practising crony capitalism, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

This had led to increased pressure on these countries so that companies from the West could enter and monopolise businesses, Dr Mahathir said.

Since the economic problems began last year as a result of attacks on the ringgit by currency manipulators, Malaysia was under the mistaken notion that only governments which gave projects to "friends and cronies" were crony capitalists, he added.

But he has since discovered to his horror that any East Asian country which imposed restrictions on foreign participation was considered "crony capitalist".

He said he reached this conclusion after speaking to economists and journalists during his five-day working visit to Japan. Dr Mahathir, who returned home at 1.30am yesterday, was speaking at a Press conference.

Dr Mahathir said: "In most East Asian countries, there are some restrictions on foreign participation, especially western companies.

"When they tried to force open the Korean economy, there was very strong resistance. So much so that when its motor company (KIA Motors Corp) was auctioned, the Ford Motor Co tried to come in several times. Eventually Ford did not get it... but Ford claims that they had made the best offer.

"To the Americans, this means that South Korea has not been structured and cronyism is prevailing."

In the case of Malaysia, Dr Mahathir said all its privatisation projects were given to Malaysian companies. "There was no real participation by foreign companies, except some small shares offered to those which offer technological expertise."

Dr Mahathir said the West had hoped that, as in Latin America, privatisation in East Asia would mean selling everything to the foreigners.

But he made it clear that in Malaysia and in most other countries in East Asia, privatisation simply meant a change of hand from the Government to the local private sector.

He added that until the West gained free and unimpeded access to East Asian economies, all actions of these governments would be viewed as cronyism.

"So crony capitalism simply means keeping out foreign participation.

"It is going to be very difficult for us to ever achieve anything until we open up so that they can come in and take over all the petroleum companies, power companies, telecommunications and all.

"They believe that they are efficient and can bring about much better services to the people at a cheaper price," he said.

Dr Mahathir said if Malaysia allowed foreign companies to enter freely, locals would end up being mere employees to foreigners, which would be a new form of colonisation.

"We don't want our companies to be taken over, that is why we did not accept the International Monetary Fund aid because one of the fund's conditions was to open up the economy 100 per cent," he said.

Malaysia was not prepared to bow to their demands, he said, adding that he believed the West would push its cause through the World Trade

Organisation.

(END)