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We want investors who are in for the long haul: PM

Fauziah Ismail in Singapore

SINGAPORE, Mon: Malaysia values the foreign equity investor who is in the country for the longer haul, who shows interest in the business he invests in and not just in the stock market index, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"My country is not against foreign equity investors," he said to 700 corporate and political leaders at the three-day World Economic Forum's 8th East Asia Economic Summit 1999 here.

"But we value the direct foreign investor who helps us build our productive capacities much more than the foreign equity investor who in search of quick investment returns, fly hither and thither to so-called quality.

"If this is offensive to some foreign equity investors, so be it. Please don't be angry with us and think up ways to teach us another lesson."

Dr Mahathir said when Malaysia adopted the selective capital controls, "we were said to be utterly stupid".

He said that although the currencies of Malaysia, Thailand, South Korea, the Philippines and Indonesia were in rough alignment vis-a-vis the US dollar between September 1 1998 and today, the journey of the ringgit has been a straight line, whereas the other currencies have gyrated, sometimes wildly, below and above their present equilibrium level.

"Other might prefer gyrations. Currency speculators certainly can't make money when there are no gyrations. But Malaysians and the foreign investors in Malaysia are somewhat enthusiastic about the rigid, unchanging, boring straight line."

The Prime Minister also told the audience at the Forum that Malaysia's future economic success will continue to be dependent on its devotion to pragmatism.

"On doing what works. Not on doing what is fashionable. Not on doing what the textbooks say we must do. Not on sheepishly following the very clever and with-it advice of others who obviously have all the answers. Not on holding through thick and thin to the holy scriptures and stipulations.

"But on simply finding what works and on doing what works with dogmatic determination," Dr Mahathir said to thunderous applause.

He attributed Malaysia's success on the "Sinatra Principle" of having "done it our own way".

"Despite bouts of insanity, infatuation and detours into the blind alley of ideological dogmatism, we placed the very highest emphasis on the final analysis on pragmatism - on doing what works."

Dr Mahathir said Asian countries took their own paths to the so-called "Asian Miracle".

"There has never been a single model. Unfortunately for the gurus and the other religious teachers of sacred management and economic texts - who have to teach or to push 'the one' sure formula for success - Asia's history, Asia's experience and the real world in Asia has been somewhat unobliging.

"It is unfortunate for the gurus but fortunate for Asia," he added.

Dr Mahathir called on the international community not to assume that governments in Asia are always stupid, not to assume that leaders are all corrupt men and women with commitment only to themselves and no devotion at all to the societies which they govern and to given them the right of

self-determination.

"By all means, bombard us with advice. Bombard us with facts. But please allow us to act as we think appropriate for our circumstances and for the achievement of our goals.

"Please allow us to decide on our national and societal priorities. And please allow us to devise the most legitimate and productive ways by which these goals can be achieved.

"Please do not define cronyism as anything done for our people and our country. Nor should liberalism be translated into neglecting the interest of our people and our country in favour of foreigners.

"By all means, convince us by the power of your persuasion. But do not convince us by the persuasion of your power. Please do not intimidate. Please do not impose. Please, for God's sake, do not dictate."

Dr Mahathir said a country will not be able to achieve sustainable growth without sustainable leadership. "If you have a bad leader, by all means, throw him out, but if you have a good leader, like myself, you have to keep him," he said in jest.

Asked at a press conference whether foreigners can take part in the consolidation of local banks, Dr Mahathir said: "We have no difficulty with them. If they want to come in, they can do so as minority shareholders but they say that it will only be meaningful if they have control of the banks.

"They can come in with a certain percentage but they cannot gain control of all the (local) banks," he said.

Dr Mahathir said the Government is not backing away from its plans for local banks to merge.

"We have to jolt the financial services into taking seriously the Government's urging that they should merge. We have been telling them for a very long time but they did not do anything about it.

"Therefore, we decided that if they don't (merge), we have to twist arms ... say that six banks and six banks only ... this forced them to come together.

"Now that they are responding, we can be a little more relaxed."

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