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Threat from rich nations (HL)

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KUALA LUMPUR, Thurs. - Rich nations, frustrated by failure to take over Malaysian banks and companies during the last economic downturn, will continue to sabotage Bumiputera economic recovery.

Datuk Seri Dr Mahathir Mohamad said they were also bent on undermining the New Economic Policy which they claimed blocked their chances of taking control of the economy.

The Prime Minister said these nations would use terms such as "borderless world" and "globalisation" to conquer new emerging economies, especially from amongst the Asian Tigers.

"They are now gathering their forces. Their big corporations are being consolidated to become giants which will destroy our companies and banks the moment they penetrate our border in the name of globalisation."

Dr Mahathir said modern trade through dotcom firms would render local companies irrelevant as the former would be able to sell their products directly to Malaysians.

When this happens, the Government will lose revenue from both import tax and corporate tax, as local companies will not be able to do business.

"Many will lose their jobs. Imported items may become cheaper but the unemployed will not have the money to buy these goods."

He said this when launching the Malaysian trust fund week and inaugurating the country's newest trust fund scheme, the Malaysia Trust Fund, at the Putra World Trade Centre today. (see business page)

Dr Mahathir said the majority of Malaysians were unaware of problems arising out of the last economic downturn. This, he said, was because the authorities were able to neutralise the attacks.

"But the attack against us and the Asian tigers will continue. Only this time it will be known as globalisation or in the name of a borderless world." He said Malaysians would be conquered if they failed to address these problems.

Dr Mahathir said frustrated foreigners would attempt to disrupt the Bumiputera economic recovery by labelling any recovery measure a bail-out. "(But) They'll deny all these claims. All evidence shows that wherever they succeeded in sparking off an economic crisis and weakening a country, they have been able to buy over banks and industries cheap as the International Monetary Fund had forced them to open up 100 per cent of the economy if they wished to get loans."

Dr Mahathir said, at the same time, the rich nations had no qualms when bailing out companies in their countries.

"That is why we have to implement the NEP intelligently. The Bumiputera community must improve in business and management ... it must be active in the economy."

He said that the NEP, which had been extended through the National Development Policy, must be implemented wisely so that no one would feel they had not obtained their share.

In this respect, Permodalan Nasional Berhad and its unit trust schemes will play a vital role.

Later at a Press conference, Dr Mahathir was asked whether a new Bank Negara governor would be appointed to replace Tan Sri Ali Abul Hassan Sulaiman whose term expires at the end of the month.

"We have not decided yet ... several names have been proposed but I am not going to reveal it to you."

On rumours that the insurance division from Bank Negara will be made independent, he said: "There are minor adjustments to smoothen the administration ... that you will have to ask the Finance Minister whether there is a change, he would know better because he is the one in control and not me."

On talk that foreigners would be sold a stake in Malaysia Airlines, he said there was nothing wrong in alliances as long as Malaysians were in control of the airline and it had the national identity.

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