

We'll settle all our debts: Dr M

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KUALA LUMPUR, Thurs. Malaysia will pay all its debts on time, Datuk Seri Dr Mahathir Mohamad said today.

"Let me state categorically that we intend to honour all our debts and on time. We shall pay both the interest and principal when they fall due. The Government has no plans to reschedule any of its debts.

"Malaysia has demonstrated by its deeds that we are a responsible borrower. This will not change just because commodity prices have fallen sharply."

Opening the ninth joint annual conference of the Malaysia-Japan Economic Association/Japan-Malaysia Economic Association (Majeca-Jameca) here, the Prime Minister said:

"I should like to take this opportunity, once and for all, to put to rest should there be any

lingering uncertainty — doubts about the Government's ability to meet its debt repayments.

"It is true the economy is going through a rough patch. That is why we are tightening our belts. We have made real progress in tackling the 'twin deficits' in the Budget and

no doubt whatsoever on the Malaysian Government's resolution to meet its debt obligations."

Malaysia, he added, had always maintained that it wanted trade, not aid.

"Even in these hard times, we are not asking for aid. All we are asking

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the balance of payments.

"In the final analysis we should emerge leaner, but stronger and more resilient."

Dr Mahathir said principal repayments of Malaysia's external debts in 1986 would amount to \$863 million.

"The Central Bank's external reserves totalled \$13.7 billion at the end of March 1986. Earnings on these reserves alone would be more than ample to meet the debt repayments.

"Bankers should have

for is fair trade."

He said the fall in commodity prices was neither accidental nor part of a cyclical phenomenon but had something to do with the policies of the powerful economies and the clout they wielded.

Noting that that the idea of a new international economic order had now been abandoned, Dr Mahathir said nations were not moved by charity.

"Only self-interest will influence their actions.

So I will not appeal for charity. I will appeal for enlightened self-interest.

"It does not do any country any good to impoverish potential customers. Manipulation of currency without regard to their effect on the developing nations must eventually damage world trade."

In this respect, he noted there was a time when countries went to war when they were deprived of world trade.

"The small nations cannot go to war but they will be tempted to seek other solutions, none of which will bring prosperity to mankind."

Elaborating on enlightened self-interest, Dr Mahathir said this constituted the fear of losing a potentially rich market.

A market could be lost not only through poverty but through opting for membership of "another camp" or it could be just a change in Government through the ballot box but a change from a friendly to a hostile Government.

He said some of the trouble spots in the world were once among the most promising areas and that what had happened in these places could happen elsewhere.

"Prevention is possible. Certainly it is better than the painful process of an uncertain cure afterwards."

Dr Mahathir said Malaysia was not going that way if it could help it.

"We are determined to pull ourselves up by our bootstraps. It would help if we do not get pushed down every time we try to rise."