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Mahathir-Deficit

BIGGER CURRENT ACCOUNT DEFICIT POSSIBLE, SAYS PM

KUALA LUMPUR, Aug 20 (Bernama) -- Malaysia's current account deficit for this year may exceed the RM14.8 billion forecast by the government if the ringgit continues to weaken, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

"It is possible of course, because they keep pushing down the ringgit and the cost of imports is much higher," he told reporters when asked of the latest prediction by several Malaysian economists that the deficit might even reach between RM25 billion and RM27 billion.

The Statistics Department reported today that the current account recorded a deficit of RM1.8 billion in the first quarter of this year, a marked improvement over the RM4.5 billion in the fourth quarter of last year and RM3.2 billion for the same period last year.

"But we have to look at what it is going to be like by the end of this year," Dr Mahathir told reporters after launching a pictorial book on former prime minister Tun Abdul Razak at the Putra World Trade Centre here.

When a foreign correspondent asked him why he kept on blaming the fall of the ringgit on foreign speculators, the Prime Minister replied: "Because we know it. Come on...are you going to deny that Soros was involved."

"We know, we know exactly who is doing all this," said Dr Mahathir, criticising once again speculators like American financier George Soros for speculative attacks on currencies in the region.

He said these speculators had huge amounts of money in their hands to undermine the economies of many developing countries, including Malaysia.

"Now even South Korea is the latest to suffer," he said.

"They are crooks who are out to make money for themselves at the expense of the poor people. And of course, developed countries are cheering him (Soros) on," the Prime Minister said.

Although a decision has not been made to reduce imports in the face of the declining value of the ringgit and rising current account deficit, he said this was something inevitable.

"Well, we will cut down all imports such as machinery. But they still keep on importing because they like the design (of the machinery), he said in jest.

On big projects, Dr Mahathir said it was not necessarily true that they would be shelved. -- BERNAMA

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