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Dr M: We have evidence Soros did it

MALAYSIAN Prime Minister Datuk Seri Dr Mahathir Mohamad, who was on vacation during the speculative attack on Southeast Asia's currencies in mid-July, returned to Kuala Lumpur in a combative mood.

Dr Mahathir remains absolutely certain he has identified the prime force behind the currency assault, which wiped six per cent off the value of the ringgit in one month: namely, George Soros, American billionaire hedge fund manager.

Dr Mahathir, who vociferously objects to the merest hint of Western meddling in Asian affairs, believes Soros' aim is to punish Malaysia for its support of Myanmar, or, more specifically, its ruling military junta, the State Law and Order Council.

Soros' New York-based Open Society Institute opposes the anti-democratic activities of SLORC but has repeatedly denied that this has influenced Soros' investment decisions. "There is absolutely no connection between the Open Society Institute's Burma Project and the currency trading conducted by Soros Fund Management," Soros declared in an official statement. Even so, Soros was irked that in late July, Dr Mahathir and the other leaders of the Association of Southeast Asian Nations formally ushered Myanmar into Asean.

Here follow excerpts from an exclusive interview FORTUNE's Neel Chowdhury had with Dr Mahathir in Kuala Lumpur:

Q: On what basis have you accused Mr Soros of speculating on the ringgit and other regional currencies?

A: We have definite information that he is involved. Of course, he is not the only one. Others followed suit. But he started it. In fact, he more or less confessed later on that he was involved. He had this idea that by applying pressure on Thailand and Malaysia he could prevent Myanmar from joining Asean. We also know that on his staff he has a person from Myanmar who might be influencing him. We have every evidence that he is involved.

Q: Why do you oppose the activities of Mr Soros' Open Society regarding Myanmar?

A: We believe Myanmar should be given time to make the necessary adjustments. We never believe in applying pressure on people. Trying to starve a whole nation to force its Government to behave, that is not our idea. If you want to act against the Government, you act against the Government ... If you apply sanctions you punish the poor for the (alleged) sins of the Government.

Q: Now that Myanmar is part of Asean, how do you plan to help the poor in Myanmar?

A: You can't influence (the Government) by threatening them. You have to show them that the way others do things can bring benefits to the country without in any way undermining their authority. Even if they lose authority they're not going to be thrown into jail. We have seen in some countries that when military authorities give up power in favour of democracy and they happen to lose the election, they are thrown into jail. Democracy is not any better than the dictatorship. Because once you are elected to become the government, you throw people into jail, and then you say that you are a democracy. To me it doesn't make sense.

Q: But hasn't Myanmar's military Government put its political opponents under house arrest?

A: Yes, they put under house arrest people for this. In some countries people are executed; they are massacred as in Bosnia. What has the international community done? Nothing. You know they sat (in Europe) and saw people being slaughtered in front of their eyes, and they did nothing. So why should we accuse these people? She (Burmese political dissident Aung San Sun Kyi) is living comfortably in her own house. There are restrictions, of course. But it's not as if she's being strung up.

Q: What is the reason for the West's indifference in the case of Bosnia?

A: Well, one reason is that there is no oil there. Some people say that if it were the Muslims attacking the Christians, they might have gone in with full force. I don't like to say it, but some people make these remarks. There are these double standards.

Q: There has been an anti-Semitic strain to the reporting on Mr Soros in the Malaysian newspapers. What do you plan to do about that?

A: No, we are not anti-Semitic because, as you know, the Arabs are also a Semitic people. We have always treated American Jews without any consideration at all that they Jews. But when a person of Jewish origin does this kind of thing, the effect is the same as when a Muslim carries out something that is akin to terrorism. Immediately people link it to Islam, to Muslims, although generally Muslims do not behave like terrorists. So as much as some people link terrorism to Islam and Muslims, some people in this country tend to link such activities with being a Jew.

Q: Do you plan to denounce those making such unfair links?

A: Well, I certainly do not agree with these linkages. People should stop accusing Muslims of being terrorists. People should not link Jews to these kinds of activities. Most Jews I think are quite innocent. They are not involved in this at all. But the impression created is, of course, that being Jewish, they have lots of money. They know how to manipulate money as much as some people assume we Muslims naturally are terrorists, including myself. That is unfair. I think you shouldn't label people that way.

Q: Some people have pointed out that Malaysia itself has speculated in currency markets, especially during the 1992 assault against the British pound, where Soros was famously involved.

A: Well, Malaysia may have been involved. But this is something everybody was doing. It was not a monopoly. It was not wielding huge funds that can actually influence the market.

Q: Do you mean to say that Malaysia has less funds than George Soros?

A: Oh, very much less. We're just ordinary speculators, perhaps, I don't quite know. There has been some accusation that Malaysia has been involved. But the amount of money involved was not so big as to be able to determine the market.

Q: Are you worried that this quarrel you've had with Mr Soros will deter foreign investors from coming to Malaysia?

A: We have no choice. He has wiped out billions of dollars from our economy, and if we're going to sit by and say nothing in the hope that it will not deter investors, then we're going to pay a very high price for those investments.

Q: If Mr Soros were right here in front of you, what would you say to him?

A: Go somewhere else.

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