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Malaysians exploiting attack on ringgit, says PM

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LANGKAWI, Tues. - Stepping up his condemnation of American financier George Soros for attacking the ringgit and other Asean currencies, the Prime Minister disclosed that certain Malaysians had exploited the situation for profit.

"The Government has definite evidence that the pressure on the ringgit and other Asean currencies was caused by George Soros," Datuk Seri Dr Mahathir Mohamad told reporters today. "But we cannot disclose the evidence now. There is no doubt that he did it ..."

"There is also evidence that some locals are taking advantage of the situation to make profit," he said. "I do not know if it is banks ... but someone (locals) is making available the currency. They want to make a profit from this situation".

Dr Mahathir was responding to reporters' questions on whether the Government had proof of Soros' involvement in the problem affecting Asean currencies.

Asked if Malaysians were also joining in the attack against the ringgit, Dr Mahathir said the locals did not join in the attack but only exploited the situation.

"We hope they do not get involved in this," he said, "because it is damaging our economy".

On the evidence against Soros, Dr Mahathir said Soros himself had admitted his involvement (on the attack against Asean currencies) although the financier denied the attack was linked to Myanmar's admission into Asean.

Even Soros' aides had admitted that the billionaire did not want Myanmar to join Asean, he said.

"The timing is too close for this to be a coincidence," he said. "The attack against the Asean currencies took place when the grouping was about to admit Myanmar into its fold."

While Soros claimed that his charitable work and the speculative attack were not connected, Dr Mahathir dismissed Soros' claim, saying that it was difficult to accept.

Asked if there had been further attacks against the ringgit from Soros, Dr Mahathir said the ringgit was said to be still under pressure.

When suggested that Bank Negara did not intervene, and if it had done so it would have been very expensive, Dr Mahathir said:

"Yes, it is expensive in the sense you have to spend money to buy up the ringgit and this would result in us losing (US) dollars. However, this does not mean you lose money.

"When you buy the ringgit and it depreciates, that difference is the loss and not the total amount ... for example if you buy the ringgit at RM2.50 (against the US dollar) and it comes down to RM2.60, you lose 10 sen."

Asked on the situation now, the Prime Minister said the country was still "bearing out" but the fact remained that much money had been lost.

On top of that, he said Malaysia's per capita income had gone down and the purchase of imported goods had gone up because of the ringgit's depreciation.

"Therefore, we have to spend a lot more money and our currency will also flow out of the country," he said. "This will aggravate our balance of payments deficit."

On his meeting with Bank Negara Governor Tan Sri Ahmad Mohd Don and the chief executive officers of certain banks last week, Dr Mahathir said he had discussed the currency issue as he wanted to know exactly what was happening on the ground.

"I am not a finance expert so I need to listen to these people," he said. "Besides, you learn quite a lot about what is happening and they may think of certain things that we can do".

Dr Mahathir was also asked to comment on the speculative attack against the ringgit by Malaysian-based foreign banks several years ago. The Government, he said, managed to curb the attack then.

However, he said, this time around the problem was aggravated, beginning with Thailand.

"They pushed down the baht further although Thailand would have suffered anyway because of some weaknesses in its economy," he said. "When the baht goes down, it brings pressure on us to push down our prices below the cost price ... this is because things are cheaper in Thailand compared to here".

Asked if the African countries participating in the Langkawi International Dialogue '97 had raised the currency issue, Dr Mahathir said participants discussed the matter at a closed-door session for heads of governments this morning.

"However, their currencies are not being attacked at the moment. This is because it would not benefit a great player who plays with billions of dollars," he said. "However, if he attacks, it may cause a total collapse of their (African) economies".

On the need for the US State Department to react to the issue, Dr Mahathir said:

"This was the problem with this so-called free marketeers ... they want us to be a free market even if it destroys us.

"For them, a free market is the greatest ... this is something which I cannot understand.

"It is the same with fanatics. When you are a fanatic, reason becomes irrelevant. If your leader says you should commit suicide, the whole lot will commit suicide. This is the kind of attitude possessed by these people."

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