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Transcript

BERNAMA INTERVIEW WITH PM DATUK SERI DR MAHATHIR MOHAMAD

KUALA LUMPUR, Nov 14 (Bernama) -- In conjunction with the Apec summit which Malaysia is hosting for the first time, Prime Minister Datuk Seri Dr Mahathir Mohamad granted Bernama an exclusive interview in which he talked about Malaysia's expectations and the role he hopes to play as chairman of the leaders' meeting.

The Prime Minister also talked about currency controls and the path to economic recovery, the country's political scenario and a host of other issues.

Following is the Q and A transcript of the interview at the Prime Minister's office by Bernama Editor-in-Chief Syed Jamil Jaafar and Economic Service Executive Editor Yong Soo Heong:

Q: Datuk Seri, what is Malaysia's expectation of this year's Apec Summit?

A: First of all, we hope to bring forward the economic crisis in Asia and the need for attention to be given to the real reasons for the crisis, which was caused by currency traders although there are some who blame the lack of transparency in some countries and the like. There are some who fault the IMF (International Monetary Fund). But the downturn has been due to currency traders who devalued currencies on purpose.

Q: Datuk Seri, since the last Apec Summit (in Vancouver), what progress have you seen in the field of economic integration?

A: I feel not much has been achieved. At Vancouver, I also tried to present our view but it did not find acceptance. Now the others feel that what has been expounded by us holds water after all in that currency markets were the cause of the (economic) problem.

Q: Datuk Seri, besides having raised the question of excessive currency trading, you have also expressed concerns on unrestrained liberalisation and their effects on East Asian economies. Will Datuk Seri also raise this issue?

A: If I have the chance, I will but because I am the chair, I cannot possibly speak at length. I must give other leaders a chance to speak. However, we do feel that if liberalise too quickly before we are prepared, we will be saddled with major problems. For example, other people may want capital to be able to move freely without restrictions. When such capital comes, it is good. But when it is pulled out quickly, like what happened recently, then the affected countries would face serious problems which are hard to overcome.

Q: Malaysia has been very vocal in its views and has sometimes emerged as the lone voice in demands that the measures taken by Apec for example do not become too binding. What are the risks or dangers if we do not voice our concerns?

A: If we choose to keep quiet, then the others would continue to put

pressure on us. On the other hand, other nations also have the same views as us. But their hands are often tied. If they are recipients of IMF aid, they cannot voice their protests. We are lucky because our economic situation is quite stable in that we do not have to get IMF aid. In view of the fact that we are not tied to the IMF, we are more free to speak out. If we do not voice out, the others will continue with whatever plans they have without thinking about the adverse consequences on developing countries.

Q: So Datuk Seri, Malaysia will continue to voice out?

A: We will continue to voice out. We cannot keep our mouths shut because if we were to do that, we would be victimised.

Q: Datuk Seri, you said it would take about three or four years to get the international community to make some decisions on a more orderly financial regime. Do you think that bringing this currency crisis issue to the Apec meeting would help expedite this decision-making?

A: We will have to raise this matter in every forum. We cannot miss even one international forum and let it go without our bringing to their attention the problem raised by currency speculation.

Q: With the divergent membership of Apec and many being proponents of the IMF, don't you think it would be difficult to get a uniform viewpoint at the Apec meeting?

A: Yes, this of course will be difficult. That is why I am predicting a long time, maybe three to four years before they can make a decision. That is normal in international haggling like this. Some countries tend to gain, some countries tend to lose. So, to get agreement is going to be very difficult. So, until they are hit themselves and I'm quite sure over time, they are going to feel the bad effects of this currency speculation, and at that stage, I think they will be more willing to accept our views.

Q: Datuk Seri, given that the Apec economies account for a sizeable portion of world investment and trade, do you think this particular Apec meeting should give more attention to the currency crisis, now that the IMF is seen to be ineffective, unable to breathe life into economies that have been battered by the currency crisis?

A: Well, certainly Apec is the right forum for this simply because within Apec, you have countries which have suffered very badly because of currency trading and you have countries which appear to gain initially from currency trading until of course, they found themselves losing money over their investments in Russia. So now they are aware that currency trading can also be damaging to them. So, there are two different viewpoints here. One, like countries in Southeast Asia, we feel the pressure of devaluing our currency. For them, they lose because their investments have not paid up the dividends that they expected. In fact, a lot of banks have lost huge sums of money because they invested in this LTCM (Long Term Credit Management Fund). So, their problem is different from ours but it comes from the same source -- currency trading.

Q: Under the Early Voluntary Liberalisation Scheme (EVLS), nine priority sectors have been identified. While there have been some progress in certain areas, certain countries have specific reservations. Under what premise should liberalisation proceed so that an acceptable package can be

worked for all nine sectors?

A: The most important thing is that this is voluntary. Early voluntary. Those two words are very important. It means that you must make the decision yourself, if you are ready. If you are not ready, you can wait until the time comes for you to make the decision. But to say that because there is early voluntary liberalisation, therefore you must agree now, that is wrong. You can do it at your own pace depending upon your own country's situation.

Q: Datuk Seri, is Apec deviating from its original aim of economic integration? There appears to be some attempts to politicise the summit?

A: This is very unfortunate because Apec is an economic cooperation organisation. The stress is on the economy, not on politics. So countries of Apec practise different ideologies. We have Communist countries, we have countries which are only just accepting the free-market system. We have different stages of democratic processes ... If we want to debate on politics, there will be no economic issues that can be resolved. So, we want to forget about the political part of it. That can be discussed in other forums. But, Apec is a forum for economic cooperation.

Q: Sir, as the chair, would you be attempting to bring the focus on purely economic matters?

A: I will try ...

Q: (But) there will be charges that you would want to detract from other issues like politics?

A: Everyone of us have got political problems. So, there's no one who is not guilty of some political abuse.

Q: What is the significance of Russia coming on aboard?

A: Russia is a very big country. It is both Pacific and European.

Q: Datuk Seri, having said that the Apec meeting is about economic matters and not about politics, but then the Kuala Lumpur summit has in a way been politicised with comments from a number of leaders on, for example, the dismissal of Datuk Seri Anwar. Would you like to comment?

A: Well, I don't want to say anything except this is something that can be discussed in other fora but not at the Apec meeting. The Apec meeting is about economic affairs.

Q: Do you think the Apec meeting should also discuss matters of security?

A: No, I don't think so. Security is a different matter.

Q: Datuk Seri, the Apec Summit is being held against a backdrop of Malaysia getting quite a bad press, especially in the last two months following the introduction of financial controls and then the Anwar Ibrahim affair. Why is it that Malaysia is getting such a bad press? Are we being very much maligned?

A: No, I think we are too outspoken perhaps. We like to call a spade a spade. They (foreigners) are used to not being criticised but to criticising others. So, when they get a dose of the same medicine, they cannot take it, particularly as expressed through the media. So, they go all out because we think quite openly that the media is wrong. And their system is wrong and their financial regime is wrong. They don't like to be told that they are wrong. They like to tell others that others are wrong. For example, they blamed our government for whatever happened. But when we blamed them, they don't like to hear that. So, we are not the darlings of these people.

Q: The international media has been most unfair to Malaysia?

A: I would say so.

Q: The Apec summit would give foreign leaders and journalists an opportunity to see for themselves the actual situation in Malaysia...

A: Yes, they can see for themselves the situation in Malaysia but of course our friends are going to have demonstrations to show that there is some truth in the bad reports they have been making on us.

Q: Datuk Seri, Australian Prime Minister John Howard says he would like to raise the Anwar Ibrahim issue in his bilateral meeting with you. What would be your response to this?

A: We'll wait and see if he does that. If I say what would be my response (now), then I don't have talk to him anymore ...

Q: If he were to bring up the matter, don't you think this is an interference in our internal affairs?

A: Well, actually we can also raise issues about (Pauline) Hanson, about the treatment of the aborigines and all that. But, that doesn't get us anywhere.

Q: Thai Prime Minister Chuan Lekpai has asked that our currency controls be relaxed because they are affecting their border trade and tourism with Malaysia. Would you consider this?

A: I will have to know more details before I can decide on that.

Q: There have also been calls for some adjustments and administrative relaxation now that the ringgit has stabilised. Some say that those with less than RM1,000 should not be required to fill the Customs declaration forms. Would you like to comment on this?

A: This kind of form-filling is general throughout the world. It is only in Malaysia that we have been very relaxed before. So, it is not any inconvenience. I have met a lot of travellers and I asked them whether they found it difficult. They said no.

Q: After more than two months of currency controls, have there been any positive signs in terms of economic recovery?

A: Most definitely. For example, the stock market index went up from 262 to 400, and today is 400 something. Our reserves have gone up. Trade

balance is very big in our favour. Sales of motor vehicles and houses have gone up. Generally, business activity has picked up.

Q: What would be your message to Malaysians to capitalise on this?

A: They should be happy to go about their business in the normal way, to spend in the normal way because we have reduced interest rates. There is plenty of money in the banks which they can borrow for legitimate business. Generally, they should also make full use of the stability in the exchange rates.

Q: Under the present economic downturn, you have urged the people to sacrifice and work harder. Has your call been heeded?

A: I feel they have not bought things that they did not need. As a result, our trade balance is in surplus. This is because we no longer import things that we do not need such as certain branded items and the like.

Q: Can the people expect to see light at the end of the tunnel?

A: Yes, if we continue to be prudent and carry out our tasks well. We have raised productivity and I am confident that we have begun the recovery process.

Q: When can the people expect a more definite recovery trend?

A: Recovery will occur in 1999. But in order to achieve the same kind of growth at more than eight percent will take some time because growth does not only depend on what we do in the country. If our trading partners face problems, they would not be in a position to buy from us and this would affect economic growth.

Q: In this context, would you consider the Apec Summit to be extremely important, Datuk Seri?

A: The Apec Summit is important but we should not place much hope on it because there are others with a different agenda.

Q: Datuk Seri, you initially boycotted Commonwealth meetings but Malaysia became the host of the Commonwealth Heads of Government Meeting in 1989. You did not attend the Apec Summit in Seattle in 1993 but this year Malaysia is the host. What are your comments?

A: Yes, I always want to know what is the real purpose of a certain institution or meeting. If we only attend meetings without getting any benefit, that is such a waste. We are a small nation and we cannot afford to waste. I find that when we do not attend, this attracts attention to our needs. And they give heed to our views. At this point, our participation brings many benefits.

Q: Datuk Seri, you have chosen Cyberview Lodge as the retreat for this year's Apec summit. Why was it chosen? Is it to showcase our Multimedia Super Corridor (MSC)?

A: There are many reasons for choosing Cyberview. One of course is to showcase the MSC. The other one is the ambience, the environment is very

suitable for a retreat, away from the busy city, traffic and all that. It is a quiet place, typical of a Malaysian estate. I think it is good for people to see the other side of Malaysia. Usually when they come here, they come to Kuala Lumpur. They pass through rubber estates, palm oil estates but they never stop. Now they are going to live for almost a whole day in an oil palm plantation.

Q: Sir, with the economic crisis to contend with and now a political crisis ... how are you coping? How are you holding up?

A: Well, still managing. I think with the help of my colleagues and all that ... they are very supportive. All the members of Cabinet, all the members of the (UMNO) party are very supportive. I know I can fall back on them and that increases my capacity to work.

Q: In 1987 Datuk Seri was challenged as president of UMNO and nearly lost and at that time, nearly half the Cabinet members left the party. Comparing the situation then and now, which is more serious?

A: At that time we felt it was terrible, because of the possibility of the party splitting into two. In actual fact, the party did break up. Although I managed to pull back the majority, nearly half the party members left to join Parti Semangat 46. This time, except for scores of people who do not hold important posts in the party, the others give me full support. The Menteri Besar, Cabinet ministers, deputy ministers ... all of them have given their fullest support. In fact, it was they who decided on the action that we have taken.

Q: So, the party continues to be strong and problems being faced now are not as difficult as those before?

A: I do not deny that the problems are difficult, especially with foreigners beginning to interfere. These people (supporters of Anwar) are getting support from foreigners who do not know the real situation. In 1987, there was no foreign interference. We do not seem to be a free and independent country anymore. Our internal problems are exposed to others. I am worried that if we continue to do so, our freedom will be lost. Other people will determine who will be our leaders, who should be given priority, etc.

Q: The movement which seeks to bring reforms in the country appears to have failed to create the groundswell of support which they expected. As such, the expectations of many quarters were dashed. This may cause frustration among them. There are people who would like to see the changes that had taken place in neighbouring countries also take place in Malaysia ...

A: Their hope is actually to have large-scale riots throughout the country and with that, the government would fall, and when the government falls, there will be no trials. And when there are no trials, sensitive matters will not be exposed. Therefore, when the government doesn't fall and court cases are heard, the hopes of these people are not fulfilled.

Q: Some people may take the opportunity of the Apec Summit to portray Malaysia as undemocratic, despite one state being administered by an opposition party and the fact that the government lost in two by-elections recently. Datuk Seri, the real situation in Malaysia is not being depicted

...

A: If foreign observers really study the situation, they will find that the present government has been legitimately chosen by the people in a valid election. On the other hand, the method that is being employed to bring down the government is not through the people exercising their choice but through violence ... like fighting the police, starting fires and violating mosques. If these people are really democratic, they will not resort to such actions. Those people from foreign countries who claim to champion democracy, they should know that the method being used to topple this government is not democratic. On the contrary, this government was formed through a democratic process.

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