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Mahathir-Loans

MALAYSIA TO CONTINUE FOREIGN BORROWINGS, SAYS MAHATHIR

IPOH, Aug 6 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today Malaysia will push ahead with efforts to borrow from foreign sources to revive its economy.

But he said the means by which the government would do this would not be made public to prevent "rogue currency speculators" from derailing such efforts.

"We will find other means (to borrow) but we cannot reveal them because then the rogue currency speculators will find ways to derail our efforts," he told several thousand people who gathered at the Indera Mulia Indoor Stadium here to mark his one-day visit to Perak.

The Prime Minister said the latest tactics to undermine Malaysia's economy became apparent when two days before Deputy Prime Minister Datuk Seri Anwar Ibrahim was scheduled to leave for an overseas trip to explain the country's economy and raise foreign loans, the rogue currency speculators downgraded Malaysia's credit rating through two international credit rating agencies, Moody's and Standard & Poor's.

"They deliberately undermined our efforts to revive our own economy," he said.

The prime minister said after attacking the country's currency which had dropped by over 60 per cent and the stock market which plunged across the board, these rogue speculators were now attacking Malaysia's ability to raise foreign loans.

Their only intention was to destroy the economy, he added.

"The people don't know this but this is the very thing that we in the National Economic Action Council (NEAC) are constantly discussing," said Dr Mahathir, who is also NEAC chairman.

He said it was important for the people to understand what was being done to their country (by these speculators).

He said these speculators not only wanted to control the economies of countries in Asia but also their politics and determine who their leaders should be.

"Leaders in Asia such as in Thailand, Indonesia, South Korea and the latest in Japan, have all been changed.

"Those that have not been changed are in Singapore and Malaysia," he said.

And Dr Mahathir said they would still try to topple him if he talked "too much".

He said these speculators were not only greedy for money but also for power to control the economy, politics and to control the world.

Dr Mahathir said the government had to borrow from foreign sources and not from the International Monetary Fund (IMF) to enable the two agencies recently set up by the government to purchase non-performing loans (NPLs) and recapitalise local companies.

"Our banks have less money and many loans therefore we have to buy (the NPLs) and that is the way to rescue those in debt. But to buy the NPLs and recapitalise the companies, the government must have funds," he said.

However, he said, when they (rogue currency speculators) heard that the government had to borrow and to send its ministers to explain the country's economic situation, they used these two international rating agencies to downgrade the nation's credit worth.

"So if we want to borrow, we have to pay high interest. The purpose is

to stop us from borrowing and this means we cannot rescue our banks and companies, this is intentionally done," he said.

The prime minister said his main objective in meeting the people was to explain to them the situation faced by the country to enable them to understand the problem.

Dr Mahathir said what was important was that the people did not create chaos in the country and instead maintained their solidarity.

He reminded them that if there was chaos, the government would not be able to concentrate on reviving the economy which experienced 60 per cent currency depreciation and a plunge in share market capital from RM900 billion to RM300 billion since the problem began middle of last year.

"We need the concentration, we must face it and if there are all sorts of things happening behind our backs, maybe we will not be successful," he said.

Dr Mahathir hoped those present at the gathering would convey his explanation to others to enable them to consolidate unity and together face the problem as a responsible society.

He said the people should understand the economic turmoil, which could be considered extraordinary, because if they did not comprehend it they would not be concerned.

Dr Mahathir said the people did not actually feel the currency depreciation because they were using the ringgit for transactions in the country.

"Don't think the fall in share price of companies does not affect all of us...there are direct effects because the companies pay taxes to the government," he said.

When the tax payment from the companies was affected the government programmes for the people would also be affected, he said.

He said if the problem continued, it would affect everyone as the price of imported goods would increase.

He said that for next year, if the government could not collect taxes like last year, it might consider pay cuts for government servants.

"Then all the people we will be angry with us," he said.

However, Dr Mahathir said, the government had taken steps, including reducing the expenditure for development.

-- BERNAMA

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