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Mahathir-Attacks

SPECULATIVE ATTACKS HAVE REACHED DANGEROUS LEVEL, SAYS PM

KUALA LUMPUR, Aug 18 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today speculative attacks on currencies which began over a year ago have reached a dangerous level and may prompt countries to fight back.

Speaking at a Workers Day celebration here today, he said that if the attacks on currencies and stocks continue on developing countries, there would be a point in time where "such attacks would hit countries that could fight back".

He expressed confidence that Malaysia, backed by racial unity and strong relationship between the government, employers and workers, could fend off such attacks.

Dr Mahathir said more foreign pressure could be expected to force Malaysia to seek assistance from the International Monetary Fund (IMF) to fully expose its economy to foreign banks and companies.

As an example of mounting pressure on the country, he said when Malaysia planned to raise funds overseas, its sovereign ratings were downgraded so that it would have to pay high interest on its external loans.

"Clearly, they are not supporting but are obstructing efforts to revive the economy," he said.

Dr Mahathir said that several countries whose currencies were attacked had taken drastic measures to protect their economies.

In Hong Kong, for instance, the government had to step into the market to buy shares but it was accused of interfering with free market forces influencing the stock market.

The prime minister said that in countries receiving IMF aid such as South Korea, Indonesia and Thailand, their economies had to be restructured as one of the conditions for the financial aid.

Even the Russian economy has not been spared with the government announcing drastic measures to revive the economy including a de facto devaluation of the Rouble.

Besides this, Moscow also enforced a 90-day halt to some foreign debt repayments, in response to a plunge in central bank reserves, all of which has cast a gloom over global financial and stock markets.

Dr Mahathir also said that employees were fired and workers demonstrated as they could not afford to lose their jobs.

Now, the workers were being blamed for interrupting the economic restructuring, he said.

"They also blame the economic systems of these countries for not having a safety net for those laid off," he said.

In developed countries, safety nets were provided but Dr Mahathir pointed out that the money came from tax payers who have to work to earn their living.

"In the East, things are different, the governments want to give jobs to workers for life and do not want employees being fired," he said.

Dr Mahathir said that to the speculators, economic restructuring should not be blocked and that profits to them were more important than social problems.

He said Malaysia had achieved independence and over the past 41 years, managed to develop the country without much foreign assistance.

But now, "the speculators want us to lose our independence, freedom and

sovereignty," he said.

Apart from wanting to dictate the economy, they also want to decide on who should lead countries, he said.

Dr Mahathir thanked Malaysian employees for their cooperation so far and not resorting to demonstrations, be it peaceful or violent, or wildcat strikes.

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