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PM: Malaysia made a scapegoat (HL)

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KUALA LUMPUR, Thurs. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today Singapore was making a scapegoat of Malaysia to divert its citizens' attention from its many internal problems.

Dr Mahathir, who is Umno president, said for the first time, Singapore was facing a serious economic situation with high unemployment, and the residents were unhappy with a situation which they had never experienced before.

"The aggressiveness of the Singapore Government at present, is a result of its internal problems. The economy has not grown and in fact, it is minus growth.

"There is high unemployment, and some who had formerly worked in banks are now becoming taxi drivers. Because of this situation, the Government has to divert their attention and make Malaysia the scapegoat.

"Singapore also faces other problems. Its Government-linked companies have been losing billions of dollars in foreign investments. In Singapore, you cannot discuss this in public and its Press cannot give details on the losses.

"So, Singapore has to focus on other things to divert the people's attention," Dr Mahathir said after chairing the Umno supreme council meeting today.

He also said there was evidence of factions within Singapore's ruling party, the PAP, with some groups trying to prove that they are "more Singaporean" than others, and each wanting to be more aggressive in attacking Malaysia.

The Prime Minister also touched on Singapore's Foreign Minister S. Jayakumar's statement in Parliament last Saturday, that the republic was pursuing the water issue as a matter of its sovereignty.

Dr Mahathir said this was absurd.

"It is we who gave Singapore its status as a sovereign nation. Previously, they were just a part of Malaysia. There is no reason why we should undermine their sovereignty.

"We have been selling water to them all these years even at the time when Singapore was a British colony. The question of sovereignty did not arise then and why bring it up now?

"I'm quite sure that water price is not a problem to them as they have US\$88 billion (RM 334.4 billion) in reserves. They are rich and can afford to pay the amount we ask.

"We are not going to dance to their tune and help them to overcome their difficulties. They can manage on their own. I am quite sure that they are very smart people. They can settle their own problems but we are not going to be the object of their hate campaign in order to make their people forget that they are facing rather severe problems."

Dr Mahathir said Malaysia regarded Singaporeans as friends, neighbours, brothers and sisters as many of them were formerly Malaysians.

"We have no quarrel with the people of Singapore. It is not our intention to deprive them of water. We will continue supplying them with water in 2061.

"But of course, treated water will cost more, and we need to sell at a higher price. Even for raw water, it is ridiculous to pay the 1927 price of three sen (per 1,000 gallons of raw water) in 2003. Nothing in the market that was sold for three sen then, will remain at the same price. If

anyone can bring anything that he had bought for three sen in 1927 and (find it) being sold at the same price now, I would like to know."

Thus, Dr Mahathir said it was ridiculous for Singapore to suggest that Malaysia sell them raw water at three sen until the year 2061.

"Of course, we have to increase our price and it has to do with the agreement. The agreement says after 25 years, we can revise the price of water. After means after. If it says that as soon as you reach 25 years, you must immediately revise the price, then it is a different matter. But that is not the case."

Dr Mahathir stressed that Malaysia had no quarrel with Singapore and had no intention of going to war with them as suggested in the Young PAP website.

"We think this talk of war and sovereignty should stop. We are not going to deprive Singapore of their sovereignty. No way are we going to colonise them or do anything to them. We are not in the business of killing innocent people.

"That is our view. We hope that if they have internal problems, please manage them on your own. Do not make us a scapegoat in order to divert attention. They have to settle their problems in their party themselves."

Dr Mahathir said Malaysia welcomed Singaporean tourists and investors as they have contributed significantly to the economy.

"Please feel welcome in Malaysia. If they want to drive on our roads in their Ferraris, they are welcome. We also want Singaporeans to buy properties in Malaysia which is ridiculously low (in price) compared with Singapore; we are not going to out-argue and have a war of words with them. No way."

Asked on the extent of losses faced by Singapore, Dr Mahathir said such statements would not be in the public domain in Singapore. "But we know through economic intelligence."

To another question, Dr Mahathir said Singapore's aggressiveness was due to their feeling that they were under pressure.

"They are afraid to lose as they have the kiasu attitude."

On the need to stop making provocative statements, Dr Mahathir said such statements would have to be made if there was a need, but not to the extent of jeopardising the relationship.

On whether Malaysia would pursue negotiations on the water agreement, he said: "We are still interested. It is not because the profit is big. In fact, it is only RM50 million which is much lower than our tax revenue. The amount we get is only pocket money for Johor."

In Alor Gajah earlier, Dr Mahathir said Singapore's move to publish its letters and diplomatic notes with Malaysia over the water issue and other outstanding matters, had made such correspondence almost impossible in the future.

He said it was not nice to publicise letters written in confidence.

"When you write a letter to your girlfriend and she circulates it to all her boyfriends, I don't think I will get along with that girlfriend at all.

"It is not very nice to publicise letters which are written in confidence, it shows a lack of good faith. It is very difficult for us now to write letters at all, because we might as well negotiate through the Press."

Nineteen letters between Malaysian and Singaporean leaders over the last two years on the water issue had been published in the Straits Times, a newspaper owned by Singapore Press Holdings since Sunday.

Singapore also circulated copies of the two water agreements of 1961 and 1962, plus a supplementary water agreement in 1999 relating to the building of the Linggiu Dam on Sungai Johor, and the purchase of treated

water by the republic in excess of the 250 million gallons per day from this river.

The Prime Minister was speaking after opening Honda Malaysia Sdn Bhd's RM170 million manufacturing and assembly plant in Pegoh near here.

Dr Mahathir said Malaysia would now pursue the water-supply issue from a legal standpoint and other avenues to get a review of the low price.

The Prime Minister also said Malaysia was not a nation which went to war for territorial gains, and this had been made clear when Kuala Lumpur indicated its readiness to refer the Pulau Batu Puteh dispute to the International Court of Justice.

On Iraq, he said Malaysia was prepared to co-operate with the United States if the superpower showed sufficient proof that Baghdad possessed weapons of mass destruction and had links with al-Qaeda.

However, he said Malaysia was not yet convinced as there wasn't sufficient proof.

"We, along with a majority of the world community, feel the same about this. We are not anti-America... if they convince us we will go along with them. Just like in the fight against terrorism, we are prepared to co-operate fully with them," he said.

Dr Mahathir was asked for his comments on US President George W. Bush's speech during his annual State of the Union address yesterday.