

**In another salvo, Dr M takes stab at 1MDB**  
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Dr Mahathir Mohamad, in what appeared to be a veiled attack on Prime Minister Najib Razak, has expressed concern that Malaysia would not be able to repay the massive debts accumulated by state investment fund 1Malaysia Development Berhad (1MDB).

He pointed out that despite Malaysia's oil profits, the government has been running at a budget deficit for years.

"The money for 1MDB is not from the country's surplus. It is a debt. Billions of ringgit in debt that is added to the already-high national debt.

"The national debt must be paid. If not, we will be bankrupt like Argentina. A country that has been facing a deficit every year could not possibly pay off a debt this big," he wrote in his blog today.

Mahathir was responding to a blog post by Sabah state assembly speaker Salleh Said Keruak (left) on 1MDB and how the sovereign wealth fund should be used to fund education.

In his own post, Mahathir said while 1MDB has apparently provided scholarship for many, the sovereign wealth fund is known for its wide range of other investments.

This includes power stations and the construction of the Tun Razak Exchange in Kuala Lumpur.

Malaysia has no surplus from oil

He said that many oil-exporting countries have sovereign wealth funds from surplus from its oil production.

But unlike countries like Kuwait and Qatar, which bought hotels with their surplus funds, Malaysia had no surplus funds.

"Malaysia produces only 650,000 barrels per day and don't have a surplus from Petronas' oil sales.

"A large portion of the profits were given to the government, while the rest are for investment. The money given is not that much," he said.

He also took a jab at 1MDB by mentioning that the funds it has in the Cayman Islands.

This has prompted much criticism due to lack of transparency.

The Cayman Islands is a known destination for offshore investments.

1MDB is wholly-owned by the government, and its advisory board is chaired by Prime Minister Najib Abdul Razak.

According to a Reuters report in June, the company is currently struggling under a US\$11 billion (RM35.51 billion) debt, and is not generating enough revenue to even cover interest costs.

The report also said the government guarantees 14 percent of the debt, while investors are expecting the government to provide more if needed.

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