

Huge financial implications over China deals, Dr M warns

MalaysiaKini.com

Nov 16th, 2016

Putrajaya's habit of taking large loans to fund projects, coupled with the continued depreciation of the ringgit, would bankrupt the country, warned Dr Mahathir Mohamad.

In a post on his blog today, the former prime minister said Malaysians must protest against such borrowings because of the financial burden it posed to the country in the future.

He said the East Coast Rail Link (ECRL) and the proposed high-speed rail from Kuala Lumpur to Singapore alone would mean Putrajaya had to take RM100 billion in loans.

"The loans are denominated in USD or Yuan. The ringgit is **depreciating** fast... Malaysia will be saddled with this huge additional debts.

"If the payment is to be made by selling assets of the government, a huge chunk of valuable land in Malaysia will be foreign-owned," wrote Mahathir, adding that 1MDB's debt was weighing down the government as well.

Citing Greece as an example, Mahathir warned that lenders typically had great influence over their debtors and their currency would be greatly devalued.

He warned that the devaluation of currency would cause citizens to become poor.

"After 60 years of high growth Malaysia will revert to being a poor developing country due to the Malaysian government's borrowing habit.

"Forget Vision 2020. Malaysia will be reduced to begging for aid. And countries which depend on aid will lose much of their independence," he said.

Why not a Malaysian firm?

Meanwhile, Mahathir also questioned why Putrajaya did not pick local firms to construct the ECRL.

He said using local firms would have prevented foreign outflows.

"Malaysia has many companies capable of constructing electrified railway lines.

"Giving the contract to a foreign company means the money will flow out of the country. This is not healthy for any country," he said.

Mahathir, who was prime minister for 22 years, also claimed that the Chinese firms normally charged half the per km price.

In view of this, Mahathir said that there were huge financial implications for the country

over Putrajaya's recent deals with China.

"When Malaysians are not happy with Najib's China trip, it is not because they are against China. It is because they care for this country. They care for the present and the future of this country," said Mahathir.

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