

Show Proof That Govt Debt In 80s & 90s Worse Than Now, Says Dr M

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By Admin-S

Malaysia could once again be dragged into a financial crisis reminiscent of those in the 1980s and 1990s after the strengthening of the Yen, following Malaysia's loan with Japan.

(NST) – The government was not plagued by debt difficulties in the 1980s and 1990s after undertaking a soft loan from Japan, says Tun Dr Mahathir Mohamad.

The prime minister said figures gleaned from the country's annual financial reports showed that the debts at the time did not exceed RM300 billion, and were only 27 per cent of the Gross Domestic Product (GDP).

“This can be seen in the annual reports of the 1980s and 1990s. These are actual figures. If anyone can show a different set of numbers, I would be most grateful as I would be proven wrong.

“I was there for 22 years, so I know a little bit about growth numbers, debt as well as the country's finances.

“We never had a debt of RM42 billion at one time. We never had a debt of a trillion ringgit, we never even heard of the term ‘trillion’ before.

“I don't know if RM300 billion is more than a trillion though,” quipped Dr Mahathir.

The prime minister was responding to a question by Datuk Seri Dr Ahmad Zahid Hamidi (BN-UMNO Bagan Datuk) in the Dewan Rakyat today.

Zahid had raised the possibility that Malaysia could once again be dragged into a financial crisis reminiscent of those in the 1980s and 1990s after the strengthening of the Yen, following Malaysia's loan with Japan.

Meanwhile, Dr Mahathir challenged any quarters who claimed that Malaysia was laden with debt following its loan with Japan, to present solid evidence and not just make wild accusations.

“Bagan Datuk (Ahmad Zahid) mentioned a few figures but nothing in terms of written evidence to prove that the debts before were greater than what it is now,” he said.

Responding to a supplementary question from Datuk Dr Noor Azmi Ghazali (Independent-Bagan Serai) on the government’s targets in setting a debt ceiling, Dr Mahathir said the rate agreed upon is that it should not exceed 55 per cent of the GDP.

He said this also applies to companies which are wholly-owned by the government to ensure that financial burdens which could take place due to high-risk business transactions will not become a problem in the future.

“The government cannot have the debt at more than 55 per cent (of the GDP), so it formed a company that was 100 per cent owned by the government.

“This company took on debts that was more than the ceiling as it was not bound by the restrictions imposed on the government, hence why we are now bearing this financial burden.

“There were also cases where debts went unrecorded, but put in another category until ultimately, the burden of settling these debts went to the government.

“In the case of 1Malaysia Development Bhd (1MDB) for example, the debt was returned to the government and is among the factors why the government’s debt rose. This was because there was non-compliance with regards to abiding by the debt ceiling,” he said.

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