

Malaysia's Mahathir gaining global support in fight against Soros

by Gail G. Billington

Despite the best efforts of the establishment press to distort beyond recognition, or simply ignore, the statements of Malaysian Prime Minister Dato Seri Mahathir bin Mohamad against the ravages wrought by global speculators, such as George Soros, events of early October underscore that the prime minister is anything but "a lone maverick."

In the following documentation, *EIR* continues its unique role in covering what Mahathir said, as opposed to "sound bytes" in the *Wall Street Journal* and *New York Times*, or the blackout ordered by the Bank of Mexico and that country's Treasury secretary, according to José Neme Salum, reporting in Mexico's leading newspaper, *Excelsior* Oct. 6. In particular, we reproduce evidence that what the prime minister said to 3,000 of the world's financial and economic elite, in his Sept. 20 address to the Annual Meeting of the International Monetary Fund in Hongkong, reflects a generalized revolt among policymakers and statesmen against "free trade," demonstrated here in excerpts of the Sept. 24 speech of Pakistan's Finance Minister Sartaj Aziz to the IMF meeting, in statements of Iran's former Deputy Foreign Minister Abbas Maleki published in the Oct. 8 *Iran News*, and in the emerging public support in the aftermath of Dr. Mahathir's 10-day trip to recruit four Ibero-American countries to this fight on Sept. 25-Oct. 5.

It is all the more important that this debate receive the widest possible circulation, because the financial ravages unleashed against Southeast Asian countries entered a new phase in early October, with the decision of the region's largest country, and economy, Indonesia, to seek an as-yet-undisclosed IMF stabilization package. Panic is setting in, which all the "confidence building" by IMF Managing Director Michel Camdessus has failed to dispel. At the same time, support for initiatives outside the IMF system, such as the \$100 billion Asian Monetary Fund, put on the table in Hongkong by Japan, is spreading to include Asian Development Bank head Mitsuo Sato, Thailand's State Planning Agency head Phisit Pakkasem, and Thai Prime Minister Chavalit Yongchaiyudh, in his talks with his Japanese counterpart and Thailand's Japanese creditors.

As Lyndon LaRouche pointed out in a radio interview on Oct. 7 with "EIR Talks," there has been a significant delayed reaction, and opposition to, what Mahathir has said, because telling the truth about the IMF and George Soros is not politically correct. "But the IMF and the World Bank, and George

Soros, are typical of a process which is looting and destroying entire nations with which we claim we have friendly relations. We say that the IMF conditionalities will *help* nations, that the World Bank will *help* nations," LaRouche said. But "the IMF has killed more people with its policies in the past 25 years than Adolf Hitler killed . . . and is killing nations."

In Ibero-America, Prime Minister Mahathir experienced at first hand the effect of the IMF's successful breaking of that continent's resistance and solidarity against "conditionalities," following the 1982 and subsequent 1995 debt crises, and the wholesale sell-off of assets, including the press, to Soros himself. Perhaps this helped inspire his indictment of free trade as "an invention of mere men," comparable to communism and national socialism, which "inventions can prove horribly wrong" (see speech, p. 11).

In this regard, LaRouche commented in his interview, "Mahathir is the chosen spokesman, by understanding, for not only the interests of *all* Southeast Asian nations, who are in a united bloc against the kind of policies which the IMF is trying to imposed upon them . . . he's the leading figure—of a group of nations which share his concerns, and the direction of his thinking. . . . Secondly, he's right about free trade. . . . Free trade always destroys national economies. The British *never* allowed it to be imposed upon the United Kingdom, but only upon the imperial *victims* of the United Kingdom. . . . In areas such as South and Central America, or Africa, or Asia, the effect of free trade is simply murder by economic means. . . . Free trade, practiced against the nations of Southeast Asia, is simply a new form of colonialism, whose fruit is mass murder. In that sense, there is no difference, in effect on people, between free trade and Nazism."

Documentation

Throughout Prime Minister Mahathir Mohamad's trip to Ibero-America, there was great reluctance by the press to cover him at all. Only a concerted action by *EIR* and its allies broke the press censorship. In Argentina, only seven media turned out for his press conference in Buenos Aires on Oct. 3, including a correspondent from *EIR*, and Carlos González, the corre-

spondent for a Dominican Republic daily, *La Nación*, who was the private secretary to the late President Frondizi and is now political secretary to Col. Mohamed Alí Seineldín. (Note: *EIR* received the Spanish-language transcript of Dr. Mahathir's English remarks, which we translated back into English.)

The first question came from a reporter from Bloomberg, the Wall Street-based financial news service, who demanded that Mahathir "confirm or deny the rumors that you are going to resign in the immediate future." Mahathir replied: "I confirm that I am not going to resign." Britain's Reuters struck next, menacing, "Are you worried about possible sanctions against Petronas [state oil company] for its investments in Iran? . . . Do you expect the national currency of Malaysia, the ringgit, to keep being devalued?" To the latter, Mahathir replied: "That's a decision which others make; I only make speeches. They decide what is going to happen with the ringgit."

González asked Mahathir if he had "anyone specific in mind of importance in the world market," when he spoke in Hongkong of the "financial manipulators and ultra-rich who enrich themselves at the cost of impoverishing peoples." To this question that Dr. Mahathir responded: "I did not mention the name, but everyone says that it must be Mr. Soros, so, therefore it must be Mr. Soros." *EIR* followed up, asking for details on Soros's financial actions against the ringgit. Mahathir answered: "Currency trading is a very closed process, and they pull out of the Bangkok stock market, and others in Southeast Asia, to do what they do in the market in Buenos Aires. Who they really are, we don't know, but we do know that he is involved. Out of his own personal ambition."

EIR: "During the meeting of the IMF and the World Bank, the Japanese delegation proposed the creation of an Asian Monetary Fund, so that the Asian region is prepared when an international financial crisis occurs; this position was supported by China and Indonesia, and met with the approval of [U.S.] Secretary of the Treasury Rubin. Can you comment on the Asian Monetary Fund, and if Malaysia would participate in it?"

Mahathir: "We support the creation of this Asian Monetary Fund. I do not know if Mr. Rubin agrees or not. In point of fact, when the IMF loaned \$17 billion to Thailand, we participated with \$1 billion; in order words, we have agreed [on this point]."

EIR: "How would this mechanism of the AMF work; would it make loans for development?"

Mahathir: "We have not decided yet; we have not yet worked on how this fund will be used. In principle, it could be used to support prices, to support the value of currencies, and, if at some time we could not repay a loan, we did not have the resources to pay it, perhaps the fund could cover this deficit, so debt payments could be made."

González later asked: "What degree of influence do you believe world drug trafficking has on the world of financial speculation?" Mahathir responded: "Obviously, there is a

great deal of money in the drug trade, and this money seeks a home somewhere. So that the money of the drug trade must be invested, therefore, the money from drug trafficking has influence in many of the world's businesses."

A reporter for the Argentine financial daily *Ambito Financiero* asked if Mahathir had any advice for Argentina, "if Argentina had a crisis similar to that of Malaysia." "How can I give advice, if there are those who say my advice is deadly?" he replied. "But yes, when the Mexican tequila crisis hit, I gave advice, they have followed my advice, and they did very well."

The last question came from González: "As an Argentine, and as a journalist for an Ibero-American paper, I was left very worried, when you identified financial speculator George Soros, because in my country, he is acquiring immense land, and great real estate, and controls a large part of the banks. . . . Do you know that you are beginning to head up a movement against the New World Order?"

Mahathir rejoined: "In the first place, I am not sure what the New World Order is, at this time. I do know that Mr. Soros has a lot of money, that he has invested in hundreds of thousands of hectares of land in Argentina. I know that many countries have been impoverished by those who manage funds. If the World Order means to take money from other countries, and invest it for one's own benefit, I disagree with it. There are other ways to make money, which do not undermine the economies of developing countries. I wish him all the best with his investments here."

EIR's correspondent made sure that every journalist received copies of our Oct. 3 coverage of Mahathir's fight against Soros, including his speech at the IMF annual meeting as well as copies of Mahathir's address in Chile. The same package had been handed to Mahathir and Argentina's President Carlos Menem on Oct. 2.

The leading Argentine daily *La Nación* (no relation to *La Nación* in the Dominican Republic) finally published a story on Oct. 4, titled, "Mohamad's Criticisms of George Soros," which informed its readers that Mahathir "led a fight of global repercussions with the Hungarian financier and magnate, George Soros, whom he accused of being responsible for [Malaysia's] crisis." *La Nación* added that Mahathir's accusations had been confirmed by ASEAN Secretary General Ajit Singh. The paper nervously noted that Soros is "one of the principal international investors in our country."

"The prime minister of Malaysia, Mahathir Mohamad, emphatically criticized the policy of economic speculation as a triggering factor for today's social crisis, when he said, 'I didn't mention the name of the financier Soros, but as everybody said it was Mr. Soros, it must be he.' The Malaysian head of state . . . reaffirmed his criticisms of Soros when he warned, 'I am not really sure what the New World Order means, when many businessmen decide to invest their money to undermine the economies of developing countries.' . . . He immediately clarified: 'I do know that Soros has invested a lot

of money in Argentina. I wish him the best for his investments here.’ ” *La Nación* continued: “Mohamad [sic] stated that the world’s economic regions are exposed to ‘influences’ which are generated by ‘the financial speculation of the drug trade, which seeks any home to do its business.’ ”

Except for a brief sardonic note on Oct. 2 in *La Nación* that Mahathir had caused “indigestion” in Chile with his attacks on unnamed “speculators,” no Argentine media had otherwise covered him before *EIR*’s intervention. Rather, the press ran full-page stories on Oct. 2 on George Soros opening another shopping mall in Argentina, raising his total investments in the country to over \$1 billion.

President Menem himself deliberately played down the visit, with the only widespread coverage being Menem’s remark that all he knew about Malaysia, he learned from an Italian novel.

A big break in the blackout came from Mexico, when *Excelsior*’s José Neme Salum reported in his Oct. 6 financial column, that the central bank, Banco de México, and the treasury secretary gave orders that there be no coverage of Mahathir’s attacks on Soros and speculation, nor to any of the opposition raised at the IMF meeting to its policies, except to discredit said opposition.

Neme Salum, after blowing the whistle on the bankers’ hand behind the media censorship, also reported what Mahathir said in Hongkong; that Asia was unifying against the speculators, as seen in the China-backed Asian Monetary Fund proposal; that U.S. Treasury Secretary Robert Rubin had raised hackles for supporting the Asian discussion; and that the *Wall Street Journal* had identified Lyndon LaRouche as “the evil genius” behind Mahathir’s attacks.

On Sept. 29, Luis Vásquez, president of the Ibero-American Solidarity Movement (MSIA) in Peru, was interviewed on the Asian revolt, LaRouche, and the world financial crisis, for an hour, on Radio Cadena Nacional. It was the first systematic report Peruvians had on Mahathir’s Hongkong speech, the Asian crisis, and the world crisis behind it—and it had quite an impact, since President Alberto Fujimori has held up the Asian Tigers and Mahathir as the model for Peru. On Oct. 9, *EIR* in Peru held a seminar, advertised in the Oct. 1 and 2 issues of the business daily *Gestión*, asking: “The Crisis of the Asian Tigers and the International Financial Crisis. Malaysia listens to LaRouche and takes on mega-speculator Soros. Will Fujimori follow Mahathir?”

The Venezuelan Labor Party’s Alejandro Peña used his weekly column in *El Mundo* on Oct. 3, to report on Mahathir’s Hongkong speech. Likewise, in preparation for President Clinton’s arrival in Venezuela on Oct. 12, the PLV issued a press release on the LaRouches’ New Bretton Woods call, leading with the prominent Venezuelans who have endorsed it.

Soros attacked in Malaysia, Iran

Dr. Kassim Ahmad, in a letter to Malaysia’s *New Straits Times* that appeared on Oct. 6, asks whether the crisis hitting

Southeast Asia is merely a cyclical crisis, or is somehow related to the 1994 crisis that hit Mexico, California’s Orange County, and Barings Bank. Referring to LaRouche, he writes: “According to a competent, independent American economist, only 2% of the present world economy as a whole is based on real production, the rest being bubbles. . . .

“Our trouble is that the present world economic financial establishment, as represented by the International Monetary Fund and the World Bank, refuses to acknowledge this. . . .

“It is in this context that the activities of mega-speculator George Soros must be seen. . . .

“Any Third World leader brave enough to flout the rules of the game comes under heavy and savage Western media attack. We have already heard our Prime Minister called ‘a menace to his own country’! . . .”

In an unusual feature published in *Iran News* on Oct. 8, Abbas Maleki, who is former Deputy Foreign Minister for Research and Education, and currently managing director of the Office for Propagation of Islamic Culture, authored a critical analysis of the Asian Tigers’ model and launched a broadside against Soros. Malecki starts with an overview of the financial markets’ collapse since August, and writes, “I will attempt to look into the underpinnings of these developments and the object lessons they bear for the Islamic Republic of Iran.” . . .

“2. Though most of the second generation Asian Tigers in Southeast Asia, including China, have displayed unparalleled economic potential, yet they have been overly dependent on foreign direct investment (FDI) and inflows of foreign capital. This dependence entails distinct economic, political, and social ramifications and can only succeed under specific circumstances. FDI is sometimes criticized for its tendency to foster ‘enclave’ development which does not support the transfer of technology to the wider economy or encourage the development of indigenous skills. FDI is also seen as susceptible to withdrawal in the event of changing international economic policies or competition in the global labor market. The second generation Asian Tigers, i.e., Malaysia, Thailand, Indonesia, and China, have now encountered similar problems—especially Malaysia, where foreign investors doubt Mahathir’s views and the emergence of a powerful Islamic country. Many international observers, notably those on Wall Street, challenge the fact that only a handful of Southeast Asian countries absorb 45% of the net private-capital inflows to developing countries. They ask why \$109 billion was invested in this region alone, enabling a country like Malaysia to erect 500-meter-high towers? This issue surfaced in the Mahathir-Soros quarrel in a different way. Soros, a Wall Street ‘hedgemoister,’ is an international super-speculator. In addition to wild play in financial markets, he has set up a vast network of charity organizations in numerous countries. Some argue that this network is in fact a cover for long-term cultural and economic activities. Soros along with other international speculators assaulted Malaysian stocks along with other Tiger economies.

Infuriated by the prospects of market collapse, Mahathir called Soros a 'moron' and foreign traders 'wild beasts' who should be shot. In the midst of this quarrel a number of equity players rapidly fled the Malaysian market. The government attempted to contain the crisis by setting up a share-buying fund only to see the market further dive by 21% in a matter of 10 days. The incident showed that foreign investors clearly had the upper hand and could play the game to their own advantage."

Zapatistas, Moonies defend Soros

The mouthpiece of Mexico's Zapatista terrorists, *La Jornada*, rushed to Soros's defense on Oct. 2, as did the Argentina-based flagship daily of Rev. Sun Myung Moon, *Tiempos del Mundo*.

La Jornada fumed that Mahathir had attacked Soros and short-term capital as the cause of Malaysia's economic problems, which in reality are "the consequences of probably excessive public expenditures. . . . Short-term capital flows are neither God nor Satan. . . . What Mahathir needs to understand, is that globalization—including its financial component—is a current which can move countries forward, or can

drown them. But there are no other currents available in the current cycle of world economic history."

Wrote *Tiempos del Mundo*, it is not often that a prime minister stands up and tells "a famous international financier" like George Soros, that what he does is "unnecessary, unproductive, and immoral." What Mahathir needs to learn, is that people like Soros do not create countries' "vulnerabilities," but that Soros and his ilk merely move on "the structural deficiencies of the financial markets of the countries involved."

In the United States, Moon's *Washington Times* on Oct. 5 blustered in its editorial on "Malaysia's Pyrotechnic Display," against Mahathir for his attacks against Soros at the IMF meeting: "Finally responding to Dr. Mahathir's relentless attacks against him, Mr. Soros got it right in his own Hongkong speech: 'I want to express my sympathy for poor Malaysians who were hurt' by the collapse of the Malaysian currency and stock market, Mr. Soros said, 'but not for Dr. Mahathir, because he's responsible.' In case anyone missed the point, Mr. Soros became even more blunt: 'Dr. Mahathir is a menace to his own country.'"

Pakistan's Aziz hits 'footloose capital'

Pakistani Finance Minister Sartaj Aziz, in his speech at the meeting of the World Bank-International Monetary Fund in Hongkong, China on Sept. 24, said that developing nations should be able to open their markets at their own pace, without being forced, by international lenders, to go faster. While Pakistan supports a decision by the IMF and World Bank to push for capital account liberalization, they should "rely to the greatest extent feasible on the judgment of members as to pace and sequencing," Aziz said, according to the Pakistani newspaper *Dawn*. He also urged the multilateral financial organizations to "eschew deadlines or conditions, particularly in the context of the use of Fund resources."

Aziz said that World Bank and IMF should not simply accept that free markets mean "large and unexpected changes in exchange rates among developing countries," which can have major implications for developing markets. "To argue that there is little or nothing that can be done about them is to accept too quickly the rhetoric of free marketeers, who find much private profit in undermining the defenses that have been built by developing countries . . . to protect their still embryonic institutions from the onslaught of transnational financial conglomerates," he said.

"There is too much footloose capital at play, that moves from one country to the next," forcing developing countries to make policy adjustments "that are destructive of business confidence and throw their economies off-track." Aziz cited large and unexpected changes in exchange rates among the major currencies, as among the external forces to which the developing countries are exposed in a globalized economy.

Aziz suggested that institutions such as the Bank for International Settlements could inform central banks about large-scale buying and selling of their currencies, which would enable the countries concerned "to take timely measures, if necessary, to safeguard their position." He also warned that the increased capital flows into developing countries that follow market liberalization should not be seen as a reason for cutting aid.

Aziz has said that advanced countries should desist from using labor standards, environment concerns, and human rights as a disguise for renewed import restrictions. Despite what he called the "third successive year of robust global economic growth . . . widely shared by all regions," the optimistic scenario is overshadowed by other developments. He said that slow growth in global trade, mainly caused by sluggish imports in some advanced countries, had adversely affected the export performance of many developing countries. For the South, he added, the primary concern was revival of sustained growth, which should be supported by improved access for their products in world markets and inflow of resources at reasonable terms.