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Anwar to blame for credit squeeze, says Mahathir

Eirmalasang Bani

DATUK Seri Anwar Ibrahim is responsible for the credit squeeze that burdens Malaysian companies in trying to secure loans to expand their businesses, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Dr Mahathir said Anwar also ordered the shortening of the period for classifying non-performing loans (NPLs) "which created a lot of difficulties for people".

"He was responsible for reducing the amount of money in circulation, preventing people from borrowing and doing a lot of things, because he was the Minister of Finance," Dr Mahathir said.

Anwar, who is under Internal Security Act detention for threatening national security, was sacked as Deputy Prime Minister and Finance Minister on September 2 for alleged low morals.

The shortening period on the classification of NPLs from six months to three months on December last year had resulted in the increase in the number of NPLs, Dr Mahathir, who is also First Finance Minister, said.

"We literally forced him (Anwar) to accept that that is the wrong way to do it. That is why we have changed (these policies) ... Unfortunately, he doesn't understand finance or economic management. He can talk very nicely but he really doesn't understand how to manage the economy," Dr Mahathir said.

He was addressing some Malaysian Chinese Association members and Chinese organisations who presented 100,000 "Merdekads" they had collected since Merdeka Day until last week from their members as well as non-members.

These "Merdekads", which included 50,000 hits on the Internet, express support for the Prime Minister and the country.

Dr Mahathir also said that the country's reserves have gone up by US\$90 million since the Government introduced capital controls early this month.

"I think the signs of recovery (economy) are already there. In the first three weeks of this month after implementing the controls, the reserves have gone up by US\$90 million because the money comes in and doesn't go out ... because we are exporting more than we are importing, we have a lot of savings," he said.

The Government has also taken steps to increase liquidity in the banking system by reducing the Statutory Reserve Requirement of the banking institutions to 4 per cent.

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