

Dr M says took, but never sought, World Bank loans
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KUALA LUMPUR, Dec 20 — Tun Dr Mahathir Mohamad said today that Malaysia has taken World Bank loans since 1958, but the former prime minister said he had never personally written a letter or verbally requested for such funds.

Writing on his blog today, Dr Mahathir also accused Datuk Seri Anwar Ibrahim — whom he had appointed finance minister and deputy prime minister — of implementing policies of the International Monetary Fund (IMF) to tighten conditions for bank loans and cutting government expenditure during the 1997 Asian Financial Crisis.

Dr Mahathir conceded, however, that Anwar had not opposed his decision to impose capital controls that helped Malaysia stem capital flight.

Instead, he said the Bank Negara governor and deputy governor at the time — whom he called Anwar appointees — refused to implement capital controls and resigned.

Dr Mahathir has been engaging in a verbal war over the past week with Anwar and PKR leaders over their respective roles and actions during the Asian Financial Crisis.

The former premier issued a challenge last week to Opposition Leader Anwar over allegations of a purported letter that the former had written to the World Bank to appeal for funds during the financial crisis.

PKR has since produced World Bank records showing that Dr Mahathir's administration had accepted financial aid numerous times from May 18, 1982 to Malaysia's post-financial crisis period of March 30, 1999.

This includes three loans for projects inked six months after Anwar was sacked as deputy prime minister in September 1998.

Dr Mahathir said today any claim that he wrote to the World Bank was baseless. He added that Malaysia had borrowed from the World Bank since 1958.

The last negotiation for loans, he said, was in 1997, but the funds were not disbursed until 1999.

"The World Bank wanted Malaysia to request for loans to tide over the crisis like the other countries affected by currency trading. The loans would be conditional upon Malaysia following IMF advice on economic management.

"It is well known that Malaysia refused to seek IMF or World Bank help because the so-called help would worsen the financial situation. Instead, in 1998 Malaysia imposed currency control which helped it to recover," the former PM said today.

Malaysia, he said, eventually stopped drawing down on the loans from the World Bank, but the move did not prevent the country from recovering from the crisis.

"As the whole world knows, Anwar was reported in the press and foreign magazines for implementing the IMF policy without the IMF loans. He raised interest rates, reduced the period for declaring loans non-performing from six months to three months, reduced budget allocation to ministries so as to achieve a budget surplus, etc.

"Although he did not oppose currency controls, his appointees as governor and deputy governor of Bank Negara refused to implement the policy and resigned."

Dr Mahathir added that he was prepared to swear on the Quran that he never asked personally for World Bank loans.

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