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M'SIA WILL GO AHEAD WITH US\$250 MLN AID TO INDONESIA, SAYS DR MAHATHIR

KUALA LUMPUR, May 16 (Bernama) -- Malaysia will still provide the US\$250 million (about RM925 million) bridging loan to Indonesia despite the social unrest in Jakarta, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

"We give it to a nation. Obviously, whoever succeeds the government will have obligations as much as they have obligations to the International Monetary Fund (IMF) and other international bodies," he told reporters at the Sultan Abdul Aziz Shah Airport upon his return from an eight-day visit to Egypt and Sudan.

The US\$250 million loan is given to Indonesia while it awaited for the IMF bailout package to be released to revive its economy.

Dr Mahathir added that when a country borrows money and there are changes in the government, it would not mean that the loan would be written off.

When asked whether the IMF is to be blamed for what has happened in Indonesia, he said: "IMF is not sensitive to the social cost of economic restructuring as if the economy and society have got no relation whatsoever."

"IMF is not sensitive to the social cause of economic restructuring as if the economy and society have got no relation whatsoever," he added.

Asked whether IMF should relax its tight conditions before releasing funds to Indonesia, Dr Mahathir said the organisation should see that when it imposed conditions which stifled the economy, the people would suffer.

He said in a society which depends on subsidy, the people would need more subsidies when the value of their currency depreciated.

"Under normal condition, you can reduce subsidies but when the people become poorer and you pull back the subsidies, then you deliberately agitate the people, almost wanting them to react violently.

"As you can see, the animosity is not just directed to the government but also traders because they think traders are profiteering.

"It happens that the traders are Chinese. The fact that under similar circumstances, people take advantage to loot," he said.

Dr Mahathir said that the situation in Indonesia was regretful, adding that the disgruntled parties should sit down and resolve their differences.

He did not rule out the possibility of more Indonesians leaving their country to come to Malaysia. -- BERNAMA

ARA/AD MFJ