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MAHATHIR-CONDITIONS

PM ON AID AGENCIES WHOSE ABSURD CONDITIONS STIFLE GROWTH

PUTRAJAYA, June 29 (Bernama) -- Multilateral agencies sometimes impose absurd conditions when giving aid to developing countries which could be detrimental to the socio-economic well-being of recipient economies, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said some of the conditions imposed by donor agencies such as the World Bank stifled the growth of developing economies which over time, would force recipient countries to apportion the best part of their revenue to repay then debts.

"This will prevent any economic recovery," he said during a dialogue with 18 African journalists at his office here today when he was asked how African states could go about economic liberalisation without hurting their economies.

As such, the prime minister said good economic management was crucial in ensuring social progress while pursuing economic growth, which was why developing countries should for instance focus on attracting foreign direct investment.

However, he said political stability was an important ingredient in encouraging FDIs which would initially help to create jobs even if they were fully-foreign owned, as was the case in Malaysia in the 70's.

Over time, countries would be able to accunulate wealth and buy over some of their operations as well as acquire skills in the process, he said, adding that this would prevent the ill-effects of depending too much on aid agencies.

With mounting debts being a burden to African countries, Dr Mahathir said he was happy when some developed countries decided recently to waive certain debts of the poorest countries, but added that they should have done it much earlier.

Dr Mahathir said the building upof one's own economy from a small base was a better alternative than nationalising foreign operations.

Turning to the Malaysia's experience in bettering the socio-economic well-being of its people, he said a major thrust in the early days was the New Economic Policy aimed at eradicating poverty and restructuring society by a more equitable distribution of wealth.

For instance, he said the indigenious bumiputeras while comprising 60 percent of the population only held a two percent equity, which was why the policy stated that their stake in the economy should be raised to 30 percent.

"Even this policy has been relaxed although the bumiputera share of the economy is now at 20 percent and we are still trying to achieve 30 percent.

"Beyond that, they have to compete so there is no reason to stop this policy as there are still many bumiputeras who are in need of help from the government," he said.

He also lamented on the fact that how groupings, despite having arrived at good proposals, did not work on implementing them,

Citing Apec as an example, he said despite its strong economic clout, had preferred to shift the responsibility of dealing with currency speculators to the Group of 22 developing countries at the Apec Summit here last November.

Dr Mahathir also said Malaysia would only lift its selective capital controls after there was reform to the international financial architecture.

-- BERNAMA
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