

'Unbridled greed' causes economic woes: PM
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Prime Minister Abdullah Ahmad Badawi blamed "unbridled greed" for the global financial crisis as business people from the Islamic world gathered for an economic conference.

Abdullah called for a new financial system to replace the Wall Street model as he spoke at the opening of the World Islamic Economic Forum (WIEF) in Jakarta alongside Indonesian President Susilo Bambang Yudhoyono.

"We have inherited a system where people can trade what they do not own and the resulting inflationary pressure in the global market has caused immense damage to the economic well-being of the world's poor," he said in a speech.

"Such is the impact of unbridled greed in the financial system there is no accountability on money lending... The world is beginning to appreciate the need for alternative financial arrangements."

He said Islamic finance - which shuns interest and avoids profiting from industries such as alcohol and gambling - was "gaining credibility as an alternative."

"I do believe that Islamic finance has a bright future in the global financial system. This is something that we can capitalise upon," Abdullah added, while noting the lack of harmonised standards in Islamic banking.

The fifth WIEF since 2004 gathers hundreds of business leaders from across the Muslim world as well senior officials such as Organisation of the Islamic Conference Secretary-General Ekmeleddin Ihsanoglu.

Organisers say the two-day forum at a luxury hotel in the capital of the world's most populous Muslim country "aspires to change the global perception of the Muslim world from a conflict zone to a lucrative economic region."

'We're part of a worldwide supply trade'

Discussions are focusing on the US-led financial meltdown, the environment and the future of fossil fuels, food security and small business development.

All speakers at the conference extolled the virtues of Islamic finance and the need to boost food production to feed the poor in developing countries in the wake of last year's food crisis.

Prices soared due to a combination of factors including poor harvests, changing diets in emerging economies and growing demand for food crops for biofuel production.

Abdullah said that if the growth in world food production continued to fall "the Muslim world will not be able to feed its growing population."

Indonesian President Yudhoyono said 22 of the 50 least developed and most indebted countries in the world were Muslim, and called for oil-exporting Islamic countries to set up a

fund to support poorer Muslim states.

Yudhoyono warned against any trend toward protectionism in the face of the global slump, and called for the completion of the latest round of World Trade Organisation (WTO) talks designed to free-up world trade.

WTO members came close to a deal last July in Geneva but talks fell apart amid mutual recriminations between developed and developing countries.

A new trade pact is seen as a way of preventing protectionism by binding countries to rules monitored by the Geneva-based WTO.

"The worst thing that anyone can do is become protectionist and thus invite protectionist retaliation in a trade war in which everyone will emerge a pitiable loser," Yudhoyono said.

"We should remain practitioners of free trade and persevere in working for a development-oriented trade regime in the WTO round of negotiation."

Southeast Asia's largest economy, Indonesia has denied allegations it is imposing non-tariff trade barriers by restricting imports of major goods to five ports and requiring translations of imported food labels.

Indonesia recently successfully launched its first retail Islamic bond issue to help fund a six-billion-dollar economic stimulus package.

Other leaders from Muslim countries at the conference included Moroccan Prime Minister Abbas El Fassi and the deputy prime ministers of Qatar and Yemen.