

23/01/1998

PM: Govt to assist, not bail out, firms (HL)

Kamarul Yunus

THE Government will assist the private sector in overcoming difficulties brought about by the economic problems, but such assistance does not add up to a bailout, the Prime Minister says.

Datuk Seri Dr Mahathir Mohamad said if a company has legitimate reasons to ask for financial aid, it should not be deprived of a chance to make a turnaround.

"We have never protected people who have done wrong but we give encouragement to people who have shown the capability to achieve success," he said after chairing the first National Economic Advisory Council in Kuala Lumpur yesterday.

"It is the duty of the Government to help the private sector. We believe in the Malaysia Inc concept and no one is left out.

"Everybody... anybody who has a good project will be helped but if somebody comes and say, 'I would like to make some money, give me this or that', he is not going to get it," he said.

"But if they have shown that they can do certain things and they face some difficulties, then we will help them to overcome the problems," he said at the end of the three-hour meeting.

Dr Mahathir made these comments in response to a suggestion by a foreign journalist at the press conference that the move to provide credit only to productive sectors would mean bailing out some prominent companies facing bad debts due to the economic problems.

In view of the ringgit's depreciation, the Prime Minister said, even the best businesses could go down, hence the Government feels it is its duty to help them.

"It is not a question of bailing them out. It is just giving them sufficient help. If they have no access to funds and they are doing something to revive their companies, I don't see why (they should not get assistance)," he added.

The issue of credit facility was highlighted at the meeting, the first since the establishment of the NEAC was proposed last November to attack the problems caused by the region's financial turmoil and to restore confidence in the Malaysian economy.

Towards this end, banks will be called upon to explain to the public and the business community the Government's decision to provide credit facility only to the productive sectors.

Dr Mahathir said some RM490 billion in liquidity is available for this year, yet the impression was that there was a credit squeeze.

"For instance, some people said they were unable to obtain loans because they are not in the productive sectors when (actually) they don't really know whether they are in this category. Banks have been told to explain this."

Asked if other decisions were made at the meeting, Dr Mahathir said: "There were some suggestions on how to increase liquidity as well as other ideas. But since they have not been finalised, I would not want to reveal them."

On the question of transparency, Dr Mahathir said transparency should prevail not just in governments of countries like Malaysia but everywhere else, including in currency trading.

"There should also be transparency in currency trading because it affects millions of people... people lose jobs by the millions because

somebody wants to make money from currency trading."

He added that Malaysia has always exercised transparency in business. "I don't see any problem with that. People know what business we are doing in this country."

Dr Mahathir was also asked whether suggestions were made at the meeting on mergers of banks and telecommunications companies.

He said the Government has been urging banks and finance companies to merge but it cannot force them to do it. As for the telecommunications companies, he said the Government would welcome any move towards this end.

On whether the proposal for price increases was discussed, Dr Mahathir said the meeting touched on the issue but no decision was made whether to allow traders and manufacturers to increase prices.

"However, we feel it is important... not to allow traders and manufacturers to incur losses and close shop because of our action."

The next NEAC meeting will be decided after the festive season.