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Mahathir-Bailout

GOVERNMENT WILL HELP COMPANIES IN DISTRESS, SAYS PM

PUTRAJAYA, Sept 25 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has reiterated the government's stand not to "bail out" companies but rather help those in distress to get back on their feet.

"We are not going to bail out (companies) but we are going to help people restructure their companies and help them out so that they can function (again)," said Dr Mahathir, who is Finance Minister.

The Prime Minister, who announced a RM4.3 billion stimulus package at a news conference here today, was responding to a question as to whether the government would help companies in the midst of restructuring and caught in the current doldrums due to the recent terrorist attacks in the United States.

Also present at the news conference were National Economic Action Council (NEAC) Executive Director Datuk Mustapa Mohamed, Bank Negara Governor Tan Sri Dr Zeti Akhtar Aziz, Special Finance Advisor to the Prime Minister Tan Sri Nor Mohamed Yakcop and Special Economic Advisor to the Prime Minister Tan Sri Ali Abul Hassan Sulaiman.

The Prime Minister said: "It seems that the world now accepts bailouts. Before, it was a crime but now everybody is bailing out businesses in trouble."

Malaysia's endeavour to help out companies severely affected by the 1997 regional currency crisis get back on their feet received the brunt of criticism by the foreign media which accused the government of resorting to bailouts.

Terms such as "bailouts" and "cronies" were coined to allege the government's so-called lack of transparency in managing its economy when it was the government's intention to assist big privatised local companies from collapsing, preventing unemployment and minimising adverse repercussions on the economy.

Dr Mahathir said that "it does not do the government or the people any good by bankrupting companies."

"Some people feel that weak companies must be allowed to die but that has never been our kind of thinking. We think that some weak companies should be helped especially when they are faced with extraordinary challenges," he said.

He said that the world now accepted the current situation "as an extraordinary time, so companies such as airlines must be helped."

The US recently announced a RM15 billion bailout package for the airlines industry as it is faced with massive layoffs since the terror hijacking as well as to help out with rising insurance costs.

The adverse impact on the airlines industry has wide-ranging consequences to the extent that a US senator was quoted as saying that "if planes don't fly, the whole economy shuts down."

To a question on the impact of globalization following the current global turmoil, Dr Mahathir said there would be a slowdown in the globalization process because of the inability to hold meetings.

He cited demonstrations by non-governmental organisations (NGOs) which have become more of a problem and have led to cancellations of meetings.

"As people are nervous, they not only demonstrate, they can do worse than that," he said.

Therefore, there would not be much discussion on world trade or the shaping of globalization in the nearby future, he said.

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