

04/08/2001

## Government helping to revive ailing firms

Nelson Fernandez

BANKS must take a haircut when "things go sour" and thus help in the restructuring of financially ailing companies, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

Banks must accept that when they lend money, they are taking a risk. "Banks cannot just say we lent so much money, the interest is so much, now pay the whole lot."

Dr Mahathir, who is also Finance Minister, said banks should compromise when the things do not turn out as expected. "When things go sour, banks must take a haircut," he told reporters at the presentation of the Finance Ministry's excellent service awards in Kuala Lumpur yesterday.

He pointed out that the Government was helping to revive ailing companies because their losses also affected their lenders, among others.

The Prime Minister said the Government, through Pengurusan Danaharta Nasional Bhd, Pengurusan Danamodal Bhd and the Corporate Debt Restructuring Committee, has resolved problems faced by most of the troubled companies.

"However, there are still several companies which are still facing serious problems."

Dr Mahathir was also asked whether there would be a shift in direction on how wealth would be distributed, perhaps through other forms instead of to individuals, following the UEM/Renong buyout.

He replied that the Government had never "given" wealth to individuals, only opportunities.

"They were not so good and they mismanaged. At the same time, many people and the best-run companies also failed during the economic downturn because of the devaluation of the ringgit and the subsequent fall in share prices."

He said the failures were not entirely the companies' fault, noting that many companies have assets worth much more than the value of their shares.

This is one reason why the Government is willing to step in to help these companies, he added.

Dr Mahathir also made an important distinction - that the Government is helping to restructure ailing companies, not rescue them, least of all rescuing any individual.

It is doing this "because we have a commitment to the people and a commitment to make the New Economic Policy work."