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Mahathir-Rescue

GOVT HAS DUTY TO RESCUE AILING COMPANIES, SAYS MAHATHIR

KUALA LUMPUR, Aug 3 (Bernama) -- The impending restructuring of United Engineers Malaysia Bhd (UEM) and Renong Bhd following the government's proposal to take over these companies is not a prelude to a new direction of wealth distribution in the country, Datuk Seri Dr Mahathir Mohamad said today.

He stressed that the government had a duty to rescue ailing companies not because it wanted to rescue a particular person but because it had a commitment to the working class and to the success of the New Economic Policy (NEP).

"We have never given wealth to individuals. We have given them opportunities but they are not so good, they mismanaged," he said in reference to certain people, who were in the driving seat of some strategic companies, but did not name them.

Dr Mahathir, who is also Finance Minister, also referred to the devastation on many companies caused by the regional financial crisis of 1997-1999.

Even the best run companies failed during the meltdown then due to the sharp devaluation of the ringgit, he said, adding that an auto giant like General Motors could even get into trouble if the US currency were to fall by 50 per cent.

He made these remarks to reporters after attending the monthly gathering of the Treasury here.

On July 23, the government, via its investment arm, Khazanah Nasional Bhd, offered to take over UEM, a unit of debt-ridden conglomerate Renong.

Through its wholly-owned Syarikat Danasaham Sdn Bhd, Khazanah has offered to buy 99.78 per cent of UEM shares and warrants at RM4.50 and 40 sen each respectively.

The government had set up agencies like Danaharta, Danamodal and the Corporate Debt Restructuring Committee to help put the economy back on track in the aftermath of the financial crisis, especially banks and companies whose assets and share prices had dropped drastically through no fault of theirs.

Renong is controlled by Tan Sri Halim Saad, who was UEM's former executive vice-chairman. Halim resigned from the post on June 27 this year.

As for the perception of certain quarters that Halim was the "fall guy" in the UEM and Renong government buy-out, Dr Mahathir said, "(There is) no question of a fall guy or anything. Our duty is to help revive the companies.

"If a person is not able to handle it because of the size of the problem, then he should relinquish his position." (A "fall guy" is a slang for a person who is left to face the consequences after a scheme has failed).

When asked whether Halim was under investigation, he said: "No, no, not under investigation, he is just not in-charge, that's all."

Asked whether the government would be rescuing more companies, Dr Mahathir said what the government was doing was to revive ailing companies because when these companies suffered losses, their lenders would also be affected.

However, he said, the banks must also accept that when they lent, they were taking a risk and must take a hair cut when things turned sour.

"Banks can't just say...we'll lend (you) so much money, the interest is

so much, now pay the whole lot," Dr Mahathir said.

-- BERNAMA

MAD SHY JK