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UEM takeover includes debts

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KUALA LUMPUR, Mon. - The Government's offer to buy over United Engineers (Malaysia) Bhd at RM4.50 a share also includes its debts, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

The takeover bid, if successful, would also include UEM's sister company, Renong Bhd.

"If we take over, it includes the debts as well as we cannot take over the assets alone and leave out the debts."

Dr Mahathir said this at a press conference after launching the Women Against Violence (Wave) campaign organised by the Women and Family Development Ministry at KL Sentral.

Asked why the takeover should include the debts, Dr Mahathir replied: "The debts are not owed by Renong's executive chairman Tan Sri Halim Saad. He did not borrow the money.

"The debt is owed by the company as they borrowed the money. You can rest assured that we do not do something for nothing."

Dr Mahathir had, earlier in the day, told the Dewan Rakyat that the Government was duty bound to assist ailing companies like Malaysia Airlines and Renong Berhad to prevent social problems which may arise from unemployment and to soften their possible impact on the country's economy.

He said that Malaysia did not subscribe to Western views that ailing companies should be allowed to wind-up.

Dr Mahathir said those who labelled such assistance as government bail-outs were clueless on the meaning of the term, and the reasons why the companies were facing financial problems.

He said companies like Malaysia Airlines and Renong employed many people who would be affected if the Government did not step in.

Their closure would also have an impact on the economy, besides the social problems that would arise when workers become jobless.

"(Assisting) Renong, Malaysia Airlines and others is something else and has nothing to do with corruption or money politics. If the Government doesn't care about what's going to happen to these companies, the victims would not only be the 'towkays' but also the workers."

"Therefore, as a Government sensitive to the plight of the people, it is duty bound to help."

Dr Mahathir, who is also Finance Minister, said this when replying to Dr Tan Seng Giaw (DAP-Kepong) who wanted to know whether corporate exercises to help ailing companies like Malaysia Airlines and Renong Berhad could be considered as part of money politics.

Chiding quarters influenced by Western propaganda that no help should be extended to troubled companies, he said the Government was not selective in providing assistance.

"We are responsible to the people and will provide help regardless of who they are. Some of these people are said to be aligned to certain people but we don't take things like that into consideration."

The Prime Minister said these companies got into trouble not because they were inefficient.

"Everyone experienced problems during the (1997) financial crisis. I am confident if the value of the US dollar is to drop by half, companies like General Motors will also face problems.

"So no one can say that this (problems faced by Malaysian companies) is caused by inefficiency."

Responding to a supplementary question from Datuk Mustafa Ali (Pas-Dungun) who claimed the bail-outs had affected public sector expenditure, Dr Mahathir felt the MP did not really understand what constituted a bail-out.

He asked: "What will happen to the economy if these big companies go bankrupt. Would the effect be much better compared to what the Government has done?"

Dr Mahathir said the Government was not bailing out its cronies as alleged by Mustafa.

He said cronyism was when logging concessions in Kelantan and Terengganu were given to certain people.

Turning the tables on Mustafa who narrated Imam Ghazali's views that two aspects - just leaders and honest businessmen - were needed for the development of a country, Dr Mahathir asked whether leaders who awarded timber concessions only to their friends could be regarded as having acted fairly.

"Also, can these businessmen who managed to obtain the concessions after their cronies assumed power in the State can be considered as honest?"

Dr Mahathir advised Pas leaders to look at themselves first before accusing others of ill practices.