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Rehabilitation of firms is not bailout: PM

Dzulkarnain Taib

THE Government's move to rehabilitate several major public corporations should not be seen as a bailout but as a measure to overcome difficulties relating mainly to loan problems, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said the international media labelled such assistance by the Government as bailing out mismanaged companies.

"If there is any bailout at all, it is the bailout of the workers, the minority shareholders and the public in general.

"It is so easy to be critical when something happens to others, but when the same thing happens in countries associated with the foreign press, the need for the Government to step in and rescue seems less like a bailout," he said.

In a speech at the Kuala Lumpur Stock Exchange (KLSE) Corporate Awards 2001, Dr Mahathir cited the failure of LTCM and the recent Enron case involving massive fraud and fixing of accounts.

He added that even the best managed of companies will fail in times of crisis.

"Currency devaluation and the collapse of share prices cannot but affect business adversely.

"The loss of wealth in a crisis is real and affects the economy of the country and its future," he added.

He said that the failure of several big public listed companies following the financial crisis and economic slowdown of 1997-98 has shown the importance of good corporate governance.

"The tycoon mentality, which contributed to the very rapid growth of some corporations and conglomerates, is not necessarily bad but the management must always be in accord with good corporate governance.

"It is important to remember that ownership of a substantial share in a company does not mean the interest of the minority shareholders can be ignored," he stressed.

Dr Mahathir said it is the duty of the Government to set standards and regulate business practices although it is aware of the need to avoid putting corporations into straightjackets.

"It is for this reason that the Government supports efforts to encourage good conduct on the part of board of directors, corporate managers and management through the conferring of awards and general recognition.

"With better quality of corporations the country must become better and be more prosperous and the prosperity of the country itself will contribute towards good business for the corporations," he said.

The Prime Minister presented awards to Public Bank Bhd and Malayan Banking Bhd under the KLSE Corporate Excellence Awards main board category, while Computer Systems Advisers (M) Bhd (CSA Bhd) and Globetronics Technology Bhd represented the second board.

The KLSE Corporate Awards, which is in the third year running was launched to encourage corporate excellence among public listed companies.

Dr Mahathir was also at hand to present awards to companies under the KLSE Corporate Sectoral Awards category.

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