

Dr M defends MAS bailout, says it was not the worst
MalaysiaKini.com
February 24, 2012
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Former prime minister Dr Mahathir Mohamad today conceded that the government's move to bail out MAS resulted in a loss of public funds, but argued there were worse cases of bailouts after he stood down.

"The government lost money when it cancelled the double-tracking and electrification project between Johor Baru and Padang Besar - we lost about RM8 billion," Mahathir contended.

The project was cancelled by former prime minister Abdullah Ahmad Badawi months after he took over the country's leadership in 2003.

Abdullah subsequently earned Mahathir's wrath for his move to shelve the project.

The double-tracking rail project was revived four years later.

"The press doesn't seem to mind, so you are being very selective in focusing on the wrongness of the government's decision," he snapped at journalists after attending a youth dialogue in Kuala Lumpur this afternoon.

In 2001, the government spent approximately RM1.8 billion to buy back MAS shares from its then-chairperson Tajudin Ramli, at RM8 per share instead of the market value of RM3.68.

Why did the government pay above-market value to buy back MAS shares?

Mahathir: The purchases of shares do not always follow market value. Sometimes they follow other factors, but that was the recommendation by the Finance Ministry.

But isn't this a loss for the government?

Yes, I consider it a loss - but sometimes you lose, sometimes you gain.

But money is not lost for nothing, what was the purpose?

People don't lose money for nothing, but the takeover was very urgent because we had to turn around the company.

At the expense of the government's coffers?

The government has lost money on other occasions, much more money than that, I'm sorry to say, the press hardly notice.

Mahathir described the bailout as a "necessary" move to salvage the national carrier.

High Court ordered Tajudin to pay RM589 million

On Dec 7, 2009, the Kuala Lumpur High Court had ordered Tajudin to pay Pengurusan Danaharta Nasional Bhd RM589.14 million with 2 percent annual interest above the base lending rate of Malayan Banking Bhd, backdated to Jan 1, 2006.

Tajudin had defaulted on a syndicated loan of RM1.79 billion from Danaharta when he took a 32 percent controlling stake in Malaysia Airlines (MAS) from the government in 1994.

However, Tajudin and Danaharta had last Tuesday struck a confidential settlement, six months after Minister in the Prime Minister's Department had in a letter "advised" all GLCs to work out out-of-court settlements with Tajudin.

Asked if Mahathir saw any similarities between this and the National Feedlot Corporation (NFC), which has been accused of mismanaging a RM250 million government soft loan, he replied:

"I must confess I don't know much about the details, I only read them in the newspapers."

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