

DR M DEFENDS MOVE TO HELP 'TYCOONS'

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Dire repercussions for nation if govt had not bailed them out, says PM in blog post

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MALAYSIA would have continued to grapple with economic difficulties if the government had not provided assistance to "business tycoons" during the financial crisis that beleaguered the country between 1997 and 1998.

In a post on his blog chedet.cc yesterday, Prime Minister Tun Dr Mahathir Mohamad said there would have been economic repercussions if the government had chosen not to help groups deemed by his detractors as "tycoons".

Dr Mahathir started off the post by admitting that he was directly involved in formulating the approach to help the country weath-

er the economic depression and prevent it from languishing further into recession.

"Yes, the way we (the government at the time) resolved the financial crisis (was by way of) helping the (business) tycoons in Malaysia. We could have chosen not to offer help and let them and their businesses suffer losses, fail and be wound up.

"This would have resulted in all of their employees (who are not rich and not well-to-do) becoming unemployed.

"Our exports would have declined and there would be no inflow of foreign capital into the country. The government would subsequently suffer from reduction in revenue in the form of corporate and income taxes, the majority of which was paid by tycoons.

"A majority portion of the government's funds would be dented. Operations and developments of the country would not have been able to continue. All infrastructure (projects) would not be developed," he said.

If such a situation had occurred, Dr Mahathir said, it would compel the government to im-

pose tax against groups who were not categorised as "tycoons".

"After this group who are not (categorised) as tycoons paid the tax, they would eventually become poor.

"About 70 years ago, in some countries, tycoons were murdered and their wealth was confiscated. All of their businesses and enterprises were taken over by the administration, which wanted to enjoy 100 per cent of the revenue.

"If we had wanted to, we could have chased away all the tycoons. We would not have helped them. We would have let them go bankrupt. We only helped those who were not (categorised) as tycoons."

Dr Mahathir later asked if helping those who were not categorised as tycoons would have helped the country get out of the financial crisis.

"However, what if we helped those who were not categorised as tycoons and they could not pay tax?

"That is the question.

"With that, I apologise for my actions in resolving the financial crisis (between) 1997 (and) 1998 by conveniencing the tycoons."