

# How powerful is Daim Zainuddin?

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**Daim Zainuddin has seen much on his political and corporate journey. Described as shy and unambitious politically, he is said to wield considerable influence behind the scenes. But how big is his influence and how far is his reach? In the first part of our series, KiniBiz examines the extent the influence of the man widely believed to be the most powerful in corporate Malaysia in his heyday.**

In early January 1994, the Kuala Lumpur Stock Exchange (KLSE) plunged by nearly 30% within two days, wiping out billions of ringgit and burning countless investors. The media even posted photographers at emergency rooms in hospitals to look out for possible suicides.



What caused such a steep plunge? It was allegedly a Bernama interview with Daim Zainuddin which The Star ran on Jan 11, 1994 titled “Daim: Get out now, don’t say we didn’t warn you”.

The then-Government economic advisor was quoted as saying that the stock market boom had reached a dangerous stage and he had personally cashed out apart from several blue chip stocks — observers say it was essentially a sell call on the market.

Although the regional markets at the time were said to be due for a correction in any case, Daim's remarks turned Malaysia's into a rout. It was "like the American Treasury secretary saying that he had lost faith in the dollar," wrote The Economist on the plunge.

To be fair, however, Daim criticised the headline and the paper for irresponsible sensationalism, saying that he did not suggest that investors cash out of the market. Critics in turn point out that his response to the incident only came 12 days after The Star report was published.

When contacted by KiniBiz, Daim declined to comment for this piece.

In any case, this incident encapsulated just how influential the man was back then, and some would argue still is today.

### **Twice finance minister with Dr M's ear**

While Daim's clout came from both his corporate and political background, to most people he is simply a former finance minister. In fact he held the post twice — from 1984–1991 and 1998–2001.

It must be noted however, that the political rise of Daim, who has been described as politically unambitious, must be viewed in the context of his close relationship with former prime minister Dr Mahathir Mohamad who helmed Malaysia from 1981 to 2003.

Two appointments spanning more than a decade are remarkable in itself. However, his stints in handling the nation's purse strings are particularly notable as they came at times of financial crises, which signalled how much then prime minister Dr Mahathir trusted Daim's financial acumen.



In the early 1980s, the global economy faced a severe recession principally due to the US Federal Reserve's contractionary monetary policy against rising inflation rates. Back home in Malaysia, the financial management style of the nation up to 1984 had been described as being too relaxed and complacent, with leakages and inefficiencies running rampant.

Then Daim came on board and imposed a stricter management style, reshaping the relaxed financial culture into one of accountability. One measure of the results is how the federal government, under his financial stewardship, pared down its external debts faster than scheduled in 1987, 1988 and 1989 — a feat no other developing nation has managed.

When Daim stepped down in 1991, he was made economic advisor to the government. When the Asian Financial Crisis hit Malaysian shores in 1997, Dr Mahathir turned to his long-time economic partner again.

In his book *Malaysian Maverick: Mahathir Mohamad in Turbulent Times*, Barry Wain wrote that Dr Mahathir initially brought Daim back to lead an emergency task force that undercut Bank Negara and the finance ministry in 1997. However, Daim was then made minister of special functions in early 1998 before assuming the finance portfolio for the second time later that year and holding it until 2001.

Throughout the 17-year period in which Daim became finance minister twice, he was also the treasurer for the United Malays National Organisation (Umno) under Mahathir's leadership. These two appointments point towards Daim having Mahathir's trust and demonstrates how well they complement each other — when Mahathir came up with policies, Daim was said to be the technical brains in carrying them out.



KiniBiz will explore this and other facets of the Mahathir-Daim relationship further in the second part of this series tomorrow.

### **Daim, the corporate general**

Strong political connections stemming from being Dr Mahathir's confidante mean that Daim is an influential power broker. Yet even more impressive is the perceived clout he has in the corporate world, the roots of which can also be traced to his connection to the former premier.

When Dr Mahathir rose to the Umno presidency in 1981, Daim was made chairman of the party's investment arm Fleet Holdings Sdn Bhd the following year. At the same time he was also made the first chairman of Peremba in 1979. Peremba was then a subsidiary of the Urban Development Authority (UDA).

This spurred his involvement in various business activities in key sectors of the economy including banking, broadcasting, plantations, manufacturing, retailing, property development and construction. By the time he became finance minister in 1984, his total net assets were estimated at about US\$259 million (approximately RM853.32 million at 1984 exchange rates).



But that was not all. Daim's corporate ascension was during the time of the National Economic Policy which aimed to increase Bumiputera participation in the economy. The well-documented effects of the policy involved the rise of an elite group of high-flying corporate kingpins in the go-go years of the 1980s and 1990s.

These men, linked to Daim as his close associates and figuring prominently in most of his major deals,

were dubbed Daim's Boys.

Among these corporate kingpins are Halim Saad of [UEM-Renong fame](#); Robert Tan Hua Choon, who at one time had substantial stakes in seven public-listed companies; and Wan Azmi Wan Hamzah who among others was once managing director of public-listed Sime UEP (which eventually evolved into Sime Darby) and who at 35 became chief executive officer of Malayan Banking.



Additionally, two other Daim-linked corporate figures Mohd Razali Abdul Rahman and Abdul Rashid Abdul Manaf were in the limelight recently when Eco World Development [moved for a backdoor listing](#) via Focal Aims Holdings . Mohd Razali was Focal Aims chairman when Eco World made its offer while Abdul Rashid,

former chairman of SP Setia, is an Eco World director and shareholder.

Other names said to be linked to Daim include Chua Ma Yu and Rashid Hussain, who among others were the co-founders of RHB group — Rashid Hussain was also at one time married to billionaire tycoon Robert Kuok's daughter; former Malaysia Airlines and Celcom chairman (among others) Tajuddin Ramli; Samsuddin Abu Hassan who was linked to various companies including Bolton Properties, Landmarks and Aokam Perdana; and Sarawak tycoon Ting Pek Khiing of Bakun Dam and Ekran fame, although Ting is now bankrupt.

Collectively, the business activities of Daim's known associates encompass nearly all of Malaysia's key economic sectors. Along with his personal holdings and interests, in his heyday Daim was truly a formidable corporate entity whose reach extended everywhere.

“Although Daim claims that he does not actively participate in corporate activities, he is widely regarded as the most powerful figure in the Malaysian corporate scene,” wrote academics Edmund Terence Gomez and Jomo KS in the late 1990s.

But how did he rise to such dizzying heights of power?

**Tomorrow: [Daim's rise from teacher to corporate godfather](#)**

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