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Dr M: Japan needs a stronger government to revive economy

KUALA LUMPUR, Fri. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today Japan, now facing its worst post-war economic recession, needs a stronger government to overcome its economic problems.

He said the problem with Japan was the lack of confidence by the people in their government.

"Due to this, whatever the government does, the people are not trusting the government," he told a visiting group of 18 reporters from the Taiwanese media at his office here.

"Since the Japanese government keeps on changing after two to three years, there is no continuity in its programmes," said the Prime Minister in response to questions about Japan from the journalists.

According to news agency reports, the world's second largest economy has slid into its worst post-war recession, with unemployment climbing to record highs and mounting bankruptcies.

Unemployment has hit 4.1 per cent and is expected to climb higher as more companies go under, and others retrench employees in an effort to survive.

Reports also said Japan's Prime Minister Ryutaro Hashimoto is facing a tough battle in Sunday's Upper House elections with senior figures in his party already warning he may have to resign.

Dr Mahathir also said Malaysia was willing to trade with Taiwan in Taiwanese currency to reduce the country's dependence on the United States dollar with both governments already having talks on using the ringgit and Taiwan dollar in their bilateral trade.

"It is a matter of setting up a clearing house and putting up the mechanisms which are not in place yet," he told the group which is here on a five-day visit.

Dr Mahathir said it would be easier if Malaysia could trade in the currencies of the respective countries.

He also said Taiwanese firms were expected to participate significantly in the setting up of Malaysia's Multimedia Super Corridor.

Dr Mahathir was also asked about the relationship between him and his deputy Datuk Seri Anwar Ibrahim.

"There is no difference between Anwar and myself ... we develop policies and make decisions together.

"The only difference is I am a bit outspoken and say nasty things while my deputy is soft spoken.

"There is no such thing as differences in opinion as portrayed by the Western media.

"Both of us, along with the Minister with Special Functions Tun Daim Zainuddin, make decisions together especially on the economy."

Dr Mahathir also explained why Malaysia had so far refused assistance from the International Monetary Fund.

He said the economies of countries which received IMF aid - like Indonesia, Thailand and South Korea - were not better off than Malaysia which decided not to accept the IMF package.

"Why should we seek help from an organisation which really does not help. And if we accept the IMF package we would have to open up our markets for the corporate giants from the Western countries and this would make our companies unable to compete in the open market."

Dr Mahathir said for example, in the banking sector, the local banks

would be swallowed up by giant banks like Citibank which had assets of US\$600 billion (RM2520 billion).

"So far we are able to resist the IMF ... people still go shopping, business goes on as usual, development projects are still carried out and not a single bank has closed," he said.

Dr Mahathir also said it was difficult to forecast when the economic problems would end because it was beyond the government's control.

"The problem is that we use too much US dollars in international trade although we do not have to.

"Seventy per cent of Malaysia's trade is in US dollars although trading with the US only comprises 18 per cent of the country's overall trade."

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