

03/06/1998

Dr M: Japan needs to resuscitate East Asia

Nuraina Samad in Tokyo

PRIME Minister Datuk Seri Dr Mahathir Mohamad said Malaysia and East Asian countries need a revival of Japanese investments to revitalise their troubled economies.

Japan, he said, had the means to resuscitate East Asia, "if only it thinks less about what others say if Japan frustrates them."

"What Malaysia and the rest of the region need, is a revival of Japanese investments to create jobs, to enrich the people, stimulate economic growth and create good markets for Japan."

"Some of the money the Japanese Government is pumping into your economy could very well be pumped into the troubled economies of East Asia. As before when Japanese investments created prosperity for East Asia and in turn provided good markets for Japan's products; Japanese money to revive East Asian economies would benefit these countries and Japan."

He was speaking at the Symposium on "Revitalisation of the Japanese Economy and the Future of Asia" hosted by the Institute for International Monetary Affairs yesterday.

Dr Mahathir, speaking before an audience of international government and corporate leaders, described Japan as "the richest depressed country in the world" but still possessing the capacity to grow and be the locomotive of growth for the region.

But he said Japan needed "to clean up the bad practices of the past which it had largely done so."

Dr Mahathir said Japan had everything needed to rebuild its own economy including the capital, the technology and the skills to help in making East Asia a market for itself and the world. Malaysia, he added, was still looking East though Japan had obviously failed in several areas.

"But even failures provide lessons for us. There are still many things we can learn from you - your exceptional skills, your technology, your discipline and work ethics are still worth copying."

Dr Mahathir, while stressing on the need for Japan to revitalise its economy for its own benefit as well as that of the rest of East Asia, reiterated the urgency to deal with "the entire issue of reform of the international financial system," which if there was a system at all, was "messy, unreliable and destructive."

He said a reform would ensure currency stability and contain the activities of those who buy and sell money for no other purpose than to make profits.

Consistent and unrelenting in his view that currency traders were chiefly to blame for the financial instability in the region, the Prime Minister said "the excuse that currency trading provides market forces with the means to discipline governments" was totally unacceptable.

"There is nothing to indicate the need for currency trading other than the vast profits that can be made by currency traders."

"On the other hand, we now know the extent of the damage to the economies of whole countries and regions that currency trading can inflict."

The Prime Minister said it would be a "sad commentary" on the ability of the world's financial and economic geniuses if they could not come up with proposals on a new financial system.

"Their habit of merely trying to explain the present turmoil as being due to bad practices by the Governments concerned, sounds too much like an

apology and a defence of currency traders."

"Money does not know whether a Government is good or bad to react by adjusting their rates of exchange. Somebody is doing that and is evidently making a lot of profit. Do we need to protect these people's interest at the expense of world trade?"

Dr Mahathir, in offering his suggestions for the revitalisation of the economies in this region, said he "was no expert in this area but I have had some success in my country."

"I think I know what I am talking about more than the theorists who have never run any country, much less help it grow."

"Left to themselves the economies of East Asia will grow again. But chances are they will never be left to themselves. Thus, revitalisation will not be easy," he added.

(END)