

03/06/1998

PM: Japan has the means to resuscitate Asian economies

Lokman Mansor in Tokyo

TOKYO, Tue: Japan may have its own economic worries but it also has what it takes to resuscitate the economies of East Asia, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

He said Japan is the richest depressed country in the world and its capacity to grow and to be the locomotive of growth for the region is still there. It has largely cleaned up the bad practices of the past, and its Government, businessmen and people should now rehabilitate their confidence and rebuild their economy quickly.

"You have the capital, the technology, the skills and everything else needed to grow your economy. You should employ all these assets and provide the lead that the region needs," Dr Mahathir said at the Institute for International Monetary Affairs' symposium on "Revitalisation of Japanese and East Asian Economies" here today.

He said Japan should buy the products of East Asian countries in order to enrich them, and help in making East Asia a market for itself and the world.

"In Malaysia we are still looking East. Many have asked us why, when it is so obvious that Japan has failed. We admit that in several areas Japan has failed. 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 said.

He said 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 incidently to 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 added.

As for Malaysia, Dr Mahathir said the only way it can overcome the instability in the exchange rate and to rebuild its economy is to do away with currency in trade as much as possible.

"We will revert to bartering. We would want to balance our trade with countries which have a trade surplus with us and Japan is the country with the biggest trade surplus. Where we have to pay we will pay in the currency of the trading partner concerned," he said.

Dr Mahathir said regionally there is agreement among the Asean economies that trade between them should be enhanced as the devaluation of their currencies is approximately at the same rate.

"We will also use our own currencies and balance our trade. This arrangement will probably be permanent, unless of course a new international financial system is put in place which will reduce violent fluctuations of exchange rate," he said.

Dr Mahathir said Malaysia intends to revitalise its own economy through several local measures. It will take note of the various criticisms directed at it by market forces and will study their said effect on Malaysian economy including the recent devaluation of the ringgit.

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