

17 JAN 2001

Mahathir-Japan

DR MAHATHIR SAYS JAPAN SHOULD STICK TO ITS OWN WAY OF DOING THINGS

By: A. Arul Rajoo

OSAKA, Jan 17 (Bernama) -- Datuk Seri Dr Mahathir Mohamad has urged Japan to stick to its own way of economic management and business practices which had made it the second biggest economy in the world, instead of emulating Western systems.

He said the close working relations between the government and the business sector, which earned Japan the title, Japan Incorporated, was instrumental in Japan's recovery after World War Two.

"Of late, we are seeing an attempt to fully westernise every aspect of Japanese society, particularly Japanese management of its economy and Japanese business practices," he said.

Dr Mahathir said that after decades of doing things the Japanese way, they suddenly wanted to change and do everything the Western way, worse still, they wanted it to be effected immediately at any cost.

The prime minister said this in the book, "Reflections on Asia," a compilation of monthly articles written by him for the Mainichi Daily News of Japan between February 1999 and June 2000.

The 18th chapter, entitled "Japan Must Regain Confidence", was written specially for the book which will be launched by Dr Mahathir here tomorrow during his four-day visit. The Japanese version is titled "Voice from Asia to Japan".

He said that while Japanese companies should be doing well as they were still bringing out an endless range of new products including motorcars, they were instead failing and retrenching workers, something that hardly occurred in the past.

"The reason is this desire to adopt Western business practices," he said.

Dr Mahathir said Japan's success had inspired Asians who were impressed by its work ethics and its business strategy, which had benefited the poor countries and banished forever the belief among many Asians that manufacturing products was beyond them.

"But now the Japanese have lost confidence in themselves. They have rejected almost everything that is Japanese in an apparent desire to be accepted by the West," he said.

Furthermore, he said, Japan's role in international affairs, be it political, economic or social, was quite insignificant despite being the biggest donor of foreign aid to developing countries.

Dr Mahathir said there was a feeling that Japan feared being accused of having imperial ambitions like the idea of a Greater East Asia Co-Prosperity Sphere during the war.

"The government and even the Japanese people now want to avoid any suspicion that it wants to revive this concept in whatever form," he said.

But despite Japan being condemned for its Japan Incorporated concept, the Western countries were equally guilty of cronyism, the "old school tie" and nepotism, he said.

Dr Mahathir said the Western governments were known for giving massive subsidies for many industries, for new start-up industries and for agricultural products.

"Governments send their ministers abroad to lobby for contracts for their companies, and often offer loans for unrelated matters in order to sweeten the offers," he added.

Furthermore, the ideas about globalisation, liberalisation,

deregulation and transparency are hatched by the private sectors in the West and their governments pushed them through using persuasion and threats in a way that was worse than Japanese private and public sector cooperation which was mainly domestic, he said.

"However, these Western countries have managed to make it out that their practices are right but similar systems by the Japanese are wrong," Dr Mahathir said.

"But why change when you were doing well with your old private ownership and management and cradle-to--grave support for your employees?" he asked.

Dr Mahathir also touched on the Yen, saying that if it was properly managed, it would contribute towards rapid recovery for Japan.

"But Japan is still unwilling to allow trade settlement in Yen or to deposit Yen in countries which need it most. Instead, it is being used to support the rich and the powerful," the prime minister said.

Japan would not control the Yen and its appreciation or depreciation would adversely affect the country's recovery, he said, adding that only a steady exchange rate could hasten economic recovery anywhere, even in Japan.

-- BERNAMA

AR ZS JK