

Malaysia-Japan Relations after 25 Years of “Look East Policy”

By Saiful Bahari Ahmad



Author at his office

Malaysia is going to celebrate its 50th anniversary of independence on August 31 this year. After gaining its independence from Britain in 1957, Malaysia has changed rapidly from a well-known major producer of tin, rubber and palm oil – these three commodities, along with other raw materials, helped Malaysia’s economic development in the mid-20th century – to a 21st-century high-technology manufacturing country. Today, 82% of Malaysia’s exports, which total almost \$100 billion, are made up of manufactured goods.

In the 1970s, Malaysia began to emulate the Asian Tigers and committed itself to transforming itself from a country reliant on mining and agriculture to an economy that depends more on manufacturing. With Japanese investment, heavy industries flourished, and in a matter of years, Malaysian manufactured exports became the country’s primary growth engine. Malaysia consistently achieved more than 7% GDP growth along with low inflation in the 1980s and 1990s.

Between the 1980s and the mid-1990s, Malaysia experienced significant growth under then Prime Minister Dr. Mahathir Mohamad. The period saw a shift from an agriculture-based economy to one based on manufacturing in areas such as computers and consumer electronics.

Turning Point: 1982

It was during this period, too, that Malaysia-Japan relations have, undoubtedly, undergone significant changes as compared to the first decades of independence. Malaysia’s so-called special relations with Japan coincided with the 22-year leadership of Mahathir, who became the country’s fourth prime minister in July 1981. The decision by the Mahathir administration to launch the “Look East Policy” in February 1982 (after six months in office) has been regarded as a major turning point in Malaysia’s bilateral ties with Japan. The policy sought to have Malaysians emulate the Japanese work ethic and business management techniques and to acquire Japanese expertise and capital, through aid, investment and trade cooperation. Mahathir considered that the secret of Japanese success and its remarkable development after World War II lies in its labor ethic, morale and management capability. He felt a program enabling young Malaysians to learn in Japan would contribute to the economic and social development for Malaysia. For this purpose, Malaysia decided to dispatch Malaysian students to Japan not only to study academics and technical know-how but also to learn about labor ethics and the discipline of Japanese people.

The program consists of two parts. The first is to send Malaysia students to Japanese universities and institutes of technology. The second is to send trainees to Japanese industries and training institutes. These programs are funded by the government of Malaysia, and the government of Japan supports these programs by sending Japanese teachers to Malaysia and also by shouldering part of the costs.

During the Asian financial crisis of 1997, the Malaysian government did not retreat from the Look East Policy. The former prime minister in his remarks to the Asian Summit in November 2001 suggested that Japan should play an active role in enhancing

human resource capabilities in the Southeast Asian region since many highly skilled people in Japan were not gainfully employed and should be used to conduct training courses in Malaysia. “We suggest that Japan set up universities in ASEAN countries because the cost of sending students to Japan is very high. If they set up a university in Malaysia for example, they can take students from ASEAN countries. The cost will be much lower,” Mahathir was quoted as saying by the *New Straits Times* on November 7, 2001.

A Lot to Learn from Malaysia

Meanwhile at the beginning of the 1990s, many Japanese were supremely confident about their economic prowess. They felt that their industries were the most competitive in the world. Mahathir was one of the very first to recognize before the 1980s that the Japanese economic model, markedly different from the Western models, had something to offer for the economic development of non-Western countries. The competitiveness, however, deteriorated markedly during the decade. By the end of the 1990s, a considerable number of the Japanese companies and financial institutions that once looked unshakably strong had gone bankrupt. Many more were struggling for survival.

Compared to its partner Japan, there was a contrast to the way the Malaysian leader faced up the Asian financial crisis and worked out nontraditional, unorthodox policies to bring the economy out of potential disaster. The policies were criticized, rebuffed and ridiculed all over the world. Economists who cared to comment almost unanimously predicted that Malaysia would be doomed to failure. Despite all these dire predictions, the Malaysian policies proved to be correct. They worked spectacularly. Mahathir, in his book, “Message to Japan” (translated into Japanese), was quoted as saying, “Do not consider any idea as holy, simply because it is a well-established academic

Photo: Saiful Bahari Ahmad

theory or principle or formula. If one did so, one would become unable to look at the reality objectively, unable to modify or change or discard one's approach to the problem even if it did not work. One must be pragmatic. What is important is result. One should not be like such medical doctors who proudly claim that the operation was successful, but the patient had died." It is clear from this that the Malaysian success in overcoming the Asian financial crisis was because the leaders were completely open-minded about the new situation and demonstrated their abilities to work out their policies on the basis of reality, not on the basis of the precedents in the past – policy-making according to the reality and policy execution also based on the reality.

This seems to be something many sections of the Japanese government sector have forgotten. When it comes to the question of the government's roles in the national economy and society, Japan has a lot to learn from Malaysia instead of the other way around.

Over a 25-year period, the number of Malaysian students who had come to Japan to study has passed 2,200. Japanese companies employed more than 85 % of the graduates. The result shows that they seem to have succeeded in developing such qualities as discipline and diligence, and they came to understand the advantages of the Japanese management system, which concentrates on long-term achievement. They also succeeded in developing a human network that is useful for entrepreneurs.

Malaysia's current Prime Minister Abdullah Ahmad Badawi has pledged to continue the Look East Policy under his new government without any change, showing Malaysia's deepening trust toward Japan even after a quarter century!

Japanese Society: A Model

Meanwhile for Japan, the economic miracle that Japan once accomplished prior to the 1980s has virtually faded. But it is important to note that for all its economic woes Japan still accounts for 60% of Asia's economy and remains the second largest in the world. Beyond economic analyses and statistics, Japan still has a lot to offer not only to Malaysia but also to the world.

Social harmony in Japan is still strong and virtually unmatched anywhere else in the world. The crime rate is still one of the low-

est on earth; Japan is an incredibly safe country. Public transport is efficient, convenient and modern. Public hygiene is impeccable; public toilets are always well maintained and clean. Public accountability is high; trust is still regarded as sacred. Japanese technology is among the most advanced in the world.

Japanese society is also a highly organized society at every level. Community cooperation is still solid. Education and scholarship are still highly revered. The educational needs of every layer of society are addressed by the community and the government. The number of universities, colleges and research institutes in Japan is also very large. The number of people with tertiary qualifications in practically every technological, scientific and academic field exceeds 700,000. Japan is the only country in Asia which has more than 10 Nobel Prize winners in fields from science to literature and peace.

And this was the "model" that Mahathir had in mind when the Look East Policy was introduced 25 years ago. This model remains valid today as it has been legitimate for the last quarter century binding the two countries – Malaysia and Japan – and the world. Even entering the 50th year in celebrating its independence there are still lots of things to learn from Japan through this policy with a new approach of globalization and smart partnership.

Look East Policy: Catalyst for Regional Cooperation

In his video message during the East Asia Senior Leaders' Forum on March 31 in Fukuoka, Mahathir said that with the emergence of India, China, Japan and South Korea, "we feel that East Asia will become very powerful economically and together with Southeast Asia, of course we will become a very powerful force. And this force should not be interpreted militarily – it should be interpreted as a counterbalance



The author's Japanese students enjoy a home stay in a Malaysian village. He was a high school exchange student under a Japanese government program, which has also helped step up exchanges between the two countries.

to the European and US powers." In his message, he emphasized the importance of regional cooperation following the Eastern basic mentality to respect other culture.

As he said, the Look East Policy should also serve as a catalyst for comprehensive regional cooperation in East Asia. Globalization and growing interdependence present East Asia with new challenges and opportunities for regional collaboration. Cooperation programs will enable East Asian nations to cope with the challenges the region faces today.

The fact that the policy is still being implemented after a quarter of a century testifies to its success and continuing relevance. It is a model of international cooperation at its best, generating greater understanding and fostering friendship between Malaysia and Japan.

This policy not only has strengthened the diplomatic relations but also linked a bridge of trust, knowledge, culture and a people-to-people relationship between Malaysia and Japan.

In conclusion I would like to say that this policy remains valid today as it has been legitimate for the last 25 years. The question before us is therefore not whether the "model" is relevant or not today because it is really a non-issue but rather how best we could review our approach so as to benefit as much as possible from the policy. The Look East Policy is actually as much about learning from Japan as about reorganizing Malaysian priorities themselves. **JS**

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