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(PRIME MINISTER)

EVENT: DINNER IN COMMEMORATION OF THE 20TH ANNIVERSARY OF THE LOOK EAST
POLICY

VENUE: PALACE OF THE GOLDEN HORSES

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TIME:

It is indeed an honour and privilege for me to address you on this occasion in conjunction with the 20th Anniversary of Malaysia's Look East Policy. I wish to congratulate all parties concerned for their effort in organising this evening's function and dinner.

2. When the Look East Policy was initiated it was a great challenge to get the support and cooperation within the country as well as from Japan and the Republic of Korea. Many ask why we should look at the countries which had copied the developments of Western countries. Should it not be better to look at the countries which had originated and developed the idea of a modern industrial economy and learn from them instead? They would really be better models. The whole world looked at them for inspiration and guidance.

3. But in the post-war years Japan and Korea had risen literally from the ashes to build powerful industrial economies. Their experience is new and they still remember how they did it.

4. The West had already forgotten the difficult years of their industrialisation and is too fond of assuming that the process is easy and natural. Growing an economy is to them the most natural thing and anyone can do it. But developing a country is not as easy as it is made out. Only countries which had recently developed can know the difficulties and how they overcome them. Japan and Korea are relative newcomers and therefore they make better models for us. We continue to Look West but we decided to Look East as well.

5. Now after more than twenty years following the introduction of the Look East Policy we have found ourselves vindicated. We are the fastest growing and the most developed of the developing countries in the world.

6. But now harsh questions about the management principles and practices of Japan and the Republic of Korea have been raised and the continued relevance and applicability of their model of development no doubt

needs to be re-examined. But we are still convinced about the efficacy of Government / Private Sector cooperation. The work ethics and basic philosophy of Japan and Korea remain relevant in the economic development of a nation.

7. Admittedly the world has changed and new ideas and values have become current. We will all have to change along with them. But it does not mean that all the things which had served so well before will not work anymore. We have therefore to be selective, retaining the tried and tested methods which had yielded good results before espousing new ways and values which are merely likely to give good results. In any case even if the new ways and practices are good, changing the old for the new, in particular rapid change will always be disruptive. We have to avoid disruption as much as possible. We have a need therefore to be cautious.

8. We are still looking East at Japan and at Korea in order to see whether abandoning the values and systems which had helped them achieve phenomenal growth before and adopting new ways, which in most cases are alien to their culture, will bring good results or not. In other words Looking East now is not just to copy everything that is being done in the Eastern countries, but also to learn what wrong steps or things that are being done which we will have to avoid. Looking East is not exclusively about learning how Eastern countries manage their societies and their economies, but also learning about how they mismanage their economies and fail. We will then know what not to do.

9. Many have gleefully asked us whether we are still Looking East. Well the answer is - we are still Looking East in order to learn from the mistakes as much as from the right things that they do. We believe that many of the work ethics and management methods of the East are still relevant. There is nothing wrong with the discipline, hard work and dedication of the Japanese work force, nor is it wrong to emulate the loyalty of employees to their corporations. We note of course that doing away with life-time employment may reduce cost for the employers but there is no certainty of recovery or profit. Indeed it creates intractable social problems and it undermines the strength of the country.

10. Malaysia is anxious to become a developed country by 2020. To achieve this we have to change our culture. We really do not think the Western work culture is going to work for us. Western culture is confrontational and based on the winner taking all. Thus if there is dispute between employers and employees, a test of strength must be carried out. The employers will lock out and the employees will go on strike. After extensive damage to the business and one side or the other gives in then the dispute is considered as having

been settled. But the damage that has been done and the settlement reached, invariably increase the cost of business. If profitability is to be achieved then products must be increased in price. This may result in an inability to compete in the market or reduced sale and profitability. In some cases, the business suffers so much that it has to be closed down. Both the employers and the employees lose. And of course the economy of the country also lose.

11. Another western solution when companies are losing is to lay off workers. Government provision of unemployment benefits help to support the unemployed workers. After some time the unemployed workers prefer to remain unemployed and to enjoy unemployment benefits instead. And such unemployment pay can cost the country a lot of unproductive money.

12. The problem with this is that it makes people lazy and dependent, preferring not to work but to live on the dole. Employment benefits can be paid if only a small minority is unemployed while the majority work to increase the wealth of the country and contribute to Government funds. But as more and more prefer to live on the dole and less and less workers generate wealth for the country, then the unemployment benefits become quite unaffordable.

13. For these and other reasons we don't think we can accept western principles and work culture. The East still offer us the best value systems which can help us grow and develop. Eventually using the Eastern culture we would be able to achieve developed country status.

14. The results of the Look East policy have vindicated our strategy. The best trained and most productive of our workers and executives by and large are those trained under the Look East Policy. They have adopted the kind of work ethics which have made them readily employed and productive. Their dedication and loyalty and their productivity is higher than average. They are better able to cope with the discipline required of the work place.

15. They are less prone to be deflected from their studies and training by such distractions as politics and anti-social activities. They appear more able to concentrate on their studies, training and work and to acquire the necessary skills. Indeed they give less problems to the Government and the nation.

16. Upon completion of their training or education they find ready employment in the fields that they qualify. They are generally less dependent on the Government and apparently they are satisfactory employees. Naturally being fluent in Japanese they are largely employed by Japanese firms. But some do go off to work on their

own.

17. The only regret is that Malaysia is unable to get as many places in the universities and training institutions as well as work places for hands-on training as we would like. We understand the limitations of places and the policies but we also find the cost of sending students to Japan and Korea and the fees of the universities rather high. If the Government can help we would like to have more places for training and studies as the institutions in Japan and Korea.

18. Presently there are about 2000 students and trainees in Japan. This includes students sponsored by the Government of Malaysia and also by the Government of Japan and private funded students. The number of Malaysian students in the Republic of Korea stands at 85 today. Though small in number they will form a significant contribution to Korean companies operating in Malaysia.

19. Admittedly, the number of students going to Japan and the Republic of Korea to further their studies is small compared to those studying in the west including Australia and New Zealand. But we cannot dismiss the contribution made by these few to the ethics and work culture of Malaysia and to the success of Malaysia's industrialisation.

20. The Look East Policy has brought the desired results and has accelerated Malaysia's development through providing the right kind of workers for increased foreign investment, for technology transfer and in-house training. Familiarity with Eastern values and work environment as well as language ensures ready acceptance by Japanese and Korean enterprises, and by others.

21. However, the approaches to implementing the policy may need to be reviewed and any shortcomings to be identified and addressed. Nevertheless, the Malaysian government is very positive and optimistic regarding the Look East programmes and has no intention to abolish them. The setting up of the alumni is a good example of maintaining contacts and exchange of ideas. In this respect, I am pleased to note that the Malaysian students who graduated from their studies in the Republic of Korea under the Look East Policy have set up an alumni called Alumni Graduan Institusi Korea (AGIKO). This is a good start for them to contribute their ideas and inputs through the exchange of I.C.T. in the process of national development.

22. I would like to record here the appreciation of the Government of Malaysia for the support and cooperation that has been provided by the Japanese and Korean Governments and private sectors to our Look East

Policy. The Look East Policy has become an important bond in the overall relationship between our countries and I hope it will further enhance the commitment of the various Governments involved.