Book Review


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Lim Hua Sing, a reputed economist is a professor at the Institute of Asia-Pacific Studies and the Graduate School of Asia-Pacific Studies at Waseda University and is also Director of the Institute of Chinese Economies, Waseda University. His numerous publications include the modern economic history of Japan, Japan–Asian as well as China–Asian economic relations. The very fact that the book under review is the 4th edition is sufficient commentary on the value of the book and its relevance for understanding Japan’s Asia Policy.

The author argues that since the bursting of the bubble economy in 1991 Japan’s contribution to Asia in terms of Foreign Direct Investments [FDI], Official Development Assistance[ODA], International trade, and technology transfer, has reduced. He further argues that Asian economies are more interdependent and complementary and Japan’s economic role in Asia will enhance once its economy recovers. However, despite the economy not growing at a fast pace still the Japanese economy cannot be underestimated. It has sufficient foreign currency reserves, huge overseas assets, and its enterprises big and small have accumulated world class technologies among other advantages.

China poses a challenge to the Japan in Asia in economic, political and military areas. However, the author has correctly pointed out that the immense problems like increasing gap between the poor and the rich; vast income disparities between the coastal and rural areas; rising unemployment, corruption, environmental problems, non performing loans etc will pose serious challenges for China in the future. Many sinologist are very optimistic about the continued growth of the Chinese economy but it still has a long way to go. Regional integration is one of the ways for the development of Asian economies. Along with the United States and European Union, China and Japan are the two important countries which can positively impact the economic development of the Asian region. Economically the ASEAN countries are important for China and Japan and vice versa. Both these two countries have entered into various arrangements with the countries of this region for mutual economic benefits.

Considering the importance of the Southeast countries for Japan the author has devoted three sections of the book to this region. The two chapters of the first section deal specifically with Malaysia. Chapter I examines the different perspectives of the Japanese government, academics, business community and media’s view on Malaysia’s

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—155—
“Look East” policy announced by Prime Minister Datuk Seri Dr. Mahathir Mohamad in 1981. The idea behind this policy was to combine Malaysia's resource based industrialization with Japanese technology and capital. Apprehension about the success of this policy both in Japan and Malaysia was mainly because of the differences in values, social values and historical background. Malaysia is a country which does not attract the media since the common man is not interested in knowing much about it. Academic interest in this country is restricted to a very small group who no doubt gave their views and cautioned the government about the social costs etc but generally without having a major impact on decision making. The Japanese government is interested but the most to benefit is the business community who also view economic relations with Malaysia with not so much enthusiasm. Introducing Japanese technology, work ethics, and management system is not an easy task. Nevertheless in the next chapter suggestions have been made to both Japan and Malaysia how manage Japanese loans, trade and FDI between the two countries.

The two chapters in section II are devoted to Japan's economic relations with Singapore. Singapore following an export led economic growth depends on market access abroad. The non tariff barriers [NTB] imposed by Japan on imports from Singapore creates irritants in the relationship. The author, as in the earlier chapter has followed a similar pattern of determining nature of the problem by attempting to put forward the views of different sections on the issue, both in Japan and in Singapore. The Singaporean business community believe that it is the Japan's strict non NTB which prevents it from having greater access to Japanese market. The trade deficit suffered by Singapore has created a problem in the trade relations between the two countries. The author opines that Japan by most countries is regarded as a closed market. The imbalance in the trade can be rectified if Singapore exports more and imports less from Japan which may not be possible since the country is still in the process of industrial development. In the next chapter on Singapore the author discusses the adaptation of the Japanese style of management in Japanese companies in Singapore. Japanese style of management does not seem to suit the heterogeneous Singaporean society, consequently, the Singaporeans prefer to work in the government offices, or in Western companies. It is important that Japanese companies change their style of management since Singapore is an important production base for Japanese manufacturing industries, especially for high tech and high value-added industries.

The author says that as in case of other countries who have protested against Japan's market being closed so has ASEAN. He adds that ASEAN will be in a difficult situation if the value of its exports to Japan do not match with that of the imports from Japan. Due to the worldwide economic recession the industrialized countries in particular have adopted protectionist policies. The General Agreement on Trade and Tariff, he says has not been very successful in maintaining equitable trade relations. In future the trade friction between Japan and ASEAN is likely to increase as ASEAN industrializes further and poses a competition to Japan. He, however, somewhat justifies Japan's policy by saying that not all goods are prevented from entering Japan. He further adds that Japanese are becoming more quality and design conscious and demand excellent products. However, Japan’s economic relations with ASEAN have strengthened especially after the appreciation of the Yen in 1985. Japan’s FDI increased and in some
countries like Thailand, Malaysia and Singapore it even overtook the US. In future economic relations will further strengthen due the formation of economic blocs in Europe and North America, and due to the necessity of restructuring its industries as a result of high Yen. Increase in FDI to ASEAN will have to increase to enable Japan to compete with the Newly Industrializing Economies and expand its international market. On the other hand ASEAN too has liberalized its economy accordingly to attract Japanese FDI.

The chapter on Japan and Asian financial crisis brings forth the interdependence of Japan’s economy on the Southeast Asian countries and vice versa. The recovery and revitalization of Asia’s economy will depend to a great extent on China, Japan and the US.

One of the interesting subjects with which Prof. Lim has dealt with and is often ignored is Japan’s involvement with Chinese settled abroad know as the Kakyo [Chinese who live in another country but are not citizens of the country in which they reside] and Kajin [Ethnic Chinese who live in another country and citizens of that country]. Asian Kajin businesses are good partners of Japanese business in terms of capital, technical and management know how. Quite a few Kajin benefited from cooperation with Japanese companies.

The writer suggests that Japan should minimize its political and military aspiration in Asia due to past history of military expansion and its unwillingness to admit to the atrocities carried out during the military occupation of the region. It is for this reason also that the Asian countries are not very much excited about the idea of having an Asia Monetary fund in which Japan is likely to dominate.

The quality of life in Japan will improve if cheaper goods are available. Japan should invest, develop aid and enhance trade with the Asian countries. If Japan’s technology, capital, managerial know how and ODA are necessary for the economic development of the region than Japan too will benefit from the economic advancement of the region.

An interesting approach adopted by Prof. Lim while dealing with a subject is to present the view point of different sections of the society which enables the reader to analyze and understand the various aspects of the problem. However, the title of the book is “Japan’s Role in Asia: Mutual Development or Ruthless Competition” but it only deals with Japan’s relations with China, Koreas and Southeast Asian, countries with which Japan is mainly concerned. In recent years, however, Japan’s Asia policy has become more inclusive and it aims to develop ties with other Asian countries like India which are undoubtedly emerging powers in the region and are going to contribute significantly to the economic activity in the region. The book is a good backgrounder for understanding Japan and China’s future involvement in the region, the areas of friction and cooperation with the various Asian countries and the steps to be taken to enable each country to have a mutually beneficial and dependent relationship.