

CONTINUITY AND CHANGE IN  
JAPANESE-MALAYSIAN RELATIONS  
BEFORE AND AFTER THE SECOND WORLD WAR

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Especially, I thank Sharifah M. Alsagoff for her encouragement and 'eyes' in the preparation of this thesis.

This Study is dedicated to Hassan and Naciye,  
my Father and Mother who taught me,

... GO placidly amid the noise and haste,  
and remember what peace there may be in  
silence. As far as possible without  
surrender be on good terms with all persons,  
speak your truth quietly and clearly; and  
listen to others, even the dull and ignorant;  
they too have their story. Avoid loud and  
agressive persons, they are vexatious to  
the spirit. If you compare yourself with  
others, you may become vain and bitter; for  
always there will be greater and lesser  
persons than yourself. Enjoy your achievements  
as well as your plans. Keep interested in  
your career, however humble; it is a real  
possession in the changing fortunes of time.  
Exercise caution in your business affairs;  
for the world is full of trickery. But  
let this not blind you to what virtue there  
is; many persons strive for high ideals;  
and everywhere life is full of heroism. Be  
yourself. Especially do not feign affection.  
Neither be cynical about love; for in the  
face of all aridity and disenchantment it  
is perennial as the grass. Take kindly the  
counsel of the years, gracefully surrendering  
the things of youth. Nurture strength of  
spirit to shield you in sudden misfortune.  
But do not distress yourself with imaginings.  
Many fears are born of fatigue and loneliness.  
Beyond a wholesome discipline, be gentle with  
yourself. You are a child of the universe,  
no less than the trees and the stars; you  
have a right to be here. And whether it is  
clear to you, no doubt the universe is unfolding  
as it should. Therefore be at peace with God,  
whatever you conceive Him to be, and whatever  
your labours and aspirations, in the noisy  
confusion of life, keep peace with your soul.  
With all its sham, drudgery and broken dreams,  
it is still a beautiful world. Be careful.  
Strive to be happy.

DESIDERATA by Max Ehrmann.

ABSTRAK

Tesis ini mengkaji punca-punca luar dan dalam negeri perhubungan Jepun-Malaysia dalam bidang isu pembangunan dan perdagangan. Ia cuba menjelaskan bahawa perhubungan Jepun-Malaysia merupakan kontinuiti pensejarahan yang berakar umbi pada zaman menjelang Perang Dunia Kedua.

Keperluan Jepun di Malaysia pada zaman menjelang Perang Dunia Kedua dan semasa perang tersebut adalah berdasarkan kepada keperluan-keperluan ekonomi Jepun. Ini telah menyebabkan tindakan Jepun supaya mengendalikan sumber asli yang diperlu bagi industri-industri Jepun.

Penyerapan ekonomi Jepun telah terbukti memandangkan adanya sekumpulan kecil kaum Jepun yang semakin bertambah dan terlibat dalam perdagangan dan pelaburan pada tempoh menjelang Perang Dunia Kedua.

Penyerapan tersebut juga boleh dibuktikan dengan sokongan politik dan ekonomi kerajaan Jepun serta pengawalan dan pentadbiran ke atas kaum Jepun di Malaysia semasa itu. Penyerapan ini telah disileh-gantikan oleh pengendalian ekonomi dan pentadbiran Malaysia secara langsung melalui penaklukan militer semasa Perang Dunia Kedua.

Pada masa selepas Perang Dunia Kedua, perhubungan baru telah terjalin di antara Malaysia dan Jepun. Walau bagaimanapun, tujuan ekonomi Jepun masih kekal. Perhubungan tersebut berdasarkan kepada keperluan sumber-sumber asli, pasaran untuk barang-barang Jepun, serta keperluan buruh murah dan tambahan modal. Penyerapan ekonomi Jepun di Malaysia telah dibantu oleh kedudukan imbangan pembayaran yang begitu baik pada pertengahan 1960an sehingga awal 1970an. Disamping itu kerajaan Jepun sendiri telah mendorong proses penyerapan tersebut. Dasar luar Malaysia terhadap Jepun telah digubalkan dan dilancarkan dalam konteks pendirian am terhadap persekitaran luar yang telah dipengaruhi oleh pengendalian dan pemilikan ekonomi Malaysia oleh pihak British. Ini telah mewujudkan pendirian ekonomi laissez-faire.

Pada tahap kerajaan Tunku Abdul Rahman, orientasi Malaysia terhadap Jepun lebih bersifat waspada, disebabkan ingatan-ingatan peperangan dan isu "hutang-darah".

Perhubungan Jepun-Malaysia semasa kerajaan Tun Abdul Razak dan Tun Hussein Onn telah bertambah penting disebabkan perkembangan arah-arab baru yang termaktub di dalam Dasar Ekonomi Baru. Pendirian "nasionalisme ekonomi" baru telah mungkin

menggalakkan penglibatan rakan-rakan ekonomi asing baru. Ini telah menguntungkan Jepun kerana pelabur-pelabur Jepun di Malaysia lebih bercenderung kepada usahasama-usahasama berbanding dengan pelabur-pelabur asing yang lain. Jepun mendapat kedudukan yang pertama dalam perdagangan dan pelaburan di Malaysia menjelang 1980.

Penemuan utama tesis ini adalah pertambahan penglibatan Jepun dalam ekonomi Malaysia semasa kerajaan Tun Abdul Razak dan Tun Hussein Onn berbanding dengan tempoh kerajaan Tunku Abdul Rahman. Ini telah meningkatkan pergantungan ekonomi Malaysia terhadap Jepun. Mengenai punca-punca dasar ekonomi Malaysia terhadap Jepun, didapati bahawa punca-punca dalam negeri telah memainkan peranan yang paling penting dalam penentuan output-output dasar yang sebenar. Manakala punca-punca luar memainkan peranan mentakrifkan strategi-strategi yang digunakan.



ABSTRACT

This thesis examines the external and domestic sources of Japanese-Malaysian relations in the issue-area of development and trade. It attempts to show that these relations constitute an historical continuity, originating in the pre-World War II period.

Japanese interest in Malaya on the eve of and during World War II was premised upon Japan's economic needs geared ultimately at the control of Malayan natural resources which were of vital importance to Japanese industries. Japan's early economic penetration was evident by the presence of a small but growing Japanese community in Malaya involved in trade and investment in the pre-war period and by the Japanese government's economic and political support as well as control and organization of the Japanese community. Early penetration was superceded by the direct control of the Malayan economy through military conquest and administrative control during the occupation of Malaya in the Second World War.

In the post-World War II period, Japan established a new set of relations with Malaysia. However the underlying economic motive remained much the same. Relations were premised

upon a need to secure sources of raw materials as well as markets for Japanese goods, a need for cheap labour and capital expansion.

Japanese expansion in Malaysia was rendered possible by the favourable balance of payments from the mid-1960's until the early 1970's, and by the generous support of the Japanese government to Japanese businessmen. Malaysia's foreign policy towards Japan was formulated and developed in the light of her overall orientation towards the external environment which was in turn conditioned by British control and ownership of the Malayan economy. This resulted in the laissez-faire external economic posture.

During Tunku Abdul Rahman's period, Malaysia's orientation towards Japan remained cautious due to lingering memories of the Japanese occupation and the 'blood debt' issue.

Malaysia-Japanese relations under the Tun Razak and Tun Hussein Onn administrations became highly active and significant as a result of new directions contained in the New Economic Policy (NEP). The new posture of "economic nationalism" tended to encourage the economic involvement of new foreign partners which had immediate benefits for Japan.

The Japanese investors in Malaysia tended to be more flexible than other investors, as indicated by their willingness to be minority shareholders in joint-ventures and this resulted in Japan emerging as the top economic partner in trade and in investment by 1980 .

A major finding of the thesis is that the higher level of Japanese involvement in Malaysia in the Tun Razak and Tun Hussein Onn periods as compared to the Tunku Abdul Rahman period had resulted in greater Malaysian economic dependence on Japan. With regards to the sources of Malaysia's foreign economic policy towards Japan, it was found that domestic sources have played a dominant role in determining the actual policy outputs while external sources tended to define the kinds of foreign policy strategies employed.

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## CHAPTER I

### INTRODUCTION

#### LITERATURE REVIEW AND STATEMENT OF RESEARCH PROBLEM

The purpose of this study is to contribute to a better understanding of Malaysia's policies towards Japan. More specifically it is an attempt to explain continuity and change in Japanese-Malaysian relations before and after the Second World War. It also seeks to explain the radical shift of Malaysia's foreign economic policy in turning towards eastern countries like Japan.

Virtually no study exists on Malaysia's foreign policy towards Japan. Available literature is predominantly of Japan's roles and interests in Southeast Asia. Most of the studies, like K.A.M. Ariff's study of Japanese direct investment in Malaysia's manufacturing sector<sup>1</sup>, Chee Peng Lim's and Lee Poh Ping's survey of Japanese direct investment in Malaysia<sup>2</sup>, are about Japanese interest in Malaysia.

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1 K.A.M. Ariff, "Japanese Direct Investment in Manufacturing Sector of Malaysia: Patterns and Perspectives". Tokyo: Institute of Developing Economics, 1976, as cited by Chee Peng Lim and Lee Poh Ping in "Role of Japanese Direct Investments in Malaysia". Singapore: Institute of Southeast Asia Studies, 1979.

2 Ibid.

Regarding Malaysia's foreign policy in general, J. Saravanamuttu's Dilemma of Independence<sup>3</sup> appears to be one of the few books that provide a theoretical analysis of Malaysia's foreign policy and its sources from 1957 till 1977. He concluded that "national needs continue to dominate foreign policy outputs in the issue-area of development and trade even more than in the area of defence and security. However, various internal and external inputs have caused a degree of redefinition of some of these needs". Marvin C. Ott's study of "Foreign policy formulation in Malaysia"<sup>4</sup> explains the foreign policy making in Malaysia as "an elite dominated process with minimal domestic inputs and pressures". Furthermore, according to him, "Personal rather than institutional relationships have been critical but the latter are of growing importance... The policy process has been and still is, a relatively orderly one, reasonably free of bureaucratic rigidity or political conflict". With regards to its elite structure, he states that; "policy formulation in foreign affairs has been the domain of an elite group marked by a continuity of its smallness and stability"<sup>5</sup>. He tried to analyse Malaysia's foreign policy formulation and its problems under the Tunku Abdul Rahman and Tun Razak's administrations.

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3 Johan Saravanamuttu, The Dilemma of Independence: Two Decades of Malaysia's Foreign Policy, 1957-77. (Penang : Penerbit Universiti Sains Malaysia, 1983) p. 10.

4 Marvin C. Ott, "Foreign Policy Formulation in Malaysia", Asian Survey, Vol. 12, 1973, p. 12.

5 Ibid., p. 13.

Another study of Malaysia's foreign policy is that by Murugesu Pathmanathan on "The Formulation and Administration of Malaysia's Foreign Policy".<sup>6</sup> He tries to give a deeper understanding of Malaysia's foreign policy formulation process. He analyzes the decision-making process, elite structure and governmental and role variables of foreign policy. He points out that...." in helping the shaping and refining of policy decisions Wisma Putra has been shielded from internal political pressures issuing either from legislature or from the circle of ruling political parties..functional pressure groups have not had any influence at all".<sup>7</sup>

Other available books or monographs related to Malaysia's foreign policy and international relations are Peter Boyce's Malaysia and Singapore in International Diplomacy<sup>8</sup> and Robert O. Tilman's "Malaysia's Foreign Policy".<sup>9</sup> Most of the other literature related to Malaysia's foreign policy are based on collection of speeches made by politicians, and articles which deal with different subjects, and problems of Malaysia's foreign policy.

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6 Murugesu Pathmanathan, Readings in Malaysian Foreign Policy (K.Lumpur: University of Malaya Cooperative Bookshop Limited, 1980). He pointed out that "The application of Rosenau's analysis to the Malaysian experience is validated by two factors which exercised a dominating influence on foreign policy. Each of these two factors is an illustration of the idiosyncratic and systemic cluster of variables" ibid., p.79

7 Ibid., pp. 113-114

8 Peter Boyce, Malaysia and Singapore in International Diplomacy. ( Sidney: Sidney University Press, 1968)

9 Robert O. Tilman, "Malaysian Foreign Policy: The Dilemmas of a Committed Neutral" in Public Policy. Harvard University.

### Structure of Thesis

Following this Introduction is the second chapter comprising a historical survey of Malaya-Japan relations. The basic aim of this chapter is to identify the historical connection in Malaysia-Japan relations as well as the sources which affect these relations.

The third chapter is an examination of overall Japanese orientations as well as factors stimulating Japanese interests in Southeast Asia, including Malaysia. It is because of these factors that Japan wants to establish new relations with Southeast Asian countries, including Malaysia, in the post World War II era. These same factors act as external sources of Malaysia's orientation towards Japan.

The fourth chapter provides an examination of internal sources which explains Malaysia's foreign policy orientation towards Japan. In this chapter, I examine Malaysia's foreign policy orientation towards the external world in the issue area of Development and Trade under Tunku Abdul Rahman's administration. Japanese investment as well as Malaysia-Japan trade relations and Japanese aid to Malaysia are also analysed.

Chapter five proceeds with the examination of domestic sources under Tun Abdul Razak and Tun Hussein Onn's administrations. In this chapter, I analyse Malaysia's foreign policy orientation towards the external world in general and specifically towards Japan in the Development and Trade issue-area. In particular, Japanese investment as well as Japanese aid to Malaysia and Malaysia-Japan trade relations are examined to show Japan's growing importance to Malaysia and her involvement in the Malaysian economy.

Chapter six provides a summary of findings and conclusion in the light of the framework presented in Chapter One.

### Research Method

By method I simply mean the research technique or tool used to gather data. Method is different from Methodology in the sense that Methodology is the philosophy of research process while method is the more practical aspect of research.

Methodology covers the assumption and values that serve as a rationale for research and standards or criteria the researcher uses for interpreting data and reaching conclusions. McGowan and Shapiro stated that " methodology is what permits the researcher to make theoretical claims about the cause and consequences of foreign policy, to verify their claims by looking at the real world, and then to communicate what has been learned from the other interested scholars".<sup>10</sup> The section below is a discussion of the research method which is used in this study.

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10 Patrick J. McGowan and Howard B. Shapiro, The Comparative Study of Foreign Policy: A Survey of Scientific Findings. (London.: Sage Publications, 1973), p. 16.

### Data Collection and Analysis

The relevant data were collected through a) written documents and b) by interviews. The data collected from written and published documents were a) Historical documents, such as intelligence reports, telegrams as well as reports and newspapers, b) published statistics from the public and private sectors, relating to Malaysia-Japan economic relations. Most of the data were compiled from Japanese External Trade Organization (JETRO), Japanese Ministry of Trade and Industry's publications and Malaysian Industrial Development Authority publications. With regards to Japanese Investment in Malaysia since World War II, the data was compiled and analysed from Japanese Enterprises in ASEAN Countries: Statistical Outlook by Hikoji Katano.<sup>11</sup>

Special permission was sought from Professor Katano to extract, compile and analyse the section on Malaysia. Besides written or published works, I found an opportunity to interview lecturers in Universiti Sains Malaysia (U.S.M) and University of Malaya (U.M.) and other persons interested in the subject. Discussions were held with them on different occasions by appointments to clarify many point.

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11 Hikajo Katano, Japanese Enterprises in ASEAN Countries: Statistical Outlook, (Tokyo: Kobe University, 1983)



Available written and published works were read during the data collection period and analysed, while the statistical data was also collected during the same period by contacting various organizations like Malaysian Industrial Development Authority, Arkib Negara Malaysia and JETRO.

Statistical analysis of data relating to Japanese investment in Malaysia and Malaysia-Japan trade relations was made by means of the computer. Various programmes and sub-programmes of the Statistical Package for the Social Sciences ( SPSS) were employed.

#### Difficulties encountered during Data Collection and Data Analysis

The main difficulty encountered during data collection was in the form of non-disclosure of relevant information on the part of officials. Because of the 25-year maturity period for the release of official information and documents, much information has not yet been released and was not available.

Secondly, permission to carry out research as well as interviews with government organizations such as the Ministry of Foreign Affairs, Ministry of Finance and Trade, was granted only after 7 months had passed from the date of my application.

Thirdly, analysis of Japanese investment in Malaysia is based on the data from Professor Katano's book mentioned earlier. The book contains two different sets of data. According to the first set it appears that there was a total of 250 Japanese joint-ventures in Malaysia, whereas there were 197 companies according to second set of data for the same period surveyed. A third set of data obtained from JETRO, Malaysia, indicated a total of 310 companies as at the end of 1983. However, due to gaps in the details, this data was not used. Thus, the analysis of Japanese investment is based only on the first two sets of data mentioned.

## CHAPTER II

### JAPAN-MALAYA RELATIONS IN HISTORICAL PERSPECTIVE

This Chapter will discuss Japanese-Malayan historical relations in the Pre-World War II and inter-war years. I will attempt to trace Japanese-Malayan relations and Japanese orientation towards Malaya until the end of World War II,

#### The Impetus of Pre-World War II Japanese-Malayan Relations

Malayan contacts with Japan were carried out by western powers before the Japanese closed its doors to foreigners between the period of 1637-1868. The basic aim of this contact was trade and control of the trade routes.

Albert Hyma stated that:

The only foreign merchants who had visited Japan regularly were the Portuguese. They carried on their trade between the ports of Lisbon, Goa, Malacca, Macao and Nagasaki and elsewhere. They had made great profits, but they were not in the position to fill the demand of the whole of Japan for foreign products.<sup>1</sup>

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1 Albert Hyma, The Dutch in The Far East: A History of Dutch Commercial and Colonial Empire, (Michigan: George Wahr Publishers, 1942), p.139.

Besides this indirect contact of Japan with Malaya, Japan also showed interest to trade directly with Malaya, by sending its official trading ship "Goshun-Sen".<sup>2</sup> However, this ship visited Malacca only a few times in a year.

Malayan-Japanese relations were given greater impetus with the Meiji Restoration (1868-1912), which was the period of the foundation of a Modern state in Japan. E. H. Norman pointed out that,

...it (Meiji reforms movement for establishing a Modern state) was carried out under the brilliant leadership of samurai-bureaucrats who, in the teeth of opposition directed against them, even by members of their own class, wisely pursued the path of internal reconstruction.. The military bureaucrats were the spear point of advance, the vanguard of modernization in the establishment of a modern state in Japan.<sup>3</sup>

Capital formation as well as capital accumulation for the Japanese industries were carried out by policies of (a) taxation and credit creation, (b) oppression and exploitation of working masses, and (c) Japanese success in avoiding being taken over by foreign capital.<sup>4</sup>

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2 Goshun-Sen was an official trading vessel for the Japanese Government. Previous to the establishment of government control, Japanese sea trade was conducted in vessels owned by feudal lords and private merchants. It is known that around 1625, thirty-five of these ships were destined for Siam, twenty-six for Cochin-China, two for Brunei, thirty for Luzon, twenty-three for Cambodia and one for Malacca.

3 E.H. Norman, "The Establishment of a Modern State in Japan" in The Sun Also Sets, ed.; Jomo, (Petaling Jaya: Selangor, Institute for Social Analysis, 1983 ),p. 2.

4 bid., pp. 14-19

The nationalization as well as industrialization policy of Japan was aimed at protecting the economy from the onslaught of foreign powers. Because of Japan's wish to become an industrialized state and at the same time protect the economy from foreign control, Japanese policy had necessarily to be anti-West. Furthermore, Japan's lack of natural resources as well as its need for markets for her products caused Japan to expand in Southeast Asia including Malaya.

After the Meiji regime opened its doors to the external world, the first Japanese came to Malaya and this flow continued throughout the Meiji period. At the end of the Meiji period, the Japanese population in Malaya amounted to around 4000.<sup>5</sup>

#### Japanese Settlement in Malaya

The existence of the Japanese community in Malaya can be traced in Tables 2.1, 2.2 and 2.3. As seen in the tables, Japanese population in Malaya had increased over the years. An interesting aspect of these tables is the female-male ratio as seen in tables 2.2 and 2.3. The preponderance of women in the

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5 Yuen Choy Leng, "Expansion of Japanese Interest in Malaya 1900-1941", M.A. Thesis, Kuala Lumpur, University of Malaya, 1973., p. 3. A considerable part of the information and analysis of pre-war Japanese-Malaya relations is drawn from the excellent Masters Thesis of Yuen Choy Leng.

Japanese population particularly before 1911 was because "most of the women were prostitutes who were victims of the Japanese yellow slave trade . Lured away by vagabond sailors, they came mainly from Kyushu".<sup>6</sup> Reginald Sanderson expressed the fact in the following manner,

"There are a few Japanese merchants and commercial men of acknowledged standing but for the most part, the Land of Rising Sun is represented by an undesirable class".<sup>7</sup>

It is ironic to note that in fact were it not for the presence of western colonialism, such a class of Japanese would not have found their way to Malaya.

As illustrated in Tables 2.1 and 2.2, Singapore was the main center for the Japanese population and as pointed out by Yuen, it was also the center for the Yellow Slave Trade. According to her, "The slave traders (Yellow Slave Traders) avoided immigration controls by smuggling their victims into Singapore which became a main distributing center".<sup>8</sup>

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6 Kee Yeh Siew, "The Japanese in Malaya before 1942", Unpublished B.A. Honours Academic Exercise, Singapore, University of Malaya, 1957., p. 67.

7 Reginald Sanderson, "The Population of Malaya", in Twentieth Century Impressions of British Malaya, eds., A. Wright and H.A. Cartwright, (London: Lloyd's Great Britain Publishing Co., 1908) p. 127.

8 Yuen, op. cit., p. 5.

Table 2.1

Distribution of the Japanese Population in the Straits Settlements and the Federated Malay States, 1891 to 1911

1891

Sex	Singapore	Penang	Malacca	Perak	Selangor	Negeri Sembilan	Pahang
Male	58	1	2	4	8	2	n.a.
Female	229	20	15	28	60	12	n.a.
Total	287	21	17	32	68	14	6

1901

Sex	Singapore	Penang	Malacca	Perak	Selangor	Negeri Sembilan	Pahang
Male	188	26	10	23	47	15	2
Female	578	212	10	175	186	41	46
Total	766	238	20	198	233	56	48

1911

Sex	Singapore	Penang	Malacca	Perak	Selangor	Negeri Sembilan	Pahang
Male	514	n.a.	n.a.	125	116	71	25
Female	913	n.a.	n.a.	629	579	262	222
Total	1427	266	92	754	695	333	247

Sources: E.M. Merewether, Report on the Census of the Straits Settlements taken on 5th April 1891, passim;

George T. Hare, Federated Malay States, Census of the Population 1901, passim;

A.M. Pountney, The Census of the Federated Malay States, 1911, passim; and,

J.E. Nathan, The Census of British Malaya, 1921, passim

Table 2.2

**Increase of Male and Female Japanese in Malaya  
From 1911 to 1921**

State or Settlement	Percentage of Male Japanese		Percentage of Female Japanese	
	1911	1921	1911	1921
Singapore	36	61	64	39
Penang	16	49	84	51
Malacca	12	38	88	62
Straits Settlements	32	60	66	40
Perak	17	34	83	66
Selangor	17	35	83	65
Negri Sembilan	21	44	79	56
Pahang	10	22	90	78
Federated Malay States	17	36	83	64
Johore	66	68	34	32

Source: J.E. Nathan, The Census of British Malaya, 1921, p. 90.



Table 2.3

Japanese Population in the  
"Federated Malay States"  
1891-1931

	1891 <sup>@</sup>	1901	1911	1921	1931
Males	14	87	337	757	533
Females	100	448	1,692	1,321	790
Total	120	535	2,029	2,078	1,323
Percentage Total	88	84	83	64	60

Sources: F.M.S. 1901 Census, Perak Table 1, Selangor Table 1, Negeri Sembilan Table 1, Pahang Table 1; F.M.S. 1911 Census, Table 33; British Malaya 1921 Census, Table 16; British Malaya 1931 Census, Table 70.

Note: <sup>@</sup> The census gives no data on the sex of the six Japanese living in Pahang in 1891.

However, before 1909, the Japanese lacked any real economic interest in Malaya. For example, in 1897, although the Sultan of Johore offered a ninety-nine year lease of a thousand acres to a Japanese on favourable terms, the offer was refused.

It was the period between 1909-1912 during the rubber boom the Japanese were beginning to look at the opportunity of rubber planting in Malaya.<sup>9</sup>

Japanese rubber plantations were found in almost every Malay state. Table 2.4 indicates their sizes. Johore, notably had not only the largest total area of rubber estates, but also was highest among all states in planted areas and latex yield. The growth of the Japanese rubber plantations in Johore was paralleled by an increase of Japanese people in that state from 173 in 1911 to 1,287 in 1921.

One reason why the Japanese did not invest overseas till the turn of the century was that:

Japan lacked confidence before the Sino-Japanese War (1874-1895) and Russo-Japan War (1905). After these wars, Japanese started to invest abroad. The victories gave Japan's Industrial Revolution a tremendous impetus which spilled over to Korea, Taiwan and later to the Southeast including Malaya.<sup>10</sup>

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9 Ibid., p. 10.

10 Ibid., p. 9. See also further discussion, G.C. Allen A Short Economic History of Japan, 1867-1937, (London: G. Allen & Unwin, 1963) p. 48-92-170

Apart from its interest in rubber, Japanese industrial demands for steel caused some Japanese to look for iron-ore investments. The Japanese were the only foreigners attracted to iron-mining in Malaya.<sup>11</sup>

Trengganu and Kelantan became important states because of iron-ore. The growth of the Japanese population in Kelantan and Trengganu was accompanied by the growth of the Japanese iron-ore interest in these two states. Before iron mining was started in Trengganu, there were 180 Japanese in this state. By the eve of the World War II, there were 537 Japanese.

In this period, the Japanese were mostly in Trengganu while fewer were in Kelantan. It was only during the latter half of the 1930's that the Japanese population rose from 64 to 117 in 1938, paralleling increasing trend of the mining of iron deposits in Kelantan.

In the Federated Malay States, the Japanese were involved in shop-keeping, watch-repairing, laundry and hair-dressing, whereas in Johore, Trengganu and Kelantan, they dealt with rubber and mining basically. In Singapore, however, the Japanese were interested in the growing entreport trade. One of the Japanese consulates endeavoured to stimulate Japanese economic

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11 Ibid., p. 13.

interest by setting up a commercial showroom to advertise Japanese goods.<sup>12</sup>

The Japanese community in Malaya, besides their activities mentioned previously, found it necessary to set up an association to keep themselves together and preserve their rights. In 1905, the first Japanese Association was founded in Singapore and spread to all the Malay states. "The Association saw itself as a self-governing community fighting the economic battle for Japanese superiority in the Southeast".<sup>13</sup>

Police intelligence records reveal that:

..the Association was organized along fairly detailed lines with the office-bearers designated as Prime Minister, Ministers, Vice-Ministers and Secretaries. Together, they made up the cabinet for 'Singapore Village'. Their 'portfolios' covered a wide range and included those of Home Affairs, Foreign Affairs, Finance, Communications, Commerce, Sanitary Affairs, Exercise, Agriculture, Education, Graveyard and Imperial Affairs. The designation of responsibilities along such a grandiose scale might be dismissed as a piece of comic opera if not for the official standing the Association had with the Japanese consulate and the high positions which certain office-bearers had with the Tokyo Government. One of the office-bearers who was also the president of the Commercial Museum had once served as acting envoy to Siam.<sup>14</sup>

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13 Yuen, op. cit., p. 17.

14 Ibid., p. 19.

As can be argued from the foregoing discussion, we must reject any hypothesis which states that, the Japanese had no economic interest in Malaya before 1936.<sup>15</sup> In fact because of the significance of this economic interest, it would be supported by the Japanese government indirectly or directly later. We may say that Japanese interest in Malaya was sparked off by the rubber boom between (1909-1912) and spread to other fields like the mining industries.

The Japanese Association in Malay served not only as a social club which satisfied their members' needs, but also served the Japanese government's need to control and direct the Japanese population in Malaya. Singapore was the main center of social discourse for the Japanese. In 1919 they published their own newspaper Nanya-Nich-Nich Shimbun with the objective "to promote pan-Asiatic sentiments and promote Japanese colonization".<sup>16</sup> Its role was elaborated further in 1926 in the following terms:

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15 See Taro Yano, "The Greater East Asia Co-Prosperity Sphere: Setting the Stage for the Cold War in Southeast Asia", paper presented at the International Symposium on "The International Environment in Post-War Asia" held in (Kyoto: Japan, November, 1975) passim.

16 Yuen, op. cit., p. 22.

Occupying an independent position as pressmen in a corner of Southern Asia, we have struggled against great odds for the last 10 years in order to promote the common welfare of all Asiatics, for we cherish the true meaning of a common brotherhood.... For the last 10 years, we made it our business to be the faithful guides of the overseas Japanese in Southeast Asia and also to be their obedient servants... The number of steady Japanese who were prepared to establish a second Japan in a foreign land will increase, and we will assist them in the advance already made.<sup>17</sup>

The Growth of Japanese Interests in Rubber, Iron and Trade

By 1919, as shown in Table 2.4 , more than a hundred thousand acres of land were under Japanese rubber plantations in Malaya. Thus an important beginning for Japanese economic interests in the country for the Japanese in Malaya was buying land for rubber planting, their counterparts at home were entering the rubber trade by manufacturing bicycle tyres and rubber shoes.

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<sup>17</sup> Ibid., p. 22-23.

Table 2.4

Japanese Rubber Estates in Malaya, 1919

Japanese-owned estates (1919)	Total Area Acres	Planted Area Acres	Latex Yield lbs	Commencement of business
<u>Straits Settlements</u>	2,648*	2,260	549,894	1913
Nissin Gomu	1,412	983	250,644	1913
<u>Johore</u>	96,449*	65,823	8,782,286	
Nitto Gomu	17,227	5,590	547,376	1919
Pahang Gomu	9,937	5,552	856,452	1911
Sangyo Kosi (Batu Pahat)	13,697	9,718	1,809,911	1908
Nangko Syokusan	8,807	6,684	670,742	1911
Sango Kosi (Pengerang)	7,848	5,963	868,903	1906
<u>Negeri Sembilan</u>	7,303*	6,518	1,273,937	
Malai Gomu	2,323	2,323	380,437	1912
Senda & Co.	1,648	1,548	180,000	1920
<u>Selangor</u>	4,033*	3,787	249,050	
Matuda-Sanziro	631	631	108,200	1911
<u>Perak</u>	1,170*	1,146	233,473	
Mizukami-Syotaro	153	143	23,000	1911
<u>Pahang</u>	327*	294	26,620	
Kaneko-Turu	24	24	-	1915
<u>Trengganu</u>	20,844*	120	-	
Malai-Gomu	3,194	100	-	1917
<u>Kedah &amp; Perlis</u>	331*	282	18,800	
Okano-Sizu	105	105	5,000	1918

The figure marked with an asterisk (\*) give the total acreage of rubber estates under Japanese ownership in the various states. The Table also indicates the size of the main Japanese rubber estates in each state.

Source: Yuen, Choy Leng. "Expansion of Japanese Interest in Malaya 1900-1941", University of Malaya, Kuala Lumpur 1973, p. 11

Because of this rising Japanese economic interest in Malaya, the Rubber Growers' Association, which represented British rubber interest in Malaya connived with the Secretary of State for colonies to enact the Rubber Land Enactment, which was aimed at restricting the Japanese economic advance.

The legislation prohibited the alienation of rubber land exceeding 50 acres, except to the British subjects and subjects of Malay rulers, companies registered in the British dominions and in the Malay states, and others who were residents in Malaya for at least seven years and intend to continue doing so. However, transactions were allowed between persons of the same nationality. Thus under this regulation British economic supremacy was assured as British subjects were allowed to acquire more land, and the status quo of non-British control of the industry was maintained as foreigners could only transact land with others of the same nationality.<sup>18</sup>

The Japanese strongly protested against this restriction because amongst the foreigners, the Japanese were the hardest hit by this enactment. Japanese reaction to the regulation was immense and strong.<sup>19</sup>

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18 Ibid., pp. 31-32

19 Ibid., p. 30



The Japanese Planter Association sent a telegram to the Japanese Ambassador in London to make strong representation on their behalf against the restriction.<sup>20</sup> At the local level, the Japanese Consul to the High Commissioner of the Malay States lodged a protest. In Tokyo the government was pressured by various groups to take action against the limitation imposed on their rubber activities. The pressure on the government came especially from Japanese businessmen like F. Khora, an influential man enjoying close cooperation with the ruling cabinet, who was interested in rubber planting in Malaya. He probably influenced the Japanese Minister of Foreign Affairs to convey to the British Ambassador the "unfavourable impression produced not only in the Press but in important circles by the restriction".<sup>21</sup> According to the British Commercial Attache in Tokyo, many businessmen who had interests in Malaya protested against the land regulations, inviting the press to the meeting and to pressure their government to take steps towards the abolition of the legislation.<sup>22</sup>

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20 Telegram, High Commissioner Malay states to Sec. State for Colonies, 11.4.17., W 273/459, "Lease of land to Aliens".

21 Telegram, British Ambassador, Tokyo, Sir C. Greene to Sec. State, 1.5.17, W 273/462, 2.5.17, "Lease of Land to Japanese Subject."

22 Yuen, *op. cit.*, p. 34 and also see, press reports entitled "Protest against Land Regulation in Malaya, Business Men Interested in Rubber Plantations invited Pressmen to hear their case. Imperial Government questioned..." Japan Times, 20.7.17, W 273/462, 8.2.17, "Alienation of Rubber Lands".