

Political Economy of Development in Malaysia

Edited by
B.N. Ghosh
Muhammad Syukri Salleh



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PROLEGOMENA

AS far as we are aware, there is no book on the political economy of development in Malaysia. This is, therefore, supposed to be the first volume on the subject. The need for such a book is immense at the present juncture of Malaysian development. The basic purpose of editing the book is to reveal the fact that for reasons more than one, the neoclassical marketist approach is inadequate to deal with the dependent type of capitalist development in Malaysia and also to acquaint the readers with the political economy approach to the study of Malaysian drama of development.

Development is essentially an interactive phenomenon. And as such, it can best be explained by political economy approach which studies interaction, discursion and integration. The need for such approach can hardly be exaggerated. B.N. Ghosh's paper, "Political Economy and Malaysian Development" analyses the various dimensions of political economy approach and observes that simplified marginalist market-oriented unidimensional approach would be starkly inadequate and inefficient to capture the multidimensionality of the phenomenology of development in Malaysia.

Malaysian development process over time has been able to provide political and economic accommodation to various parties and policies. Wan Asna's paper, "Political and Economic Accommodation in Peninsular Malaysia" shows that Malaysian consociational model is characterised by asymmetric accommodation in which the non-Malay component parties have been able to elicit some real concessions from UMNO. Evidently, different interest and pressure groups are to work in unison towards a given desideratum, and a proper coordination and integration machinery becomes indeed essential. Malaysian political economy has allowed a fuller integration of various socio-econo-political forces and it is becoming increasingly more Keynesian in addressing its economic problems. Wan

Abdul Rahman's paper, "From Malacca to the New Economic Policy" delineates some very important dimensions of the evolution of Malaysian political economy. The political economy of development of Malaysia is characterised by a syndrome of cooperative competition. B.N. Ghosh's paper, "Class Relations and Malaysian Development" brings out the fact the high growth rate of the Malaysian economy has been made possible by a sort of calculative collusive class alignment among the three important production-centric classes in Malaysia, namely, the working class, bureaucratic class and the capitalist class. The role of each class is a positive sum game. A common class interest has been the basis of Malaysia's accelerated rate of growth. The genesis of the commonality of class interest is easy to be unfolded to the students of Malaysia's economic history. The historical pattern of Malaysia's development planning, observes Jomo K.S. in his paper, "Development Planning in Malaysia" has been primarily shaped by the nature of the ruling regimes and their respective visions or interpretations of national agendas for development. In fact, post-colonial economic planning in Malaysia has not provided much more than limited blueprints for economic development in the context of unequal and expanding private ownership and limited state activities and intervention.

From the vantage point of development planning one can clearly have an overview of development modelling. And in this context M.A. Choudhury's paper, "A Critique of Econometric Modelling for Development Studies" provides the necessary searchlight. Choudhury's paper reveals that econometric modelling is not able to incorporate inter-systemic perturbations caused by various linkages within the system. Hence, it is necessary to have alternative methods capable of constructing development planning in the midst of micro-macro interface and socio-econo-political institutions, and Malaysian economy as a demand-driven economy rests on and responds to various types of stimuli and an appropriate study of such stimuli is bound to take one far beyond the neoclassical, Keynesian and monetarist scaffolds. And for the success of development planning, the responsibility of state has to be like that of a friend, philosopher and guide.

The pattern of state action in Malaysia has varied over the years. This has been particularly true in the case of Malaysia's financial provision. This has been clearly brought out in Rodney Wilson's paper, "The Political Economy of Financing Development in Malaysia". In the provision of finance, the role of state is becoming more and more subtle. However, the state has been encouraging the growth of Islamic financial system. Rashila Ramli's paper, "The Unsettling Partnership of Women in Development and

Islamic Ideology” shows that the introduction of Islamic ideology has given rise to many confounding problematics and baffling situations. The social construction of gender through development ideology has allowed the state to have control over the women labour power’s productive and reproductive capabilities essential for capital accumulation. In fact, the rural Malay women today find themselves at the intersection of a power configuration where Islamic fundamentalism seems to deny the role of women in the public sphere. There is, thus, visible in the horizon the sign of internal contradiction. Islamic development process is not, however, free from problematics in Malaysia. Muhammad Syukri Salleh’s paper, “Political Economy of Islamic Development: A Comparative Analysis of Kelantan and Terengganu” reveals development dualism and various constraints in the Islamic development process adopted by Kelantan vis-à-vis Terengganu.

Apart from the dichotomy of Islamic and non-Islamic development, the nation is confronted with many other macro problems. One such problem is the problem of foreign workers. Moha Asri in his paper, “The Inflow of Foreign Labour to Malaysia: Some Critical Analyses of Socio-Economic and Political Implications on the Locals” critically examines the impacts of the inflow of foreign workers on the Malaysian society, economy and politic. Needless to say, in the new testament of Malaysian development, foreign capital and technology considerably helped the absorption of surplus labour. And when subsequently the phenomenon of labour shortage started in the eighties, the country had to depend on foreign technology to remedy the labour shortage problem. Thus, technological dependency has remained ingrained in the Malaysian development process for various reasons and Malaysia has been clamouring for clean transfer of technology. But technology transfer (TT) has its own political economy which has been elaborated in Shankaran Nambiar’s paper, “Fostering Technology Transfer: The Case of the Electronics and Electrical Industry in Malaysia”. Both the state and multinational corporations interact in order to accomplish technology transfer. Malaysian government’s participation in technology transfer has typically been largely restricted to attracting foreign direct investment and the multinationals seek to maintain their monopoly over technology, although at first glance some of the recent trends in the electronics and electrical industry seem to suggest a more liberal attitude to technology transfer on the part of multinationals. However, the state cannot be unduly dependent upon multinational linkages for technology unless this can be complemented with state participation in supporting heavy investments in technology and in research and development.