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# Globalization & National Autonomy



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# Globalization & National Autonomy

The Experience of Malaysia



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# LIST OF ABBREVIATIONS

7MP Seventh Malaysia Plan 9MP Ninth Malaysia Plan

ABIM Angkatan Belia Islam Malaysia (Malaysian Islamic

Youth Movement)

ADB Asian Development Bank AFC Asian Financial Crisis AFTA ASEAN Free Trade Area

AIDS Acquired Immune Deficiency Syndrome

AIM Amanah Ikhtiar Malaysia

AL ARQAM Darul Arqam

AMCJA All Malaya Council of Joint Action
APEC Asia Pacific Economic Cooperation
ASEAN Association of Southeast Asian Nations

BCIC Bumiputera Commercial and Industrial Community

BN Barisan Nasional BOT Build-Operate-Transfer

CAHP Coalition Against Healthcare Privatization

CBUs Completely Built-Up Units
CKD Completely Knocked Down
DID Drainage and Irrigation Division
DNU Department of National Unity
EPF Employees Provident Fund
EPU Economic Planning Unit
FDI Foreign Direct Investment

FELCRA Federal Land Consolidation and Rehabilitation

Authority

FELDA Federal Land Development Authority
FIDA Federal Industrial Development Authority
FMM Federation of Malaysian Manufacturers

#### viii ABBREVIATIONS

FTAA Free Trade Area of the America

FYPs Five-year Plans

G20 20 Developing Countries

GAPENA Gabungan Persatuan Penulis Nasional Malaysia

GATS General Agreement on Trade in Services
GATT General Agreement on Tariffs and Trade

GDP Gross Domestic Product

GLCs Government-Linked Companies GMP Guaranteed Minimum Price GNP Gross National Product

GSN Globalization Studies Network

HICOM Heavy Industries Corporation of Malaysia

HIV Human Immunodeficiency Virus

IADPs Integrated Agricultural Development Programmes

IBRD International Bank for Reconstruction and

Development

ICA Industrial Coordination Act

ICU Implementation and Coordination Unit

IIR Interethnic Incomes Ratio

IKMAS Institute of Malaysian and International Studies

IMF International Monetary Fund IRA Industrial Relations Act

JAKIM Jabatan Kemajuan Islam Malaysia (Department of

Islamic Advancement of Malaysia)

JIM Jemah Islah Malaysia (Malaysia Council/Congregation

for Islamic Reformation)

JSEPA Japan-Singapore Economic Partnership Agreement

LDCs Less Developed Countries

LEP Look East Policy

MARA Majlis Amanah Rakyat (People's Trust Council)
MARDI Malaysian Agricultural Research and Development

Institute

MAS Malaysia Airlines Bhd

MCA Malaysian Chinese Association
MERCOSUR Southern Common Market
MIC Malaysian Indian Congress

MISC Malaysian International Shipping Corporation
MITI Ministry of International Trade Industry

MJEPA Malaysia Japan Economic Partnership Agreement

MPF Malaysian Professional Forum

**MPF** Muslim Professional Forum **MPVs** Multipurpose Vehicles

Malaysian University English Test MUET

NCP National Culture Policy National Development Policy NDP

National Development Planning Committee NDPC

**NEAC** National Economic Action Council

**NEP** New Economic Policy

**NFPEs** Non-Financial Public Enterprises NGOs Non-Government Organizations National Operations Council NOC

**NST** New Straits Times

OECD Organization for Economic Cooperation and

Development

**OPPs** Outline Perspective Plans

PAS Party Islam SeMalaysia (Islamic Party of Malaysia) PERKIM Pertubuhan Kebajikan Islam Malaysia (Muslim

Missionary and Converts Beneficent Society)

PhD Doctor of Philosophy

**PKMM** Parti Kebangsaan Melayu Malaya (Malay Nationalist

Party)

**PKIPIM** Persatuan Kebangsaan Pelajar-Pelajar Islam Malaysia

(National Muslim Students Association of Malaysia)

**PNB** Permodalan Nasional Berhad (National Equity

Corporation)

PREM Poverty Reduction, Economic Management

PUTERA Pusat Tenaga Rakyat (Centre for People's Forces)

**PWD** Public Works Department

RISDA Rubber Industry Smallholder Development Authority

SCOA Syariah Criminal Ordinances and Acts **SEATO** South East Asian Treaty Organization SET Scientific, Engineering and Technical

**SOEs** State-Owned Enterprises SOCSO Social Security Organization

SPKR Skim Pembangunan Kesejahteraan Rakyat (Scheme for

the Development of the People's Well-being)

Sijil Pelajaran Malaysia (Malaysian Certificate of SPM

Education)

SRG Social Research Group

#### x ABBREVIATIONS

STAM Sijil Tinggi Agama Malaysia (Malaysian Higher

Certificate of Religious Education)

STPM Sijil Tinggi Pelajaran Malaysia (Malaysian Higher

Certificate of Education)

TINA There Is No Alternative

TNB Tenaga Nasional Berhad (Malaysia's National

Electricity Utility Company)

TRIMs Trade-Related Investment Measures

TRIPs Trade-Related Intellectual Property Rights

TWN Third World Network

UKM Universiti Kebangsaan Malaysia UMNO United Malays National Organization

UNITAR Universiti Tun Abdul Razak UPM Universiti Putra Malaysia UTM Universiti Teknologi Malaysia UUK Universiti Utara Malaysia

VAT Value Added Tax

WTO World Trade Organization

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## **PREFACE**

The idea for this book was initially conceived by IKMAS not long after the successful convening of the Third International Globalization Studies Network (GSN) Conference held at Universiti Kebangsaan Malaysia in August 2006. IKMAS hosted this conference as a member of GSN, which is a worldwide consortium of centres of globalization studies. Fellows at IKMAS brainstormed the idea with a view to start a new research project to be conducted under the auspices of the incoming holder of the Pok Rafeah Distinguished Chair in International Studies, Professor Joan Nelson, from the American University, Washington, D.C. and the Woodrow Wilson International Center for Scholars of the Smithsonian Institute.

IKMAS' first project on globalization had been conducted under the auspices of the first Pok Rafeah Chair, Professor J.H. Mittelman, who was at IKMAS in 1997 and 1999. That project resulted in an important publication by Routledge, London in 2001 under the title, *Capturing Globalization*, edited by J.H. Mittelman and Norani Othman. In that book, besides analysing a number of empirical cases, we explored the various theoretical perspectives on globalization and drew two important conclusions: first, developing countries like Malaysia need to adopt what is known as the 'transformationalist approach' in order to capture globalization, and second, we have to contribute to the debate on globalization to reflect the experiences of the South so that the globalization discourse can be made more global.

Thus, when Professor Nelson arrived at IKMAS in early October 2006 to occupy the Pok Rafeah Chair for a period of nine months, we soon held a series of brainstorming sessions with her. While taking note of IKMAS' first collegial project on globalization, started almost ten years earlier, and agreeing that any new project must build on this

achievement, we concluded that we had to move beyond the debate of the 1990s which tended to emphasize the retreat of the state, and incorporate insights from the literature that had emerged since we entered the twenty-first century. We took the position that the issue of globalization and national autonomy, particularly state autonomy, had to be re-visited, and that Malaysia presented an interesting and important case study for that purpose.

We were extremely fortunate because Joan and her accompanying husband, Professor Jacob Meerman, a retired economist at the World Bank. were in full agreement with the idea. We benefited tremendously from Joan's vast knowledge of the literature on social policies and globalization, particularly her reservoir of knowledge on, and experience in coordinating research in Latin America and Eastern Europe. Moreover, Jacob, who had studied and written a significant book on public expenditure in Malaysia (published by Oxford University Press for the World Bank in 1979) and with his valuable experience at the World Bank, was able to provide valuable insights on where Malaysia stood some decades ago when she embarked on industrialization and the mission of attracting foreign direct investment in comparison with other developing countries. Their views, and particularly the new literature on globalization that Joan drew attention to and her insights on it, synergized very well with IKMAS' scholarly expertise on various dimensions of the Malaysian economy, society and culture. All these served as a powerful intellectual ballast to turn us into a close-knit research team to work together passionately on the new project which has now come to see the light of day on globalization and national autonomy.

All the chapters in this book evolved from of a set of draft research papers presented and deliberated at a series of workshops organized by IKMAS from October 2006 until May 2007 before Joan and Jacob completed their sojourn at IKMAS. These chapters were thoroughly discussed and revised based on inputs given by all IKMAS' fellows and other experts who were invited to participate. Subsequently, six of the draft chapters written by IKMAS' fellows were also read at the Fifth International Convention of Asia Scholars (ICAS5) held in Kuala Lumpur on 2–5 August 2007, and received favourable and constructive feedback.

This book would not have been possible without the support and assistance of a number of institutions and individuals. IKMAS and UKM afforded us time and material support for the research and workshops to be carried, while the publication in the form of this book is partially

funded by a grant from the Research University Operations Fund awarded to Universiti Kebangsaan Malaysia by the Ministry of Higher Education. We would like to express our gratitude and thanks for the support from the University and the Ministry. We also would like to thank our research assistants and the administrative and general staff at IKMAS who provided us with data and other technical support, and to scholars who participated in our workshop series and gave valuable comments and criticisms on earlier drafts.

From IKMAS' point of view, this project would not have got off the ground and taken the shape it has without the staunch commitment, intellectual guidance and collegiality provided by both Joan and Jacob. Their warmth and sense of humour, particularly Jacob's, are infectious. It is always a pleasure and privilege to work with them, something we look forward to again in the future.

Finally, we hope this book will be a small contribution to the ongoing debate on state autonomy and globalization. We also hope that it will be of use to researchers, students, policy-makers and the general public interested in how Malaysia had taken advantage of its autonomy and capacity to navigate its course of development during the fifty years since Independence in 1957 (and particularly from the 1970s to the present) and the constraints — internal and external — that it has had to manage in order to move forward.

All the chapters in this book were completed well before the twelfth general elections held on 8 March 2008. Along with most observers and analysts of Malaysian affairs, we did not anticipate the substantial political shifts signaled and launched by the elections. It is much too early to predict the changes that will follow on these elections. We hope that they will address some of the tensions identified in our discussion, and heighten Malaysia's capacity to maintain substantial autonomy while capturing many of the benefits of on-going globalization trends.

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April 2008

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