

***Malaysia's Political Economy. Politics, Patronage and Profits.* By Edmund Terence Gomez and Jomo K. S.** Cambridge: Cambridge University Press, 1999 (second edition). 228pp.

Written by two eminent Malaysian scholars from the Faculty of Economics and Administration at the University of Malaya, this book is a useful introduction to current issues regarding the political economy of Malaysia. In particular, it sheds some light on the dialectical relationship between politics, economics, and business in a country that is commonly viewed as one of the most promising second-tier newly industrializing economies (NIEs). More precisely, it analyses the intricate patronage networks between the political establishment and an emerging, mostly Malay, business class. Detailed case studies provide empirical evidence of the tight nexus between politics and business, as reflected in the emergence of corporate conglomerates controlled by the politically well-connected who enjoy preferential treatment from the government and are involved in an impenetrable net of business acquisitions and mergers. Originally published in 1997, this updated edition also includes an extended afterword (pp. 185–203) that addresses the economic and political impacts that the 1997–98 Asian currency and financial crisis had on Malaysia.

The book is generally well structured, although the chapters are quite uneven in length. It is subdivided as follows. The two introductory chapters lay out the theoretical focus guiding the study (rent generation by official development policies, rent-seeking by private business, and rent dissipation through unproductive lobbying activities), and the colonial legacies (economic structures, the ethnic division of labour and consociational politics under the hegemony of the United Malays National Organisation, or UMNO) defining the parameters for post-independence and contemporary developments. The book then proceeds to a more detailed description of the New Economic Policy (NEP, 1971–90), the privatization policy of the 1980s and 1990s promoted by Prime Minister Mahathir Mohamad, and the emergence of a politically well-connected group of “new rich” nurtured by government patronage and preferential treatment. These chapters are the mainstay and account for more than two-thirds of the book as they also include eleven detailed case studies (pp. 24–165). Another chapter briefly addresses the post-NEP liberalization policies of the 1990s. The concluding chapter (preceding the afterword) is a rather short treatment of the book’s main themes, which are “politics, policies and patronage”.

The book’s main concerns are the official “formulation and implementation of policies that shape the allocation of rents, and the

economic and political consequences that emerge from them” (p. 5). The authors’ main thesis is that a “careful analysis of rents in Malaysia can go a long way to reconciling the apparent paradoxes (to neo-liberals) of state intervention and rapid economic growth on the one hand as well as authoritarianism and political competition (wrongly identified with democracy) on the other” (p. 8).

Recently, the concepts of rent, rent-seeking, patronage and clientelism have become more prominent in the academic discussion of late development in East Asia, with “cronyism” having become the buzzword of many neo-liberal explanations of the 1997-98 Asian crisis. In this book, however, the issues of cronyism and patronage are dealt with in a more sophisticated manner although the book’s theoretical discussion itself leaves much to be desired. For example, there is no elaborate theoretical discussion of the concepts of rent and rent-seeking as they are introduced as analytical tools in a rather cursory and descriptive way, ostensibly to facilitate the accessibility of the book. Neither is any comparative reference made to, for instance, the extended discussion and vast literature on patronage and clientelism in South American or other Asian countries. More importantly, there is also no rigorous theoretical discussion of the peculiarities of the rent-seeking phenomenon in Malaysia. However, a more recent publication by the second co-author might fill these gaps to some extent — see Mushtak H. Khan and Jomo K. S. *Rents, Rent-Seeking and Economic Development: Theory and the Asian Evidence* (New York: Cambridge University Press, 2000).

The authors at least point out that their understanding of the rent issue in late development deviates somewhat from the usual rent-seeking argument. While acknowledging the likely detrimental effects of rent-seeking activities on economic efficiency and policy effectiveness, they question the argument that rent dissipation through lobbying competition is necessarily and always exhaustive for politically created rents. This leaves room for potentially successful, albeit not perfectly efficient, and unambiguous government-induced development efforts based on the deliberate creation of rents in a bid to nurture particular industries and accelerate socio-economic change.

Given its overriding significance in Malaysian socio-economic history, the New Economic Policy is the book’s prime starting point for an analysis of the formulation and implementation of official development policies and their ambiguous impacts on Malaysian society, such as successful economic development and reduction in poverty, on the one hand, and increased concentration of wealth through political patronage and growing intra-ethnic inequality, on the other. Under the NEP, state capitalism flourished as public enterprises,

and *bumiputra* (indigenous) trust agencies were the main means of wealth accumulation by the Malay community that was lagging behind.

After Mahathir's ascendance to the premiership in 1981, a policy shift took place in that the formerly amassed wealth of the trust agencies was privatized in order to further promote the emergence of a *bumiputra* commercial and industrial community. As the authors argue, this new policy had quite similar negative effects despite its seemingly profound change in orientation. In particular, the concentration of wealth in the hands of a few politically well-connected people continued to increase. This was primarily due to the lack of transparency and accountability in the privatization process, given the "first come first served" approach and the lack of an appropriate tender system.

However, a more detailed discussion of how pronounced this economic concentration is, and to what extent it actually might undermine the broader aim of improving the country's development status as a whole, is not provided in this volume. The authors' ambivalent position regarding the overall development achievements of the government, on the one hand, and the detrimental effects of power and wealth concentration, on the other, does not translate into a more thorough analysis of Malaysian development paradoxes. In this regard, a book like Harold Crouch's *Government and Society in Malaysia* (Ithaca: Cornell University Press, 1996) may be a revealing supplementary read as it addresses the socio-political structures and processes ("repressive-responsive regime") that have evolved in Malaysia and contributed to its comparative, albeit not impeccable, success.

Some of the above mentioned shortcomings of the book may be due to the fact that it is the result of an ex-post collaboration, with Gomez contributing the empirical data on corporate networks by painstakingly tracking mergers, acquisitions, and memberships in boards of directors, and with Jomo putting it all in a wider theoretical framework. However, one has also to acknowledge the difficulties of researching sensitive issues, such as cronyism and patronage, in Malaysia, given the limited access to relevant information and increasing authoritarian tendencies epitomized by a growing executive supremacy. Not surprisingly, the authors thank their lawyers for legal advice on the manuscript.

In conclusion, for readers who are already familiar with some of the preceding publications by the two authors on topics such as economic development, money politics, party involvement in business, and privatization, this book might not present many new insights. However, it is certainly a concise, accessible and well-researched overview for

anyone wanting to learn more about how Malaysian business and politics have increasingly become intertwined, and how this continues to shape the action framework of the government and the private sector alike.

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Maintaining the Strategic Edge: The Defence of Australia in 2015. Edited by Desmond Ball. Canberra Papers on Strategy and Defence No. 133. Canberra: Strategic and Defence Studies Centre, Australian National University, 1998. 445pp.

This is a fine collection of essays dealing with strategic issues edited by Desmond Ball of the Strategic and Defence Studies Centre at the Australian National University. The collection includes chapters that fall into two distinct categories. The first deals with politico-strategic issues and covers the changing nature of conflict, regional security dynamics, the Australia-United States Ministerial (AUSMIN) consultations (so named after New Zealand was cut out of the ANZUS alliance after it declared itself a nuclear-free state), and multilateralism. The second deals with technical-strategic issues, such as the revolution in military affairs (RMA), the relevance of the knowledge edge, defence planning, intelligence and human resource management. Curiously, the chapters are organized somewhat awkwardly, with those dealing with AUSMIN and multilateralism placed between others dealing with the “nitty-gritty” of defence planning and intelligence. Apart from this minor criticism, it is hard to fault the essays. Each of them shares the distinction of being well researched, cogently argued, practical, and interesting. The book is a valuable addition to the literature on Asia-Pacific security. It bridges the gap between Northeast Asian security literature, which tends to ignore the southern hemisphere in its entirety, and Southeast Asian literature, which all too often declines to engage in “hard security” issues.

This book is relevant as it addresses issues of primary concern to Australian defence academics and policy-makers. Without exception, it demonstrates a depth of balanced opinion. Robert O'Neill's discussion of the changing nature of conflict is perhaps the seminal example of fine