

Over time, a protection pact may evolve into a set of political institutions granting the state strong coercive power that it can then use to dominate society resulting in regimes known as “authoritarian leviathans”. Elites will supply resources, such as tax revenues by economic elites, or ideational legitimacy, such as statements of support from religious leaders, to an authoritarian regime so long as they perceive these costs lower than those of living in a society where the masses consistently threaten violent action. It is therefore more likely that a strong, unified state will rise from a post-colonial society wracked by societal divisions and violent conflict than in one that is more peaceful and homogeneous.

The most endemic and unmanageable cases of contentious politics that also involve urban social movements can produce an authoritarian state marked by “domination”. Elites in these societies face the constant uncertainty that violence may erupt at any time so they are willing to sacrifice political pluralism in the name of maintaining order. The constant and unmanageable nature of Malaysia’s contentious politics was a major reason for the emergence of a state characterized by domination. The Malaysian state that evolved was produced mainly by elite concerns over the manageability of tensions between ethnic Malays and ethnic Chinese in the 1960s. Urban riots in Kuala Lumpur in May 1969 were the last straw convincing communal elites to support an UMNO-alliance as a protection pact to prevent further instability and violence. This alliance continues to the present day.

When elites do not perceive contentious politics to be an unmanageable or persistent threat, however, they do not see any need for a protection pact. Rather than handing authority over to the state, power is fragmented as elites have no need to sacrifice their particular interests to a greater authority. This lack of collective action tends to produce a weak set of political institutions.

The most important contribution of this book is to bring contentious politics into the discussion of state-building in Southeast Asia as an explanatory variable. If contentious politics does generate

authoritarianism, as is convincingly argued here, then this has implications for all post-colonial states divided by religion, ethnicity, and/or class. Authoritarian states, this suggests, are products of their societies and so are more likely to evolve from those that are deeply divided than those that are more homogeneous.

To conclude, *Ordering Power* should be required reading for both scholars of comparative politics in Southeast Asia and the region’s policy-makers. The main message is that the authoritarian states that developed are not the result of chance or of elites seeking private benefits. Rather, they are the product of historical processes specific to each country in which the nature of long-term societal divisions led to specific elite responses and, therefore, particular configurations of state power. The logical extension of this, as suggested by the Indonesia case, is that once elites cease to see contentious politics as an unmanageable threat, they will defect from the ruling coalition and possibly challenge the regime. Comparing the cases of Malaysia, the Philippines, and Indonesia, we see that state provision of benefits to supporters is a far less effective means of maintaining elite loyalty than protection from a commonly perceived threat. Slater’s book is a fascinating read that deserves space on the bookshelves of any political scientist, historian, or policy-maker interested in the development of the Southeast Asia’s post-colonial politics.

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***Malaysia’s Development Challenges: Graduating from the Middle.* Edited by Hal Hill, Tham Siew Yean, and Ragayah Haji Mat Zin.** Oxford: Routledge, 2012. Pp. 376.

This book examines the policy challenges that Malaysia faces in its aim of moving from a middle-income to a high-income country. To

analyse these challenges, *Malaysia's Development Challenges* presents thirteen essays written by a team of scholars, with some of the country's best economists at its core. These essays assess the three inter-related factors — microeconomic, macroeconomic, and distributional — that are crucial to the Malaysian graduation (from middle-income to high-income) challenge.

The underlying message of the book is that Malaysia has achieved consistent growth since its independence in 1957, with a relatively efficient bureaucracy and prudent macroeconomic management. The country's success is even more pronounced as it has moved away from a predominantly resource-based economy to an industrial and export-oriented economy. Nevertheless, Malaysia's phenomenal growth hides its more complex socioeconomic problems, especially the nation's improper management of the New Economic Policy (NEP), an affirmative action policy (favouring the majority *bumiputera* ethnic group in economic activities and other opportunities) conceptualized and enforced since 1970 to rectify severe economic disparity between the major ethnic groups. Although the NEP's original intentions of poverty eradication and economic restructuring to eliminate the identification of ethnicity with economic function are both laudable and politically pragmatic, it is never an easy task for policy-makers to juggle both the social obligations of the NEP and economic development. This situation is further complicated when the economy eventually develops and becomes more complex, and when there is a lack of impersonal and impartial institutions that could moderate the excesses of the NEP. In addition, the loosely defined concepts of the NEP are excellent avenues for less than honest politicians (especially from the ruling coalition) to manipulate policies, usually to benefit themselves and their cronies, as they see fit. As these ethnocentric policies engrain themselves in the psyche of Malaysians, any reforms, however rational or beneficial, would bring about great resistance, particularly from those who benefit the most from the current system (see Chapters 2 and 3). It is mainly

because of such resistance that Malaysia is finding it difficult to embrace the necessary reforms so that it could make the quantum leap from the "middle-income trap" that its economy is stuck in. To put it simply, the book argues that any reforms would have to be conducted in a careful (but not necessarily piecemeal) manner, without upsetting the ethnic status quo embedded within the society. While the reforms exhorted by the book's various chapters are practical and thoughtful, the larger stumbling block preventing Malaysia's graduation is more political and social than economic, one which is much harder to resolve given the deeply rooted problems resulting from the haphazard implementation of the NEP.

Throughout the book, a balanced approach is evident as both quantitative and qualitative methodologies are utilized effectively by the authors. For instance, Chapter 9 argues that the electronics industry, the largest contributor to Malaysia's manufactured exports, has not upgraded and innovated rapidly enough to move beyond its relatively simple and low value-added activities into more sophisticated and higher value-added ones such as research and design. Such a thesis is supported by a masterful analysis of metrics representing the technological capabilities of electronic firms, and the country's broader research base. On the other hand, Chapter 7 stands out with its qualitative approach, documenting the key microeconomic reforms over the last few decades and identifying areas where further reform is needed. It illustrates that Malaysia's experience in privatizing some of its biggest state-owned companies to relieve the burden on the state and to enhance their efficiency has produced mixed results at best. The uneven record of these programmes can be attributed to predatory business practices (with the tacit encouragement of politicians), and more importantly, the regulatory weaknesses in mediating such excesses. To overcome these weaknesses, the chapter recommends some useful advice, all of which are crucial if the country wants to move out of the "middle-income trap". In particular, microeconomic reforms to bolster the existing regulatory framework and to empower

regulatory institutions to adopt universal best practices such as transparency and independence (from the present framework in which politicians exert disproportionate influence over decisions) are commendable.

Despite the book's various merits, there is a lack of analysis on the palm oil industry. It would be excellent if a similar level of attention is also accorded to examine the dynamics of this industry, considering Chapter 9's detailed research on the electronics industry. This research gap is rather disappointing as Malaysia is the world's largest exporter of palm oil and the industry accounts for a considerable portion (about 8 per cent) of the country's gross domestic product (GDP). It is also a highly successful industry, with strong backward (research in agricultural inputs such as fertilizer and crop technology) and forward linkages (refining process and branding/marketing of products) along its value chain. Furthermore, some of the country's largest (in terms of market capitalization) firms are the role models of the global palm oil industry, with their business models replicated by aspiring firms from other countries. More crucially, it would be wise to unpack how this industry operates and its firm dynamics in order to replicate and adapt their best practices to other industries that are not upgrading as fast as they ideally should.

Overall, this book is well-organized as it balances the intellectual rigours of a multi-pronged approach, scrutinizing the microeconomic, macroeconomic, and distributional factors of the Malaysian economy without losing the overall picture of how they are related to Malaysia's "middle-income trap". Befitting its ambitious title, the book is also a valuable vault of information for both general and specialist readers interested in the Malaysian economy. Notwithstanding some of its flaws, the book provides solid empirical findings and useful advice to policy-makers, especially those interested in formulating development strategies for countries to progress from a middle-income to high-income status.

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***No Miracle: What Asia Can Teach All Countries About Growth.* By Mitchell Wigdor.** Farnham: Ashgate, 2013. Pp. 262.

There are many books about the Asian miracle economies and what other countries can learn from them. Scholars in the neo-liberal tradition have suggested that these countries demonstrate the virtues of markets and openness. Those following the world system and "dependencia" tradition have emphasized the exceptional global/regional circumstances that produced a dependency reversal. Culturalist scholars have highlighted particular deep-rooted values and belief systems. Other scholars have stressed the role of entrepreneurship and socio-cultural networks. Finally, statist scholars have explained the region's impressive economic growth by reference to the way in which the political-bureaucratic elites have guided the market, and the nature of state-business interaction. *No Miracle: What Asia Can Teach All Countries About Growth* belongs to the latter strand but is mostly concerned with relating itself to and criticizing the influential New Institutional Economics (NIE) approach.

The book explores how institutions matter for economic transformation and in bridging the digital divide. More precisely, the "purpose is to allow a greater understanding of the role of institutions as a mediating factor in the relationship between ICT usage and growth and to provide actionable advice to the governments of less economically developed countries and others concerned with economic development who must decide which institutions are important and determine how to build them" (p. 22). Mitchell Wigdor is a Toronto-based lawyer and a business advisor who has twenty-five years of practical experience. The book is based on the author's dissertation from the University of Toronto, Faculty of Law (2010). Wigdor is a strong believer in interdisciplinary approaches and the book cuts across the disciplines of economics, organization studies, law, business studies, innovation studies, and development studies. Apart from the introduction and conclusion, the book is organized into two parts.