

BOOK REVIEWS

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***Malaysia's New Economic Policy in Its First Decade: The Role of the State in Economic Development, 1971–1980*, by Toh Kin Woon.** Petaling Jaya: Strategic Information and Research Development Centre, 2024. Pp. 271.

The New Economic Policy (NEP), nearing its fifty-fifth anniversary in 2026, remains embedded in Malaysia's political economy and is a recurrent subject of contemporary and retrospective discourse. *Malaysia's New Economic Policy in its First Decade: The Role of the State in Economic Development, 1971–1980* has a distinct flavour as a PhD thesis completed in 1982—but published as a book four decades later.

As author Toh Kin Woon states in the subtitle, the role of the state frames his investigation of Malaysia's NEP pursuits. The book's focus on the confluence of political-economic interests and its critique of power elites are pertinent and also contributed to the forty-two-year hiatus. As Toh explains in the preface—the only new writing he adds to the thesis—his membership of Gerakan, a component political party of the formidable Barisan Nasional (BN) ruling coalition, posed a problem. Party leaders discouraged him from publishing the book since his criticisms of the government could upset Gerakan's BN partners, particularly the dominant Malay party UMNO. However, with the passage of time and the author's retreat from party politics, he revived the publication project.

Toh grounds his study in a theoretical conception of the state as an instrument for maintaining the capitalist order. However, in “peripheral capitalist societies” shaped by colonial capitalism and inhabited by a plurality of dominant classes, the state can be relatively autonomous instead of operating as a direct instrument of a particular class—although the interests of different classes can converge when expedient circumstances prevail. The theoretical discussion presages the book's core characterization of the Malaysian state in the 1970s, as being “close to a direct instrument for the promotion of the economic interests of the upper strata of Malay politicians and bureaucrats after 1969” (p. 26).

The book then surveys changes in the Malaysian state, chronologically from colonial impositions to post-colonial reconfigurations. Toh lucidly charts the state's evolution from serving the British colonial economy to favouring capitalist interests (domestic and external) after independence, emphatically demonstrated in the government's siding with Chinese merchant capital and foreign industrial capital against initiatives to establish cooperative-based fertilizer supply chains offering better terms to small farmers.

The NEP escalated state intervention from its promulgation in 1971. The NEP established Malaysia's forceful two-pronged mission of eradicating poverty irrespective of race and accelerating social restructuring to eliminate the identification of race with economic function. The ensuing comprehensive transformation, undergirded by a conviction that inter-ethnic disparities were perilously high and structurally entrenched, ushered in a more expansive and aggressive state.

The book analyses the role of the state in four NEP objectives: restructuring employment, restructuring corporate equity ownership, eradicating poverty and education. In line with the conceptualization of the state as an instrument for maintaining the capitalist order, the analysis of the equity ownership restructuring agenda is most cogent. The Malay capitalist agenda subsumes equity redistribution policies, unlike the other policy areas which have multiple purposes and complex implementation. Poverty reduction, for instance, depends on wages, self-employment earnings, commodity prices, health, infrastructure and more. The state was also exceptionally assertive in promoting Malay equity ownership, through legislative means such as the Petroleum Development Act 1974 and Industrial Coordination Act 1975 and the creation of state-owned enterprises and investment agencies, most notably Pernas and Permodalan Nasional Berhad, by executive power.

Toh amply demonstrates how these interventions disproportionately benefited a Malay elite but provides less substantiation of the excluded parties and alternative policies. The book argues that “aspiring Malay capitalists” were sidelined but omits an evaluation of the grouping’s extent or profile. Whether the Malaysian state should have taken a hands-off approach or provided different forms of assistance, or selected them instead of bureaucrats to helm the state-owned enterprises, remains unanswered. The book highlights the NEP’s problematic creation of a politically connected Malay rentier class and posits the alternative of an independent Malay capitalist class but does not persuasively account for where and how the latter would develop.

The NEP’ restructured employment as another core objective, promoting Malay mobility into upper-tier occupations through higher education attainment, along with incentives (tax breaks), direct employment (public sector and state-owned enterprises) and mandates (licensing requirements). Toh also grapples with the dilemma that promotion of one group’s participation often entailed some deprivation of other groups, resulting in non-Malay disaffection. Trade-offs in the NEP were unavoidable to a certain extent. This book probes such questions that are largely omitted in policy discourses, although it does so without in-depth exposition or reference to documents or interviews that could inform the internal policy debates surrounding these dilemmas, along with compromises made and opportunities missed.

The book applies the capitalist state concept to its analysis of poverty eradication and education. The chapter on poverty eradication strives to look beyond headline statistics that show declining poverty and inequality through the 1970s, mindful of “systematic class biases inherent in most poverty eradication and income redistribution measures” (p. 170). Toh’s compilation of available research finds evidence of structural inequalities: biased (favouring the rich) public infrastructure spending and regressive income tax burdens. Although the book does not conclusively refute the official account of declining poverty and inequality, it offers a fuller picture of the exclusion of various segments from the benefits of economic growth.

Similarly, in education, while official sources showed that Malaysians experienced increasing access through the 1970s, Toh references research to lend a more holistic and critical perspective. Notably, a study found deficiencies in the distribution of out-of-pocket schooling assistance: higher-income households were less likely than lower-income households to receive such assistance, but higher-income households were paid a larger cash amount on average. However, these complementary studies present one-off snapshots rather than trends across time, and education is a complex sector impacted by resources, techniques, training, and multiple factors beyond this book’s scope. Indeed, the author’s pessimistic note on the capacity of education to reduce inequality stems more from theoretical than empirical grounds.

This study insightfully examines the NEP’s structural underpinnings, contradictions and precedents set in the first decade. Toh must be commended for bringing this work to final fruition, and one hopes that the interest shown and discussions spawned will far outweigh the regret he candidly expresses for

not publishing it sooner. Late is still better than never and indeed the author has delivered an original, worthwhile and timely book.

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***Asian Economies: History, Institutions, and Structures*, by James Jerome Lim.** John Wiley & Sons, Ltd, 2024. Pp. 352.

Asia is a diverse continent that spans nearly a third of Earth's land area and is inhabited by three-fifths of its people (Britannica 2025). Understanding the many economic systems that inhabit it is an immense task. We believe that *Asian Economies* aids significantly to this objective. The focus of the book is clearly laid out in the subtitle: *History, Institutions, and Structures*. Each chapter provides an overview of the political economy of different parts of Asia, how they came to be and challenges that they expect to face.

Chapter 1 provides the reader with a snapshot of China's economic history from its early days of turmoil to its astronomical rise as an economic powerhouse today. The chapter delves into the key intricacies of the Chinese economy and society such as its population policy and rural-urban migration that would provide readers with an idea of the interwoven complexities underlying economic functions. The latter half of the chapter touches briefly on the developments in international trade and the current Sino-US trade tensions.

Chapter 2 on Japan provides an optimistic read of what economists generally see as the decline of its economy, especially on the three core chokeholds that lay readers would be aware of: stagflation, labour and public debt. The discussion of Japan's interactions with the world is, unfortunately, short but provides a good overview of its investment-related, if not trade-related, interactions.

In a similar fashion, Chapter 3 shifts the readers' attention to India by recounting its economic history. Different from the Newly Industrialized Economies (NIEs)—which are discussed at length in Chapter 5—post-colonial India did not enjoy the surge in growth that it had anticipated. The chapter draws comparisons between the Chinese and Indian economies, particularly their varying stances on trade, while highlighting several challenges India faces in achieving further success such as realizing the demographic dividend.

Chapter 4 on the rest of South Asia is a third of the length of that on India, which speaks to Lim's argument that it exists in the shadow of its much bigger neighbour. Emphasis is rightfully placed on governmental instability and late industrialization as common issues across South Asia. Uniquely, this chapter does not provide a full comparative treatment of each economy like other chapters focused on regions.

Chapter 5 narrows the focus to the four NIEs in East Asia. While these economies have enjoyed exponential growth over the decades, Lim aptly points out that their paths towards development are much more disparate. The chapter provides a brief exposition on the economic history of the four economies while evaluating the sustainability of a growth model of export-oriented industrialization and efficient resource mobilization. Today, as all four economies face similar challenges in the form of income inequality, ageing populations and fears of deglobalization, the chapter posits the prospect of the silver economy in seizing economic opportunities.