
BOOK REVIEWS

A Question of Class: Capital, the State and Uneven Development in Malaya. By Jomo Kwame Sundaram. Singapore: Oxford University Press, 1986. Pp. xxiii, 360.

The small body of literature which can loosely be called “radical political economy of Malaysia” has received its most ambitious contribution to date with the publication of *A Question of Class*. The book is based on the author’s Ph.D. dissertation submitted to Harvard University in 1977. Jomo has produced a theoretically informed re-interpretation of Peninsular Malaysian history, spanning the period just before colonial penetration to the New Economic Policy (NEP) period under the National Front government. The organization of the book is broadly historical, and an extended statement of his theoretical position is contained in the Appendix. Readers not familiar with neo-Marxist literature would be well-advised at least to look over the range of concepts in the Appendix which Jomo repeatedly returns to. The author is unambiguous about his theoretical underpinnings — “. . . it is class contention that makes history . . .” — and the entire work, which is based on secondary sources, seeks to substantiate this claim.

British Colonial Rule

The value of Jomo’s class-based analysis of British Malaya depends crucially on the ability to present tenable interpretations of the historical evidence. Unfortunately, his interpretations are often unconvincing and, at times, cavalier. For instance, the author claims that part of the reason why indigenous Malay society failed to organize popular resistance against the British lay with the Malay ruling class’ exploitative relationship with the *rakyat* (p. 20). Most scholars of Malayan history, however, would argue that the terms of British “indirect rule” were such that both peasant and co-opted ruler in Malay society did not generally perceive exploitation under the new arrangements. The lack of popular resistance probably had much to do with the fact that the British “conquest” did not require the extraction of labour services or land from existing peasant communities.

Jomo’s analysis of colonial policy is premised on the assumption that colonial administrators consistently served the needs of capital, and of British capitalist interests in particular. The widespread turbulence and political disorder in the Western Malay states during the third quarter of the 19th century is perceived by

Jomo as “a choice opportunity” for capitalist interests to press for British intervention (p. 142) and as “the final pretext for British intervention” on the part of the colonial authorities (p. 160). A less conspiratorial reading of Malayan history, however, would suggest that instability in the tin-bearing Western Malay states was far from being a fictitious rationale utilized by capitalists and colonial administrators to justify British intervention. On the contrary, the disorder prevalent in the tin states contributed directly to the British “Forward Movement” of 1874 by vividly demonstrating the need for a modern apparatus of law and order essential to the expansion of economic activity in the region. Furthermore, if the interests of colonial administrators and British capital were so closely aligned as Jomo presumes, why was there a need for a “pretext” in the first place?

For Jomo, the distinction that historians have made between the interests and motivations of colonial administrators (and the Colonial Office) and those of British capitalists is an unimportant one. This is evident in the author’s discussion of Keith Sinclair’s article (1967) which specifically addresses the issue in the context of Johore state. Sinclair’s conclusion — that while British officials were not tools of British capitalists, they were not themselves hostile to capitalism — is deemed by Jomo as letting “the cat out of the bag” (p. 155 fn3). This phraseology is unwarranted since there is no sense in which Sinclair was hiding evidence from the reader. More importantly, we feel that it indicates the extent to which Jomo’s theoretical predilections determine his historical interpretations.

Similarly, an overriding emphasis on class-bias of the colonial administration leads Jomo to dismiss British paternalism of Malay peasant society as rhetoric employed in the interests of capital. Colonial agrarian policy and the Malay Reservations Enactment are explained in like fashion (pp. 56–67). A more careful treatment of the historical evidence suggests rather different conclusions. The collaborative mecha-

nisms of “indirect rule” consisted of two interconnected and mutually-dependent sets of linkages: one consisting of arrangements between agents of colonial expansion and co-opted indigenous élites, and the other connecting the collaborating élites to local interests and institutions. As the work of William Roff (1967) has so clearly demonstrated, the symbiotic equation apparent in the arrangements of indirect rule in the peninsula depended strongly on the maintenance of the traditional matrix of Malay society. Thus, it may be perceived — and Roff did — that British policy and practice throughout the colonial era actively shielded the Malay peasantry (sometimes unsuccessfully) from the secularizing, and hence potentially disruptive, forces of the new economic order in the interests of the protectorate relationship.

The expansion in the scope of the market and the generalization of petty commodity production in the peasant economy are perceived as detrimental to peasant interests as against those of capital (for instance, pp. 51, 115, 139). It is not clear whether Jomo holds that peasant participation in the growing market economy was inherently adverse to the interests of peasants or whether peasant integration was mediated through an exploitative intermediary class of traders.

If the former, Jomo fails to demonstrate that the premium paid by peasants for participating in the market economy (say, in terms of greater vulnerability to exogenous market forces) outweighed the benefits of such participation. If the latter, then one needs to pose the prior question of whether it is at all possible for a peasantry to engage in opportunities for specialization and trade without the agency of traders. If this is not possible, and this is our assumption here, then the issue is whether monopoly/monopsony on the part of traders impoverished the peasantry. The empirical evidence, as Jomo himself discovers, does not bear the thesis of a monopolistic/monopsonistic trading class. One gets the distinct impression that Jomo perceives

peasant participation in the market economy in the nature of a zero-sum game: profits on the part of the trading sector imply the sacrifice of peasant interests. Without being extreme proponents of *laissez faire*, we find the assumptions of a zero-sum game untenable in this instance.

The Post-Colonial State

Jomo's central assertion is that the Post-Colonial State acts in the interests of capitalism. There should be no wonderment here, however, since the Malaysian state pretends to be nothing other than a capitalist state. Such a crude characterization fails to draw attention to the ways in which the Post-Colonial State, due to the changed conditions following independence, was essentially different from the colonial one.

For instance, he claims that the contemporary policy to promote padi farming is based on the same rationale as that for colonial policy (p. 56). A more subtle interpretation would identify the colonial rationale as the outcome of the ideology of indirect rule, and the post-colonial motivation as a response to the importance of the rural Malay electorate as well as the desire for food security.

In another example, Jomo identifies state bias against the peasantry in the cess levied for rubber replanting schemes (p. 76). While the inequitable burden of the cess on smallholders as opposed to plantations has been recognized by many observers, including the World Bank, this does not amount to evidence that the State is biased against the peasantry as a whole. The thing to note here is that any replanting scheme is intrinsically biased against smallholders for reasons of scale and opportunity cost. Smallholders would be disadvantaged in the long run if they were left out of a replanting scheme, but by the same token they would be disadvantaged if they participated.

With reference to Malayan industrialization during the Alliance period (1957-69), we are told the government encouraged "hot-house"

import-substituting industrialization (ISI) on the advice of foreign consultants (pp. 237-38), and under the influence of capitalists (p. 210). To begin with, it is important to note that "foreign consultants" (Jomo presumably means the members of the influential World Bank Mission to the country in 1955) did *not* suggest "hot-house" import substitution as an appropriate industrialization strategy; on the contrary, the government was advised not to pursue protection beyond the bounds of a strict infant industry argument. The basic thrust of the World Bank report envisaged an export-led growth model with efficient primary-exports production as the strategic driving force of the economy. While Malayan industrialization during the Alliance period was primarily one of import-substitution, the levels of protection and price distortion which developed were far more modest than in Latin American and other developing countries where "hot-house" ISI was actually pursued.

It is impossible to disprove Jomo's assertion that ISI was a result of capitalist influence on the Alliance government. Yet an appreciation of the historical and comparative evidence on industrial policy in developing countries suggests that macroeconomic considerations were often crucial in the adoption of ISI. The Alliance government shared with its counterparts elsewhere in the developing world some of the optimism as to what ISI could achieve in terms of structural diversification, foreign exchange savings and employment generation. It seems to us rather unhelpful to characterize industrial policy as yet another aspect of the class-bias of the post-colonial state in Malaya.

Turning to the contemporary period, the author claims that "... continued participation in the world economy and subordination to international monopoly capital still impose limits on the potential for post-colonial industrialization" (p. 289). Here Jomo lapses into the familiar dependency syndrome by suggesting that participation in the world economy is inimical to industrialization. On the contrary, one would expect delinking or a reduced

dependence on the world economy to be consistent with, if not a direct cause of, even more severe limits to industrial performance.

As further evidence for the class nature of the contemporary Malaysian State, Jomo cites Meerman (among others) who is purported to demonstrate the existence of an "increasingly 'regressive' tax incidence structure and inequitable public expenditure pattern" (p. 258). In fact, the Meerman study found that "... public expenditures in Malaysia are distributed in ways that seem to contradict conventional wisdom ... [t]o a surprising degree they benefit the poor, rural population" (1979, p. 7).

Some Theoretical Issues

Jomo is to be congratulated for attempting to locate his study in a theoretical context, an effort which is generally neglected in other works on Malaysian economic development. But while his theoretical sophistication and eclecticism allow facts to sit more comfortably with theory, they also lead to a loss of explanatory power. This is evident in his theory of the state. While he attempts to avoid an instrumentalist interpretation (where the state is merely the instrument of the ruling class), his alternative — where the state is seen as object, as determinant and as outcome of class conflict — allows for so many permutations of state action that it cannot be considered a real advance over the liberal notion of a pluralist state.

The same problem rests with his theory of class contention. By theorizing that contention takes place not only between but also within classes, Jomo better accommodates the historical record. But this theory amounts to little more than saying that conflicting interests conflict. The only way in which Jomo's position then differs from that of one who is not converted to Marxist dogma (but who may recognize concrete examples of conflict) is in the statement of faith which is that class contention moves history.

It is only with this sort of faith that Jomo can

interpret the events of May 1969 as a function of class conflict. It does not matter if the actual parties involved belonged to different racial groups, as long as there is the belief that the underlying cause is class-based. Thus, after 300 pages of sustained argument that class contention is the motive force of history, Jomo ends the book stating that the most pressing potential problem facing Malaysia is that of "racial barbarism" (p. 303).

While Jomo is faithful to the centrality of class conflict in Marxist theory, he overlooks another basic Marxist premise, which is that capitalism is fundamentally progressive. Though the book does not say as much, it exudes a strong sense of anti-capitalism. Jomo is reticent in exploring the ways in which capitalism may have actually benefited the mass of the Malaysian population. While class exploitation is continually emphasized throughout the book, the expansion of the forces of production made possible through capitalism receives hardly any attention. When Jomo uses terms such as "the subordination of the peasantry to capital", it is not clear whether it is a positive description of a concrete historical relationship, or a normative statement deploring the advent of capitalism in Malaysia.

In his zealotry to show evidence for class conflict, Jomo identifies class differentiation with income inequality. Thus in his interpretation of May '69, he asserts the root cause as intra-ethnic (chiefly Malay) inequality, and equates this with class conflict. Inequality may well have been the main problem, but income differentiation is not parallel to class differentiation.

The need for such a distinction stands out in his short section on an alternative interpretation of the New Economic Policy (NEP). If the problem of Malaysian development is class exploitation, as we are led to believe in the bulk of the book, it seems the solution involves a radical change in the relations of production. If, however, the problem is of inequality, then the solution is the more modest one of income redistribution. Jomo seems

to opt for the latter, which makes his policy proposals amount to no more than those of fabian socialism.

A Question of Class remains the most articulate challenge to conventional accounts of Malaysian development experience to date. Its most interesting feature — an elaborate and all-encompassing theoretical substructure — is unfortunately also its central weakness. We can only hope, with Jomo, that it opens the way for more critical and theoretically rigorous studies on Malaysian development.

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Editors' Note:

The editors recognize that the author may wish to disagree with points raised in the review. We have accordingly invited Dr Jomo Sundaram to respond. His reply will appear in the "Short Papers, Notes, and Comments" section of the following issue.

***Philippine Industrialization: Foreign and Domestic Capital*. By Kunio Yoshihara. Quezon City: Ateneo de Manila University Press, and Singapore: Oxford University Press, 1985. Pp. xi, 180.**

Philippine Industrialization, the latest book by the Japanese economist, Kunio Yoshihara, examines the roles, relative importance, and interaction between domestic and foreign capital, focusing on Philippine industrialization up to 1970. Like his earlier works, the book reflects the author's painstaking attention to detail and careful research.

In the words of the author, "Philippine industrialization can be considered as a drama acted out on stage by various entrepreneurs". Yoshihara is of the view that in previous studies of the country's industrialization — of which there are now several substantial volumes — the "analysis is confined to structure and its statistically observable changes", based essentially on secondary data sources, and that too little attention has been given to the micro picture: who are the owners? what are their sources of capital? what are the entry patterns? and so on.

The starting point for the study was to extract from an annual business publication the largest manufacturing corporations in the country. Yoshihara finally settled on a total of 250 for the year 1971. The ownership of these firms was immediately revealing. Of the 250, foreign firms (87 in total), domestic Chinese (80), and domestic non-Chinese (83) firms were all approximately equally represented. Although foreign firms were more important among the very large firms (representing 13 of the top 25), the striking feature, compared to some other Southeast Asian countries, was the importance of domestic capitalists in the modern manufacturing sector. (It might also be added that these firms were predominantly privately owned; state enterprises have been of negligible importance until very recently.)

On several occasions the author returns to this point. Why has an indigenous capitalist