

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.

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***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.**

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*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

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class been so much more important in the Philippines than, say, in Indonesia? For one thing, it needs to be noted that a substantial proportion of domestic non-Chinese firms — about half of the author's sample — are owned either by what is termed "non-Malay Filipinos" or are foreign-managed. Many of those successful in business are descendents of immigrants (mainly Chinese, Spanish, and American) who over time have integrated into Philippine society and are Philippine citizens. Another factor explaining the "indigenous" group's relative importance has been a long-established commitment to public education, initiated by the American colonial administration, and carried over into the independence period. Finally, Yoshihara argues, the social integration of successive waves of immigrants has produced a domestic élite whose cultural orientation has been much less disdainful of business than in other countries. Here also, the Indonesian comparison is instructive.

Although containing a wealth of information, *Philippine Industrialization* is quite a slim volume. The heart of the book consists of an analysis of the three principal ownership groups, all in the space of ninety pages. The first major chapter (Researching the Field) contains a detailed analysis of definitions and methodologies. Although very informative, and sufficient to deter all but the most determined from undertaking similar studies in other countries, a good deal of it might have been relegated to an appendix, so as to let the main story unfold without interruption. Next, in Chapter 3, follows an Overview, which summarizes the major patterns of ownership, and provides some brief but useful summaries of the development of major industries. Chapters 4 to 6 then examine in detail the three main ownership groups.

For anyone interested in the development of Philippine business, these chapters are very informative. Yoshihara has assembled a considerable amount of information about particular firms and individuals, and produced a very readable account of their evolution. A brief

review cannot do justice to the findings. Several of the company profiles, and the people who shaped these companies, are especially informative. (This reviewer found the treatment of San Miguel very interesting.) The account of how Chinese business survived the early post-independence "Philippine First" policies, including the Import Control Act (1950) and the Retail Nationalization Act (1954), is illuminating. Ricardo Silverio, one of the infamous "cronies" in later years, is portrayed as a diligent and prosperous businessman in the pre-Marcos era. In the context of another firm history there is discussion also of why the Philippines never emerged as a major rubber exporter, the (American) colonial administration's restrictions on land-holding being the principal factor.

The enormous amount of detail will ensure that *Philippine Industrialization* finds its way to the shelves of all those with an interest in the subject. Nevertheless, this reviewer's appetite has been whetted but not satiated, for at least three reasons. First, because of its very detail, the book sometimes lacks a focus. The concluding chapter, of just over two pages, leaves the reader suspended in mid air, wondering what to make of it all. Throughout the main chapters the reader would have been greatly assisted if, occasionally, Yoshihara had stood back from the detailed narrative and drawn out some fundamental themes. This is especially so because the author so quickly plunges into issues of methodology and field research at the beginning of the work.

The second reason is that, in the same way Yoshihara admonishes macro studies for overlooking the micro viewpoint, this book, curiously, makes little attempt to relate its findings to the country's record of industrialization. On occasions, this record is adjudged to be a success, in the sense of indigenous business participation. The prospects in 1971 may have appeared fairly promising, but by the early 1980s — when this book was written — Philippine industry was in big trouble. Saddled with many inward-looking, uncompetitive

industries, manufacturing in the 1970s grew sluggishly and its contribution to employment generation was disappointing. Moreover, the policy environment was highly politicized, with "rent seeking" rather than commercial acumen not infrequently the principal determinant of success. Although Yoshihara's story essentially finishes in 1971, the book was written a decade later, and the reader might have been given some insights into these important issues.

Finally, one wonders what theoretical constructs led the author to examine these issues. Was it the "denationalization" literature, the formation of indigenous entrepreneurship, technology diffusion from foreign to local

firms, or something else? Any one of these, or numerous others, could have provided a useful framework for analysis. It would also have been useful, on the basis of this extensive research, if the author had brought in some of the issues in the debate concerning the pros and cons of foreign investment.

Perhaps these points go well beyond the author's intentions. For those who do wish to carry the work forward, especially in an approach marrying the macro and micro, *Philippine Industrialization* must be the starting point.

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