

Japanese Investment in Southeast Asia: Three Malaysian Case Studies oleh Shiode Hirokazu, 1989. Hong Kong: Centre for the Progress of People, 78 pp.

This booklet is an account of Japanese influence in Malaysia through private investment. It aims at raising public concern about adverse effects of such investment on national economic development, workers' and local residents' rights.

The author traces the historical record of Japanese presence in Southeast Asia as an introduction to three case studies from Malaysia each covering one aspect of Japanese influence.

The national car plant Proton Sdn. Bhd. created as a joint venture between Heavy Industries Corporation Malaysia Sdn. Bhd. and two divisions of the Mitsubishi is criticized for not being economically viable. Accumulated losses and the unemployment created in the existing assembly plants show the negative impact of the privileged position granted to one Japanese car manufacturer on the Malaysian market.

The Pen Group includes five textile manufacturing companies located in the state of Penang. With this example the author wants to argue that the activities of this Japanese group have lacked linkage effects other than cutting labour cost. Abundant labour supply has made it possible to dominate the textile unions, introduce labour - saving machinery and demand higher productivity without a comparable pay rise.

The extraction of 'rare earth materials' - a group of raw materials essential to many types of manufacturing processes - is organised by 'the Asian Rare Earth Company'. This is a joint venture between a Mitsubishi company and various Malaysian partners. All the materials are exported for use in Japanese industries. The extraction process creates a radioactive waste, which is dumped at a temporary site close to residential areas near the town of Ipoh. The local residents have continuously been campaigning against the activities.

The limited number of pages available makes the analysis very brief. The national car project has been extensively dealt with elsewhere, and the conditions of the textile workers have been scrutinized in many studies. Nonetheless, the three case studies combined demonstrate the diversified and rapidly growing Japanese involvement in the Malaysian economy.

The concluding section 'Towards a better future' makes a general appeal to international communication as a means to strengthen solidarity among those affected by transnational companies. At that point one would expect the author to explore the experience of co-operation between metal workers in Japan and Malaysia.

The booklet does inspire others to undertake more detailed studies of the impact of Japanese transnationals in Southeast Asia. Surprisingly the author fails to relate his analysis to the controversy on 'Japanisation' of Malaysian society.

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"Issues Related to the Participation of Women in Trade Unions in Malaysia. Evidence from Case Studies." oleh Rohana Ariffin dan James Lochhead. A report of a FES funded project. Kuala Lumpur, December 1988.

The male dominance of trade union membership and leadership compared to the rapid growth in the ratio of female workers in the labour force is the theme of this report sponsored by the West German Foundation 'Friedrich Ebert Stiftung'. The report presents a detailed analysis of reasons for the male bias and, at the same time documents a training effort by which female trade unionists discuss ways to overcome the unequal opportunities.

The first part of the report presents a retrospective overview of labour markets trends and highlights the constraints to the development of organised labour in Malaysia. The second part gives a profile of the two unions selected for case study. The Amalgamated Union of Employees in the Government Clerical and Allied Services (AUEGCAS) covering clerical jobs in the public sector and the Electrical Industry Workers' Union (EIWU) in the manufacturing sector have a majority of female members. Yet, the female representation in the leadership of both unions is minimal.

The main part of the report discusses the findings from 120 interviews with female unionists. Joining the union movement initially is for many women a matter of being introduced by a friend. To participate in union activities implies facing many odds, as exposed by the two authors. First, a triple burden of obligations at home, at work and in the union is a limiting factor for any such ambition. When it comes to exposure to information and educational programmes, the implications are evident. Secondly, women are not considered equal to their male counterpart in the union leadership. Male leaders might claim a principle of equal participation, but in practise they are quite reluctant to accept any independent initiative by female members.

The interviews also reflect the special concerns emphasized by female unionists, there are sexual discrimination in the work place, occupational health and safety hazards, maternity problems, and the negativism displayed in debates within the union.

Whether to set up a women's committee within the union was widely discussed during the training programme which the authors conducted at EIWU. The issue of a special focus on barriers to female participation also relates to the study as such. No doubt, the starting point in any discussion on women in trade unions will be their particular problems. But as the report does mention, such problems are rooted in the fundamental structure of union activities. If such underlying causes - including gender-based patterns of division of labour - are not explored, one fears that women's issues could be exploited by male unionists as just another way to maintain their dominance. Studies into women's attitudes towards work, their position in the labour market and into the organisational structure of unions could provide a more firm base for the issue, both in terms of analysis and political debate.

Having said that, one must acknowledge this report as a pioneering work in its action-oriented approach and in contributing empirical evidence about female trade unionists.

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Ethnicity and the Economy: The State, Chinese Business and Multinationals in Malaysia, oleh James V. Jesudason, Singapore, Oxford University Press, 1989. 218 pp.

The marked contrast in the ways post-colonial states promote economic growth and actively appropriate surplus through its apparatus had already been the subject of a lively debate about two decades ago. It was also during this time that the state in Malaysia began to assume a similar role, with the ascendancy of a new political force within the Malay community soon after the ethnic riots of May 1969. The 1969 ethnic riots was basically between the economically-backward but politically-dominant indigenous Malay community and the comparably prosperous and increasingly assertive immigrant Chinese. It represented the culmination of Malay disenchantment with the *laissez faire* economic policies of the post-colonial state. The *interventionist state* that was brought into place by the new political force unleashed far-reaching changes in the terms and conditions of capital accumulation, political articulation and participation as well cultural and religious expression.

James V. Jesudason's book is a welcome contribution to the discussion on the role of the state in post-colonial societies. The author offers a competent and balanced analysis of the transformation of the state from the colonial era right up to the present. Relying largely upon macro data found in government documents but also strengthened by data derived from other published

sources (company reports, business periodicals and newspapers) the reader is treated to a succinct analysis of the main political and economic forces and how they relate to the state over time.

The first chapter sets the theoretical context of the analysis. It argues basically that the role of the state is determined to a considerable extent by "powerful ethnic sentiments and patterns of ethnic mobilization" (p.1). This is principally because the "traditional ethnic split between political power and economic dominance made the balance between the public and private sectors a politically sensitive one, subject to changing political constellations" (p.1). Thus, the ineffecient "enlarged state" [*referred to interchangeably as the interventionist state*] (Chapter 4) that grew out of uneven development between the Chinese and the Malay communities during the colonial era (Chapter 2) and further enhanced under the *laissez faire* regime (Chapter 3) was basically a political, that is, an ethnic, phenomenon.

Thus, the new state form is viewed as a product of the changing political constellations, augmented simultaneously by intense intra-ethnic competition for political leadership, caused by the persistent unequal distribution of political and economic power between the Chinese and Malay communities. The capture of the state by the new force in UMNO following the 1969 riots subsequently transformed and enlarged the state apparatus. This strategy was aimed to not only provide greater employment opportunities and prospects for Malay mobility, but also eliminate Chinese dominance in those sectors which the Malays felt was the cause of their backwardness. State promotion for the creation of a Malay capitalist class is arguably the most controversial aspect of the New Economic Policy, as it involved a considerable diversion of state resources and severe regulatory measures. Ethnic quota requirements, such as those stipulated in the Industrial Co-Ordination Act of 1975, adversely affected the normal functioning of the market, and, therefore, the interests of established Chinese and foreign capital. The former is especially threatened because of its generally small size.

The discussion in Chapter 4 provides a highly interesting and fairly detailed discussion of the costs and the different ways in which the apparatus of the state has been expanded to meet the demands of the aspiring Malay capitalist class in particular, but also the Malay community in general. State agencies were either expanded or newly established to serve both ends. These state agencies spawned the development of the Malay capitalist class by providing them easy term loans, commercial facilities and contracts and alternative marketing outlets. Serving "social", rather than strictly commercial objectives, many of the projects and companies these agencies established have failed (large non-performing loans of some of these agencies and in government-backed banks are particularly revealing), suggesting, one might add, that they were employed as "legitimate" instruments of primary capital accumulation for the aspiring Malay capitalist class. Others (such as Pernas and Permodalan Nasional Berhad) have heavily acquired shares in existing, particularly foreign, companies, but these are held in trust for the indigenous community as a

whole. The control they exert over these companies would undoubtedly spawn the development of other bumiputera companies.

Chapters 5 and 6 examine the role of Chinese and foreign capital in relation to the terms and conditions of capital accumulation laid down under the New Economic Policy. The Malay community's envy and contempt for Chinese capital and MCA's loss of political influence amongst the Chinese community in the 1969 elections made it easier for UMNO, especially with the discovery of oil, to ease its dependence upon Chinese capital to generate economic development. The state relied instead on foreign capital to provide Malay employment and ownership in the manufacturing sector, in exchange for either pro-capital labour policies and/or a larger share of the expanding domestic market, a considerable part of which has arisen from increased state expansion. Although the friction between Chinese and Malay capital, and the alliance between the latter and foreign capital is basically economic, the book taken as a whole, argues rather successfully that it also has a lot to do with "the internal distribution of power and the appropriate cultural forms of society" (p.167).

By sustaining this argument, the author demonstrates convincingly that ethnic divisions can determine in a significant way, particularly under conditions when a governing class enjoys a strong political and fiscal base, the terms and conditions of capital accumulation. In Malaysia's case, foreign, rather than local Chinese, capital was co-opted by the governing Malay leadership to help promote the development of the Malay community, including, to some extent, its lower classes. Thus, in the absence of a strong local bourgeoisie, the state in post-colonial societies may be shaped as much by political factors as economic ones.

Few would dare to argue otherwise. Ethnicity is always a complex concatenation of economic, political and cultural factors. The difficulty lies in simplifying the interplay of these factors into a particular theoretical scheme. This would then form the basis upon which one could conceptualize the nature of the state. Or conversely, one may choose to attempt a theoretical analysis of the state that specifies the relationship between economic and political forces that impinge upon the state, shaping its role in the process. Following Horowitz (1985), the author opted for the former and argues that ethnicity is caused by "the struggle over relative group capacity and worth", where economically backward groups strive for political preeminence in order to regain ethnic honour and redress their economic needs. Therefore, the capture and maintenance of state power is, for the backward ethnic group, an essential thrust of its struggle. The nature of the state reflects directly the struggle for power between the different ethnic groups.

The struggle for state power, James V. Jesudason says reassuringly, is not a class project (pp.72-73,123). First, this is because support for the elite's goals cuts across class boundaries. Second, those in power are subject to political competition from other co-ethnics. Thus, to maintain power, they have to dispense patronage. Finally, the wide support that they mustered to capture

the reins of the state impel them to distribute the spoils of power to its community members (p.11).

It is evident, therefore, that the capture of state power and the subsequent changes in the terms and conditions of capital accumulation was made in the name of ethnic honour, a powerful construct upheld by conflicting classes within a particular ethnic group. This highly important proposition, a central one in studying ethnicity, is not given its due attention. Thus, it is not clear how some or all the different classes came to share this "ethnic pledge", as it were. The relative backwardness (basically an economic factor) of these classes in comparison to their fellow counterparts in other ethnic groups provides an important clue for such forms of inter-class solidarity (ethnicity and the political expression of ethnic differences). However, clues alone are insufficient; they need to be explained in some theoretical form, specifying the relationship between class and ethnicity. Thus, although the nature of the state is largely attributed to political factors, the bulk of the analysis actually shows that the main terrain of conflict is over the control of the economy between the "state elite" and foreign and local capital.

The "state elite" definitely have material interests of their own; the state has definitely catered for their interests; access to state funds, soft loans, government quotas, and even immunity from the free market (through government regulations) and public accountability. The fact that this class has emerged and consolidated its economic strength through state power suggests very clearly that the state serves its economic and political-ethnic interests simultaneously. In a way, this is perhaps the closest approximation of that modern state where its executive appears to be the committee of the bourgeoisie. Gomez's recent study (1990) suggests this very clearly.

The argument that the role of the state is very largely a function of ethnic honour is hinged upon the assumption that these elites submit themselves to political pressure and dispense patronage fairly widely to compete with co-ethnic rivals. Gomez's book (1990) is again instructive on this point. The beneficiaries of state institutions that are essentially meant for the larger Malay populace have actually found that political pressure from the top-down is very pervasive indeed (Halim Salleh, 1989; Scott, 1985; Shamsul, 1988). A more critical use of election results (and, of course, the electoral process as well) would have shed considerable insight into "group worth".

These studies have also shown that with such power, the distribution of state largesse and surplus created under state control can be highly skewed. My examination of the distribution of subsidies and the role of LPN in the rice sector corroborates this further (Muhammad Ikmal, 1988). The pursuit of ethnic honour can thus be very elusive. The author himself recognized this: "It is difficult to know how long individuals who are not benefitting from policies that increase group worth and capacity will continue to support a regime" (p.12). In the meanwhile a great deal of insight is lost precisely because the interplay of class forces is buried under the pursuit of ethnic honour.

There is also a great deal of inter-ethnic co-operation, and perhaps even conspiracy, particularly amongst the elite. How does this influence ethnic politics and the role of the state? The analytical framework offered in this book overlooks this potentially important area of research. It is quite clear, therefore, that the nature of the state is more than the sum of its "ethnic parts".

I have basically raised an old problem -- the relationship between class and ethnicity -- which James V. Jesudason dealt with very briefly (p.73). Even so, the rich empirical analysis clearly poses an interesting challenge to this debate. This important book is a must for all those interested in Malaysia's political economy.

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