

BOOK REVIEW

Charting the Economy: Early 20th Century Malaya and Contemporary Malaysian Contrasts Sultan Nazrin Shah (*Kuala Lumpur: Oxford University Press, 2017*)

The publishers have done their author proud in offering us a beautifully laid out, hard cover book that is clearly presented with large print, apposite breaks in the analysis for lucid and instructive boxes, coloured maps and tables. No need to strain one's eyes looking at text and tables.

The subject matter largely concerns the setting up and using of colonial Malayan gross domestic product (GDP) estimates for 1900–1939 for which no official data are available and to compare the results with the post-independence Malaysia. The author does this via an overview (xxiv–xxx), followed by Chapters 1 and 2, which are largely introductory (2–49). Chapter 3 (50–86) covers the construction of historical GDP data for 1900–1939. Chapter 4 (88–125) deals with the growth of the economy during that period whilst Chapter 5 (128–156) covers the 1970–2009 period, with these two chapters allowing the construction and comparison of the colonial and post-colonial data. Chapter 6 (158–179) tentatively sets out possible conclusions and thoughts arising from the data. Clear explanations of the data contents and sources are given in Appendix 1, including their components and limitations (182–191) and the data shown in tabular form in Appendix 2 (192–209) showing an export surplus in every year.

The author has concentrated his life so far on the brain-breaking task of building and concentrating all the records of national income data of colonial Malaya that had previously been scattered under Malaya's geographical divisions of Straits Settlements, Federated Malay States and Unfederated Malay States. Estimates of GDP are built up capital investment estimates, government consumption estimates, private consumption estimates and international trade. Private consumption was derived from minutiae like individual food consumption and prices, clothing beverages, opium consumption in both current prices and in constant 1914 prices. It is true that a good deal of this data had appeared earlier in Shah's work, in for example his 2001 paper to the International Workshop on Modern Economic Growth and Distribution in Asia, Latin America and the European Periphery in Tokyo, but to that performance, data supplements, clarifications and corrections have been prepared and added. Shah explains:

The primary objective of this book is to chart the course of Malaya's commodity-dependent economy during the first 40 years of the 20th century while it was under colonial control... Some key aspects of Malaya's economic performance are contrasted with economic growth and development in contemporary Malaysia... What is the economic legacy of British colonialism? Were the immense profits generated from the Peninsula's rubber and tin industries used to finance the foundations of post-independence national development? (4–5)

Yet there is a certain weakness in the tentativeness of his findings, a hesitation to speak out for his evidence that does not arise primarily from the limitations of GDP analysis. His message does not get through or rather is contradicted in his text. Re-phrasing his question, we put it as: did Malaya/Malaysia "grow" after colonial rule or was its "development" hindered by it? Has actual "absolute poverty ... at independence in 1957" (2) been altered by Malaysia having "used the rents from its natural resource endowments to invest in diversifying its productive base" (2)? Or do we choose the text where the colonial Drain

played a great role in holding the country back (93)? In Malaya much of the capital was owned by foreign individuals and companies and income flows from it would have been largely remitted overseas:

At independence, Malaya was still an underdeveloped country, as evidenced by multiple social and economic indicators. While Gross Domestic Product was relatively high, Gross National Income was probably much lower in view of the large leakages that flowed back overseas as profits and rents ... (175).

This appears in his text as a paradox: “In the late 19th century and early part of the 20th century, Malaya was undoubtedly a wealthy country ... *profits and dividends were high and British commercial interests in Malaya flourished*” (176, emphasis added). And, later:

At independence in 1957, the UK owned more than 90 per cent of the stock of foreign direct investment in Malaya... A systematic collation of amounts of profits, rent and other funds repatriated ... to the UK during the colonial period would be very interesting (197).

It would be a lot more than merely “interesting.” Yet Nazrin Shah’s conclusions and judgements on the impact of colonialism vary from soft words on British colonial rule to implied condemnation.

For example, we meet the claim of an unlikely event during the colonial period, “All communities benefitted from the rubber industry’s growth” (30). This inconsistency on colonialism is probably shown at its best (or worst) in Figure 6.3 when Shah presents the stages of Malaya/Malaysia’s economic policies which fit better with the Malaysian government’s public relations output rather than with any notion of development (169). Do the exploitation of petroleum and natural gas necessarily lead to “development” and does the switch from rubber to another equally “plantation crop” like palm oil (which is now under grave threat through a proposed import ban by the European Union) really change the nature of the economy? Certainly, the rise in the share of electronic goods in exports was significant and are to be added to gains in growth. The similarity of their status to resource use is worthy of consideration in terms of their dependence on overseas markets and reliance on foreign capital for production.

As well as omissions, occasionally a conclusion defies Shah’s evidence by his reiteration of this contradiction: “The colonial authorities adopted a *laissez faire* system” in the introduction (xxix), repeated in Chapter 6 and elsewhere too. The fact is that this was not the case where the main exports of rubber and tin were never “free.” This would apply too to the period 1946–1960 of continued colonial rule when the sterling balances from Malaya’s rubber exports, so vitally important for the British post-war balance of payments, were completely held in British hands. So secret were they kept that even Malaya’s representative in London was never permitted to know their size!

The paradox regarding British colonialism continues: “Even so, the British had put in place institutions and systems that provided significant support for economic growth and social development after independence...”. Followed almost immediately by this: “The British colonial power did, however, lack a development vision for the country’s people and accordingly, it failed to make strategic investments in the interests of the local population or balanced regional development” (177).

We suggest that none of his evidence presented such a vision. The GDP approach outlined may well suggest such questions and hints for analysis of post-colonial times. But it offers few answers.

We have been most impressed by the author’s bold creation and presentation of the statistics necessary to study the economy of the colonial period. We are equally impressed to find anyone discussing it at all! And we are enticed by his hold of development. His

evidence is firm but where are the definite conclusions? At times they are shaky and contradictory. It seems altogether too timid to hold back from publishing conclusions.

Finally, our emphasis on inconsistencies and on the missing parts of his message should not be taken as a condemnation of the author, his work or the book. Basically, all that we are arguing is that most of his important conclusions would be more firmly made if Nazrin Shah's text in places did not contradict his tables. Plus we hope that, added to his many busy duties as Sultan of Perak in Malaysia's political and constitutional system, Nazrin Shah is hard at it tackling those contradictions. Obviously he can do it. Not least because recent political events should offer the opportunity for further analyses of periods sometimes considered sensitive.

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