

'CHARTING THE ECONOMY'

Valuable insight into Malaysia's economy from 1900 to 1939

VIEW POINT



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At the outset, let me congratulate the author, Sultan of Perak Sultan Nazrin Shah, for publishing the book "Charting the Economy".

The book contains the observations and findings from his doctoral research.

It is definitely a welcome contribution to understanding the evolution of the Malaysian economy from 1900 to 1939. Undoubtedly, this is a scholarly exercise that is able to describe Malaya then as a typical colonial economy, which was dualistic in nature, and constituting a periphery to its colonial master – the United Kingdom.

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Malaya was the periphery supplying raw materials to the industrialising West and, at the same time, a market for their products as well as source of financial flows into the coffers of its colonial master.

This book will add support to those more inclined to world-systems theory of development, the like of Immanuel Wallerstein and Gunther Frank. It will be a good reference material for students of development economics and studies, especially those who favour the Latin American school

of economic development, stating that economic development had created a system of dependency of poor economies to the industrialised countries.

Launched in January, the book had estimated and constructed the national accounts structure of Malaya during the early 1900s to 1939, and examined the sources of growth then as well as the issues arising from the structure of colonial economy.

It must be a challenge indeed to undertake this exercise, given the difficulty in collecting the data, much of which resided in the files of archives and libraries in London. It must be even more laborious to check and adjust for their consistency and comparability with the present national accounts system, which is largely based on the work of international agencies, such as the International Monetary Fund.

Despite these daunting tasks, the writer has been able to come out with detailed and informative tables (the appendix in particular) and charts of national accounts of Malaya, then comprising the Federated Malay States (Perak, Selangor, Negri Sembilan, Selangor and Pahang), the non-federated Malay states (Johor, Kedah, Kelantan, Perlis and Terengganu) as well as the Straits Settlements of Malacca and Penang, after excluding Singapore.

Although the reader may find it heavy because of the use of var-

ious economic terminologies, the author took pains to also include box articles, and there are many of them, to explain the meaning of these concepts, and even indicated the methodology of estimating them. This is educational to many readers.

The book confirms the views many of us hold regarding colonial economic policies, which were largely based on development of commodities – in this case, rubber and tin – which led to economic dualism and unbalanced development, persistent poverty, and the outflow of resources to the benefit of the colonial master, the UK.

The analysis had also examined the presence of economic volatility in Malaya then and showed that the colonial economy was exposed to greater volatility in income and employment, especially during the great depression, when compared with the situation post-1970s when macro-economy was more diversified and balanced. Our policy for economic diversification proved successful.

Certainly, this book will be a good collection for libraries the world over, which often are lacking in their collection of Malaysian economic history. It will surely find a place in our economic development literature, the equivalent of the study on the ownership and control in the Malayan economy by James Puthucheary in 1960.

This book will also appeal to economics students because of its reliance on quantitative analysis tools to support the author's findings. An appreciation of history can be helpful to many of us, who may wish to know why and how we are here as a community, multiracial and multilingual, in a country that developed from a colonial dualistic economy to the more diversified economy it is today.

I laud Sultan Nazrin for undertaking this piece of research on our economic history and sharing its finding with us. The quantitative analysis in the study adds strength to the findings and conclusion compared with many other social and political science approaches, which tend to be largely qualitative in nature and less rigorous in establishing economic relations.

Hopefully, my friends and colleagues, as well as students of the Malaysian economy, will read this book. The large amount of data and statistics should not intimidate them; statistics, after all, add precision to the findings.

Let us amply congratulate the writer for "Charting the Economy", published by the Oxford University Press early this year. Hopefully, many of us will emulate his footsteps in the search to understand our economic history.

The writer is the Malaysian Institute of Economic Research chairman