

foreign-owned insurance companies became Malaysian — due to pressures from a government which found it ‘increasingly unacceptable ... that a strategic financial industry should be foreign dominated’ and called for an ‘increased local especially Malay participation in their companies’ (p. 467). The author provides only a brief discussion on the development of the insurance industry during this important transitional period, however. One particular sector that could have been covered more extensively is Islamic insurance (pp. 490–92), particularly when this sector has emerged to be a strong competitor to conventional insurance.

The conclusions were too brief and hurried — a longer discussion here would have provided greater reflection on the longer-term historical trends and continuities and changes in the patterns of the insurance industry. Nevertheless, this book provides various interesting leads for future research in many different sectors of the Malaysian economy. It will be extremely relevant to historians studying the Malaysian financial and services sector.

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The New Economic Policy in Malaysia: Affirmative action, ethnic inequalities and social justice

Edited by EDMUND TERENCE GOMEZ and JOHAN SARAVANAMUTTU

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In combining the findings of two research groups at Universiti Malaya and the National University of Singapore, this edited collection represents the most comprehensive assessment to date of the efficacy of Malaysia’s New Economic Policy. The grand aim of the NEP after 1971 was to correct ethnic economic imbalances in Malaysia, particularly through propelling Malays and other ‘indigenes’ into the modern industrial and commercial sphere. This affirmative action programme involved unprecedented state intervention in Malaysian economic life, and it has gained admiring emulation in Fiji, South Africa, Zimbabwe, and India. As the editors point out in their introduction, there is no disputing the reduction in poverty levels and restructuring in corporate equity holdings that the NEP induced. But, there have been downsides, which all the contributors point to.

As Ragayan Haji Mat Zin tells us, poverty eradication has not been spatially uniform — Kedah, Kelantan, Perlis, Terengganu, Sabah, and Sarawak

continue to experience higher incidences of poverty than the rest of Malaysia, given less access to education, lower levels of foreign investment, and limited industrialisation. Meanwhile, the ‘disloyalty’ of electorates towards the ruling coalition, in the east-coast peninsular states and the East Malaysian territories, has been punished by the withholding of federal largesse. There also remains an ethnic concentration of poverty amongst Malay/bumiputera and Indian communities. In the countryside, the divide between the ‘haves’ and the ‘have-nots’ has been accentuated by development initiatives. This is brought home in Maznah Mohamad’s excellent micro-study of villages in northwest Kelantan — over the longer term, the NEP did not succeed here in making the Malay poor any less deprived, highlighted by the phenomena of reverse urban–rural migration after the 1997 crash, the dislocations of youth unemployment and drug abuse, the disadvantages for women and the large number of single-parent families, and the tendency for the Malay village to remain an ‘exclusive [ethnic] enclave’ (p. 81). The failures of the NEP in small and medium-scale enterprises are brought out by Gomez’s own chapter, where he argues that affirmative action in business and an over-concentration on ‘race’ rather than ‘merit’ has contributed to Malaysia’s economic exposure to the vicissitudes of the global economy and has suppressed genuine entrepreneurship. A similar story emerges in Andrew Aeria’s study of Sarawak: the NEP has been used to increase wealth accumulation by a few well-connected elite bumiputera politicians and businessmen, backed by a clique of astonishingly rich ethnic Chinese entrepreneurs. In this rampant rent-seeking and cronyism, the costs of infrastructure projects have been artificially inflated, leaving even less funding for projects directed at sustainable poverty alleviation.

Turning to the public sector, Chan Chee Khoon admits that Malaysia’s public healthcare system is remarkably comprehensive for a developing-world country. But the recent tendency for the government and parastatals to buy into private providers is leading to a two-tier system, potentially leaving a ‘decrepit public sector for the marginalised lower classes’ (p. 167). As Lim Hong Hai emphasises, increased Malay domination of the civil service has run completely contrary to the prime ‘race-blind’ objective of the NEP to eliminate the association of ethnicity with economic function. Moreover, Malay primacy has eroded the confidence of non-Malays in the partiality of government, and, as in the entrepreneurial field, has reduced the efficiency of services. Hwok-Aun Lee, meanwhile, points to the declining quality of public-sector tertiary education and the concomitant inability of locally-educated bumiputera graduates to compete in the top echelons of the labour market (outside of feather-bedded

government jobs). This analysis is reinforced by Lee Hock Guan who highlights the ‘brain drain’ of Malaysia’s top academics, particularly to Singapore, on top of intra-Malay inequalities as the well-heeled seek out higher education opportunities overseas, or in private Malaysian institutions, rather than in the languishing domestic public sector. Ethnic segmentation rather than integration has become a norm in Malaysian higher education, again completely at variance with the original intentions of the NEP.

Rusaslina Idrus finds the Orang Asli communities of West Malaysia particularly failed by NEP policies ‘on the ground’ — only 0.8 per cent of this population make it into higher education. Rapacious economic development — and not ‘ignorance’ on the part of the Orang Asli — accounts for malnutrition and poor health, given the closing down of access to natural resources. Zawawi Ibrahim, in a powerful critique of the prevailing power structures in East Malaysia, reminds us that in 1982 about 75 per cent of the Sarawak poor were from the Dayak community, while Sabah in 2004 still had the highest poverty rate of any Malaysian state. The fact that Dayaks and Kadazan-Dusuns cynically refer to themselves as ‘minority bumiputera’ (to distinguish themselves from the political, economic and cultural dominance of Malay/Muslim bumiputera) is indicative of the bypassing of key communities that the NEP was supposed to uplift. Turning to the political system, Ooi Kee Beng, in probably the most incisive chapter in the book, points to the increasing centralisation of power which accompanied affirmative action and indeed made the NEP possible. In drawing upon the Tun Dr. Ismail papers, he also demonstrates how original NEP good intentions were distorted:

Sufficient proportionality for kick-starting significant and dynamic Malay participation in the modern economy was replaced by another set of priorities altogether: passive figures on Malay ownership of equity shares; Malay ethnocentrism that could only be divisive overshadowed the goal of national unity; the developing of private entrepreneurship was sidelined by rent seeking and by state-run corporations (p. 333).

In the rise of the new Malay middle-class, however, Saravanamuttu’s individual contribution shows that there is light at the end of the tunnel. From the late-1990s, progressive elements amongst the ‘majority bumiputera’ have turned towards *reformasi* politics — more democratic and less ethnocentric than ruling-coalition orthodoxy. This is a tendency which does not just affect the chattering classes of urban West Malaysia either, since there are signs of similar debunking of the NEP in Sarawak as well.

Neatly organised into five parts, and backed by a wealth of statistical data and qualitative evidence, the chapters are well-written and well-argued throughout. As such, it is hard to demur from the general conclusion that race-based affirmative action has outstayed its welcome. This book deserves to be required reading for all Malaysian policymakers.

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Opium and empire in Southeast Asia: Regulating consumption in British Burma

By ASHLEY WRIGHT

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Appendix, Notes, Bibliography, Index.

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Opium was a mainstay of colonial revenues throughout Asia during the high colonial age. The Dutch, French, Spanish, and, briefly, Americans all sold opium to their subjects through one state-led scheme or another. Britain was the key player in this vast enterprise. It sold opium to its own subjects in India and Southeast Asia and to legions of others in China and elsewhere. And it was largely British opium from the poppy fields of Bengal that flowed through government and private hands to smokers in the Dutch East Indies, French Indochina, and countless other markets in Asia. *Opium and empire in Southeast Asia* tells a small part of this large story. It traces how Britain went about selling opium to its subjects in British Burma and how its officials managed to square this practice with both their imperial priorities and their imperial consciences.

Opium was significant enough in the kingdom of Burma for King Bodawhpaya (r. 1782–1819) to declare it a capital crime. Yet, as the English East India Company moved into Arakan and Tenasserim — outlying territories of the kingdom's large *mandala* — after the First Anglo-Burmese War of 1824, among the first institutions it imported from British Bengal was the retail opium-licensing system, alongside similar revenue-farming arrangements for gambling and toddy shops. A certain amount of trial and error followed. A.D. Maingy, the first commissioner of Tenasserim, became an early critic of selling opium to native subjects. By the time the Company seized Lower Burma (Pegu) following the Second