

British Business in Post-Colonial Malaysia, 1957–70: Neo-colonialism or Disengagement? By *Nicholas J. White*. New York: Routledge, 2004. xv + 256 pp. Index, notes, bibliography, glossary, figures, maps, tables. Cloth, \$100.00. ISBN: 0-415-32320-7.

Reviewed by Shakila Yacob

*British Business in Post-Colonial Malaysia, 1957–70: Neo-colonialism or Disengagement?* is a detailed reconstruction of events during the critical phase of Malaysia's political and economic transformation under the premiership of Tunku Abdul Rahman. As he did in his earlier book, *Business, Government, and the End of Empire: Malaya 1942–1957* (1996), White focuses on relations between businesses and government, particularly British firms' interactions with their own government and with the newly independent Malaysian state. The monograph is structured chronologically and thematically and is divided into five chapters that carefully consider the political and economic environment in which those firms operated. In his introduction, White reexamines the "neocolonial" interpretation of Malaysia's contemporary economic and political history. Chapter One evaluates the creation of "greater Malaysia" and the response to this new entity by expatriate enterprises, while Chapter Two discusses the role of British business in Malaysia's political development and the impact of economic nationalism on British firms. The remaining three chapters examine the part British business played in the development of Malaysia's two primary industries, tin and rubber, and in its newly emerging secondary industries, such as palm oil. In his conclusion, White successfully details the domestic, regional, and international developments that are crucial to understanding the experiences of British firms in postcolonial Malaysia, demonstrating how, unlike Burma or India, the Malaysian government cleverly utilized British interests for its own ends. In so doing, the newly independent Malaysian state was able to redefine its relations with British enterprises and the British government and to attain a degree of autonomy and self-determination, enabling it to acquire the much needed political and economic support for Malaysian interests.

White does not subscribe to the mainstream idea that Malaysia underwent a “pseudoindependence,” as has been suggested by several authors of Malaysian contemporary economic and political histories, such as Hua Wu Yin, Greg Poulgrain, James Jesudason, and Lim Mah Hui. Instead, White argues that although British business interests initially dominated the Malaysian economy, eventually they were marginalized by indigenous businesses and, to some extent, by other foreign competitors, which, unlike U.K. firms, had established close relations with the government. White maintains that British businessmen lacked bargaining power with the Malaysian government. Not only were British firms, commercial associations, and business leaders “largely irrelevant in government policy-making”; they were also “frequently frustrated with the final shape taken by Malaysia” (p. 37). Moreover, the “internecine rivalries and jealousies” that had plagued British business groups in colonial Malaya—and continued to do so during the postcolonial era—added to the “constant fears of expatriate managers and directors about Malaysia’s political, economic and social future” (p. viii), further reduced their bargaining power. Thus, “the Alliance regime was able to direct British interests into desired channels, manipulating overseas business to meet national economic objectives” (p. 197). All these factors, White claims, contradict the assumption that Malaysia was a neocolonialist state.

Nor does White agree with those who argue that British business in Malaysia lacked entrepreneurial dynamism. His arguments follow Geoffrey Jones’s conclusions, put forth in *Merchants to Multinationals: British Trading Companies in the Nineteenth and Twentieth Centuries* (2000), that British business groups occupied strong positions, not only in the existing tin and rubber industries but also in new areas of secondary production, such as palm oil. Indeed White asserts that “if there was a post-colonial British entrepreneurial failure in Malaysia, it manifested itself in an inability to fully integrate with Malaysian political and economic elite after Independence” (p. 214). While other foreign competitors, primarily Japanese firms, were able to collaborate effectively with the Malaysian government and Chinese businesses, British firms were inhibited by their pessimism toward the Malaysian government, while their colonial attitudes prevented them from forming alliances with Chinese enterprises. White overlooks the fact that, even before World War I, the Germans, like the Japanese before World War II,

were willing to work closely with Chinese businesses and thus were able to make inroads into the Malayan economy. In addition, as White explains, British business interests were repeatedly frustrated with the Malaysian approach to policymaking. Their alienation from the political elite was compounded by the Alliance's coercive raising of campaign funds and unorthodox Malaysian business practices. Yet White maintains that this alienation was a two-way street, as Malaysian policymakers were equally frustrated with the "drawn-out decision-making processes on the part of British industrialists" (p. 202).

Adding to their difficulties, British businesses did not receive support from the U.K. government, which was more concerned with geopolitics and strategy, and thus refused to press the Malaysian state on behalf of British firms. Additionally, in the mid-1960s, "an accelerated 'disengagement' between Britain and Malaysia impacted negatively upon U.K.'s financial, commercial and industrial nexus in Commonwealth Southeast Asia" (p. viii). Uncertainty about the political and economic future of Malaysia and Southeast Asia further hindered the growth of British business in postcolonial Malaysia. While British companies sought to relocate in the United States and the "white commonwealth" of Canada, Australia, and New Zealand, other foreign non-British competitors, primarily American and Japanese, saw the potential of Malaysia's future economic growth and used their "solid and influential governmental contacts" to gather strength in the Malaysian economy. Unlike the U.S. and Japanese multinationals, which were seeking to relocate their labor-intensive production, these "old" British firms had not developed industries that were able to exploit cheap labor in the Malaysian free-trade zones. As White emphasizes, "British businesses in Malaysia (and Singapore) had more to fear from international capitalism than [from] international communism" (p. 202).

In his concluding chapter, White thoughtfully provides a brief account of the fate of certain British business groups. Unlike recent British multinationals, such as Unilever, Shell, and British American Tobacco, the leading British agency houses at the time, such as Guthrie, Sime Darby, and Harissons and Crosfield, were reluctant "to embrace the possibilities of a Commonwealth commercial and financial partnership," eventually leading to their demise. By the late 1970s and early 1980s, these British businesses had entirely succumbed to the pressures of localization.

White does an outstanding job of demonstrating the limits of neocolonialism by revealing the more nuanced and sophisticated response of the postcolonial Malaysian government toward expatriate enterprises. As in colonial days, both the postcolonial Malaysian and U.K. governments had a less than sanguine view of British investments. White's excellent work will enliven the long-standing debate on Malaysia's "neo-colonialist" state and underscore the origins of crony capitalism in Malaysia, an arrangement that continues to prevail and to undermine economic systems worldwide.

Drawn from newly released business and government papers in Britain and Malaysia, White's work is essential reading for anyone interested in postcolonial Malaysia and postimperial Commonwealth history and politics. Business historians will find that his work demonstrates the importance of understanding the often tenuous relations between business and government and of recognizing the various ways that such relations can affect business developments.

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