

Ulusan Buku/*Book Review*

Globalization, Culture and Inequalities: In Honour of the Late Ishak Shari. Edited by Abdul Rahman Embong. Bangi: Penerbit Universiti Kebangsaan Malaysia, 2004. (418 muka surat). Reviewed by Jacob Meerman.

Globalization, Culture & Inequalities: In Honour of the Late Ishak Shari was commissioned in honor of Professor Ishak Shari, who until his untimely death was dedicated to developing the Institute of Malaysian and International Studies (IKMAS) into a prominent center of globalization studies. The contributors consist of his former colleagues at IKMAS and other institutions. Several of these have included extended references to and expressions of respect and affection for Professor Ishak within their texts. In addition, Professor Rahman, the editor, has written a very moving prefatory encomium. All this is in line with the book's goals. As stated on the back-cover blurb, the volume as a whole "attempts to reflect Ishak's central concerns, commitment and direction in his lifelong work" as well as to "capture the spirit and intent of Ishak's passion as scholar and humanist."

This aim also explains the broad scope of the seventeen chapters. Although there is a concentration on Malaysia (six chapters entirely on Malaysia and four comparing Malaysia with other ASEAN countries), three chapters focus on Singapore, Thailand and Japan respectively, while the remaining four pieces address topics without a specific country focus. About half the contributors are economists; six are sociologists and three are political scientists. Like the Institute that Ishak led, the book is very cross-disciplinary.

As an economist with a history of work on developing countries, I welcomed the opportunity to review the book and, hopefully, gain new perspective on aspects of globalization hitherto beyond my ken. I was not disappointed. The volume provides a good overview of the burgeoning inter-disciplinary field of globalization studies with its diversity of views and approaches. The volume is also blessed with the editor's carefully constructed and highly analytical Introduction. His synthesis for each chapter provides the reader with a good guide to the book's content.

Some chapters were particularly rewarding. I found Professor Jomo's *A World for All* enlightening in its brief historical recapitulation of basic findings and conclusions. His five-topic discussion of globalization issues hit the nail on the head: terms of trade and the persistence of low primary-product prices; foreign direct investment as a somewhat dubious undertaking when directed at mergers and acquisitions; international financial liberalization and the Asian Crisis of 1997; the evolution of international property rights; and whither international economic governance. I was also much taken with Hal Hill's

Engaging Globalisation: Which Way Forward for Industry Policy in Southeast Asia. It too calls on historical experience to indicate which industrial policies succeed and which fail. His point of departure is that markets fail but so do governments and both weaknesses need to be addressed. I found Professor Yoshihara Kunio's chapter on *The Problem of Globalisation for Southeast Asian Countries, the Case of Malaysia*, stimulating. He offers an index that permits measurement and analysis of the degree to which a country is achieving an efficient globalization approach in terms of five factors: trade in goods and capital; currency and exchange rate issues; labor markets; language; culture and legal system. Using simple language, he develops his subjective scores for each component to construct a globalization index for Malaysia.

The chapter by the editor, Professor Abdul Rahman, is a well-reasoned essay concerning a national language approach for the Malaysia of multiple languages and cultures. He concludes by pointing out the historic significance of Malay as the language of Malaysia and the region and suggests, that ... while respecting and promoting other languages and cultures... Malaysians need one national and official language to relate to each other. But Malaysians also need to develop multilingual skills by being proficient in English, as well as by mastering the languages of the ethnic groups in the country... (p.32). I cannot comment on all of the chapters here. Rather, readers in a hurry may turn to the Introduction for brief synopses of the readings and their main conclusions as a guide to the material.

Much of the book concentrates on globalization's "dark side," notably as concerns efforts to use neo-liberal doctrine as a blueprint for economic development. The Introduction notes that an unconstrained neo-liberal approach leads to inequality within nations, since growth benefits are likely to be restricted to a small elite and a burgeoning middle class, far out-numbered by blue-collar workers who may actually suffer loss of income as a result of globalization-mediated growth. Hence, with a neo-liberal approach, poverty is apt to persist and the gap between rich and poor to widen. National identity and quality of life may also deteriorate if cultures become increasingly wealth-obsessed and homogenized in a kind of banal worldwide civilization of competitive consumerism. In sum, the book has a concentration on identification and analysis of national problems, economic, political and cultural, that globalization brings in train and how to solve or avoid them. In this attention to negative outcomes in rapidly globalizing economies, the book can be seen as an epilogue to IKMAS's earlier volume, *Capturing Globalization* (edited by J.H. Mittelman & Norani Othman and published by Routledge 2001), which in large part concentrated on similar issues. These forebodings and caveats need to be taken seriously. Globalization, like fire, needs to be captured and tamed, if it is to do more good than harm.

Nevertheless it is also important to stress that the overwhelming problem in nation after nation is *not* that a successful globalization strategy has brought

rapid growth, but also “corollary damage” such as heightened inequality and cultural challenges that threaten national autonomy. Rather the contrary is the case. Many nations are still at an early stage of development. This is most frequently the case in Africa, but also applies elsewhere; e.g. Haiti, Burma, etc. These countries continue to stagnate; their citizens have short lives, usually in traditional rural settings; they suffer dire poverty, much malnutrition, disease, and, in some cases, incessant warfare. In many such cases, the classical Marxist model of exploitation applies. I refer to post-colonial regimes where small elites, many of whom are tribally based and better educated than their majorities, have acquired control of the state and, thereby, control the means of production. Like Marx’s historic ruling classes, whatever their rhetoric, they use this control to remain in power and to extract the bulk of surplus production for their own uses. (Surplus production here usually takes the form of primary products, both agricultural and mineral, that elites, directly or indirectly, acquire at low costs from their producers and sell at far higher costs abroad.) Very frequently such extreme rent-seeking is accompanied by practices that ensure that the countries so disadvantaged do not develop.

In contrast, policies that take advantage of international markets and the trading opportunities open to the nation in a rapidly globalizing world make possible rapid economic growth. This in turn makes the solution to the overwhelming problems (poverty, widespread under-nutrition, short lives, illiteracy, exploitation, humiliation, etc.) feasible, but by no means automatic. This is the case in part because rapid growth over several decades enormously increases the resources (e.g. government tax-financed expenditures) that can be used for policies and programs to remedy basic problems. In addition corollary benefits of successful growth also need to be stressed, above all the rapid expansion in employment and middle class occupations which over the long run may be conducive to the development of equality, increased social cohesion, and democratic states.

Of course, even with rapid growth, extreme neo-liberalism suggests a dark world of predatory pricing, unstable markets, unrestricted crisis-prone movement of capital, unlimited accumulation of wealth, unequally distributed educational opportunity, wages and other conditions of labor determined arbitrarily and overwhelmingly by brutal market forces, unrestricted property rights, minimal taxation, unlimited inheritance, etc. It also implies deteriorating social cohesion that vitiates efforts to promote democracy. Nevertheless, many wealthy countries, and a number of newly industrializing ones, have avoided these outcomes, essentially by avoiding extreme neo-liberalism. For example, one basic indicator of success in taming globalization is the degree to which countries re-channel economic resources through taxation to support programs that offset undesired market outcomes. What might be called the veteran globalization success stories, the Western European democracies, provide good illustrations of tax-supported redistribution of nearly half of production. Thus, in 1999 the following had

current receipts in excess of 40 percent of GDP: Sweden (59), Germany (46), and Italy (46). Even the USA re-channeled 31 percent of its GDP, primarily through taxation.

Malaysia's own success story is also a pertinent illustration of successful globalization. In one generation, from 1970 to 2005, the country has evolved from a poor, rural, underdeveloped entity into a nation of low poverty rates, long life expectancy, with a majority of the population working in the cities in stable employment, many in manufacturing. Moreover Malaysians are educated to a degree that was probably difficult to imagine in 1970. During this thirty-six year period economic growth averaged somewhat more than 6 percent annually so that the size of the national income has increased by about four fold.

Review of basic statistics also confirms the success story. The estimated poverty rate was 37 percent in 1972; in 2005 it was less than five. The population, that was predominantly rural in 1970, was nearly two thirds urban by 2007. Life expectancy at birth of Bumiputera increased from 62 in 1970 to 71 years in 2000. The corresponding data for the Chinese population were an increase from 69 to 75 (Malaysia, Department of Statistics, *Malaysia Economic Statistics - Time Series*, 2000, pp. 138-39). Educational achievement is also very impressive. Between 1970 and 2000, enrolments of the age 17 or 18 cohort at the college/university level increased from 3 to 16 percent. The percentage of the 20 to 24 year old cohort that attained 11 or more years of education increased from 20 in 1980 to nearly 40 by 2000.

Malaysia, however, did not simply develop spontaneously. It is not coincidental but causal that during this same period, the country evolved into one of the world's most globalized economies: in degree of globalization, Malaysia now ranks 19th world-wide but first among the world's developing countries. Rapid development became feasible because of this spectacular degree of globalization. One form such development took was a dramatic development of labor-intensive electronic manufacturing by means of foreign direct investment.

That said, another facet of the success story needs emphasis: Malaysia's rapid growth made possible implementation of an extremely ambitious social policy to bring the largely rural, subsistence-oriented, traditional Bumiputera (Malays and other indigenous people) majority to economic parity with the country's urban and largely Chinese community. This involved special programs such as Bumiputera-oriented educational expansion; agricultural development; business and employment preferences; etc.

In many ways, that policy has been very successful. For example, in 1970, 56 percent of the Malay population was employed in agriculture, much of it traditional, subsistence agriculture and therefore of very low incomes. By 2000, the proportion had dropped to 18 percent. Similarly, in 1970, the Malay class of managers, professionals, administrators and technical workers accounted for 6.3 percent of total Malay employment. By 2000, this class had increased tenfold

in number, and accounted for just under 17 percent of total Bumiputera employment. There is an even larger urban-based, Bumiputera middle-class of salary earners and skilled workers, many of whom started life in rural areas in the agricultural sector. And, more darkly, there is also the rise of a new urban proletariat, which needs help, but can be helped, given the vast resources that the Government of Malaysia commands as a consequence of past growth.

Finally, and this is far more fundamental, notwithstanding a very high degree of ethnic diversity, Malaysia has avoided the terrible bloodshed and catastrophic political paralysis of many other ethnically diverse polities. On the contrary, Malaysia has made impressive progress in building a nation state. Both globalization-mediated rapid growth and the social policy that, presumably, made it feasible have been essential elements in this process. Success has brought many problems, but the biggest problem of all is on the way to solution.

To conclude, there are still more stagnating and slowly developing countries than emerging economies, “stray cats” rather than “tiger economies,” in the language of chapter authors Johan Saravanamuttu and Francis Loh Kok Wah (*Development of Democracy in Southeast Asia*). For the very poor countries the problem of development per se is still paramount. Rather than being constrained by the dark side of globalization, may its bright light help them find their way to equitable and stable development and the autonomy that such development brings!

Jacob Meerman, Ph.D.
Visiting Professor
Institute of Malaysian and International Studies (IKMAS)
Universiti Kebangsaan Malaysia
43600 UKM Bangi
Selangor D.E., Malaysia