

Book Review

Malaysian Economy: Unfolding Growth and Social Change, by Rajah Rasiah (ed.), Shah Alam: Oxford University Press, 2012, 296 pp.

Malaysia is a growing and relatively open market economy. It has undergone structural transformation from an agricultural- to a manufacturing-based economy with signs of reaching the status of a service-based economy. As an independent country Malaysia has its half-century lifespan of 55 years, and the country's economic performance thus far has seen broad-based growth despite negative growth blips faced in 1985-86 and 2008-09. Recently an attempt has been made to make Malaysia the world's largest Islamic banking and financial hub (Sy, 2007; Bassens *et al.*, 2011). Given the high profiling of the country in many circles as a model for latecomers (World Bank, 1993), the book under review is interesting as it is targeted at examining both economic and social change critically, but also serves as a textbook for interested readers.

This book comprises eleven chapters. In the introduction, Rasiah highlights the objectives of the book and explains basic characteristics of the Malaysian economy. Chapter two discusses macroeconomic policies that have been pursued by the Malaysian government and their impact, with an emphasis on fiscal, monetary and exchange rate policies. Chapter three examines the role of extractive industries in Malaysia's economic development from tin to petroleum. The development of the agricultural sector is discussed in chapter four, based on both government policies and the economic contributions of the sector to the Malaysian economy. Industrial policy and industrialisation in Malaysia is presented in chapter five. The book then offers a comprehensive analysis of the innovation and technological progress in Malaysia in chapter six. Chapter seven discusses education and human capital development in Malaysia. Chapter eight examines the relationship between trade and environment, and highlights the threats and challenges of greening trade for Malaysia. Chapter nine covers poverty and income distribution issues in Malaysia by focusing on the critical concepts of absolute and relative poverty, and the distinction between horizontal and vertical inequalities. Chapter ten discusses affirmative and ethnic inequality by providing an overview of affirmative action policies and their impact on ethnic inequality in Malaysia. Chapter eleven puts into perspective the complexity of services with highly diverse components' infrastructure with a focus on electricity supply, telecommunications, water supply and transportation.

The book is full of empirical and analytical details, and the concepts presented seem to have been carefully developed, explored and analysed, with emphasis on topics relating to the Malaysian manufacturing, agricultural, education and services sectors, trade and environmental, affirmative action and other relevant macroeconomic issues. Furthermore, the book sets out to spark intellectual analysis and generate critical discussion in order to enlighten its readers about some issues related to the effects of globalisation on the Malaysia economy.

I would now like to address several issues related to the Malaysian economy from the micro-economic perspective, using macro explanations that I believe could be expounded further. The first issue refers to the concept of national competition law. Malaysia does not have a national competition law. However, in the regulatory reforms that took place following privatisation, new regulatory agencies were established in a few sectors such as ports, airports, energy, communication and multimedia (Lee, 2004). While economic regulation (e.g. entry, prices) continued to be the main focus of regulation in these sectors, the regulatory reforms in a few sectors have expanded the scope of economic regulation to include competition policy. These sectors include communications and multimedia and the energy sector (Malaysia, 2000, 2005). These issues have been implicitly tackled in chapter eleven, but not clearly spelt out in the government efforts undertaken to reduce monopoly power and to increase competition in the future.

Since the book seeks to, *inter alia*, serve as a textbook, perhaps chapter two should have discussed the causes and consequences of the economic crises that gripped Malaysia in 1985-86, 1997-98 and the interventions the government undertook to solve them.

Overall, this interesting book provides a simple yet comprehensive analysis of the Malaysian economy. It is indeed suitable for readers of all levels, highly recommended reading and good reference material for students of courses on the Malaysian economy.

References:

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