Diversity of Southeast Asian Capitalisms: Evolving State-Business Relations in Malaysia

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ABSTRACT
Empirical gaps exist in the literature about diverse forms of capitalism. The first is thematic, involving the incomplete institutional and political account of how the state can, through a series of policies, shape the development of domestic enterprises. The second gap is regional in nature: this literature does not deal with the historical development of firms that have played a central role in industrialising Southeast Asia. One reason for this is that since most existing theories are based on Western contexts, they are theoretically ill-equipped to deal with the concepts of power and state-business nexuses when the political system is not democratic in nature. But state-business ties, where politicians in power distribute government-generated rents on a selective basis, have resulted in diverse business systems such as highly diversified conglomerates, state-owned companies and small- and medium-scale enterprises. This article deals with these theoretical and empirical gaps. To better understand the nature and implications of evolving state-business ties in Southeast Asia, this topic is examined through the lens of regulation theory. To appreciate the complexity and implications of state-business configurations on the political system and forms of enterprise development, a case study of Malaysia is provided.

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Varieties of capital; regulation theory; enterprise development; Southeast Asia; Malaysia

In the prolific and diverse range of research in the new political economy literature, conducted over the past 15 years, only recently has Asia been considered. For example, when Hall and Soskice (2001) pioneered the varieties of capitalism (VoC) concept, they mentioned Japan, while South Korea, Taiwan and China were incorporated into the discussion about a decade later (Huang 2008). Southeast Asian countries, however, remain at the margin of this recent scientific agenda to assess the varieties of capitalism in Asia. The most obvious explanation for this empirical gap is that the VoC framework appears theoretically ill-equipped to deal with the concepts of power and state-business nexuses when the political system is not democratic in nature. This article fills this lacuna by dealing with the specific features of capitalism of post-colonial, semi-