acceptances, replaced by overdrafts and direct loans to exporters and importers, can also be linked to correspondent banking.

Before World War II, the largest Asian international banks opened branches not only in London, but also in New York, Hong Kong, Tokyo, Singapore, and Bombay. Nevertheless, London remained the most important financial centre, and still is, in spite of the dismantling of the British Empire, the decline of the pound as a reserve currency, and the impact of the global financial crisis. As far as Asian banks are concerned, the book does not provide figures but reasonably claims, based on the historical relationship between those banks and London, that ‘... many Asian banks have had, at times, stronger connections to London as a financial centre than within Asia ...’ Access to the interbank money market was probably a major reason for that connection.

The book draws useful lessons from a comparison of the performance of international banks in Asia. Why did some banks do better than others? Why did HSBC do better in China than the Chartered Bank for India, Australia, and China, and the converse in India? Why of all the banks looked at HSBC is the one that thrived throughout the whole period? Why did banks headquartered in Asia eventually overtake foreign banks in the international banking business? These questions are either answered directly or the information needed to answer them is provided.

The measures taken by the UK government and the Bank of England to deal with the panic in the London money market in the days just before the declaration of war in 1914, including a moratorium on payments on bills of exchange, are also interesting. As already noted, this is a rare mention of intervention by the monetary authorities in the banking sector. Perhaps this is related to the last section of the introduction, which rightly points out that international banking and globalisation expand together, and that the period between the mid-nineteenth century and World War I was the golden age for international banking. The authors then express the hope that ‘... even in the wake of the Global Financial Crisis, ... banks, governments, and international agencies can learn much from studying the pre-1914 situation (that) did devise mechanisms for coping with global instability while permitting free movements of capital and credit and a highly efficient global payments system’. The reader’s reaction is that this is unlikely, and that regulation of international banking will, if anything, become tougher.

All in all, the authors and editors have provided the most instructive picture of international banking in Asia, with its introduction by the British, its growth in step with globalisation, its decline between the two world wars, and the shift of international banking business from foreign banks to Asian ones. These banks continued, nevertheless, to maintain close links to the financial hub and markets in London. The authors could have touched upon the last quarter of the twentieth century, when globalisation reached a new peak, financial innovation was rife, capital flows liberalised, and the financing of foreign trade was only a relatively small part of international banking transactions, but this is recent history, and therefore better known.

Patrick de Fontenay
The Australian National University

Transforming Malaysia: Dominant and Competing Paradigms
Anthony Milner, Abdul Rahman Embong, and Tham Siew Yean (eds)
Institute of Southeast Asian Studies, Singapore, 2014
Pp. 239. ISBN: 978-981-4517-91-1

There is growing consensus among scholars in the area of Malaysian studies of the need to analyse this country’s socioeconomic development from a perspective that is not race based. Transforming Malaysia is a crucial addition to this body of literature. This book builds on two studies led by the holders of the Pok Rafeah chair based at one of Malaysia’s leading research centres, the Institute of Malaysian and International Studies (IKMAS) at the Universiti Kebangsaan Malaysia. The primary focus of these two books, Capturing Globalization (edited by J.H. Mittelman and Norani Othman 2001) and Globalization and National Autonomy: The Experience of Malaysia (edited by Joan Nelson, Jacob Meerman, and Abdul Rahman Embong 2008), was the interconnecting themes of globalisation and social transformation in the Malaysian context. Transforming Malaysia has a similar
agenda, although with a two-fold focus: first, to understand why the country is ‘trapped’ in the ‘middle stage’ of its developmental trajectory; and, second, to determine ‘what is it that holds Malaysia back and prevents the country from achieving its promise’. Numerous studies have attributed these problems to Malaysia’s demography, specifically its multi-ethnic and multi-religious constitution, and the nature of its key public policies, which are constructed along racial lines. The editors of Transforming Malaysia stress at the outset that they aim to critically review this ‘race paradigm’, which they argue is the ‘dominant societal paradigm of social and political life’ in the country.

The book’s historical assessment of the ‘race question’ is its primary strength; but its concentration on this issue is also its core limitation. An overwhelming volume of attention, that is, the introduction and the three chapters that follow, is devoted to reviewing Malaysia’s long-standing race paradigm. While these chapters provide excellent insights into why this paradigm is so deeply problematic, they do not offer us a counter-narrative. This is surprising for three core reasons. First, the two IKMAS volumes produced under the leadership of the previous Pok Rafeah chairs persuasively indicated that Malaysia’s new social and economic inequities arising from its form of economic development was attributable to the adoption of neo-liberal policies. The implicit argument of these two books was that it was not merely the promulgation and implementation of race-based policies that contributed to Malaysia’s new socioeconomic cleavages. Second, with its strong historical perspective, Transforming Malaysia captures well the defining events that have shaped particular configurations of ethnic, religious, and national identities. These processes include the outbreak of racialised conflicts in the 1960s, the rise of Islam in the 1970s, the imposition of neo-liberal policies from the 1980s, the struggle for democracy and its suppression in the 1990s, and the unexpected turn against the long-ruling dominant party during elections from the late 2000s. These issues are, however, inadequately analysed, although the editors voiced their intent to determine the factors holding back the Malaysian economy. Third, the thought-provoking chapters on the persistence of poverty (by Ragayah Mat Zin) on the exploitation of foreign labour (by Azizah Kassim) and the promotion of unjust trade policies (by Tham Siew Yean) draw crucial attention to the implications of the espousal of neo-liberal-type policies. What the editors should have done is analyse thoughtfully the joint implementation of policies that are neo-liberal and race-based in orientation. After all, as the rich new empirical evidence in this study so vividly indicates, both types of policies can contribute to new cleavages and inequities in society while ostensibly attempting to remedy existing problems.

The history-based chapters offer vital insights into the evolution of ethnic identities (specifically the study by Helen Ting), suggesting that Malaysia’s economic problems can be overcome if policies are not race based. This evidence could have been better utilised to deal with the book’s primary objective: the deconstruction of the dominant race paradigm adopted by the government in its discourses and policies. Also disconcerting is that there is hardly any analysis here of religion, specifically Islam, even though most of the contributors mention the importance of this issue in shaping the race paradigm as well as core policies to nurture domestic enterprises, including those in the halal-based food and services industries.

The book offers important lessons that can inform the shaping of policies, including those that can redress social inequities. Transnational neo-liberal policies, as IKMAS’s previous two Pok Rafeah-based volumes have indicated, have contributed to the flow of labour, which, as Azizah argues, has a strong class dimension. There are now an estimated three million immigrants in Malaysia. A majority of the women migrants serve as domestic help and cleaners while men are employed in ‘3D’-type jobs, that is, in dirty, difficult, and dangerous activities in industries such as construction and plantations. Meanwhile, inclusive growth leading to national unity, a long-standing key government agenda, has been deeply undermined by growing wealth and income disparities—also an outcome of neo-liberal policies as evidenced worldwide. Trade policies, such as the US-proposed Trans-Pacific Partnership Agreement, have potentially major repercussions on the Malaysian economy, in terms of undermining the development of domestic enterprises but still have the endorsement of the government because they presumably help draw foreign investment. All these issues, as the contributors note, have been debated within a race paradigm, but clearly also have a structural
dimension involving power asymmetries. These issues are not exhaustively tackled in the introduction to show how a discourse on race has helped camouflage abuse of power.

The editors are clear about the urgent need to rewrite Malaysia’s history as well as provide new and more relevant theories to analyse this society. Although it is not the intent of this book to offer us a new analytical framework, the contributors, among Malaysia’s leading historians, sociologists, and economists, do have the capacity to develop a new analytical interdisciplinary paradigm to review the country’s socioeconomic problems. These problems are complex, shaped as they are by a range of core variables, including governance by a single dominant (race-based) party, growing Islamisation in a variety of forms, the continued promulgation of divisive race-based redistribution policies, and the persistence of inequitable neo-liberal trade, development, and labour policies. All these issues are raised here. What we now require from these scholars is another study with a novel analytical paradigm that can provide us with policy insights to help resolve Malaysia’s pressing socioeconomic problems.

Edmund Terence Gomez
University of Malaya

Liem Sioe Liong’s Salim Group: The Business Pillar of Suharto’s Indonesia
Richard Borsuk and Nancy Chng
Institute of Southeast Asian Studies, Singapore, 2014
Pp. 574. ISBN 978 981 4459 57 0

This fascinating volume, by one of the best-known foreign correspondents to have worked in Indonesia, ably assisted by his wife, narrates and explains the story of Liem Sioe Liong, also known by his Indonesian name Sudono Salim. Liem arrived in colonial Java in 1938 as a penniless migrant from southern China and by the mid-1990s, the business group that he had established virtually single-handedly—known as the Salim group—had become the largest business conglomerate in Southeast Asia.

Liem was known as Soeharto’s principal cukong, a somewhat pejorative term used to describe the ethnic Chinese businessmen close to the man who ran Indonesia for 32 years through to 1998. Taking care to avoid simplistic stereotypes, the authors emphasise the obvious personal chemistry between the two men, including trust and genuine affection built up over decades.

They also clearly demonstrate Liem’s business acumen, his talent for anticipating business trends and for selecting trusted aides, his willingness to take risks, the importance of his connections to major players in Southeast Asia’s interconnected ethnic Chinese business communities, and of course his capacity for sustained hard work. Most tellingly of all, and contrary to widespread expectations at the time, the authors show how the Salim Group survived Indonesia’s deep economic and political crisis of 1997–99 and, with the second generation now in command (Liem passed away in 2012), how it has continued to prosper in the very different, and highly fluid, political landscape of post-Soeharto Indonesia.

The early chapters of the volume trace Liem’s rise from the late 1930s to the mid-1960s. This is generally a well-known story, although the authors manage to dig up some original material. Liem’s key relationship was with the future President Soeharto, then a key figure in the republican movement in Central Java against the Dutch forces seeking to reassert control over its colony in the late 1940s. Liem’s natural sympathies were with the independence struggle, and he became a highly reliable supplier of everyday needs for Soeharto and his troops.

The two men kept in touch, and when Soeharto came to power Liem was one of the few businessmen of any stature, in an economy that had been ravaged by Sukarno’s mismanagement, that Soeharto knew and trusted. Liem was summoned to the presidential palace and the result was a compact of remarkable durability and scale that was to dominate Indonesia’s business landscape for three decades. Liem was given preferential business and import licences and favoured access to state bank finances in exchange for two things that Soeharto badly needed: establishing a modern industrial base in an economy that had been going backwards for much of the previous half-century, and a cut of the profits, channelled through Soeharto’s controversial yayasan (foundations) that provided the funds needed to shore up his political bases.

These arrangements worked spectacularly well for both parties. They survived periodic outbursts of anti-ethnic Chinese protests, fierce