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Shakila Yacob and Khadijah Md Khalid

This study explores the interplay between state policies and business strategies of foreign firms in Malaysia during and in the aftermath of decolonisation. Drawing from newly released British and US sources, this study demonstrates that distrust of state enterprises as well as antagonism towards Chinese speculators were significant factors in shaping the business strategies of targeted British firms under the New Economic Policy (NEP) in Malaysia. In addition, the business culture of some British firms served only to harden misperceptions and strengthen the resolve of the government to implement the NEP fully. Finally, in cushioning external shocks, firms embarked on a diversification strategy not only to multiply, but also to acquire differing portfolios in developed economies. Despite this familiar framework of mistrust and tension, this paper goes on to address the real firm-specific differences in the response to the NEP. As for the other foreign firms, they were nonetheless prepared to share assets, expertise and human resources with Malaysian enterprises through joint ventures. Such a varied response demonstrated the agility of foreign businesses in responding to state policies.

Introduction

Much has been written about economic nationalism and the Malaysian economy in the post-colonial era, and the NEP's impact on foreign and local, in particular Chinese, businesses.1 Indeed new terms were introduced to help explain and clarify the efforts of the Malaysian government in restructuring the economy, including ‘localisation’, ‘Malayanisation’ and later ‘Malaysianisation’, ‘indigenisation’, ‘bumitisation’.2

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and others. A number of scholars, such as Nicholas J. White, Susan M. Martin, Geoffrey Jones, James V. Jesudason, and Lim Mah Hui, have focused their attention on the impact of localisation and Malay(a)sinisation on European firms, particularly British ones. The field of literature relating to the impact on US businesses has also been covered. The NEP has been portrayed as an expression of Malaysian-style economic nationalism where the strength and capacity of the domestic capital is built through new opportunities exclusively geared for the sake of local entrepreneurs and also to reduce foreign equity which had previously controlled the economy.

The NEP, in conjunction with other factors, contributed to the divestment and release of equity ownership (and, in some cases capital flight) in Malaysia since the 1970s. These included a general shift by foreign investors post Second World War, particularly British investors, to industrialised nations in Western Europe and the US, precipitated mainly by the lack of political stability and policy certainty in ex-colonies. Scholars such as Dunning and Lundan, Jones, Dunning and Stopford and Turner, in describing the evolution of international business, highlighted the general shift of global firms towards the developed market economies of Europe and North America. The shift to the industrialised West and diversification into other areas of investment was in response to the political risk and the volatile commodity sector of the host country.

The process of decolonisation had threatened the continuing existence of foreign businesses, at least in its traditional form, and the emergence of Communist ideology, including in the Southeast Asian region, as an alternative response to colonialism exacerbated the unease. In addition, since the 1970s the volatile world rubber and tin prices had impacted on the profitability of the two major commodities in the country. Furthermore, to cushion the risk of external shock, firms started to embark on a diversification strategy not only to multiply, but also to acquire differing portfolios. The attitude of the ‘old stagers’, in particular long-established British firms, which found difficulty in coming to terms with the policy changes and a more robust and unabashed political outlook as well as stiff competition from domestic businesses, in particular Chinese, was also a principal cause for equity divestment.

Nonetheless, there were a number of ‘old stagers’ from continental Europe and the United States for example, who had continuing trust and confidence in the Malaysian leadership and who maintained and even expanded their business activities in Malaysia. These foreign concerns were prepared to share assets, expertise and human resources with local companies through joint ventures (JVs). These firms succeeded in exploiting the economic potential of Malaysia as a rapidly developing country and consequently were able to build up their assets and expand their presence throughout the more lucrative Southeast Asian region.

Using newly released documents and unexploited sources from British and US government archives, including access to the Central Intelligence Agency (CIA) records (using the Freedom of Information Act, commonly known as FOIA) this work differs from other studies which have been constrained by a lack of access to such in-depth materials. The London Metropolitan Archives provide access to recently released materials on British businesses in Malaysia, in particular, Harrisons & Crosfield. News and business reports from various publications were also used in this study.
While previous works concentrated mainly on the NEP from a broader economic perspective, this study almost uniquely takes into consideration other European as well as American multinationals. Although this study is limited to the long and well-established foreign firms in the plantation, mining and trading sectors, the findings suggest that a separate study to investigate further the response of foreign firms to the introduction of the NEP in other sectors such as public services, banking and manufacturing is well warranted. Firms operating in other industries responded differently to state intervention in the highly competitive post-colonial economic environment in Malaysia. At the same time, other foreign concerns, particularly from Japan and the United States, were eager to participate.

This article opens with a brief outline of the NEP and a short introduction of the public agencies (now known as government-linked companies or GLCs) that played a crucial role in its implementation. This is followed by an analysis of the response by British firms to the challenges emanating from the new policy regime. A short discussion follows on other European and foreign companies which maintained their presence and voluntarily chose to operate within the new restrictions. The question of why and how British firms, in contrast to other European and American companies, reacted differently to the NEP is therefore explored. This article breaks new ground by outlining the firm-specific differences in response to state intervention in an economy mainly dominated by British firms. Following this, some systematic explanations are provided to shed light on the different strategies of those firms. The conclusion summarises and revisits the reasons behind the varied responses of the foreign firms to the NEP.

Economic Nationalism the ‘Malaysian Way’: Moderate State Intervention—The New Economic Policy (NEP) Takes Shape

Economic strategy in post-independent Malaysia (Malaya until 1963) embarked on a different trajectory from its neighbours in Southeast Asia during the heyday of decolonisation. There were no attempts at nationalisation of foreign businesses, including the more established concerns. In contrast, on gaining independence from Britain in 1948, Burma (now Myanmar) expropriated foreign interests in teak and other natural resources. During the era of the ‘Burmese Way to Socialism’ (1962–88) state control had extended to trade and shipping concerns once dominated by the British. In Indonesia, the fledgling independent government not only seized and confiscated Dutch assets in 1957 and 1958, but also expelled the existing business community in a bid to ‘de-colonise’ the economy and ensure local dominance. This process known as ‘Indonesianisasi’ is, according to J. Thomas Lindblad, an important concept to comprehend in order to understand issues relating to economic de-colonisation, nationalisation and policy orientation in Indonesia.

However, the Malayan government during the first decade after independence adopted a *laissez-faire* approach, with little state interference in the key economic sectors still under the dominance of ex-colonial as well as other foreign capital, such as plantations (rubber) and mining (tin), and generally paid only lip service to
the notion of uplifting the socio-economic conditions and resolving the plight of ethnic Malays.\textsuperscript{14} Malay nationalists, however, were becoming more assertive in the mid-1960s and called for the curtailment of foreign equity ownership.\textsuperscript{15}

It is generally agreed that the government under Tunku Abdul Rahman had been too liberal towards foreign investors and capitalists.\textsuperscript{16} During Tunku’s administration, the presence of foreign, particularly British, businesses continued to be tolerated and even encouraged, largely as their capital and expertise were considered important to the development of the economy. As such, local scholars such as Jomo Kwame Sundaram, Lim Mah Hui and Hua Wu Yin contended that Malaysia would remain an underdeveloped ‘client state’ or ‘neo-colony’. Later, these scholars linked the NEP with the marginalisation of Chinese businesses, and argued that, if the government had fostered the potential of the existing Chinese businesses or co-opted their involvement in helping Malay businesses to thrive, then the country would not have needed to depend on foreign capital to develop the economy.\textsuperscript{17}

Nonetheless, according to Nicholas J. White, post-independence crony capitalism showed that big Chinese businesses helmed by H. S. Lee, T. H. Lim, Lee Hoy Seng and Robert Kuok, for example, were able to secure various business opportunities to the exclusion of British firms.\textsuperscript{18} White further argues that, although British firms were not expropriated during the Tunku’s administration, British firms began to lose influence compared to local entrepreneurs, especially Chinese, who were extremely well connected with the ruling coalition, Alliance (Perikatan). Already in the 1960s, prior to the introduction of the NEP, British rubber businesses were worried that local Chinese speculators could succeed in taking over.\textsuperscript{19}

For instance, Lee Loy Seng, a senator from the Malaysian Chinese Association (MCA) in the 1970s gained control of KL-Kepong, a British firm from 1969 to 1972, held 25 per cent ownership of Highlands & Lowlands, a subsidiary of Barlow Holdings and became the proprietor of one of the largest foreign rubber plantations in Malaysia.\textsuperscript{20} It is therefore clear that, even before the period of the NEP, foreign firms had already been threatened by the existence of the Chinese business-political nexus with the ruling coalition dominated by the United Malays National Organisation (UMNO) representing the Malays and in which the MCA—as the ethnic Chinese component member—was a senior partner. As such, these Chinese business entrepreneurs had already enjoyed a ‘head-start’ in the developing economy over their Malay compatriots.\textsuperscript{21}

Even though existing firms were not affected, the government had begun to restrict the sale of land to British firms. In turn, the strategy of British firms was to become holding companies while relegating operational control to the subsidiaries. In addition, there were efforts to form mergers purportedly to prevent fierce competition and also to pre-empt takeovers by Chinese businesses. For example, Bousted and Barlow formed Boustead Ltd (1960) to manage their import-export business and Bousted Estates Agency Ltd (Barbeal) for rubber plantation activities in 1966.\textsuperscript{22} British firms also began to invest their surplus capital in other sectors which are as, if not more, profitable within and outside Malaysia.
With the announcement of the introduction of the NEP in 1970 and its official launch in 1971 by the Razak administration, foreign businesses, especially those that were British-owned, were further shaken and uncertain as to their future. The objectives of the NEP included reducing foreign-owned equity from approximately 70 per cent to 30 per cent. Alongside the strategy to reduce foreign equity was the intention to boost bumiputera participation in business and commerce through the purchase of shares by local investors and their transfer to entities set up by the Malaysian government on behalf of the Malay community.

When the NEP was being planned and implemented, there was still some confusion among Malaysian administrators as the policy outline lacked specific details. This gave rise to concerns among civil servants in the UK, at the Ministry of Overseas Development, Foreign Commonwealth Office, Board of Trade, Bank of England and also, and not least, at the British High Commission in Kuala Lumpur. From early on, British officers adopted a negative attitude towards the NEP, and they voiced their worries that the policy would lead to undue discrimination against British firms in Malaysia.

In fact, similar sentiments about discrimination against British business interests were already being expressed by the mid-1960s. For example, the Rubber Growers Association (RGA), Malayan Chamber of Mines and the Malaysian Commercial Association expressed concerns on the subject of Malaysianisation in the rubber and tin sectors. While some Malaysian ministers adopted a conciliatory approach and tried to convince British businesses that nationalisation was never the option, there were others who took a more ‘hard-line’ attitude, although this did not reflect the official stance of the Malaysian government. Dato’ Seri Dr Mahathir Mohamad (who was deputy prime minister of Malaysia 1976–81) acknowledged that the actions of these ‘overzealous government officials’ made it difficult for the government to implement the NEP. However, by the mid-1970s, despite the apprehension, RGA (together with its member companies) took steps to reconcile with the NEP objectives. For instance, in 1975, RGA formed a voluntary understanding with Dato’ Musa Hitam (as the minister for the Ministry of Primary Industries) to meet the 30 per cent NEP target by 1990.

In the same year, the Industrial Coordination Act (ICA) was introduced whereby bumiputera equity participation was made legally compulsory. The Bumiputera Participation Division of the Ministry of Trade and Industry was responsible for holding the shares through the ICA with the view of transferring them to individual bumiputeras at the appropriate time. Without a doubt, such legislation raised concerns among foreign investors, no doubt heightened by the tough de-colonisation policies in other recently independent countries such as Myanmar and Sri Lanka. Subsequently, the managements of these foreign companies were faced with challenging decisions about whether to continue investing in Malaysia, and, if so, how to comply with government directives on the process of ‘Malaysianisation’.

Alongside agencies such as the Urban Development Authority (UDA), Malaysian Industrial Development Authority (MIDA) and People’s Trust Council (MARA), Pernas played a significant role. Under its founding president, Tengku Razaleigh Hamzah, sometimes known as ‘Father of the Malaysian Economy’, Pernas laid solid
foundations for the participation of the Malays in equity ownership. Razaleigh was said to be also instrumental in ensuring the passage of the ICA (1975) which helped to win him support from the UMNO grassroots as a Malay nationalist. Subsequently he was appointed minister of finance in which post he served from 1976 to 1984. By this time, Razaleigh had consolidated his links with influential Chinese businessmen who represented the second phase of the politics-business nexus in the country. In many ways the ‘royal’ Tengku Razaleigh was also seen as having some distinct similarities with the Tunku, whose credibility was also tarnished by his so-called ‘pro-Chinese stance’. These tycoons included Khoo Kay Peng of Malaysian United Industries (MUI) and Lee Loy Seng of Kuala Lumpur Kepong Plantations who benefited significantly from their close ties with Razaleigh much to the annoyance of the Malay Chamber of Commerce. Strangely, it was the patronage of Razaleigh in his role as the ‘Father of Bumiputera Economy’ that enabled a clique of Chinese business barons to flourish under (and despite) the NEP.

During the NEP’s early years, Pernas set up eight subsidiaries by 1974 and attempted to forge joint ventures with Japanese, American and European firms, but by the late 1970s its focus had switched to existing foreign share ownership in Malaysia, especially in the commodity sector. In April 1978, the National Equity Company (PNB) and Bumiputera Investment Foundation (YPB) were co-founded. YPB acted as the investment planning unit and decision-maker for PNB, providing interest-free loans to enable PNB to acquire company shares through the mediation of the Ministry of Trade and Industry as well as other public agencies and GLCs. By April 1981, PNB had moved into unit trust investment through its subsidiary, Amanah Saham Nasional Berhad (ASNB). By 1980, PNB, on behalf of bumiputeras, had invested nearly RM2.1 billion in 674 companies representing some 8.2 per cent of company equity ownership, though bumiputera ownership in fact was only 4.2 per cent. The growth of non-Malay ownership, however, doubled in the 1970s to RM10.6 billion and to 40 per cent by the 1980s, largely due to the reduction of foreign-owned equity. By 1978, foreign ownership of the corporate sector had dropped to 46 per cent from 61.7 per cent particularly in the non-renewable natural resource-based industries.

Since the majority of these foreign enterprises were British-owned, these entities became primary targets for Pernas and PNB, particularly those long-established firms that had been operating since colonial times and were involved in tin and plantations. Such an approach was consistent with the desire to de-colonise the Malaysian economy. In addition, there was an added motivation in that these British firms held large land banks in contrast to the small holdings of other European plantation firms. The land banks were emblematic of the colonial legacy and therefore a political affront to the Malaysian government which could no longer be ‘overlooked’. Beyond that, the scale of the land banks represented strategic value vis-à-vis the developmental agenda of the country. Understandably, smaller firms such as UP did not escape the ‘radar of the nationalists’. Indeed, from the perspective of the nationalist, size of the plantations did not really matter; what mattered most was ownership and the economic benefits to the country (see Table 1).
With the appointment of Mahathir as prime minister in July 1981, when the implementation of the NEP was already in its second decade, the taking over of British firms reached its climax, especially in the plantations sector. It was at this time that relations between the governments of Malaysia and Britain had also entered a new phase marked by intense challenges. Unlike his predecessors, Mahathir had never studied in Britain, and, curiously, hailed from a professional background which was not considered normative for politicians. Instead of studying law, he graduated as a physician. Mahathir also did not belong to the aristocracy nor was he a pure-blooded Malay and his somewhat abrasive style was considered arrogant and condescending by government members of the former colonial ruling power. Indeed, Mahathir reportedly once told a British diplomat: ‘We owe you nothing. You came here for your own reasons and left when it suited you.’ Mahathir’s anti-British sentiment could be traced back as early as the British proposal to establish the Malayan Union in 1946.

‘Mahathir’s sustained vendetta’ against the United Kingdom and his refusal to be seen as ‘dancing attendance upon the Queen’ affected relations with other white Commonwealth countries, particularly Australia. He refused to attend the Commonwealth Heads of Government Meeting (CHOGM) in Australia a few weeks after stepping into office although the meeting presented a venue for Malaysia to raise her dissatisfaction with UK’s policy toward Commonwealth students which led to the termination of subsidised fees for 16,000 Malaysian students. Thus, Mahathir’s personal attitude towards the British—whom he blamed for a lingering colonial mentality—was to be characteristically manifested in the implementation of the NEP by the 1980s. The process of economic de-colonialisation *vis-à-vis* the British was still an unfinished business under Mahathir’s early premiership. As a passionate nationalist, he was impatient at the outcome of the pace of the NEP and, hence, the 7 September 1981 Guthrie ‘dawn raid’ (see below in the ‘All Change’ section) must be seen in that light.

By October of 1981, Mahathir had launched the ‘Buy British Last’ campaign to encourage Malaysians to buy more local products. It became compulsory for all procurement of British goods and services for use by the federal government to be approved by the Prime Minister’s Department. The British government estimated that contracts worth 40 million pounds sterling intended for British companies were vetoed by Mahathir. Dunlop, for example, eventually decided in 1982 to sell its subsidiary, Dunlop Malaysia Industries, to local interests after the Malaysian government contract to supply lorry tyres was awarded to its US competitor, Goodyear.

<table>
<thead>
<tr>
<th>British</th>
<th>European</th>
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<tbody>
<tr>
<td>Guthrie Corporation Ltd</td>
<td>120,000 hectares</td>
</tr>
<tr>
<td>Harrisons &amp; Crosfield</td>
<td>85,000 hectares</td>
</tr>
<tr>
<td>Sime Darby Bhd.</td>
<td>77,000 hectares</td>
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</tbody>
</table>

Concerned at the potential of missing out on future contracts worth 1.25 billion pounds sterling in Malaysia’s rapidly developing economy, the Thatcher government sent its foreign secretary, Lord Carrington, in February 1982 to initiate discussions with Mahathir. Interestingly, Mahathir announced his Look East Policy to encourage emulation of the Japanese and, to some extent at least, South Korean models of industrialisation in Malaysia, which was officially launched on 8 February 1982, the same day Lord Carrington was scheduled to meet Mahathir. This move further sidelined British investment in the country. At the meeting, Mahathir told Lord Carrington ‘that much of the country’s economic problems today were a legacy of the British colonial rule’. He said that if the British could not help solve Malaysia’s problems, the least they could do was to ‘show understanding and sympathy for its efforts to build a united nation through NEP’. Prior to Carrington’s visit, John Smith, the secretary of state for trade during the Callaghan labour government, along with a select group of British businessmen, had met with key Malaysian ministers, including Prime Minister Hussein Onn, in 1979 to rebuild both political and economic ties between the two countries.

Britain took various steps to try to mend relations with Malaysia, including assisting Malaysian students to study in Britain, approving more landing rights for Malaysian Airlines and ensuring that Malaysian officials visiting Britain were accorded the highest honour. In reality, the direct intervention of the Malaysian government in the economy soon became less frequent with the fall of the world commodity prices in the 1980s, but by that time many of the British firms were already under the control of Malaysian public agencies.

**All Change: British Businesses React to the New Challenges**

The Malaysian government, backed by policy legitimacy and institutional apparatus, directly intervened to ensure compliance by the British companies with the Malaysianisation process, which was considered a logical development of the de-colonisation period. Subsequently, most of the British firms affected were bound to the same outcome—short, middle or long term—namely, surrender of ultimate control. In other words, that British ownership eventually departed from the Malaysian scene was the common factor or norm.

However, there were differing or divergent responses by the British companies, which were shaped and determined by the various measures undertaken by the Malaysian government to wrest control. Thus, how British ownership departed from Malaysia was determined by firm-specific influences such as ownership, size, growth and diversification strategies, including state regulatory mechanisms. The Malaysian government used various mechanisms to intervene: first, by forming joint ventures or partnerships, as seen in the formation of the Malaysian Mining Corporation Bhd (MMC); second, through long and protracted negotiations, as in the case of Sime Darby; third, by hostile takeovers such as the ‘dawn raid’ at the London Stock Exchange in relation to Guthrie in September 1981; and, fourth, by a long-drawn-
out and eventually voluntary divestment, as seen in the case of Harrisons & Crosfield in 1989 (see Table 2 below). 49

In the tin sector, Pernas, for example, used its subsidiary Pernas Securities Sdn Bhd to form New Trade Winds for the purpose of taking over London Tin Corporation, a large mining conglomerate. This takeover was arranged on the advice of the investment bank, N. M. Rothschild and Sons Ltd. 50 After the takeover, New Trade Winds changed its name to Malaysian Mining Corporation Bhd (MMC) and formed a global alliance with Charter Consolidated Ltd, an Anglo-American group engaged in funding mining investment and holding important mining interests in Malaysia and South Africa. 51 In 1981, PNB owned 71.35 per cent of MMC’s interests from Trade Winds and, because PNB also owned 34.9 per cent of Malayan Tin Dredging, it merged the two companies on 10 October 1981, subsequently owning 56.15 per cent of MMC. This merger, in effect, made MMC the world’s largest mining company, with a net annual contribution of 22 per cent of the Malaysian tin output. Malaysia’s lion’s share of the world tin supply amounting to 40 per cent aroused swirling allegations of a possible tin cartel in the making, dubbed as ‘TINPEC’. Fears were heightened when Maminco, a private marketing firm, was set in 1981 to handle the distribution system directly, in effect skirting the London Metals Exchange. 52 In contrast to the British firm, London Tin Corporation, Pacific Tin (formerly Yukon Gold Company), the sole US tin firm in Malaysia, cooperated with the new government policies and formed a joint venture through the Selangor State Economic Development Corporation (SEDC) with Kumpulan Perangsang Selangor Berhad (KPS), a GLC owned by the state of Selangor. This led to the formation of Perangsang Pasifik (Malaysia) Sdn Bhd, which had formerly been a fully owned subsidiary of Pacific Tin in 1979—Timah Pasifik (Malaysia) Sdn Bhd. 53

Following the successful acquisition of London Tin Corporation and the control over the tin industry, plans were afoot on takeovers of large British plantations. The first target was Sime Darby, a British plantations firm formed in 1910 by William Middleton Sime and Henry Darby.

The Pernas stake in Sime Darby propelled bumiputera equity share from 5.6 per cent in 1975 to 19 per cent by 1977. Tan Siew Sin, a former minister of finance and son of Tan Cheng Lock who was a close associate of the two founders of Sime Darby, was appointed as the first Malaysian executive chairman. 54 His appointment was largely due to Tan Siew Sin’s family’s established interests in the British-Malaysian company. At the same time, shareholders in Asia also appointed three new directors to join the new board in an attempt to place Sime Darby under direct control of Kuala Lumpur. The internal struggle in the appointment of a new board for Sime Darby received wide coverage in foreign papers and magazines and was closely followed by foreign investors in Malaysia. 55 It was widely depicted as an attempt by the Malaysian finance minister, Tengku Razaleigh, with the assistance of Rothschild’s London merchant bank, to introduce ‘backdoor nationalization’ and supporting Malay economic nationalism. 56 It was, however, an isolated case and did not constitute a change of policy by the Malaysian government towards foreign investment. Indeed, Sime Darby must bear at least some of the blame for the internal board struggle due to
<table>
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<th>Foreign Firms</th>
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<th>Strategies</th>
<th>Outcome</th>
<th>Year divested</th>
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<tbody>
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<td><strong>Rubber</strong></td>
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<td>Sime Darby</td>
<td>British</td>
<td>1910 (Melaka); rubber</td>
<td>Business as usual</td>
<td>Acquisition (board struggle)</td>
<td>1976</td>
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<td>Guthrie</td>
<td>British</td>
<td>1821 (Singapore); trading</td>
<td>Adapt and accommodate: Guthrie Ropel Bhd (incorporated 21 June 1966)</td>
<td>Acquisition (dawn raid)</td>
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<tr>
<td>Harrisons &amp; Crosfield</td>
<td>British</td>
<td>1844 (Liverpool); 1907 (Kuala Lumpur office); rubber</td>
<td>Adapt and accommodate: Harrisons Malaysian Plantations</td>
<td>Acquisition; divest; new sectors and in developed economies; 1998 name changed to Elementis plc</td>
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<td>United States Rubber Company</td>
<td>American</td>
<td>1892 (Connecticut); 1920 (Malaysian American Plantation)</td>
<td>Uniroyal Plantations Malaysian Ltd (1968)</td>
<td>Divest; (plantations acquired by the Guthrie Group); focused on manufacturing</td>
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<td>United Plantations</td>
<td>Danish (family firm)</td>
<td>1906; Jenderata Rubber Company (Perak); 1966 United Plantations Bhd.</td>
<td>Sold controlling interests to Kumpulan Fima in 1982; bought back controlling share in 1991</td>
<td>Still in operation</td>
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<td>Socfin</td>
<td>Belgian (family firm)</td>
<td>1880s; Socfin Plantations Sdn. Bhd.</td>
<td>Business as usual</td>
<td>Divest; focus on plantations in Indonesia and Africa</td>
<td>2004</td>
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<td>Yukon Gold Company</td>
<td>American (family firm)</td>
<td>1920; Pacific Tin Consolidated Corporation (1937)</td>
<td>Joint venture; with Kumpulan Perang Sang Selangor; Perang Sang Pasifik (Malaysia) Sdn Bhd</td>
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<td>1993</td>
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<td><strong>Trading</strong></td>
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<td>Behn Meyer</td>
<td>German (family firm)</td>
<td>1840 (Singapore)</td>
<td>Joint venture; Felda (FPM Sdn Bhd.) in 1980</td>
<td>Still in operation</td>
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<td><strong>Automobile</strong></td>
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<td>Ford Malaya</td>
<td>American (family firm)</td>
<td>1926 (Singapore); Ford Motor Company of Malaysia (1972)</td>
<td>Joint venture; with Pernas Sime Darby 1981; controlling interests in 2000.</td>
<td>Still in operation</td>
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Sources: Yacob, 'Model of Welfare Capitalism?'; annual reports and bulletins of various companies.
the less than perfect reputation and confrontational personality of the main players, as well as the firm’s reluctance to fulfil the requirements of the NEP. In 1979, Pernas gained control of the company and formed Sime Darby Bhd, moving the headquarters from Britain to Malaysia. The following year the company was listed on the Kuala Lumpur Stock Exchange.

The transparent taking over of Sime Darby by Pernas contrasted with the tactics employed by PNB to take over Guthrie, one of the largest British plantations. This British firm was only forced out in a ‘dawn raid’ whereby PNB made a surprise tactical assault by way of acquiring additional shares without the prior knowledge of the controlling shareholders in the UK. On 7 September 1981, PNB succeeded in buying up 8 million shares, or 50.41 per cent of the total, in less than four hours on the London bourse without the prior knowledge or consent of the Guthrie management. Hence, this action was an indirect intervention by the Malaysian government through a parastatal company.

PNB’s success in ‘bringing back’ Guthrie was linked to the role played by its chairman and ex-governor of Bank Negara, Ismail Ali (Mahathir’s brother in-law), who had also actually been considered as the prime mover behind Sime Darby’s acquisition rather than Tengku Razaleigh. The event came after protracted negotiations and the failure of Guthrie Ropel Sdn Bhd which was set up as a subsidiary by Guthrie Corporation Ltd (a merger of Guthrie Estates Agency Ltd group of plantation firms in 1965) to conform to the Malaysianisation requirements. In 1984, the Guthrie Group went on to gain ownership of the entire assets of Uniroyal Malaysian Plantations (formerly United States Rubber Company), signalling the end of American rubber interests in Malaysia. The United States Rubber Company (USRC), a rubber producer in the US which invested in rubber plantations, faced similar challenges from the policies of the post-independent government in Malaysia. However, although policies such as the requirement for localisation had seemed insurmountable for many British concerns, USRC was not unduly affected since its involvement in the plantations was not as extensive as, for example, that of many British firms. Since the 1920s, the core focus of USRC was actually in manufacturing activities rather than plantations or rubber production.

Following the surprise takeover of Guthrie, other British firms bowed to the pressure of Malaysianisation and entered into negotiations. Highlands & Lowlands, Barlows and Harrisons & Crosfield sold their respective controlling stakes and eventually divested their Malaysian operations by 1976, 1983 and 1990 respectively. Perhaps they had seen the writing on the wall and knew it was only a matter time until inevitably the remaining British interests in the commodities sector, which had so well provided for colonial Britain with natural resources, would be taken under full control of the former colony. The two patriarchs of Barlows, John and Thomas, were already in their twilight years and this may have influenced their decision, but, after clinging on as minority shareholders unable any longer to influence the company’s decisions, they finally succumbed completely to Malaysianisation and sold their remaining stake in 1983.
The last British company to become Malaysianised, ‘the biggest fish of all’, was Harrisons Malaysian Plantations Bhd (HMPB). The latter was formerly known as Harrisons Malaysian Estates Plc (HME) and comprised three rubber plantations dubbed the three sisters: Golden Hope, Petaling and London Asiatic. Harrisons & Crosfield (H&C) were first movers in the investment for rubber estates in Malaya (1903), and by 1914 had come to acquire the largest rubber plantations in aggregate or total, including in the Dutch East Indies. In a strategic move to cushion the impact of unstable world rubber prices and reduce the risk of over-reliance on a single commodity, H&C diversified into palm oil and consequently contributed to the introduction of the industry to Malaysia.

The localisation effort of the third largest plantation company in Malaysia was a drawn-out process, however. There were ongoing negotiations with Malaysia’s Foreign Investment Committee (FIC), Prime Minister’s Department, Ministry of Finance, Bank Negara and the Ministry of Trade and Industry for six years from 1976 but these failed to reach a resolution. Harrisons & Crosfield had voluntarily devised two schemes to allow for 10 per cent bumiputera participation to ‘show their commitment to the spirit of NEP’ and ‘responsibilities to their shareholders’. The first scheme was however defeated in the face of a takeover bid for Golden Hope by Genting Highlands and associates (a minority shareholder) in February 1977. The company’s fear of this bid was revealed in a poem on Golden Hope.

Amidst the Genting Highlands
Small men with eyes that slope
Conceived a stealthy war-plan
To snare our Golden Hope

With ringgits from casinos
And dollar premium
The stolid British planter
They schemed to overcome.

This led H&C to form HME and eventually HMPB; the second scheme which eventually failed due to the fallout between the FIC and HME. The FIC insisted that majority of the directors of HPB should be non-executive while H&C asserted that the composition of the board ‘must be a matter for the company’, although HME had earlier agreed that the board of HPB should have a ‘Malaysian flavour’, and the appointment of a Malaysian chairman. In addition, the FIC insisted that the ‘inert shareholders’ (mainly in the UK) be issued with HPB shares. H&C, on the other hand, maintained that ‘they should continue to hold shares in a UK company and thus be given shares in HME’. Last but not least the two parties could not agree on the price of the new issue of shares in HPB.

Finally, the company ‘capitulated’ to Malaysianisation pressures and approached PNB in early 1982 to discuss the possibility of a takeover of majority stake. H&C, which previously had owned 80 per cent of the company’s equity, retained only 30.3
per cent in the new company and by 1990 had released all interests to PNB (see Table 2). The company then became known as Golden Hope Plantations Bhd. Subsequently, PNB became the largest plantations owner in the world with 200,000 hectares both in Malaysia and in other countries. Following its strategies of diversification into new sectors, H&C proceeded to sell its stake in the Malayalam Plantations (India) and disposed its trading businesses in Malaysia, Singapore, Hong Kong, Taiwan, New Zealand and the USA.

Thus, it is important to note that both Guthrie and Harrisons & Crosfield took steps to adapt to the NEP requirements. As mentioned earlier, in view of the domestic rivalry from Chinese businesses and the lack of clarity and assurance from the government over the NEP, British firms set up holding companies to safeguard their interests. However, subsidiaries were set up to meet the NEP objectives, as seen in the case of Guthrie and Harrisons & Crosfield. The latter set up Guthrie Ropel Sdn. Bhd., while the former established Harrisons Malaysian Estates (see Table 2). While the British firms viewed these subsidiaries as ‘small’ steps taken to accommodate the NEP, the Malaysian government perceived these actions as ‘half-hearted’ attempts at ‘Malaysianisation’ and perhaps as a type of delaying tactic. On the other hand, it could be contended that the British firms had no intention of permanently obstructing the implementation of the NEP. Rather it was this paternalistic attitude or strong sense of colonial mission that sought to cushion or mitigate the ‘Malaysianisation’ impact of the NEP on the ground or assumption that Malaysia still needed dominant British participation in the economy. Indeed, the HC chairman, T. J. Prentice, ‘frankly confesses that the group may have been too introvert in its attitude toward outsiders.’ And thus the strategic direction of the newly restructured firms remained in the hands of the British and not the Malaysian parastatals.

In addition, the failure by British firms to re-invest their profits in Malaysia in favour of investment in overseas ventures, and refusal to embrace the NEP, caused grave concern in the Malaysian government. H&C, for example, diversified into food production and industrial chemicals in Europe (including Britain), Australia and the US. Similarly, Sime Darby decided to invest further overseas in 1974, acquiring a lift-manufacturing company in Britain and securing an interest in the manufacturing of garbage collection trucks in Belgium on the basis that it needed to forge a foundation in western technology.

It was certainly a factor in the motivation for the takeover of British firms by the public agencies. Somewhat paradoxically, those British firms that chose to divest from Malaysia in preference for investment in other overseas ventures, often found it impossible to vie for a viable market share in what were highly competitive environments. Hence, unable to fulfil the demands of shareholders for quick returns or adapt to the challenges in new fields of investment, by the 1990s many of these firms had not experienced the success they had hoped for.

British firms which refused to participate in the post-colonial economic development of the country exposed a weakness in their management. It is without question that there existed a kind of colonial cultural hangover which led individuals in these
firms to refuse to contemplate partnerships with the Malaysian government agencies.\textsuperscript{78}

One of the earliest British trading firms to let go of their stake as a result of their refusal to share ownership with local companies was Boustead Ltd when they released all their holdings in 1976 to an Asian bank. Other company directors of British concerns refused to relinquish control, but rather attempted to slow down the process of selling the shares, until finally being forced to participate by the late 1970s. Required as a pre-condition of ‘Malaysianisation’ to appoint Malaysian directors to their companies, some British concerns attempted to appoint high-ranking government officials whom they regarded as being pro-British and therefore sympathetic to their cause.\textsuperscript{79}

Still, it should be noted that a number of British companies did attempt to embrace ‘Malay(a)sianisation’ by appointing Malays at the managerial level,\textsuperscript{80} although for many these attempts were half-hearted and slow, and eventually led to the decision to divest from Malaysia.\textsuperscript{81}

However, some large British multinationals, such as Levers, Malaysian Tobacco and the Anglo-Dutch firms, Shell\textsuperscript{82} and Unilever, generally supported the NEP agenda and criticised the obstinacy of the ’old’ British firms.\textsuperscript{83} Like this new British FDI, a number of firms from Japan, Singapore, Hong Kong, Taiwan and the US came to invest in Malaysia in the 1970s and 1980s. They were attracted to various tax exemptions, privileges and even some generous packages in terms of equity offered by the Malaysian government as part of wide-ranging incentives to attract foreign direct investment (FDI) to Malaysia.

**Choosing to Stay: Foreign Businesses Adapt**

A number of foreign firms continued to maintain their presence in Malaysia with business links based on trust, friendship and common interests. These firms contributed to the economic development of the country, both in the pre- and post-colonial period in terms of capital formation, technology transfer, managerial capacity, welfare of workers, marketing strategies and research and development (R&D). The pressure to comply with the process of localisation did not necessarily mean the inevitable migration of foreign investment. Among the foreign firms that were capable of building up a strong alliance were Unilever (Anglo-Dutch), Behn-Meyer (German), United Plantations (Scandinavian) and Ford (American).

In the early 1970s, Unilever looked upon Malaysia as an attractive FDI destination compared to most other countries in Asia, as well as other developing economies in Africa and Latin America. Malaysia was ranked highly due to zero government intervention in the form of price control, import control, production control, dividend limitation, borrowing limitation, easy transferability (remittances) and salary control (except only for expatriate employment).\textsuperscript{84} Unilever was quick to understand the business-state dynamics in Malaysia. By setting up a joint venture between its subsidiary Pamol Plantations Sdn. Bhd. and Sabah Land Development Authority, Unilever managed to expand its estate holdings to 14,000 hectares in Sabah. In addition, Unilever investments in ice-cream factories and product innovation such as non-refrigerated margarine successfully captured the attention of Malaysian consumers in the 1980s.\textsuperscript{85}
Cooperation between United Plantations (UP) and Food Industries of Malaysia Bhd (FIMA) was the focus of Susan Martin's study, *The UP Saga*. The taking over of UP by the FIMA Group in 1982 through cordial negotiations, despite their being ongoing for nine months, was in stark contrast to the previous hostile takeovers of British firms. After the takeover the subsequent joint venture between UP and the FIMA Group was extremely successful in the field of plantations and production of palm oil. This could be attributed in large measure to the stature of FIMA chairman, the late Tan Sri Haji Basir bin Ismail, and Borge Bek-Nielsen who had served with the company for 32 years. It was a smart move by Basir Ismail to retain Bek-Nielsen as the senior executive director of the company and crucial to the continuing success of the company, including being able to obtain 30,000 acres of additional land bank for plantation. The two pivotal figures maintained a close relationship and boosted the company’s performance. In 1990, FIMA was privatised and in 1991 the Malaysian government allowed the original shareholders together with their new business associates, Aarhus Oliefabrik, to buy back their majority stake in UP. It is clearly exemplified in the case of UP that the need for partnership and common consent in a developing country, such as Malaysia, is vital for the continuing growth of a foreign company. According to Bek-Nielsen, ‘No other nation has treated foreign interests better.’ He stressed, ‘The Malaysians have paid well and given fair treatment.’

Behn Meyer was established in Singapore in 1840, and opened a branch in Penang in 1891. The German parent company, Arnold Otto Meyer, was established only in 1857. With the adoption of the Alien Enemies Act 1914 by the British colonial government in Malaya during the First World War, Behn Meyer had all its properties, including plantations and valuable real estate, confiscated and lost its strong position in the shipping business. The company’s many properties were again confiscated during the Second World War and these property losses were considered the ‘biggest hurt’ to the company. The British government blocked German FDI into Malaya for ten years post Second World War (1945–55). Thus, Behn-Meyer & Co (M) Sdn Bhd was established in December 1959. In line with the Malaysian government requirements, in particular the NEP, Behn Meyer, though this was ‘not voluntary’, accommodated the NEP targets. In 1972, a joint venture, BM Engineering Sdn Berhad, was formed between Arnold Otto Meyer in Hamburg, Pernas Engineering and Munck of Norway. In the next four years, the Behn Meyer Group ventured into agricultural sector and formed Pertanian Meyer Majubumi Sdn Bhd. A joint venture was also forged between Behn Meyer Group and KPM Niaga, a trading subsidiary of Bank Pertanian. In 1980, Behn Meyer formed a joint venture with the Federal Land Development Authority of Malaysia (FELDA) to form FPM Sdn Bhd with a factory based in Pasir Gudang to produce fertiliser.

This was rather different from the monopolistic approach undertaken by the British chemical giant, ICI, which formed a fertiliser plant and became a pioneer in the industry in the early 1960s. By 1993, Behn-Meyer had restructured its business to diversify into a myriad of manufacturing activities such as dyestuffs, chemicals, fertilisers, photographic and office equipment. Unlike some British firms which did not leverage on their first-mover advantage in Malaya, Behn Meyer had succeeded in building up a
strong network of businesses in the region based on the commercial platform carefully forged and fostered in Singapore since 1840. In June 2000, a change of corporate name from Arnold Otto Meyer to Behn Meyer Holding Ag & Co. KG. took place to ensure that the company was known by a uniform name worldwide.

In the automotive sector, Ford Malaysia (originally Ford Malaya when it first started out in Singapore in 1926) also continued to operate its assembly lines in Malaysia and the region. Until 1965, the Ford factory in Singapore supplied cars to Malaysia. Two years after the separation of Singapore in 1965, Ford, Chrysler and British Leyland entered the automotive market in Malaysia through a partnership with the Singapore-registered Wearne Brothers, an Australian trading firm which had long been involved in the assembling of cars in Malaysia through its subsidiary, Associated Motor Industries of Malaysia (AMIM). The British Motor Corporation had since 1959 (prior to its merger with British Leyland in 1968) expressed its lack of interest in setting up a local assembly in Malaysia.

In 1972, Ford Motor Company Sdn Bhd (Ford Malaysia), a subsidiary of Ford US, was established with a paid-up capital of RM23 million. In 1981, consistent with the demands for localisation, a joint venture between Ford US and Pernas Sime Darby was forged. Pernas Sime Darby (PSD) Holdings succeeded in buying the Wearne Brothers Group in 1981. The acquisition of Wearne Brothers and its assembly plant, AMIM, was also a source for national pride. Pernas Sime Darby owned 49 per cent of the equity in Ford Malaysia. In 1984, once again in line with the objectives of the NEP, Ford reduced its share to 30 per cent and the following year, a new name, AMIM Holdings Sdn (Pte) Bhd (Ltd), was used. By 2000, Ford US came in to rescue AMIM Holdings from the impact of the Asian financial crisis in 1997. With this, the share of Ford US rose to 49 per cent and AMIM became known as Ford Malaysia Sdn (Pte) Bhd (Ltd).

These case studies clearly demonstrate the different strategies adopted by other foreign firms in response to the NEP. These companies took on a new strategic role as ‘synergists’ or business partners. They were able, as Martin notes, ‘to negotiate agreements for shared Asian-European ownership and control’ in contrast to the ‘typical agency-house strategy of reluctant compliance with nationalist regulations’. As such, this type of company was able to survive the challenges of the two world wars, the Emergency, the ‘throes’ of de-colonialisation and post-Independence administrative and policy changes.

Conclusion

The response of foreign businesses to the NEP varied, not only from one firm to another (including structure and size), but also in the context of the industry they were involved in. Government policies may either stifle or promote foreign businesses. This study, however, demonstrates that there were no consistent or uniform responses by these business concerns when faced with new challenges during the period of state-led growth.

The divestment and departure of targeted British firms that eventually ‘succumbed to the pressures’ of the NEP were complex and not due to any singular cause. The NEP was one of the myriad of factors rather than the ultimate root explanation of why the British firms concerned left Malaysia. In addition to the NEP, there were external determinants
that prompted and encouraged British firms to reconsider their established position in the country. The diversification of portfolios has been deemed necessary by the firms to hedge against growing political risks in the region and slump in commodity prices made all the more precarious and volatile by a spike in global oil prices (which impacted on the supply chain). It is precisely due to this adverse external environment, combined with the NEP considered as representing the internal environment, that the British firms were, intriguingly, caught between ‘a rock and a hard place’—a dilemma that finally ‘broke the camel’s back’ for many (though not all) of the targeted firms.

These British firms were under more pressure to ‘Malaysianise’ than their other European or American counterparts. This is not surprising given that the ‘Big Three’ (Sime Darby, Guthrie and H&C), for example, comprised the majority of plantation firms. These large-scale firms dominated and in effect controlled the commodities industry which was the mainstay of the Malaysian economy then.

Some of these firms, however, did not immediately withdraw in response to the pro-\textit{mulgation of the NEP, but considered bargaining with the Malaysian government to mitigate rigid terms and conditions. Nonetheless, the negotiations were protracted and any compromise was deemed implausible (by both parties). Thus, the next step was for the firms such as H&C to divest and leave the country. Guthrie was subjected to a ‘dawn raid’ that finally displaced a majority equity from the British and simultaneously effecting a reversal of ownership to Malaysian control.

These ‘old’ British firms with large institutional UK shareholdings had an obligation to their shareholders. Thus their situation was quite different from that of family-owned or single ownership businesses, as seen in the case of the Danish United Plantations, German firm Behn Meyer or even the American Ford. These firms maintained their presence and chose to operate within the new restrictions rather than obstruct the Malaysianisation agenda.

Furthermore, the British firms were inevitably associated with British colonialism—the stark reminder, emotional or visceral, could hardly be ignored or overlooked. Indeed, the colonial mentality persisted post-Merdeka (the period in the aftermath of independence in 1957)—thus influencing the decision to eventually adopt a ‘strategic withdrawal.’ This is unlike the newer British firms which have a different outlook and are unencumbered by colonial baggage. These firms such as Unilever could well be categorised as ‘economic cosmopolitans’ where the lines between national affiliation and investment were distinct rather than blurred. They are not nostalgic about the colonial past. There were other long-established European and American firms which continued to operate in Malaysia. This implied that the terms and conditions of the NEP allowed for existing foreign firms to expand their businesses, including establishing joint ventures with local partners. Such ‘space’ is due largely to the NEP’s goal of gaining ownership of the economic resources.

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Notes


[2] Low Kam Yoke in her thesis differentiated between the two stages of acquisitions: the Malaysianisation stage involving the transfer of control and the relocation of headquarters from London to Kuala Lumpur of target companies and the bumitisation stage which necessitated conforming to the requirement of equity ownership and corporate control as outlined by the NEP. Low Kam Yoke, 'Political Economy', 94–95. ‘Bumitisation’ refers to the process whereby bumiputeras (sons of the soil) are given preference in the control and participation of the Malaysian economy. This may take the form of equity ownership or employment opportunities at the managerial level.

[3] Malaysianisation involved and entailed two vital aspects: first, the accumulation of capital on behalf of bumiputeras; second, the appointment of bumiputeras at the decision-making and managerial levels.


[7] The ‘old’ firms refer to foreign businesses which had been established in the Malay Peninsula (many of them headquartered in Singapore) since the nineteenth century.


[10] The Malaysian government began to shift public accounts into local banks in the 1960s when previously it had been the monopoly of British banks. In addition, from 1965 foreign banks were restricted from setting up further branches in Malaysia. Jones, *British Multinational Banking*, 294–95. Another work on the banking sector in Malay(a)isia that goes beyond the colonial period but focuses mainly on the Hong Kong and Shanghai Banking Corporation is King, ed., *Eastern Banking*. See in particular, Chee Peng Lim *et al.*, 'History and Development'. These works, in need of updating, do not provide a detailed study on the Malaysian banking sector and touch only very briefly on the competition between domestic and foreign banks and challenges faced by British banks in Malaysia, but nonetheless could provide the basis for further discussion and evaluation of the impact on NEP in the Malaysian banking sector.


The current publication on decolonisation in Indonesia is Lindblad, *Bridges to New Business*, which contains extensive analysis of Indonesia’s economic metamorphosis up to the height of its indigenisation programme.


The convening of the First and subsequently Second Bumiputera Economic Congress, in 1965 and 1968 respectively, enabled the nationalists to draw upon and demonstrate political support from the Malay business community itself for urgent government action. Many of the policies of the NEP, a pivotal epoch in Malaysian economic history and marking a drastic shift in direction towards state-sponsored capitalism, were actually inspired by and derived from the proposals and resolutions of the Bumiputera Economic Congresses. Baharuddin, *From British to Bumiputera Rule*, 190.

See Puthucheary, *Ownership and Control*; Drabble, *An Economic History of Malaysia*.

Jomo, *A Question of Class* and *Growth and Structural Change*; Lim Mah Hui, *Ownership and Control*; Hua Wu Yin, ‘Class and Communality in Malaysia’.


In fact, after the Second World War, UMNO grassroots members had voiced their concerns about the influx of Chinese capital amounting to USD50 million from mainland China to the Malayan Peninsula, which gave a comparative edge to local Chinese businesses to enhance their economic dominance. ‘Submission by Abdul Majid Haji Mohamed in O/C Economic Affairs, Penang UMNO to Tuan Haji Abdul Wahab, Dato Panglima Bukit Gantang, Ipoh, 19 September 1946’. UMNO Papers, UMNO/SK, 82/1946, Arkib Negara Malaysia (hereafter ANM).

White, introductory chapter in *British Business*.

Abdul Razak became Malaysia’s second prime minister after parliamentary democracy was restored to the country in 1970. From 1969 to 1970, due to the 13 May communal clashes in Kuala Lumpur, Malaysia came under a state of ‘Emergency’ under Razak in his capacity as the chairman of the National Operations Council (NOC)—the *de facto* government of the day. Reid, ‘Kuala Lumpur Riots’, 258–78.

The National Archives, London (hereafter TNA) DO 189/588, File No. AED 110/30/1, Malayanisation (including employment of expatriates in businesses), 1964–66.

Ibid.


LMA, CLC/B/112/MS37394/003, papers collected in 1989 by Guy Nickalls for *Great Enterprise: A History of Harrisons and Crosfield Ltd*, including some original documents, c. 1948–80, copies of press cuttings and notes from company employees.

TNA, FCO 15/2075, note prepared by Henry Barlow and given to Mr Squire in a meeting on 2 June 1975.


The objectives of Pernas were to invest in sectors which were capable of generating lucrative returns, to participate in joint collaboration or joint ventures in which it is the main
shareholder, to control operations and to ensure that bumiputeras are appointed in all levels of managerial positions.

[32] Ibid., 130.
[35] TNA, FCO 15/2506, 'Malaysia's NEP', report by the Sir Donald Hawley, the British High Commissioner at Kuala Lumpur, 3 Aug. 1979.
[36] Martin, 'Globalization'.
[39] ‘The British came back but not as the Malays had cast them. They came back not as protectors of the Malaysia they used to be, but showed instead every intention to wrest everything away from the Malays.’ Mohamad, The Malay Dilemma, 30.
[44] For a detailed explanation of the issues involved in the tense relations between Malaysia and Britain, see Yacob and White, ‘Unfinished Business’, 17–22.
[50] This company was then appointed to be adviser to PNB and became involved in the takeover offer to British companies by public agencies.
[52] 'Malaysia Tilting at Foreign Economic Interests', 3 Jan. 1982, 6. CIA, Washington, DC.


Mahathir also mentioned that Ismail Ali was the main player in securing the takeover of Guthrie. Interview with Mahathir, 27 July 2007. See also Yacob and White, “‘Unfinished Business’”.

The major asset of Uniroyal (Kumpulan Jerai) comprised five rubber estates owned since the 1920s. For the history of company investments in the Southeast Asian region, including Malaysia, see Yacob, ‘Model of Welfare Capitalism?’.


This firm then invested in the logging or timber sector and, in 1920, a joint venture was formed with the British North Borneo Company in Sabah. This firm was also one of the British companies to be involved in manufacturing related to rubber investment in the production of latex. Subsequently, Linatex, the latex product, was introduced by the firm. See Jones and Wale, ‘Merchants as Business Groups’, 375.


LMA, CLC/B/112/MS37394/003.

Ibid.


Jesudason, Ethnicity and the Economy, Chapter 4; Jones, Merchants to Multinationals, 346–47.


Tunku Aziz was among the first Malays to be appointed as trainee executive with Guthrie. Tunku Aziz, of the Kedah royalty, was considered as ‘one of them’ and always received the best of treatment from Guthrie’s management. Due to his upper-class upbringing and his British education as well as his acceptance of British culture, he was looked upon as somewhat of an Anglophile. Interview with Tunku Abdul Aziz Ibrahim, 16 Aug. 2008.


Shell demonstrated remarkable flexibility in their strategic directions when faced with ultranationalistic policies in the Middle East and the Venezuelan oil sector. See, Slayterman, Keeping Competitive in Turbulent Markets.


Jones, Renewing Unilever, 155.

Ibid., 167–69.


[91] For a comprehensive reading of the formation and development of this company, see the two volumes by Helfferich, Behn, Meyer & Co., Founded in Singapore. To follow the developments of the German firm in Penang, see, Nasution, More than Merchants.


[93] Ibid.


[96] The support of the Tunku for the multinationals indirectly led to the downfall of the minister for agriculture and cooperatives, Abdul Aziz Ishak, who wanted small cooperatives to manage the urea fertiliser project. Had this project been given the approval of the Cabinet and financially backed by the government, it would have been inimical to the interests of ICI. See White, British Business, Chapter 2.

[97] To learn more about the strategies of this German family firm in Malaysia, see, Yacob, ‘Trans-Generational Renewal’.


[100] For the history of Wearne Brothers, see Fyfe, Wheels in Malaya; for the cooperation between Wearne and Ford Malaya, see Yacob, ‘Keeping the Wheels Moving’.


References


