**FOREIGN INVESTMENT IN SOUTHEAST ASIA
IN THE TWENTIETH CENTURY**

A MODERN ECONOMIC HISTORY OF SOUTHEAST ASIA

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Foreign Investment in Southeast Asia in the Twentieth Century

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Preface

It is singularly rewarding to write about a topic in economic history that is of immediate relevance to the economic situation and development today. This is certainly the case with a topic such as foreign investment in Southeast Asia during the twentieth century. The other side of the coin is that the literature about such a topic is likely to increase almost exponentially. To his dismay the researcher soon discovers that a slowdown in the writing means so much has appeared in the meantime that substantial parts of what was already on paper will have to be revised. This overabundance of information, together with the wide geographical area and long time period covered, forms the major constraint to what a study such as this can hope to achieve. This monograph derives its ambition from the relatively uncommon combination of contemporary economic issues with experiences dating back to the prewar decades of this century. It is one of the volumes in the series of publications brought out under the auspices of the Economic History of Southeast Asia (ECHOSEA) Project at the Research School of Pacific and Asian Studies of the Australian National University in Canberra.

The Biblical seven years of gestation have come to a close. On 24 November 1989 I was formally invited to join the ECHOSEA Project and agreed to write this book. A workshop organized by the ECHOSEA Project at Canberra on 16–17 March 1991 was, among others, devoted to the conception of this book. Much of the documentation needed was collected during research trips which took me to London, Paris, Tokyo, Osaka, Kyoto, Manila, Bangkok, Penang, Singapore and Jakarta. A first and still incomplete draft of the book was prepared during a four-month stay at Canberra in the first half of 1994. This manuscript was discussed in detail during a small ECHOSEA workshop held in Canberra on 19 May 1994. A brief presentation anticipating the final draft was given at the Fourth Convention of the East Asian Economic Association at Taipei on 26–27 August 1994. It has been a privilege for me as author to draw on the constructive criticism from colleagues and experts on so many occasions.

Numerous individuals have contributed in various ways to the book. I benefited from the cooperative support and good advice given by Professor Anne Booth and Dr Ian Brown at the School of Oriental and African Studies in London, Professor Cathérine Coquery-Vidrovitch at the Université Paris VII, Dr Norio Mihira at the Institute of Developing

Economies in Tokyo, Dr Suehiro Akira, then at the City University of Osaka, Professor Yoshihara Kunio at Kyoto University and Dr Mari Pangestu at the Centre for Strategic and International Studies in Jakarta. I am also indebted to the staff at the Centre for Transnational Corporations at the United Nations ESCAP in Bangkok, Hitachi Semiconductors in Penang, the Japan External Trade Organization and the Hitachi head office, both in Tokyo. Drs Remko Blom at Leiden assisted me with processing quantitative information, and, together with my colleagues Dr Boudien de Vries and Drs Doreen Arnoldus, then at the University of Leiden, furthered my work on this book by loyally taking over several teaching tasks.

Several persons read parts of the manuscript and I benefited greatly from their comments. These people include Professor Jamie Mackie, Dr Colin Barlow and Dr Hal Hill, all at the Research School of Pacific and Asian Studies in Canberra, as well as Professor Anne Booth in London and Dr Thee Kian Wie in Jakarta. Needless to add, I alone am responsible for all remaining errors.

Financial support was given by the ECHOSEA Project, the Henry Luce Foundation, the Netherlands Organization for Scientific Research and the Japan Society for the Promotion of Science. A special word of acknowledgement is due to Professor Tony Reid and other participants in the ECHOSEA Project who made my stay at Canberra in 1994 such a memorable and pleasant experience.

J. THOMAS LINDBLAD
Leiden

List of Abbreviations

ASEAN	Association of South East Asian Nations
BKPM	Badan Koordinasi Penanaman Modal [Capital Investment Coordinating Board] (Indonesia)
BPM	Bataafsche Petroleum–Maatschappij [Batavian Petroleum Company] (colonial Indonesia)
DPV	Deli Planters Vereniging [Deli Planters' Association] (colonial Indonesia)
DRAM	Dynamic Random Access Memory
EC	European Community
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
FEER	<i>Far Eastern Economic Review</i>
FMS	Federated Malay States
FTZ	Free Trade Zone (Malaysia)
GDP	Gross Domestic Product
HISEM	Hitachi Semiconductor (Malaysia) Sdn. Bhd. [Sendirian Berhad]
HVA	Handels–Vereniging Amsterdam [Trading Association Amsterdam] (Indonesia)
IMP	Industrial Master Plan (Malaysia)
IPTN	Industri Pesawat Terbang Nusantara [Domestic Aircraft Industry] (Indonesia)
JETRO	Japan External Trade Organization
KPM	Koninklijke Pakketvaart Maatschappij [Royal Packet Company] (colonial Indonesia)
LNG	Liquid Natural Gas
LTC	London Tin Corporation (Malaya)
MIDA	Malaysian Industrial Development Authority
MITI	Ministry of International Trade and Industry (Japan)
MMC	Malaysian Mining Corporation
NDP	National Development Policy (Malaysia)
NEP	New Economic Policy (Malaysia)
NHM	Nederlandsche Handel–Maatschappij [Netherlands Trading Company] (colonial Indonesia)
NIAM	Nederlandsch-Indische Aardolie–Maatschappij [Netherlands-Indian Petroleum Company] (colonial Indonesia)

NIC	Newly Industrializing Countries (Hong Kong, Korea, Singapore, Taiwan)
PNB	Permodalan Nasional Berhad [National Capital Corporation] (Malaysia)
REPELITA	Rencana Pembangunan Lima Tahun [Five Year Development Plan] (Indonesia)
SFFC	Société Financière Française et Coloniale
SIJOR	Singapore-Johor-Riau Growth Triangle
SMC	San Miguel Corporation
Socfin	Société Financière (Malaya, colonial Indonesia)
UMNO	United Malays National Organization (Malaysia)
UNIDO	United Nations Industrial Development Organization
VOC	Verenigde Oost-Indische Compagnie [Dutch East India Company] (colonial Indonesia up to 1799)