

# Malaysian Politics: The Second Generation

Gordon P. Means

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*To my mother, Nathalie Means,  
and to the memory of my father, Paul B. Means,  
who first brought me to Malaya and  
who dedicated their lives to the well-being  
of Malaysians, Singaporeans, and Indonesians  
in all walks of life.*

## Preface

THE focus of this book is on the pace and direction of political change in Malaysia, concentrating on the two decades of the 1970s and 1980s. The earlier period in Malaysian politics has already been covered in considerable detail by a number of authors, including myself, and from a variety of analytical perspectives. For the purpose of this book, the previous era of Malaysian politics will be referred to and will be used for contrast and comparison. A longer perspective is useful, not only for viewing the extent and rate of change, but also for asking the questions about direction and pace that allow us to contemplate and anticipate the future. Apart from occasional references and an introductory summary of the evolution of the Malaysian political system, the period before 1970 will not be covered. Rather than retell the saga of politics in colonial Malaya, of the Japanese occupation, of Malayan independence, of the formation of the Federation of Malaysia, of Singapore's exit from Malaysia, and of the racial riots and crisis of 1969, this volume will proceed on the assumption that the reader has some basic understanding of these earlier events.

What is happening in contemporary Malaysia is not merely a set of discrete and isolated political events without direction and consequence. Against the larger panorama, political change and process can be discerned out of the apparently random and idiosyncratic events that are part of continuing political contests. The discrete events can be interesting and important. The search for process and for explanation is, however, even more significant.

Any account of politics in a modern state must be selective and simplify reality to reveal significant processes, changes, and interactions. Various approaches have focused on class, on élites, on political economy, on culture, on ideology, on ethnicity, on institutions, on constitutional-legal structures, on political mobilization, on power, on political coercion, and a variety of other criteria. Each has its adherents and its utility. Each also, by focusing on some phenomena, of necessity, relegates other phenomena to insignificance. For the analyst, the choice too often is made between presenting and defending an elegant theory, or confronting the messy and contradictory ambiguities of the real world. There is no one model or theoretical approach that can be a touchstone for all political and social analysis.

This case study of two decades of Malaysian politics is no exception. I cannot pretend to make contemporary Malaysian politics neat and understandable in terms of any one fashionable political model or analytical paradigm. Rather than select a single approach or analytical model as the framework for the present study, a number of theoretical approaches will be utilized to highlight or illustrate aspects of the Malaysian scene. Hopefully, alternative theories of comparative politics will provide some insights so that processes and trends can be identified and the more important transactions can be highlighted. I know of no simple yardstick for making such selections, except for an intuitive sense of what may be more important and what may be less so. Other political observers would, no doubt, make different selections and concentrate on a different set of factors. Even so, I would hope that my account and assessments will be congruent in most respects with those of most other informed observers of the Malaysian political scene.

No work of this scope can be the product of a single unaided author. This work relies heavily on the work and productivity of other scholars engaged in research and writing on the Malaysian scene. For some parts of this work, I could do little more than to assemble and interpret the work of others—scholars, news reporters, and active political activists. For other parts of the work, I was able to do more primary research or rely on some of my previous research on Malaysia. My citations and bibliography represent an extended set of acknowledgements to the accumulated scholarship of others. What is less apparent from these sources is my indebtedness to those who have assisted me in other ways.

For one year, I was affiliated with the Institute of Southeast Asian Studies in Singapore and had available the full resources of that superb research centre. Special thanks are due to the Director of the Institute, Kernial Singh Sandhu, and the Librarian, Ch'ng Kim See, who, along with her very capable staff, went far beyond the call of their duties to find materials and even to check sources for me after my return to Canada. Among the many Research Fellows working at the Institute, Dr Chandran Jeshurun, Dr Stephen Chee, Dr Toh Kin Woon, and Dr Subbiah Gunasekaran were particularly helpful with comments and suggestions on parts of the preliminary manuscript as it emerged. The frequent seminars at the Institute brought together many important guests from Malaysia as well as foreign visiting scholars working on Malaysian research topics. These seminars and discussions between fellows and visitors all contributed to my understanding of developments in Malaysia.

During the year I made numerous visits to Malaysia and received especially generous assistance from many of the faculty and staff at the University of Malaya and from the staff at the Institute of Advanced Studies. Deserving special mention are Lim Teck Ghee, Murugesu Pathmanathan, Susan Ackerman, and Raymond Lee. Two former graduate students from McMaster University who have gone on to professional careers in Malaysia were also helpful and a source of substantive and interpretive materials on Malaysian politics. They are

Dr Zakaria Haji Ahmad and Frieda Koh. Finally, Robert Yew and his family in Singapore made my stay in the area much easier to arrange by extending hospitality to me and my family while we were in the process of finding and getting settled into new living accommodation.

The year's work in Singapore and Malaysia was made possible by a sabbatical leave from McMaster University and was facilitated by my wife, Laurel Braswell-Means, who accommodated her own research and writing agenda in such a way that she could work with medieval documents from the Bodleian Library and other archival English manuscript collections while we were both able to live together and work at the Institute of Southeast Asian Studies. Without her encouragement, companionship, and editorial assistance, the manuscript would not have been completed as quickly as it was, and it would have acquired a less polished writing style.

Is it necessary to add the obvious—that I alone am responsible for what appears in this volume? The sources relied upon, the interpretation of events, the analysis of trends, the evaluation of interactive aspects of politics, the depiction of events, the factual data presented, and any errors of fact or interpretation must all rest entirely with me. That there are some errors remaining in this volume, is quite probable, since I have caught some myself, and, with the assistance of others, have been able to correct errors that had hitherto eluded me. I can only assure the reader that I have made every effort to avoid factual errors, and have been careful not to let speculation become a substitute for what may be difficult to know for certain. That there may be many different interpretations of the same facts and events should be obvious to any active participant or observer of politics in any setting.

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July 1990*

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## Abbreviations and Glossary

ABIM	Angkatan Belia Islam Malaysia (Islamic Youth Movement of Malaysia)
ACCCIM	Associated Chinese Chambers of Commerce and Industry of Malaysia
AFL-CIO	American Federation of Labor and the Congress of Industrial Organizations
Agong	<i>See:</i> Yang di-Pertuan Agong
Aliran	Aliran Kesedaran Negara (National Consciousness Movement)
APU	Angkatan Perpaduan Ummah (Organization for the Uplift of the Muslim Community)
ARE	Asian Rare Earth (Corporation)
ASEAN	Association of Southeast Asian Nations
ASN	Amanah Saham Nasional (The National Trust Corporation, the Bumiputra savings and trust society)
<i>AWSJ</i>	<i>Asian Wall Street Journal</i>
BARJASA	Barisan Rakyat Jati Sarawak (Sarawak Native Association)
Berjasa	Barisan Jemaah Islamiah Se-Malaysia (Malaysian Islamic Assembly Front)
Berjaya	Bersatu Rakyat Jelata Sabah (Sabah United People's Party)
Bersatu	United Group
Bisamah	Parti Bisamah
BMF	Bumiputra Malaysia Finance
BN	Barisan Nasional (National Front)
Bumiputra	Indigenous people
CAP	Consumers' Association of Penang
CCC	Chinese Consultative Committee
<i>Ceramah</i>	A talk or discussion in a small group, a political meeting in a non-public place.
CKD	Completely Knocked Down kits (for the assembly of automobiles)
CRC	Catholic Research Centre
CUEPACS	Congress of Unions of Employees in the Public and Civil Service

DAP	Democratic Action Party
<i>Dacing</i>	The traditional beam scale
<i>Dakwah</i>	The Islamic revivalist movement
DTC	Deposit Taking Co-operative (a co-operative savings and loan society)
EGM	Extraordinary General Meeting
EPF	Employees Provident Fund
EPSM	Environmental Protection Society of Malaysia
EPU	Economic Planning Unit
ESCAR	Essential (Security Cases) (Amendment) Regulations, 1975
<i>Fatwa</i>	An authoritative legal ruling given by an authorized official interpreting Islamic law.
FELDA	Federal Land Development Authority
FIM	Freedom of Information Movement
GDP	Gross Domestic Product
Gerakan	Gerakan Rakyat Malaysia (Malaysian People's Movement)
GNP	Gross National Product
GSP	Generalized System of Preferences
<i>Halal</i>	Legitimate, permissible, especially related to food (according to Islamic law)
Hamim	Hisbul Muslimin
HICOM	Heavy Industries Corporation of Malaysia
Huguan Siou	The Paramount Chief of the Kadazans
ICA	Industrial Coordination Act
<i>Imam</i>	An Islamic religious teacher
IMP	Industrial Master Plan
INSAN	Institute of Social Analysis
ISA	Internal Security Act, 1960
<i>Ijtihad</i>	Islamic tradition based on interpretation of historical, legal, and theological texts.
<i>Jihad</i>	Holy war
<i>Kafir-mengkafir</i>	'Infidel-disbelief' dispute, a dispute over who is a Muslim and who is apostate
KCA	Kadazan Cultural Association
<i>Khalwat</i>	The Islamic prohibition against 'suspicious proximity' between the sexes among those of marriageable age who are not related by blood ties
Kita	Kesatuan Insaf Tanah Ayer
LUTH	Lembaga Urusan Tabung Haji (Islamic Pilgrims Management and Fund Board)
<i>Mahdi</i>	An Islamic prophet, saviour, or leader
MARA	Majlis Amanah Rakyat (Council of Trust for the Indigenous People)
MCA	Malayan/Malaysian Chinese Association
MCC	Malaysian Council of Churches
MCP	Malayan Communist Party

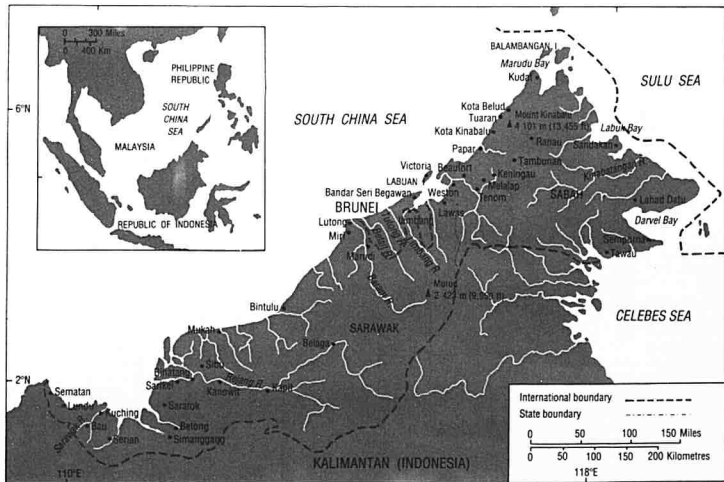
Menteri Besar	Chief Minister (of a state)
MIC	Malayan/Malaysian Indian Congress
MLS	Malay Language Society
MP	Malayan Party
MPHB	Multi-Purpose Holdings Berhad
MTUC	Malaysian Trades Union Congress
Mukim	An Islamic parish or mosque district
Muktamar	Meeting, assembly
Nasma	Parti Nasionalis Malaysia
NCC	National Consultative Council
NECC	National Economic Consultative Council
NEP	New Economic Policy
NFPE	Non-financial public enterprise
NIC	Newly Industrializing Country
NOC	National Operations Council
NUJ	National Union of Journalists
NUMS	National Union of Muslim Students
<i>Orang pendatang</i>	Foreigners, immigrants
OPEC	Organization of Petroleum Exporting Countries
PAJAR	Partai Anak Jati Sarawak
Panas	Parti Negara Sarawak
<i>Parang</i>	A machete or broad-bladed jungle knife
PARC	Perak Anti-Radioactive Committee
PAS	Partai Islam Se Malaysia (formerly Partai Aislam Sa-Melayu or Pan-Malayan Islamic Party)
Pasok	Pertubuhan Kebangsaan Pasok Ragang Bersatu
PB	Parti Bumiputera (Sarawak)
PBB	Partai Pesaka Bumiputera Bersatu (formerly Partai Bumiputra Bersatu)
PBDS	Parti Bangsa Dayak Sarawak (Sarawak Dayak People's Party)
PBPR	Party Bebas Progressif Rakyat (Independent People's Progressive Party)
PBS	Parti Bersatu Sabah (United Sabah Party)
Pekemas	Parti Keadilan Masyarakat Malaysia (Social Justice Party of Malaysia)
Pena	Malay National Writers' Association
Perkim	Pertubuhan Kebajikan Islam Malaysia (Islamic Welfare and Missionary Association of Malaysia)
Permas	Persatuan Rakyat Malaysia Sarawak
Pernas	Perbadanan Nasional Berhad (The National Trading Corporation)
Pesaka	Party Pesaka Anak Sarawak
Petronas	Petroleum Nasional Berhad (The National Petroleum Corporation)
<i>Pikul</i>	A unit of weight measure equal to 133½ pounds
PMIP	Pan-Malayan Islamic Party ( <i>see</i> : PAS)
PNR	Pasok Nunuk Ragang

PNRS	Partai Negara Rakyat Sarawak
<i>Pondok</i>	Literally 'hut', referring to a village school where students live in huts near their teacher's house
PPP	People's Progressive Party
<i>Pribumi</i>	Indigenous (for Sabah)
Proton	Perusahaan Otomobil Nasional (The National Automobile Industry)
PSG	Papan Support Group
PSRM	Partai Socialis Rakyat Malaysia (Socialist Workers Party of Malaysia)
<i>Rakyat</i>	The ordinary Malays, citizens, the common people, subjects of the country
<i>Riba</i>	Interest, usury (which is prohibited in Islamic law)
<i>Ringgit</i>	The basic unit of Malaysian currency, the Malaysian dollar
RISEAP	Regional Islamic Da'wah Council of Southeast Asia and the Pacific
<i>Rukunegara</i>	Basic Principles of the State (The National Ideology)
SAPO	Sarawak Peoples' Organization
SCCP	Sabah Chinese Consolidated Party
SDB	Sabah Development Bank
SDP	Socialist Democratic Party
SEDC	State Economic Development Corporation
Semangat	Semangat '46 (The Spirit of '46)
<i>Semangat</i>	Soul
SERU	Social and Economic Research Unit
SGS	Selangor Graduates Society
SMP	Second Malaysia Plan
SNAP	Sarawak National Party
<i>Sogo shosha</i>	A Japanese-style large conglomerate business enterprise supported by and given monopoly privileges by the government
SUPP	Sarawak United People's Party
<i>Surat layang</i>	'Flying letter', photocopied letters and political tracts, often containing unsubstantiated allegations and revelations
<i>Surau</i>	An Islamic prayer hall
<i>Towkay</i>	An old-style Chinese business man
Tun	An honorific title conferred by the Yang di-Pertuan Agong and equivalent to 'Sir'
'20 points'	The 'safeguards' and 'guarantees' promised Sarawak and Sabah in 1963 as a condition of entry into Malaysia
UCSCAM	United Chinese School Committees Association
UCSTAM	United Chinese School Teachers Association
UDP	United Democratic Party
UEM	United Engineers (Malaysia)

<i>Ulama</i>	Muslim scholars or theologians
UMAT	Partai Umat Sarawak
<i>Ummah</i>	The Islamic community of believers
UMNO	United Malays National Organization
UMNO Baru	New United Malays National Organization
<i>Umrah</i>	A minor pilgrimage to Mecca
UMSU	University of Malaya Students' Union
USNO	United Sabah National Organization
Yang di-Pertuan Agong	Literally 'He who is made King'; the King, elected from among the Malay Rulers
ZOPFAN	Zone of Peace, Freedom and Neutrality



Map 1 Peninsular Malaysia



### Map 2 Sabah and Sarawak

## The Metamorphosis

As Malaysia entered the decade of the 1970s, it was in the early stages of recovery from a crisis that had threatened the survival of its principal political institutions and the maintenance of civil order within the society. Only seven months earlier, the nation had been stunned by major and devastating riots in the national capital. In the aftermath of those riots, known as 'The May Thirteenth Crisis', parliamentary institutions were suspended, emergency rule was decreed, and power shifted to new élites determined to avoid some of the 'errors' or 'misjudgements' made by the political leaders who had earlier successfully negotiated Malayan independence and the formation of the subsequent larger Malaysian Federation. To understand the proposed remedy, some attention must be given to the perceived malady.

In the first decade after independence in 1957, the original Federation of Malaya had been expanded to include Singapore and the Borneo states of Sarawak and Sabah. This wider union came into existence despite the protracted opposition of Indonesia. The larger Federation of Malaysia came into being in September 1963 with approximately the same institutional structures as the earlier federation. In the first years of the expanded federation, a political contest developed between the federal authorities and the state government in Singapore; the dispute was finally resolved in August 1965 by the forced exit of Singapore from the union. In these early years, both external and internal crises had been severe, but they had not fractured the institutional integrity of the country nor the continuity of its ruling élites.

Malaysia's population was made up of a complex mixture of ethnic communities being divided between Malays, constituting 45.9 per cent of the population, Chinese with 35.9 per cent, Indians with 9.6 per cent, non-Muslim natives with 6.6 per cent, and others with 2.2 per cent.<sup>1</sup> In their attempt to gain a broad base of support, political leaders had evolved a political system that operated with mechanisms of ethnic accommodation which depended primarily on the capacity of key political élites from each community to reach accommodative solutions to critical public issues. As the public became politically mobilized by the nationalist movement, parties formed primarily along communal lines and under the leadership of recognized communal leaders, mostly from among Western-educated élites within each community. In the political struggles



over independence, the nationalist movement had succeeded in forging an alignment of the three major communal parties into an overarching coalition called the Alliance. The original Alliance coalition comprised the United Malays National Organization (UMNO), the Malayan Chinese Association (MCA), and the Malayan Indian Congress (MIC), representing respectively, the Malays, the Chinese, and the Indians. It was within the governing councils of the Alliance that the most difficult and contentious issues of politics had been resolved by the representatives of each of these three communal parties. By forging the basis for multi-ethnic co-operation, the Alliance was able to build a base of consensus and public support that enabled it to capture public office through decisive election victories.

### Systemic Characteristics

In its most essential characteristics, Malaysia had evolved a political system that comparative political analysts have called 'an élite accommodation system'.<sup>2</sup> For purposes of comparison and analysis, it is possible to construct an ideal model of such a system to identify its characteristics and basic assumptions. In its ideal form, the model presumes: (1) that each ethnic community is unified under a leadership which can authoritatively bargain for the interests of that community; (2) that the leaders of each community have the capacity to secure compliance and 'legitimacy' for the bargains that are reached by élite negotiations; (3) that there is sufficient trust and empathy among élites to be sensitive to the most vital concerns of other ethnic communities; (4) that public mobilization on 'ethnically sensitive issues' is kept to a minimum to enable the élites to deal with these issues in a bargaining mode; and (5) that representative institutions accept their diminished role of merely 'ratifying' the product of élite bargaining as appropriate for resolution of these issues.

In Malaysia, the assumptions of the model were never fully met. Moreover, with the passage of time, the minimal requirements to make such a system work were even further eroded. Each communal group was not unified into a single party representing its interests. The Alliance comprised the leaders of only the three largest communities. Furthermore, opposition parties, most of which also cultivated communal constituencies, took root within the major ethnic communities. These communally based opposition parties (which included some that claimed to be 'non-communal') were never able to forge a stable and broad-based coalition among themselves that commanded sufficient support to unseat the Alliance coalition at the polls. They were able, however, to heighten ethnic demands and inter-ethnic tensions to make the 'élite accommodation' bargaining process much more difficult for the ruling coalition. Furthermore, with the rise of more vocal opposition parties, ethnic élites within the ruling Alliance coalition lost much of their capacity to secure compliance and support from their ethnic constituencies for both past and present 'bargains'. The opposition parties, by their tactics, were

continuously threatening to put all contentious issues back on the table for review and revision. Had this tactic succeeded, it would have overloaded the political system beyond its capacity to process and resolve such issues. Even without the power to force renegotiation of earlier political decisions, the tactics of the opposition created heightened anxiety and potential paranoia within all ethnic communities.

These systemic changes in the Malaysian political system were also accompanied by changes in the character of political élites. During the early 1950s and 1960s, the élites who engaged in working out bargains on policy issues within the ruling Alliance coalition had much in common. Most of the top élites had an English-medium education and were quite Westernized in values and deportment. Gradually, however, a new generation of élites began coming on to the political scene with more of a vernacular education and with a greater concern for some of the core values of their ethnic cultural heritage and often with a heightened awareness of the potential to mobilize mass support for themselves by appealing to the 'primordial sentiments'<sup>3</sup> of their ethnic community, frequently in the form of religious revivalism. Because these younger, aspiring élites were not in key positions of power, they cultivated more abrasive and intransigent political styles, even when they operated within the structure of the ruling 'élite accommodation system' of the Alliance coalition. Thus, the political stance and the political styles that originated with the opposition parties tended to spread to the younger ranks of élites in the dominant coalition, which, at the top level, prided themselves on being able to work out inter-ethnic bargains in an accommodative style. Yet, at the same time, their bargains were often being undermined even within their own party by younger, aspiring élites. As contests for power were generated within each constituent party, the natural consequence tended to be that each faction made more stridently ethnic appeals to secure the support of its community. The cumulative effect of these developments revealed an axiom of politics in communally divided societies: Strong leaders can be accommodative; weak leaders are compelled to be ethnically parochial.

During the 1960s, many contentious domestic issues had been partially overshadowed by external issues and threats. However, after Singapore's expulsion from Malaysia in 1965, attention focused on some very crucial ethnic policies. One of the most contentious was the demand made by many Malays that the National Language be enforced for all official governmental purposes and as the sole medium of instruction for all schools. Because Malay had been designated as the sole National Language in the Constitution, moves to enforce its use would, quite naturally, benefit the Malays. In reaction to these demands, non-Malay mass organizations mobilized to defend the use of the English, Chinese, and Indian languages for educational and other public purposes. Also at issue was the question of the whole structure of Malay preferences and 'special rights' that had become a prominent feature of public policy since the early days of British colonial rule. The Constitution and public policies after independence had continued and expanded the system of

Malay preferences.<sup>4</sup> The disputes over these policies merely reflected the ethnic animosities that were growing between the Malays, who claimed the indigenous status of Bumiputra,<sup>5</sup> and the non-Malays, who stressed equal and uniform individual rights for all citizens and who also preferred pluralist cultural policies in matters of education, language, and voluntary associations. These contradictory sets of demands were a feature of politics for well over a decade but they became more focused and intense in the election campaign of 1969.

### The Election of 1969

In the three previous elections, the Alliance had won 81.7 per cent of the vote in 1955, 51.8 per cent in 1959, and 58.4 per cent in 1964. It had contested against many opposition parties, but their number was gradually reduced by attrition, thus increasing their potential at the polls. For some time prior to the election of 1969, the opposition parties had recognized their collective strength, but they also found that effective coalition-building was virtually impossible.

The two most prominent opposition parties were Partai Islam (PAS),<sup>6</sup> which was the dominant Malay opposition party, and the Democratic Action Party (DAP), which was the dominant non-Malay opposition party. Along class lines, both these opposition parties recruited more effectively among the lower strata of society, but each within its primary ethnic community. These main contenders among the opposition reflected, exploited, and mobilized ethnic grievances, anxieties, and sentiments to challenge the structure of decisions and policies that were the product of the Alliance bargaining process.

On the non-Malay side of the political spectrum, the DAP had initially been formed as an offshoot of the People's Action Party in Singapore, but was forced to change its name and its affiliation when Singapore was expelled from the union. The DAP grew rapidly after 1965, recruiting the following of the earlier Labour Party which had been a member of the Socialist Front with Party Ra'ayat. In its original conception, the Socialist Front professed to be a non-communal left-wing opposition to the Alliance. However, its Malay-based partner, Party Ra'ayat, was unable to generate mass Malay support, so the Socialist Front relied mostly on the Chinese and Indian supporters of the Labour Party. When the DAP appeared on the scene with articulate leadership and good organization, the Chinese supporters of the Labour Party tended to defect to the DAP, leaving the Socialist Front a defunct and derelict multi-ethnic coalition. By contrast, the DAP built up its following by espousing equalitarian policies and cultural pluralism that would ensure equal treatment for Malay, English, Chinese, and Tamil languages and educational systems. It stated as its first objective the creation of 'a free, democratic and socialist Malaysia, based on the principles of racial equality and social and economic justice, founded on the institutions of parliamentary democracy'.<sup>7</sup> It also stressed in its campaigning the slogan of creating a 'Malaysian Malaysia', which was a political code word

attacking the system of Malay 'special rights' that had been incorporated in the Constitution and had been justified as necessary to 'uplift' the Malays by protective land laws and assured quotas in education, for certain business licences, and for recruitment to the civil service. The DAP argued that these Malay 'special rights' only created a 'rapacious' Malay capitalist class and benefited feudal Malay élites, but did nothing to aid Malay peasants or the urban poor. Although the DAP did not expect to displace the Alliance government at the polls, it did call upon voters to deny the Alliance its two-thirds majority in Parliament that had enabled it to amend the Constitution at will. The DAP argued that constitutional amendments should be based on consensus that took account of the views of the opposition.

Operating at the other end of the political spectrum was PAS, which appealed for support on the basis of commitment to Malay supremacy and Islamic principles. It called for programmes to aid Malay peasants and proposed new laws to strengthen Islam and for the expansion of rights to be given to the Bumiputra.<sup>8</sup> In effect, PAS was calling for the expansion of Malay 'special rights' and for the assurance that Islamic principles would not be compromised in any political arrangements with the non-Muslim communities.

A moderate social reform party known as Gerakan Rakyat Malaysia (Malaysian People's Movement), or 'Gerakan' for short, was founded in 1968 by intellectuals in an effort to forge a non-communal multi-ethnic party, dedicated to social justice, human rights, and an open democratic system. Although it was launched with much fanfare, its appeal was rather restricted to university-educated élites and some clusters of urban supporters in Penang and Kuala Lumpur. The programme advocated by Gerakan avoided communal issues, stressing instead social reform and civil rights. With the increasing polarization on ethnic issues, the Gerakan programme and campaign themes were drowned out by the more strident campaign rhetoric of the two major opposition parties that each cultivated grievances within its ethnic constituencies.

Operating closer to the middle of the political spectrum, but with an acknowledged Malay bias, was the Alliance with its three-party coalition of UMNO, the MCA, and the MIC. The Alliance was headed by Tunku Abdul Rahman, the President of UMNO and the head of the coalition since its formation in 1952. Tunku Abdul Rahman had great respect among all coalition partners, not only because he had successfully negotiated the terms of Malaysian independence in 1957, but also because the 'élite accommodation system' which developed under the Alliance depended on the goodwill and mutual understanding of ethnic sensitivities that had been assiduously cultivated by Tunku Abdul Rahman during his many years as Prime Minister. As the incumbent party, the Alliance campaigned on a platform praising past achievements, promising a 'prosperous, stable, liberal and tolerant society', and claiming to be the only party able to check 'the spreading contagion of racist emotions'. The Alliance defended the existing Malay 'special rights' that were guaranteed in Article 153 of the Malaysian Constitution, but it also

promised that its policies would not 'deprive anyone of opportunities for advancement'.<sup>9</sup>

The election campaign was sharply contested throughout the country, and it was not much more abrasive than earlier campaigns had been. A few incidents occurred which were later cited as contributing causes of the crisis that developed in the wake of the election. The campaign did, however, raise the political temperature and, in that respect, it was a contributing factor in the explosion of emotion that took politics from the ballot boxes to the streets.

### The May Thirteenth Crisis

The polling began in Peninsular Malaysia on 10 May, with the Borneo states scheduled to vote two to four weeks later. When the votes in Peninsular Malaysia were counted, it became apparent that the Alliance had won less than half the votes and its support had dropped about 10 per cent below its previous showing. Even so, it had won 66 of the 104 parliamentary seats in Peninsular Malaysia and was confident of winning half the seats in Sabah and Sarawak to be decided in the next stage of the election. Its clear parliamentary majority was not in jeopardy, despite its decline in public support.<sup>10</sup> The results did reveal a substantial loss of support from the Chinese for the MCA, and therefore the results created severe strains within the ruling Alliance, just at a time when its approach to communal issues was being challenged by the more chauvinist opposition parties.

The election results put greater strain on the Alliance system at the state level, where the Alliance lost control of Kelantan, Perak, and Penang, with the control of Selangor being in doubt with the Alliance

TABLE 1.1  
Malaya/Malaysia. Parliamentary Elections, 1959, 1964, and 1969

	1959		1964		1969	
	% Vote	Seats	% Vote	Seats	% Vote	Seats
Alliance	51.8	74	58.4	89	48.4	66
PAS	21.3	13	14.4	9	23.7	12
DAP	—	—	2.1	1	13.7	13
Gerakan	—	—	—	—	8.6	8
Socialist Front	12.9	8	16.2	2	—	—
Party Ra'ayat	—	—	—	—	1.2	0
PPP	6.3	4	3.6	2	3.9	4
UDP	—	—	4.3	1	—	—
Party Negara	2.1	1	—	—	—	—
Malayan Party	0.9	1	—	—	—	—
Independents	4.8	3	0.7	0	0.3	0

Source: R. K. Vaid, *The Malaysian General Election of 1969* (Singapore: Oxford University Press, 1972), Appendix II, pp. 73-96. In 1959 and 1964 Party Ra'ayat was a member of the Socialist Front along with the Labour Party. Other parties include the People's Progressive Party and the United Democratic Party.

and the combined opposition being tied. These voting results surprised both the public and most informed observers, heightening uncertainties and anxieties. For most democratic systems, small shifts of voter support are expected, and even when no parliamentary majorities emerge from the polls, the public does not become alarmed by the ambiguities inherent in the formation of a new government. In Malaysia, such an orderly process of transformation was not to be.

Because the MCA had 20 out of its 33 candidates go down to defeat, it became the target of caustic criticism from the more chauvinist Malay spokesmen in UMNO who blamed the MCA for the Alliance losses. Under attack from within the Alliance, the leader of the MCA, Tan Siew Sin, announced that with such a weak mandate, the MCA would not be represented in the new Federal Cabinet.<sup>11</sup> By implication, this move raised the spectre of no inter-ethnic bargaining mechanisms being in place in the new government. At the same time, the non-Malay opposition parties—Gerakan and DAP—were jubilant that they had prevented the Alliance from winning a two-thirds majority in Parliament and had also helped to topple the Alliance at the state level in Perak and Penang. The deadlock between the Alliance and the opposition in Selangor was viewed as the end of a state government that had been led by a Menteri Besar (Chief Minister) noted for his chauvinist Malay political style. To celebrate these 'victories', Gerakan and DAP supporters staged a parade in Kuala Lumpur, during which racial epithets and threats were exchanged with Malay bystanders. In response to these provocations, the embattled Menteri Besar of Selangor, Harun bin Haji Idris, summoned Malays for a mass pro-government demonstration and show of force. Responding to his call, Malays from many areas of the state assembled on the evening of 13 May; many were armed with parangs and other weapons. To the assembled crowds, Malay politicians recounted the 'insults' and interpreted the earlier 'victory parade' as evidence that Malay supremacy in government was being challenged by 'infidels'. They argued that counter-demonstrations were needed 'to teach the Chinese a lesson'.

What happened next was not the expression of overt economic grievances or of class animosities. Rather, in the atmosphere of crisis and with the irrational mechanisms of crowd psychology, primal emotions surged in uncontrollable waves combining racial antipathies, anger, fear, hatred, and self-justifying rationalizations for barbarous behaviour. In the midst of these events, there were also individual acts of sacrifice and valour, with some heroic deeds where threatened individuals were saved by those of other races unwilling to join in the violence. The rampage began with armed Malays who looted and burned Chinese shops and houses in areas where Chinese and Malays lived in close proximity. When they were able, the Chinese mounted stubborn resistance and some launched retaliatory counter-attacks. On both sides, participants were mostly from the lower classes.

The police called to the scenes of mob violence attempted to control the situation in an even-handed fashion but the numbers of rioters

overwhelmed police ranks. As the rioting spread, the army units were called upon for assistance. With no experience in responding to civil violence, Malay units, acting on the basis of ethnic and political sympathies, directed most of their punitive measures against the Chinese, who were not viewed as victims deserving protection, but as 'trouble-makers' and as 'anti-national' elements. Despite curfews and the heavy military presence, severe rioting, arson, and looting continued for two days. Some 6,000 residents of Kuala Lumpur, about 90 per cent of whom were Chinese, were made refugees from burnt and destroyed homes. The government acknowledged 178 fatalities from the riots, but journalists and non-government sources claimed the death toll was much higher.<sup>12</sup> After four days of violence, the authorities finally restored order to the troubled areas of the capital. Besides the destruction of life and property, the riots had also provoked a crisis within the highest levels of the government over the distribution of power and blame for the rioting, as well as over the appropriate mechanisms to restore order and to formulate policies for reconstruction and reconciliation.

### The Emergency

In response to the civil violence and the political crisis, the Yang di-Pertuan Agong (King),<sup>13</sup> acting at the request of the government, declared a national emergency. Both the Constitution and Parliament were suspended and the elections scheduled for Sabah and Sarawak later in the month were postponed indefinitely. Tunku Abdul Rahman remained as Prime Minister, but administrative powers during the emergency were transferred to a new body called the National Operations Council (NOC), which was headed by Deputy Prime Minister Tun Abdul Razak bin Hussein, popularly known as Tun Razak. The National Operations Council consisted of the heads of the police, the armed forces, the public service, and the foreign service, plus three political leaders, Abdul Razak, representing UMNO, Tan Siew Sin, representing the MCA, and V. T. Sambanthan, representing the MIC.<sup>14</sup> While the Cabinet continued to meet under the leadership of Prime Minister Tunku Abdul Rahman, its role had been effectively reduced to the supervision of routine governmental administration and to a symbolic role that was a tacit acknowledgement of continued public support for established political leaders, especially Tunku Abdul Rahman who, despite severe criticism from Malay students and intellectuals, continued to command widespread respect and public confidence among large segments of all the major ethnic communities. In terms of real political power, however, the emergency represented a termination of the intercommunal 'elite accommodation system' and it also may have effectively disguised a quasi-coup whereby the political leadership of the Prime Minister and Cabinet had been partly supplanted by the Deputy Prime Minister, Abdul Razak, backed by the combined powers of the army, police, and bureaucracy. The NOC had an ethnic representation of seven Malays, one Chinese, and one Indian, whereas the Cabinet was composed of ten Malays to four

non-Malays. These changes were accomplished without any open symbolic or legal break in continuity with the previous constitutional government system.

The rioting and the political changes during the emergency emboldened militant Malay chauvinists. Racial tensions had continued after the initial rioting, in part because social contacts between Malays and non-Malays broke down and many non-Malays joined a near total boycott of Malay shops, Malay taxis, and other economic interchanges. At the same time, militant Malays were not satisfied with governmental changes and were demanding that parliamentary democracy be renounced in favour of one-party rule by UMNO. The leading spokesman for these demands was Dr Mahathir bin Mohamad, an UMNO backbencher who had just been defeated in the Kota Star Selatan constituency in Kedah by a PAS candidate. Dr Mahathir joined forces with Raja Muktaruddin Daim, a lecturer in Malay Studies at the University of Malaya, to mobilize Malays in a campaign to force Tunku Abdul Rahman to resign and accept responsibility for the crisis which they viewed as being the result of his too accommodative and compromising policies towards non-Malay political demands. Dr Mahathir wrote a private letter to Tunku Abdul Rahman calling for his 'retirement' as Prime Minister and accusing him of

... giving the Chinese what they demand. ... The Malays, whom you thought will not revolt, have lost their minds and ran [*sic*] amok, sacrificing their lives and killing those whom they hate, because you have given them [the Chinese] too much face. The responsibility for the deaths of these people, Muslims and infidels, must be shouldered by a leader who was under a misconception.<sup>15</sup>

Dr Mahathir's letter was widely and openly circulated, fuelling the campaign against Tunku Abdul Rahman. Many Malay students at the University of Malaya, at the Islamic College, and at MARA Institute of Technology became actively involved in mass demonstrations demanding the assertion of 'Malay sovereignty' and the overthrow of Tunku Abdul Rahman.<sup>16</sup>

On 28 June, a second wave of rioting broke out, this time directed against Indians in the Sentul district of the capital, on its north-eastern outskirts. During these riots, 15 Indians were killed and many houses and shops were destroyed.<sup>17</sup> This new violence appeared to be a direct consequence of the remobilization of militant Malay youth by the newer generation of more radical Malay élites who became aggressive and intimidating in their political rhetoric and who took 'non-negotiable' stands on ethnic issues, openly proposing to terminate the processes of élite accommodation that had characterized the earlier era. Although the campaign was directed against the Tunku, it was designed to pressure the NOC under Tun Razak's control to depose Prime Minister Tunku Abdul Rahman and declare a 'one party, one-race' system of government.

The mass demonstrations and the renewed racial rioting in Sentul forced the government to deal with the political activities of those militant Malay politicians who were openly challenging government authority.



Instead of siding with the demonstrators and the Malay militants, Tun Razak and the Minister of Home Affairs, Dr Ismail bin Abdul Rahman, defended Tunku Abdul Rahman. To check the militants, Dr Mahathir and Musa Hitam, former Executive Secretary of UMNO, were both expelled from UMNO for breach of party discipline. In announcing the decision, Dr Ismail issued an explanation and warning:

These ultras believe in the wild and fantastic theory of absolute dominion by one race over the other communities, regardless of the Constitution. . . .

Polarization has taken place in Malaysian politics and the extreme racialists among the ruling party are making a desperate bid to topple the present leadership. . . .

I must warn the extremists and others as well, that if the anti-Tengku campaigns or activities are carried out in such a manner . . . as to cause undue fear and alarm among members of any community . . . I will not hesitate to exercise my powers under the law against those responsible. . . .<sup>18</sup>

Following this disciplinary action by UMNO, the government issued an order establishing severe penalties for any public demands for the resignation of Tunku Abdul Rahman.<sup>19</sup> Although Tunku Abdul Rahman continued as Prime Minister, he devoted increasing attention to ceremonial functions and made several diplomatic trips abroad. Over time, it became obvious that the policies and initiatives for resolving ethnic conflict and for the restoration of parliamentary democracy depended on the actions of the National Operations Council.

### **The Recovery Strategy**

Shortly after it assumed effective power, the National Operations Council turned its attention to devising strategies for restoring order and dealing with the climate of fear, anger, and hatred that had been generated by both the ethnic provocations and the violence. The high levels of paranoia and communal animosity had created a crisis of confidence over the capacity of the government to keep order and to meet minimal demands of competing politically mobilized constituencies. Essentially, the NOC decided to establish new mechanisms for intercommunal dialogue and reconciliation as well as to formulate new policies to reduce communal conflicts and to resolve vexatious communal issues. To implement these strategies, it created a Department of National Unity, which was charged with creating a broad-based public consensus on communal issues. Some time later, a National Consultative Council (NCC) was also formed so as to provide a non-public forum for representatives of various interests to discuss contentious issues and to advise the government on strategies and policies related to racial-communal problems. In substance, the Department of National Unity was charged with formulating broad strategies for communal reconciliation, while the NCC, though having no formal powers, was to be used as a surrogate for Parliament to secure 'ratification and consent' for those policies after in camera discussions among communal representatives who were to be appointed to the NCC by the

government.<sup>20</sup> The ultimate power over policy and administration, however, was retained by the NOC.

All major parties were invited to nominate representatives to the NCC. When the DAP nominated its leader, Lim Kit Siang, who was then in prison under a preventive detention order, the government refused to release him to permit his participation, whereupon the DAP decided to boycott the Council. Other parties did participate, however, even though the government parties had fifteen representatives to the combined opposition representation of six. The total membership of the NCC was 65 with the remaining members selected to represent the federal government, state governments, religious organizations, professional associations, trade unions, the press, and 'minorities'. About half the membership were government officials and the ethnic representation on the NCC was 30 Malays, 17 Chinese, 7 Indians, and 11 'others'.<sup>21</sup> The NCC first met in January 1970 to discuss policy proposals and suggestions for government initiatives in ethnic matters. Over the next year and a half, in secret meetings and without formal votes, the NCC discussed communally sensitive issues and gave implicit approval to the major policy initiatives designed by the government to deal with the aftermath of the May Thirteenth crisis.

After the issues of public security were resolved and militant activists had been checked through disciplinary measures, the higher circles of the government confronted the issue of if, how, and when Parliament should be reconstituted. The most immediate issue was whether the suspended election in Sabah and Sarawak should be allowed to proceed. Representations were received from many party leaders in these states that there were no security risks and that 'Malay rights' would not be challenged. Before the election could be sanctioned, however, there first needed to be a clear decision that the parliamentary system was to continue. Some militant Malays wanted the NOC to continue without Parliament to assure Malay political supremacy. Others argued that only with parliamentary democracy could the government be assured of popular support. The available evidence suggests that Tunku Abdul Rahman and Dr Ismail were in favour of rapid restoration of the parliamentary system, while Tun Abdul Razak remained uncommitted, but finally was won over, though on the condition that government policies would be needed to overcome the inferior economic position of the Malays.<sup>22</sup> As Director of the NOC, Abdul Razak explained: 'Democracy cannot work in Malaysia in terms of political equality alone. The democratic process must be spelt out also in terms of more equitable distribution of wealth and opportunity.'<sup>23</sup>

After much soul-searching and many behind-the-scenes manoeuvres, the decision was finally made to resume the suspended elections in Sarawak and Sabah, even though the Alliance feared it might sustain a further loss of seats. Yet, when the short campaign was over and the votes were counted, the Alliance partners in Sabah—the United Sabah National Organization (USNO) and the Sabah Chinese Association—had swept all 16 parliamentary seats. In Sarawak, the Alliance partners won

TABLE 1.2  
Sarawak: State and Parliamentary Elections, 1970

	Parliament	Sarawak Legislative Assembly
The Alliance	10	23
Party Bumiputera	5	12
Sarawak Chinese Association	2	3
Party Pesaka Anak Sarawak	3	8 <sup>1</sup>
The Opposition	14	24
SUPP <sup>2</sup>	5	11
SNAP	9	12
Independent		1

Sources: *Sarawak Tribune*, 8 July 1970, p. 1; 9 July 1970, p. 1; Goh Cheng Teik, *The May Thirteenth Incident and Democracy in Malaysia* (Kuala Lumpur, Oxford University Press, 1971), pp. 36-8.

<sup>1</sup>After the election, the Independent joined Pesaka to increase its numbers to 9 and the Alliance total to 24.

<sup>2</sup>In December 1970, SUPP joined the Alliance at both the federal and state levels, thus giving the Alliance a total of 19 federal seats and 35 Sarawak state seats.

10 of the 24 parliamentary seats and 24 of the 48 state seats. Despite dismal predictions, these victories assured the Alliance of its two-thirds majority in Parliament, if and when it would be reconstituted.<sup>24</sup> Indeed, the Alliance successes in the Sabah and Sarawak elections strengthened the hand of those who argued for the restoration of Parliament as soon as possible. The government's capacity to assure amendments to the Constitution without hindrance from the opposition, no doubt gave the government a free hand to formulate the next phase in an overall strategy of recovery and reconciliation.

The government's next major policy initiative involved the formal declaration of a national ideology called the Rukunegara.<sup>25</sup> It was designed to be the basis for creating a basic consensus on communal issues by establishing principles that could be invoked to restrain the more extreme demands of ethnic chauvinists. The Rukunegara was proclaimed on the anniversary of Malayan independence, on 31 August 1970, by the Yang di-Pertuan Agong. At the same time, Tunku Abdul Rahman announced that he would retire as Prime Minister in three weeks, to be succeeded by Tun Razak. He also announced that parliamentary rule would be restored in February 1971, but subject to certain limiting conditions.<sup>26</sup> The Rukunegara declaration reads as follows:

Our nation, MALAYSIA, being dedicated—  
 to achieving a greater unity of all her peoples;  
 to maintaining a democratic way of life;  
 to creating a just society in which the wealth of the nation shall be equitably shared;  
 to ensuring a liberal approach to her rich and diverse cultural traditions;  
 to building a progressive society which shall be oriented to modern science and technology;

WE, her peoples, pledge our united efforts to attain these ends guided by these principles—

- Belief in God
- Loyalty to King and Country
- Upholding the Constitution
- Rule of Law
- Good Behaviour and Morality

The commentary on these five principles explained their meaning in more detail:

1. Islam is the official religion of the Federation. Other religions and beliefs may be practised in peace and harmony and there shall be no discrimination against any citizen on the ground of religion.
2. The loyalty that is expected of every citizen is that he must be faithful and bear true allegiance to His Majesty the Yang di-Pertuan Agong. . . .
3. It is the duty of a citizen to respect and appreciate the letter, the spirit and the historical background of the Constitution. This historical background led to such provisions as those regarding the position of . . . the Rulers, the position of Islam as the official religion, the position of Malays and other Natives, the legitimate interests of the other communities, and the conferment of citizenship. It is the sacred duty of a citizen to defend and uphold the Constitution.
4. Justice is founded upon the rule of law. Every citizen is equal before the law. Fundamental liberties are guaranteed to all citizens. These include liberty of the person, equal protection of the law, freedom of religion, rights of property and protection against banishment.

The Constitution confers on a citizen the right of free speech, assembly and association and this right may be enjoyed freely subject only to limitations imposed by law.

5. Individuals and groups shall conduct their affairs in such a manner as not to violate any of the accepted canons of behaviour which is arrogant or offensive to the sensitivities of any other group. No citizen should question the loyalty of another citizen on the ground that he belongs to a particular community.<sup>27</sup>

This statement of a national ideology was designed to assert that fundamental agreements that had been the result of inter-élite ethnic bargaining were not to be challenged in the ongoing process of politics. Not only would the Rukunegara be propagated in schools and through the media for public acceptance, but it would also be used as a guide-line to establish limits on the actions of politicians and the public alike. Challenges to the principles of the Rukunegara were to be answered with severe penalties. Although the previous 'élite accommodation system' had agreed on many principles of policy and process, there is no evidence to suggest that such agreements were viewed at the time as being in perpetuity or beyond subsequent re-evaluation and renegotiation. Now, however, the Rukunegara declaration was a statement that some principles of the political system are inviolable and outside the realm of political dispute. In effect, the Rukunegara was a formal declaration of a 'National Compact', or what later came to be called 'The Racial Bargain', which was now to be promulgated as the fundamental basis for political and civil order in Malaysia, and its acceptance was to be a prerequisite for participation in the political life of the country.

In preparation for the ending of emergency rule and the reconstitution of Parliament, the government issued a White Paper that proposed a series of constitutional amendments that were formulated '... to remove sensitive issues from the realm of public discussions so as to allow the smooth functioning of parliamentary democracy; and to redress the racial imbalance in certain sectors of the nation's life and thereby promote national unity'.<sup>28</sup> The first objective of the newly formulated recovery strategy was thus to limit the topics for political discourse and for the agenda of public policy. The second objective articulated a new dimension of public policy agenda giving priority to the social and economic inequalities that were believed to be a more fundamental root source of ethnic hostilities and jealousies. The first objective was made a precondition for the reconstitution of Parliament, while the second objective was to become a major priority for the new administration of Tun Razak as he assumed the position of Prime Minister from the retiring Tunku Abdul Rahman.

Even before Parliament was reconvened, the government issued an emergency decree amending the Sedition Ordinance, limiting freedom of speech and of the press, making it an offence 'to question any matter, right, status, position, privilege, sovereignty or prerogative established or protected by the provisions of Part III of the Federal Constitution or Article 152, 153, or 181 of the Federal Constitution'.<sup>29</sup> The sections of the Constitution covered by these amendments to the Sedition Ordinance included: rights of citizenship; Malay special rights; the status and powers of the Malay Rulers; the status of Islam; and the status of Malay as the sole National Language. The new amendments also prohibited any act, speech, or publication that had a 'tendency to produce feelings of ill-will and enmity between different races ...'.<sup>30</sup>

The new constitutional amendments proposed in the White Paper were to prohibit any public questioning or criticism of the Rukunegara and certain topics identified as 'sensitive issues', including: the powers and status of the Malay Rulers; citizenship rights of non-Malays; Malay special rights and privileges; the status of Islam as the official religion; and the status of Malay as the sole National Language. The proposed amendments would also 'entrench' these matters in the Constitution by requiring the consent of the Conference of Rulers for any further amendments to these 'entrenched' sections of the Constitution. The earlier restrictions of the Sedition Act were to apply even to Members of Parliament by removing their parliamentary immunities when speaking on the identified 'sensitive issues'. By giving the Malay Rulers the power to protect 'entrenched' constitutional provisions, they were thus to be made the perpetual guarantors of 'The Racial Bargain', which had now been defined largely as a package of 'inalienable indigenous rights'.

The second objective of the White Paper, that of addressing ethnic social and economic inequalities, also entailed a constitutional amendment giving the Yang di-Pertuan Agong the power to reserve academic places in institutions of higher learning for Malays in courses of study where the

Malays were disproportionately few. This amendment was only one rather minor constitutional provision extending existing Malay special rights.<sup>31</sup> The White Paper left little doubt, however, that many other initiatives would follow in the form of new legislation to address the issues of ethnic, social, and educational inequalities.

When Parliament was finally reconvened on 23 February 1971, the new Prime Minister, Abdul Razak, introduced the package of constitutional amendments that were the contingent conditions for the resumption of parliamentary democracy. Explaining the limitations being placed on the parliamentary system, he stated:

Shall we return simply to the ways of the past when, in the name of democracy and freedom of speech, irresponsible elements were at liberty to foment and exploit racial emotions until we were brought to the very brink of national disintegration? Or shall we act now to deny them that freedom to foment and to exploit and, in this way, safeguard for all of us the smooth functioning of parliamentary democracy?

I have no doubt in my own mind what we should do. . . .

Let us remember that the democratic system which we are working has to bear the stresses and strains of a multi-racial society . . . we are determined to ensure the working of the parliamentary system of government suited to our present conditions.<sup>32</sup>

Speaking on behalf of the government, the leader of the MCA, Tan Siew Sin, admitted that the amendments did not fully meet all the ideals of parliamentary democracy, but he reasoned 'it is better to have something less than 100 per cent democracy than no democracy at all'.<sup>33</sup> The UMNO Members of Parliament were more enthusiastic, however, arguing that 'by taking these sensitive issues out of the body politic, the first, single effective step to eradicate communal politics will have taken place'.<sup>34</sup> The only opposition to the package of constitutional amendments came from the DAP and the People's Progressive Party (PPP), which argued that the amendments curbed parliamentary democracy and eroded the powers of Parliament. They reasoned that by banning all discussion on 'sensitive issues', these matters would be turned into 'underground problems' which would only become worse. After several days of inconclusive debate, Parliament finally passed all the amendments proposed in the White Paper by a vote of 125 to 17.<sup>35</sup>

The passage of these amendments marked the beginning of a new era in Malaysian politics. Emergency rule had been ended, but the new government had also acquired important new powers to direct government policy and to manage and control political conflicts. The Rukunegara ideology, the Sedition Ordinance, and the 'sensitive issues' amendments were all added to the previously existing arsenal of powers: to issue emergency decrees; to suspend state constitutions; to allocate federal revenues to states, all of which had become dependent on federal funds because of inadequate state taxing powers; to allocate extensive patronage in return for political support and deference; and finally, to exercise the executive prerogative under the Internal Security Act (ISA) to detain any person who might create public unrest or who might

become a 'threat to internal security'. Although Parliament was reinstated, with the government dependent on its continuing support, Parliament had always played a passive role in matters of executive restraint and oversight. These changes merely confirmed executive dominance. The post-crisis government of Malaysia had greatly enhanced powers as a result of the package of policies and institutional changes that had been part of the recovery strategy from the May Thirteenth Crisis. Not only did the government enjoy these new legal powers, it also had the extensive resources of a large and effective civil service, a powerful and well-disciplined military, and a weakened, but still extensive, party system that could mobilize sufficient public support to sustain a parliamentary government.

With the resources derived from a fairly buoyant economy, the government had the capacity to forge major changes in Malaysian society, and in the economy. These powers also were sufficient to reshape the political environment so as to avoid some of the more intractable conflicts of the first decade and a half of Malaysia's existence as an independent state. The resources and the opportunities were enormous. The new administration had not only formulated the policies appropriate for the return to parliamentary civil government, but it also had the resources—political and economic—that were required to rebuild its base of political support which had become eroded during the 1969 crisis.

1. Calculated from: Government of Malaysia, Department of Statistics, 'Malaysian Population Statistics, Estimated Population by Race and Sex as at 31st December 1964', mimeographed (Kuala Lumpur: Department of Statistics, 1965).

2. For works concerned with elite bargaining in multi-ethnic societies, note: Donald L. Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985); Karl von Voxy, *Democracy without Consensus: Communalism and Political Stability in Malaysia* (Princeton: Princeton University Press, 1975); Arend Lijphart, *Democracy in Plural Societies* (New Haven: Yale University Press, 1977); Cynthia H. Enloe, *Elite Conflict and Political Development* (Boston: Little, Brown & Co., 1973); R. S. Milne, *Politics in Ethnically Bipolar States: Guyana, Malaysia, Fiji* (Vancouver: University of British Columbia Press, 1981); and Dennis L. Thompson and Dov Ronen (eds.), *Ethnicity, Politics and Development* (Boulder, Colo.: Lynne Rienner Publishers, 1986). The terms 'elite accommodation system' and 'consociationalism' are frequently used in the literature almost as synonyms to characterize elite bargaining processes in multi-ethnic societies.

3. For an explanation of the term 'primordial sentiments', see: Clifford Geertz, 'The Integrative Revolution: Primordial Sentiments and Civil Politics in the New States', in Clifford Geertz (ed.), *Old Societies and New States: The Quest for Modernity in Asia and Africa* (New York: The Free Press, 1963), pp. 105-57; Edward Shils, 'Primordial, Personal, Sacred and Civil Ties', *British Journal of Sociology*, 8, 2 (June 1957), pp. 130-45.

4. For a review of the development of Malay 'special privileges' and ethnic preference policies, see: Gordon P. Means, '"Special Rights" as a Strategy for Development: The Case of Malaysia', *Comparative Politics*, 5, 1 (October 1972), pp. 29-61; Gordon P. Means, 'Ethnic Preference Policies in Malaysia', in Neil Nevitte and Charles H. Kennedy (eds.), *Ethnic Preference and Public Policy in Developing States* (Boulder, Colo.: Lynne Rienner Publishers, 1986), pp. 95-118.

5. 'Bumiputra' is a term that literally means 'son of the soil'. It is used to encompass all

indigenous peoples regardless of religious or language affiliation. The term 'Malay' is defined as one who speaks Malay, practises Malay custom, is a traditional subject of a Malay Ruler, and is Muslim.

6. When the party was founded in 1948, it adopted the name 'Persatuan Aislam Sa-Melayu' (Pan-Malayan Islamic Association). It then acquired the abbreviation 'PAS'. The Registrar of Societies required that it call itself a party if it was to contest elections. To comply, it then adopted the name 'Partai Islam Sa-Melayu' (Pan-Malayan Islamic Party), but the name was often abbreviated to 'Partai Islam'.

7. Democratic Action Party, *Our Triple Objective towards a Malaysian Malaysia*, DAP General Elections Manifesto (Kuala Lumpur: Democratic Action Party, n.d. [1969]), p. 17.

8. Persatuan Aislam Sa-Melayu, *Menghadapi Pilihan Raya Umum 1969* [in Jawi script] (Kuala Lumpur: PAS, n.d. [1969]).

9. Alliance National Council, *An Even Better Deal for All*, Alliance Manifesto '69 (Kuala Lumpur: Alliance Headquarters, 1969), pp. 5 and 11-12.

10. For reports on the 1969 election, see: R. K. Vasil, *The Malaysian General Election of 1969* (Singapore: Oxford University Press, 1972); Goh Cheng Teik, *The May Thirteenth Incident and Democracy in Malaysia* (Kuala Lumpur: Oxford University Press, 1971); K. J. Ratnam and R. S. Milne, 'The 1969 Parliamentary Election in West Malaysia', *Pacific Affairs*, 43, 2 (Summer 1970), pp. 203-26.

11. *Straits Times*, 14 May 1969, pp. 1 and 22.

12. John Slimming, *Malaysia: Death of a Democracy* (London: John Murray, 1969), pp. 29-48. For other accounts of the May Thirteenth riots, see: Government of Malaysia, National Operations Council, *The May 13 Tragedy: A Report of the National Operations Council* (Kuala Lumpur: Government Press, 1969); Goh Cheng Teik, op. cit.; Tunku Abdul Rahman, *May 13: Before and After* (Kuala Lumpur: Utusan Melayu Press, 1969); Felix V. Gagliano, *Communal Violence in Malaysia 1969: The Political Aftermath* (Athens, Ohio: Ohio University, Center for International Studies, S.E. Asia Series No. 13, 1970); Leon Comber, *13 May 1969: A Historical Survey of Sino-Malay Relations* (Kuala Lumpur: Heinemann Asia, 1983).

13. The Yang di-Pertuan Agong, or Paramount Ruler, is the constitutional monarch for the Federation of Malaysia as a whole. He is elected by the Conference of Rulers (sometimes called Rulers Council) from among their own members for a five-year term. The Conference of Rulers comprises the hereditary Sultans of the Malay States that joined the original Federation of Malaya. In effect, the Yang di-Pertuan Agong is selected largely on the basis of seniority among the ruling Malay Sultans, but the principle of seniority may be overturned for good reason if the Sultan with the most seniority is deemed to be unsuitable for serving in the office for a five-year term.

14. *Straits Times*, 18 May 1969, p. 21; 21 May 1969, pp. 1 and 8.

15. Letter from Dr Mahathir bin Mohamad to Tunku Abdul Rahman, 17 June 1969. This letter was circulated unofficially again, the second time against Dr Mahathir, during the Johore Bahru by-election of September 1988. Most of Dr Mahathir's letter was published in a different translation of the Malay original in von Vorys, op. cit., pp. 372-4. See also: Tunku Abdul Rahman, *May 13*, pp. 117-43; Slimming, op. cit., p. 69; Mahathir Mohamad, *The Malay Dilemma* (Singapore: The Asia Pacific Press, 1970), pp. 115-53 and *passim*.

16. Goh Cheng Teik, op. cit., pp. 27-33.

17. *Straits Times*, 4 July 1969, pp. 1 and 24; 6 July 1969, p. 1; Slimming, op. cit., pp. 64-5.

18. *Straits Times*, 3 August 1969, p. 1. Tun Razak had earlier made public his support for Tunku Abdul Rahman. See: *Straits Times*, 19 July 1969, p. 1.

19. *Straits Times*, 3 September 1969, p. 1.

20. The proposal to form the National Consultative Council was contained in the report on the May Thirteenth riots that was prepared by the National Operations Council. See: Government of Malaysia, National Operations Council, op. cit., p. vi.

21. *Straits Times*, 13 January 1970, pp. 1 and 22.

22. Goh Cheng Teik, op. cit., pp. 32-3.

23. *Straits Times*, 10 November 1969, p. 5.



24. Goh Cheng Teik, op. cit., pp. 36-8; *Sarawak Tribune*, 9 July 1970, p. 1; *Straits Times*, 9 July 1970, p. 1.

25. Government of Malaysia, *Rukunegara* (Kuala Lumpur: Jabatan Chetak Kerajaan, 1970).

26. *Straits Times*, 31 August 1970, pp. 14 and 19.

27. Government of Malaysia, *Rukunegara*, pp. 15-17.

28. Government of Malaysia, *Towards National Harmony* (Kuala Lumpur: Jabatan Chetak Kerajaan, 1971), p. 2.

29. Government of Malaysia, *Emergency Ordinance No. 45 of 1970*, as cited in Patrick Low (ed.), *Proceedings and Background Paper of Seminar on Trends in Malaysia* (Singapore: Institute of Southeast Asian Studies, 1971), pp. 19-20.

30. Ibid.

31. Government of Malaysia, *Towards National Harmony*, p. 6.

32. Tun Haji Abdul Razak, *Unite for Peace and Prosperity*, speech at second reading of the Constitutional Amendment Bill at Dewan Ra'ayat on 23 February 1971 (Kuala Lumpur: Jabatan Penerangan, 1971), pp. 16-17. See also: *Straits Times*, 24 February 1971, p. 11.

33. Ibid.

34. *Malaysian Digest*, 15 March 1971, p. 2.

35. *Straits Times*, 4 March 1971, pp. 1 and 24.

## The Abdul Razak Administration

THE retirement of Tunku Abdul Rahman in September 1970 marked the end of an era. Although there was no immediate break in leadership and no succession crisis, the event marked a fairly rapid transition of power from those élites who had fought the battles for independence and for the formation of the Malaysian Federation to newer élites who were more interested in a new agenda of public policy and styles of leadership. Although not immediately apparent at the time, the succession to power of Tun Abdul Razak ushered in a new era of the 'second generation' of Malaysian political élites. This chapter will first explore some of the personnel changes of the new regime and then proceed to examine those policies and political strategies it employed to reconstruct a base of political support that had been fractured by the crisis of 1969.

### Tun Abdul Razak's Background and Leadership

The political style of Tun Abdul Razak was not that of a charismatic leader. Instead, he was noted for being an efficient and hard-working bureaucrat. He had the advantage of Malay aristocratic origins, since his father had been one of the four major chieftains of Pahang. As such, he attended the Malay College at Kuala Kangsar and upon graduation joined the Malay Administrative Service in 1939. After the war, he studied law in England and became active in politics, serving first as Secretary and later as President of the Malay Society in London. Upon his return to Malaya, he was appointed State Secretary of Pahang in 1950; later, in 1951, he was appointed to the Federal Legislative Council. Being active in UMNO, he was elected President of UMNO Youth in 1950. Following his election to the Federal Legislative Council in 1955, he became Deputy Prime Minister and Minister of Defence. By 1959 he headed the Ministry of National and Rural Development, where he attempted to utilize some of the administrative techniques developed in the war against the Communist guerrillas for the implementation of rural development projects. Earlier, in 1955, he had been Chairman of the Special Committee on Education which had produced the Razak Report, so his responsibilities had focused on issues crucial to the Malays. His approach had been to mobilize administrative resources to accomplish well-defined objectives in issue areas that were deemed to be politically sensitive. Tun Razak's

reputation for administrative efficiency and low-key problem-solving was one of the reasons that he emerged as Director of the National Operations Council after the May Thirteenth riots.<sup>1</sup> As Tunku Abdul Rahman's political support and power eroded following the May 1969 crisis, it was only a matter of time before Tun Razak became Prime Minister, an event which occurred formally on 21 September 1970.<sup>2</sup>

Tun Razak's reputation as an efficient and capable administrator was matched by his dedication to the cause of improving the economic condition of the Malays. His years from 1959 to 1969 as Minister of National and Rural Development had been a period of building up the administrative infrastructure to implement new programmes of assistance to Malays, especially in the rural areas. His concern to weed out the inefficient, lethargic, and corrupt had brought about a new sense of purpose in that ministry. Similarly, as Deputy Prime Minister and while he was Minister of Defence, he had also earned a reputation for being tough and capable of action, especially when civil order and national security were threatened. This reputation was merely strengthened after he became Director of the National Operations Council in the wake of the May Thirteenth riots.

For a variety of reasons, Tun Razak was viewed as being more solicitous of Malay interests and concerns than those of the non-Malays. Although he had been a loyal supporter of Tunku Abdul Rahman from the early days of UMNO, he had subtly distanced himself from his mentor as the Tunku's popularity waned among many Malay intellectuals and among the more chauvinist rural Malays. Many non-Malays were, therefore, suspicious, if not openly fearful, that the regime of Abdul Razak would make an abrupt break with the past and put into motion a series of policy initiatives drastically upsetting the spirit of inter-ethnic bargaining and accommodation that had characterized the era of Tunku Abdul Rahman. Similarly, there was fear among many intellectuals that liberal democratic institutions would be abandoned in a move toward an authoritarian regime. Even though Tun Razak was under great pressure from Malay chauvinists and from those, such as Ghazali bin Shafie, who openly attacked 'Westminster Democracy' as being inappropriate for Malaysia, he acted with caution to bring about changes that made incremental moves in the direction of more pro-Malay policies and more restrictions on the operation of liberal democratic processes. Yet, in fairness, he made the moves in such a way as to avoid major public outcries from the non-Malay constituencies.

In contrast to the previous era, Tun Razak's administration was based on the assumption that UMNO was to provide the mass base of political support for the government. UMNO was to be, much more than before, the foundation for the political system, while all other parties in coalition to the government were to provide peripheral support and also gain peripheral advantage from that support. The notion of balanced inter-ethnic negotiations and distribution of benefits had been eroding for years. With Tun Razak at the helm, the pre-eminent position of UMNO and of the Malays it represented was no longer clouded by polite political

fictions. When the National Operations Council was dissolved and parliamentary rule was restored, the new Cabinet continued the pattern of Malay political hegemony that had been asserted so decisively under the National Operations Council, on which the communal representation had been 7 Malays, 1 Chinese, and 1 Indian. When the Razak Cabinet was formed, all the key cabinet posts were held by Malays from UMNO except for the Minister of Finance, who was Tan Siew Sin, President of the Malaysian Chinese Association. The constituent non-Malay parties in the ruling coalition were given a number of deputy ministerial positions in the new Cabinet, which merely tended to reinforce the principle of Malay political hegemony.

Another distinctive feature of the Razak Administration was the repudiation of many of the 'Old Guard' loyalists, who had been pillars of support for Tunku Abdul Rahman. Tun Razak was not only seeking to infuse new blood into the administration, but also was careful to use patronage to strengthen his control over the government and over UMNO. The moves against the UMNO 'Old Guard' were made gradually and without open conflict so as to preserve the continuity with the previous administration. Senu Abdul Rahman, Minister of Information and Broadcasting, had lost his seat in the 1969 election, whereupon he resigned as leader of UMNO Youth. Although he later won a seat in Parliament in the 1974 election, he never returned to a cabinet position. Likewise, Khir Johari, another Tunku stalwart, lost his post as Vice-President of UMNO in 1971, and was sent as Ambassador to the United States, which effectively removed him from active political life. Similarly, a number of other prominent Malay politicians were gradually eased from key positions by stages<sup>3</sup> so that new faces could be brought into the inner circles of government.

The new people brought into the Cabinet provide some indication of the policy objectives of Tun Razak. Initially, the three most powerful men were Tun Razak, Dr Ismail bin Abdul Rahman, and Ghazali Shafie. Tun Razak held the posts of Prime Minister, Minister of Defence, and Minister of Foreign Affairs; Dr Ismail became Deputy Prime Minister, Minister of Home Affairs, and Minister of Trade and Industry; and Ghazali Shafie was made Minister with Special Functions and Minister of Information. Within UMNO, Tun Razak was elected President and Dr Ismail was elected Deputy President. The elections also elevated militant Malay communal spokesmen to important posts as Vice-Presidents and on the Central Executive Council.<sup>4</sup> Perhaps in response to these developments within UMNO, Tun Razak made moves to bring into government a number of Malay politicians who had earlier been noted for their criticisms of government and their vigorous espousal of Malay interests. The three most prominent of the rising new-style Malay politicians were Hussein Onn, Dr Mahathir Mohamad, and Musa Hitam—the latter two having been expelled from UMNO on the initiative of Tunku Abdul Rahman in 1969 for violating party discipline.

As the son of Dato Onn Ja'afar, the founder of UMNO, Hussein Onn had avoided close association with the Alliance government during the

period when Tunku Abdul Rahman was Prime Minister. Hussein Onn was nominated as an UMNO candidate, however, and elected to Parliament in the 1969 election. In 1971 he won a seat on the UMNO Supreme Council, whereupon Tun Razak appointed him to the sensitive cabinet position of Minister of Education. During his earlier years of affiliation with Party Negara, Hussein Onn had earned a reputation for being a vigorous spokesman for Malay interests. The congruent views and political style of Hussein Onn and Abdul Razak provided the basis for their close political affiliation, which was further strengthened by family ties, since the two were brothers-in-law. When Hussein Onn was given responsibility for the portfolio of Education, his predecessor, Abdul Rahman Ya'akub, had initiated the programme to convert the entire education system to the Malay medium of instruction. With Hussein Onn as the new Minister of Education, it soon became apparent that this policy was to be implemented with a new sense of urgency.

In August 1973 the Deputy Prime Minister, Dr Ismail, died suddenly of a heart attack. Prime Minister Abdul Razak appointed Hussein Onn as Deputy Prime Minister, but Dr Ismail's double portfolios were divided between Hussein Onn, who acquired Home Affairs, and Ghazali Shafie, who became Minister of Trade and Industry. This mid-term cabinet shuffle thus confirmed Hussein Onn as the second most powerful person in the government and the most logical successor to Abdul Razak.<sup>5</sup>

Both Dr Mahathir Mohamad and Musa Hitam had been active in the second echelon of UMNO leaders in the period of the 1960s. They were both known for taking rather militant pro-Malay positions on communal issues, and therefore were regarded by some as 'ultras'. In 1969 Dr Mahathir was an Alliance back-bencher in Parliament, and Musa Hitam was Assistant Minister to the Deputy Prime Minister, Tun Razak. After the May Thirteenth riots, Dr Mahathir had sent the highly critical letter to Tunku Abdul Rahman quoted in Chapter 1, accusing him of always giving in to Chinese demands and calling upon the Tunku to retire as Prime Minister and as President of UMNO. The letter was also leaked to the press, just at the time when there were demonstrations and riots in Kuala Lumpur in the aftermath of the more serious May Thirteenth disorders. Both Dr Mahathir and Musa Hitam were accused of 'doubtful loyalty' and violation of cabinet responsibility by Tunku Abdul Rahman; they were expelled from the government and from UMNO. Musa Hitam was given a one-year 'study leave' to go to England, where he entered Sussex University and gained an MA degree in International Relations. Dr Mahathir returned to his medical practice in Kedah, but remained active in UMNO politics none the less. He used the time out of active politics to write his controversial book, *The Malay Dilemma*, which was promptly banned as contravening the 'sensitive issues' provisions of the Sedition Act.

In 1970 Musa Hitam returned from his political exile in England and once again entered active UMNO politics. Within a short time he had been elected Deputy Chairman of UMNO Youth. By 1971 he was appointed Chairman of the Federal Land Development Authority

(FELDA), and by January 1973 he was appointed Deputy Minister of Trade and Industry. From this position, he was later able to enter the inner councils of the government in the latter days of the Razak regime.<sup>6</sup>

By 1972 Dr Mahathir had also been making a political come-back. In that year he had been elected to the UMNO Supreme Council. Following that election, Tun Razak named him Minister of Education at the time that Hussein Onn was promoted to Deputy Prime Minister. Tun Razak revealed by these appointments that those who were committed to an activist role for the government acting for the betterment of the Malays would be given prime responsibility for important sectors of government administration. His appointments also were interpreted as a sign that Tun Razak gave high priority to winning the support of Malay intellectuals who had become increasingly disillusioned by both the policies and the leadership style of Tunku Abdul Rahman.

### The New Economic Policy

By the time that parliamentary government was restored in February 1971, the corner-stone of social and economic policy for the post-crisis period had already been laid. By then, what remained was to complete the edifice according to the blueprint that had been drafted by the National Operations Council and had been refined after discussions in the National Consultative Council. The basic policy objectives and strategies were contained in a government White Paper entitled *Towards National Harmony*,<sup>7</sup> which outlined the conditions for the end of the emergency and for the restoration of Parliament.

Whereas the earlier reports on the May 1969 riots had stressed political and psychological factors contributing to the conflict, this report and the public comments of government leaders emphasized economic causes: they cited the failure of earlier economic policies to address the relative deprivation of the Malays in comparison to non-Malays as being the underlying root cause of the crisis. Such an explanation for political violence was then very popular among social scientists, so it seemed both sophisticated and informed. Yet, in the Malaysian case, no new evidence or research by independent scholars was presented to confirm or refute the revised explanations. Instead, theories of violence attributed to 'relative deprivation' were used to justify a set of policies that could just as easily have been supported without reference to the racial riots of 1969. Armed with this reassessment of the causes of the May Thirteenth Crisis, the government formulated a set of economic strategies and policy goals which proposed to ensure that Malays gained an improved share of the country's wealth as well as more equitable access to jobs and positions of influence in the more modern and dynamic sectors of the economy. Identified as the New Economic Policy (NEP), it became even more important than the Rukunegara, since the NEP became the foundation of and the yardstick for all economic and social policy as projected at least until 1990. The basic objectives and goals of the NEP were set out in the Second Malaysia Plan, which was presented to Parliament on 11 July 1971:

The Plan incorporates a two-pronged New Economic Policy for development. The first prong is to reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race. The second prong aims at accelerating the process of restructuring Malaysian society to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function. This process involves the modernisation of rural lives, a rapid and balanced growth of urban activities and the creation of a Malay commercial and industrial community in all categories and at all levels of operation, so that Malays and other indigenous people will become full partners in all aspects of the economic life of the nation. The New Economic Policy is based upon a rapidly expanding economy which offers increasing opportunities for all Malaysians, as well as additional resources for development. Thus in the implementation of the Policy, the Government will ensure that no particular group will experience any loss or feel any sense of deprivation.<sup>8</sup>

Identified as the first objective, the eradication of poverty was to be pursued through policies of economic growth and development that would benefit all Malaysians regardless of race. There was no indication, however, that 'the poor', identified solely by economic criteria, were to be targeted for special remedial programmes, although concern for poverty alleviation was an important component of overall strategies of economic growth. The second objective of the NEP, that of 'restructuring Malaysian society', was to command the major effort of the government, with the Malays and other indigenous peoples as the targeted beneficiaries. Because Malaysian society tended to be compartmentalized with certain ethnic groups usually dominating various economic functions and professions, the second objective of the NEP was to formulate a new system of quotas and Malay special rights. These were to ensure that Malays gained privileged access to education, to better paying jobs, to the professions, and to management positions; they were also to secure a stake in the economy through investments in more profitable commercial and industrial enterprises. In theory, ethnic monopolies in functional-economic compartments would be ended and replaced by ethnically balanced and proportionately allocated advantages.

In presenting the NEP to the non-Malays, the Prime Minister explained that these policies designed to 'restructure Malaysian society' were necessary to assure inter-ethnic peace as well as social justice. To those who feared that it might involve expropriation of non-Malay wealth and occupations, he promised that the expansion of Malay privileges and quotas would not involve the expropriation of property or loss of jobs for non-Malays. He explained: 'What is envisioned by the Government is that the newly created opportunities will be distributed in a just and equitable manner.'<sup>9</sup>

Besides the promise of a new range of policies to improve the economic position of the Malays, the NEP also established specific goals to be achieved over the next two decades. The government announced its goal of achieving 30 per cent Malay ownership and participation in all industrial and commercial activities by 1990. The argument was made

that these 'restructuring' objectives were necessary to create a 'just society' so as to dampen ethnic hostilities and create 'national harmony'. It should be noted that 'justice' and 'equality' were defined not in terms of overall patterns of distribution of wealth or through fostering individual equality of opportunity, but rather on the basis of the aggregate distribution between ethnic communities of wealth, jobs, and economic power. This concept of the NEP was promoted with the slogan '*Masyarakat Adil*' (A Just Society),<sup>10</sup> which was treated in government pronouncements with the same ideological mystique that had been accorded to the Rukunegara.

Under the NEP, the government formulated a series of five-year plans that stressed both economic growth and the redistribution of economic opportunities to Malays. The economic growth objectives were pursued through promoting both domestic and foreign investment under close supervision of the government and usually through joint-stock arrangements between foreign and local investors. The government also founded quasi-public corporations to provide the Malaysian component for many of such joint-stock arrangements with foreign corporate investors. By vigorous and sophisticated pursuit of these economic growth strategies, the Razak Administration and its successors were able to sustain the Malaysian economy with high levels of growth for most of the two decades after the inauguration of the NEP.

The 'restructuring of society' objectives involved another set of programmes and institutions, which were viable only so long as the economic growth rate was strong enough to sustain the costs and dislocations of redistributive policies. Even in colonial times, government policy had always had some form of 'special rights' for Malays. These had been in the form of Malay land rights, government support for Malay education, favourable quotas for recruitment to the civil service, and quotas for certain kinds of business licences. Such Malay 'special rights' had been protected in the Constitution and had been gradually expanded in government policy since independence.<sup>11</sup> Now, however, a new range of programmes were to be devised to assure that Malays gained access to all sectors of the economy and acquired a more equitable share of the wealth of the country.

The launching of the NEP was accompanied by the release of impressive statistics to reveal how far the Malays lagged behind non-Malays in various sectors of the economy and in the ownership of share capital. With the target goals in mind, government policy-makers were hard pressed to devise an ever-expanding set of programmes to achieve the ethnic restructuring goals of the NEP. Most of the programmes that were designed to implement the NEP involved the extension of Malay or Malay/Bumiputra quotas for government employment, for education, and for application to the private sector of the economy. Over time, the regulations and quotas became very elaborate and were subject to periodic revision. The NEP also involved a great increase in the formation of quasi-public bodies and government agencies that were charged with providing special assistance programmes for Malays or that acted as



surrogate institutions for the transfer of capital shares and ownership to Malays. The main areas of assistance for the economic transformation of the Malays were in the public services, in education, and through economic preferences applied to private sector employment, corporate management, and ownership of share capital.

Prior to the NEP, the élite Malayan Civil Service recruited four Malays for each non-Malay, but no quotas applied to the professional and technical services or to lower-level civil servants. Thus, after independence, Malays dominated the policy-making superscale posts and the non-Malays tended to predominate in the professional services and at the lower levels where quotas were not applied. After the NEP, the formal Malay quota of 4 : 1 was continued and applied to the new unified Malaysian Administrative and Diplomatic Service. In actual hiring, however, between 1969 and 1973, 98 per cent of all persons recruited for government service were Malays; if the armed forces were also included, the figure for Malay recruits would increase to 99 per cent.<sup>12</sup> The hiring pattern for public services had clearly far exceeded the formal 4 : 1 Malay quota for the élite ranks of the civil service and for the military.

In matters of education, conversion to Malay as the sole medium of instruction had aided the educational performance of Malays and enabled them to gain greater access to higher education. In addition, they enjoyed favourable quotas for admission and received generous government stipends, also with favourable quotas. With the NEP, investment in higher education expanded from M\$25.8 million in 1969 to M\$350.8 million in 1980, the number of universities was increased from one to six, and expenditure per student rose from M\$3,700 to M\$12,900.<sup>13</sup> Two of the new universities were designed to cater almost exclusively to Malay or Muslim students, and all higher institutions utilized various admission quotas favouring Malays. By 1980, Malaysian universities had a Malay student body of between 65 per cent and 90 per cent. For example, the number of Malay students at the University of Malaya rose from 49.7 per cent to 66.4 per cent between 1970 and 1979.<sup>14</sup> After 1970, the quotas for admission were extended to specific fields and courses of study in which Malay representation was low. In addition, special training and remedial courses were established to assist Malays in making up for deficiencies and thus enable them to acquire higher degrees in professional and management subjects. Government bursaries to finance higher education were made available to all qualified Malays, while only a few bursaries were reserved for non-Malays. In addition, large numbers of government scholarships were made available for advanced study abroad, with over 90 per cent of these foreign study scholarships being awarded to Malays. By contrast, most non-Malays who studied abroad had to do so on their own resources. By 1982 there were 50,000 Malaysian students pursuing education abroad, mostly in England, North America, or Australia,<sup>15</sup> with almost all the overseas Malay students fully funded by the government. All these programmes of assistance to the Malays were planned as part of the overall NEP strategy.

Prior to 1969, the system of Malay privileges and preferences had

applied to land laws, government employment, and distribution of government services. With the 'restructuring' targets of the NEP, however, such preferences were extended to the private sector. Commercial and industrial enterprises were required to establish plans for employing, training, and promoting Malays at all levels of operations. For foreign firms, the terms were made a condition for the licensing and the tax concessions available to 'infant' industries. Local businesses were also covered under special regulations and by terms of government contracts and licences. The quotas were adjusted to suit local conditions and industry requirements. For larger industries, the Malay employment quotas were usually set at 40 per cent, but the figure was raised when the industry was sited near larger concentrations of Malay settlement.<sup>16</sup>

To facilitate a rapid increase of Malay ownership and control of the economy as promised by the NEP, the government formed public corporations, known as Bumiputra trust agencies, to buy corporate shares and to acquire control of industries and enterprises on behalf of Malays. Furthermore, when foreign corporations operated in Malaysia or engaged in joint-stock agreements with local private or government corporations, the agreements usually specified a quota of stock issues to be reserved for sale to Malays or to Bumiputra trust agencies.<sup>17</sup> These policy mechanisms were designed to increase Malay share capital to the target figure of 30 per cent by the year 1990 from its pitifully low level of 1.5 per cent in 1969.

The impact of the NEP extended to all aspects of economic planning and to all departments and agencies of government. Many new agencies and government-funded quasi-public corporations were created specifically to assist the economic advancement of the Malays and indigenous peoples. All government agencies and corporations were evaluated, monitored, and reviewed against the overall NEP strategy and target goals promised for the year 1990.

As a guide-line for all government operations, the NEP continued to have a profound effect on all public policies for a period of two decades, gradually transforming the Malaysian social, economic, and political landscape. In the longer term, the NEP produced results that were intended and predicted; as well, it generated some consequences that were both unanticipated and unintended. These long-term changes will be examined in later chapters.

### **The Barisan Nasional Coalition**

The renewed emphasis upon Malay rights and privileges and upon Malay economic betterment was matched by a renewed effort to build a wider and more stable basis of political support for the government in the pursuit of its goals. Political stability was viewed primarily in terms of the construction of a broader political coalition and the forging of a more effective ideological consensus to underpin the government's coalition.

In 1970 the Alliance government enjoyed a commanding majority of 93 seats in Parliament to the combined opposition's 51 seats. At lower

levels of government, the opposition controlled only three states, Penang, Perak, and Kelantan, and two municipalities, Georgetown in Penang and Ipoh in Perak. Even so, Tun Razak viewed the opposition as a destabilizing element threatening the development plans of the Federal Government. Potentially opposition support could grow. But, even more serious, the opposition had the capacity for political mobilization over 'sensitive issues' and such 'politicking' was viewed as a threat to national unity and to the effort by the government to reduce ethnic conflict and mobilize national efforts for the goals of the NEP. As a result, a major effort was made to incorporate the more accommodating of the opposition parties into a broader coalition. In this way, criticism could be channelled and contained within the structure of intra-coalition discussions and bargaining, without involvement of public mobilization and acrimonious public debate.

The pattern of federal involvement began with coalition-building at the state level, but was rapidly extended to the federal level with a combination of patronage and other inducements. To build a wider political support base and create a national political consensus became a major preoccupation of the Razak Administration. The Rukunegara ideology and the 'sensitive issues' amendments to the Constitution had changed some of the ground rules of politics, while the enhanced powers of the Federal Government made it possible to apply both greater rewards for co-operation and greater penalties for defiance. Ultimately, however, the creation of a broader-based coalition depended on the political skills of Prime Minister Abdul Razak and his closest associates.

The first stages in the creation of a wider coalition can be identified during the rescheduled elections of June 1970 in the two Borneo states of Sabah and Sarawak. In Sabah, all parties had either become affiliated with the Alliance or had dissolved under the combined pressure of federal authorities and an autocratic Chief Minister, Tun Mustapha Harun, who headed the United Sabah National Organization. Because the latter party had earlier absorbed the largest opposition party, the United Pasok Momogun Kadazan Organization, in 1967, the only remaining task was to find a formula for the participation in the state government of the much smaller Sabah Chinese Association. With only one slate of candidates and no opposition, the Sabah Alliance swept to an easy victory in an election in which candidates were prevented from making public appeals and the foreign press was banned from the state during the 'campaign'.<sup>18</sup>

During the same election in Sarawak, the problem of building a coalition acceptable to the federal authorities was much more complicated. Five parties openly vied for public support, and even within the Alliance, member parties could not agree on the distribution of seats. The Iban-based Party Pesaka Anak Sarawak, while nominally retaining its membership in the Alliance, decided to contest on its own, thus leaving Party Bumiputera and the Sarawak Chinese Association as the only parties agreeing to a common slate under the Alliance banner.<sup>19</sup> Within Sarawak, the opposition included the Iban-dominated Sarawak National Party

(SNAP) and the Chinese-dominated and 'leftist' Sarawak United People's Party (SUPP). When the votes were counted, the Sarawak Alliance had won only 10 of the 24 parliamentary seats at stake and had failed to gain a majority in the Legislative Assembly.<sup>20</sup> Anticipating possible instability and turmoil, Prime Minister Abdul Razak initiated negotiations to forge a new federally backed coalition to be led by the designated Chief Minister, Abdul Rahman Ya'akub, the leader of the Malay-dominated Party Bumiputera and the Minister of Education in the Federal Cabinet. First, the Independent was persuaded to join Party Pesaka to give the Alliance a majority in the State Assembly. With the active intervention of federal officials, a coalition agreement was worked out which included the Chinese-based Sarawak United People's Party, but in a coalition built around the Malay-based Party Bumiputera. The weakest Iban party, Party Pesaka, was also included, but the more militant Iban-based party, SNAP, was excluded from any coalition even though it had won a plurality of the votes. The latter was viewed as being too militant on some ethnic and states' rights issues in conflict with federal authorities.<sup>21</sup>

After Parliament was resumed and the matter of a new mandate became crucial, the question of extending the political base of the government in Peninsular Malaysia became more urgent. As a first step, Prime Minister Abdul Razak held secret meetings with Dr Lim Chong Eu, who was the leader of Gerakan—the party that controlled the Penang state government. Under terms of a coalition agreement, the Alliance would share in the Penang state government and Gerakan would become an Alliance partner at the federal level.<sup>22</sup> Because of factional feuding within Gerakan, partly as a result of the coalition arrangement with the Alliance, the party split. The anti-coalition faction resigned from Gerakan and later formed a rival party called Parti Keadilan Masyarakat Malaysia (Social Justice Party), better known by the acronym 'Pekemas'. This new party was led in Parliament by Dr Tan Chee Khoo and was sponsored by Professor Syed Hussein Alatas in a show of interracial co-operation. Pekemas promised to act as a responsible opposition critic of the government, stressing social issues and a 'non-communal' approach to politics.<sup>23</sup>

Two months after the coalition agreement was made bringing Gerakan into the Alliance fold, a similar agreement was negotiated with the People's Progressive Party (PPP), which controlled the town council of Ipoh and enjoyed substantial Chinese and Indian support in Perak. The latter agreement brought the PPP into the Perak state Alliance structure in the first phase, but was later extended to the federal level involving the four PPP Members of Parliament.<sup>24</sup>

The incorporation of Gerakan and the PPP into the Alliance coalition involved a strengthening of support from non-Malay constituencies. To expand the support base of Malay voters required some accommodation with the formidable Malay-based Partai Islam, which controlled the Kelantan state government and had large representation in Trengganu and Kedah. Negotiations to bring PAS within the Alliance coalition structure continued for several months before Prime Minister Abdul Razak and PAS President Mohamed Asri Haji Muda agreed to terms of

coalition. Within PAS, the agreement created strong divisions and was opposed by a militant and uncompromising faction. At the PAS annual conference, the terms of affiliation with the Alliance were finally approved by a vote of 190 in favour, 94 opposed, and 19 abstentions.<sup>25</sup>

All these coalition agreements, both in Sabah and Sarawak and in Peninsular Malaysia, were *ad hoc* arrangements of limited duration until the next election and they primarily involved patronage, joint representation on various government bodies and councils in return for mutual political support, and a restriction on public criticism of the government. This widening of the support base of the government left the former Alliance structure in an ambiguous limbo. The new partners in the government coalition were not made members of the Alliance, but were promised limited access to political decision-making. At first Tun Razak referred to a new National Front. In Malay, he used the title 'Barisan Nasional'. What that meant in practical terms was at first unclear. What gradually emerged was the idea of forging a grand coalition that would jointly contest the next election as a unified political force in support of the government. Quite naturally, both the structure and the working agreements to make the Barisan Nasional a reality involved long and arduous behind-the-scenes discussions among all the diverse partners in the new Barisan Nasional.

The old Alliance structure was disbanded but some of the practices and experience of the Alliance structure were transferred to the new Barisan Nasional organization. The headquarters of the Alliance in the UMNO Building in Kuala Lumpur became the headquarters of Barisan Nasional. The Alliance electoral symbol of a sail-boat was abandoned for the new Barisan Nasional symbol, the *dacing*, the traditional beam scale, symbolizing justice and equity. All the member parties were represented with three members on a Barisan Nasional Supreme Council, with all decisions being taken by unanimous vote, except for matters of interpretation of the rules and discipline. The first political rallies in support of Barisan Nasional (BN) preceded the formal registration of the organization on 1 June 1974. The selection of BN candidates was made on 28 July with Tun Razak acting as final arbiter in the selection of the BN slate. With all the preparations in place, national elections were finally called for 24 August 1974.<sup>26</sup>

Although public appearances gave the impression of a unified and dissension-free coalition, there had actually been sharp rivalry and conflict behind the scenes among member parties. In particular, the Malaysian Chinese Association exhibited extreme apprehensiveness about the new coalition, since by implication the MCA was no longer acknowledged as the sole representative of Chinese interests in the government. The admission of Gerakan and the People's Progressive Party from Peninsular Malaysia, along with the inclusion of the Sabah Chinese Association, and the Sarawak Chinese Association and SUPP from Sarawak, effectively diluted the MCA claim. After its poor showing in the 1969 election, it was difficult for the MCA to defend its demands that it be allocated all its traditional seats in the next election. Furthermore, in 1972 and 1973 the

MCA had suffered from internal divisions caused by an aggressive group of 'young bloods', who argued that the party should be more assertive in representing and defending Chinese interests. This faction had strong grass-roots support among Chinese in Perak, who in 1972 had formed an MCA Perak Task Force to recruit new members in the expectation that the MCA could be made more forceful in negotiations within the Alliance.

The escalation of political militancy among those who recently joined the MCA, inspired by the activities of the Perak Task Force, created a major division between the 'old guard' who held the top leadership of the party at both the state and federal levels and the 'young bloods' who had popular support at the grass-roots level. Eventually, the MCA leadership, under pressure from UMNO and Tun Razak, invoked party discipline, and in November 1972 the MCA ordered the Perak Task Force to disband. The continued agitation of the militants under the leadership of Dr Lim Keng Yaik created severe dissension within the MCA. Dr Lim held the federal cabinet post created to deal with the problems of the new villages and he utilized this position to build a power base among the rural Chinese. Eventually, Dr Lim was forced to resign his cabinet post and by June 1973 he was expelled from the MCA, whereupon he and many of his supporters joined Gerakan.<sup>27</sup> These divisions within the MCA had weakened the party just at the time when the Barisan Nasional was coming into operation. Furthermore, the severe application of party discipline against the militant 'young bloods' had created a wave of resignations that swelled the ranks of Gerakan—the long-time rival of the MCA and the party that most openly had challenged the legitimacy of the leadership claims made by the established MCA office-holders.

When the BN was in the process of being formed, the MCA vacillated between several options: to oppose the BN concept, to withdraw from the government, to refuse to join the BN coalition structure, or to join the BN and resist the encroachment of the other partners. Part of the uncertainty was due to the fact that Tan Siew Sin retired in April 1974 as President of the MCA after a period of illness and a lung operation. The new MCA President, Lee San Choon, took a while to consolidate his position. After some uncertainty about the response of the MCA to the BN, he eventually confirmed that the MCA would remain within the new BN coalition. Although the MCA claimed the 33 seats it had contested in 1969, it was given only 23 seats on the BN ticket. This allocation was still higher than critics thought it should be, considering that in 1969 it had lost 20 of the seats it contested.

The Malaysian Indian Congress had been plagued by internal strife for years, although its support for and role in the newly formed BN were not in dispute. Rather, the MIC had been torn by factional disputes among the top leaders and their supporters. Much of the strife was resolved when the MIC Presidency changed from V. T. Sambanthan to V. Manickavasagam in June 1979. The key issue for the MIC was the relationship of the Indian leaders to the dominant Malay political élites. This relationship remained in much the same pattern after the formation of the Barisan Nasional as it had earlier within the Alliance.

Of all the parties in Malaysia, UMNO gained the most from the formation of the Barisan Nasional. Its pre-eminent role in Malaysian politics was reinforced and made a corner-stone for the coalition agreements for all the parties joining the BN coalition. UMNO dominated all the important cabinet positions and its President was, of course, also the Prime Minister. The unanimity principle in the voting on the Supreme Council concealed the political reality that, in fact, the Prime Minister, as leader of UMNO and of the Government, controlled the disbursal of patronage and other political benefits that provided the primary inducement for the co-operation of all the other coalition partners. As a consequence, what was decided within UMNO and at the UMNO General Assembly was a prelude to any important government policies and an indication of which UMNO politicians were rising or falling in the political stratosphere. Similarly, it was only within UMNO that a fairly free and open discussion of public policy would take place, since all important political leaders owed their political power to the support base provided by UMNO and its political constituency.

### The 1974 Election

Tun Abdul Razak began the election campaign on a wave of optimism. The Barisan Nasional had incorporated most of the major parties into the government coalition, and expected to gain some 80 per cent of the votes. Tun Razak cautioned that the only way for non-Malays to be represented in the government was through the election of BN candidates. With both PAS and UMNO providing mass Malay support, he expected the other members of the coalition to deliver non-Malay votes to assure the election of BN candidates to represent all ethnic constituencies. What opposition there was tended to be concentrated in fairly small regional pockets that had some capacity to influence the outcome in the state elections, but were not able to prove decisive in the federal election.<sup>28</sup>

Before the election was called, legislation was introduced in Parliament to make Kuala Lumpur a Federal Territory, modelled after the pattern of the District of Columbia embracing the capital city of Washington in the United States. Although parliamentary constituencies remained in the territory, the capital city was to be governed directly by the Federal Government rather than under the administration of the state of Selangor. The legislation for Federal Territory status was introduced in April 1973 and went into effect on 1 February 1974.<sup>29</sup> While the legislation was designed to give full administrative control to the areas where central federal agencies were located, it also had the effect of isolating politically the largest urban area in the country, one which had, in fact, become a bastion of support for the primary non-Malay opposition party—the Democratic Action Party. In this sense, it, therefore, changed the political calculus to favour the Barisan Nasional government.

The Democratic Action Party mounted a sustained campaign against the BN election machine. It hoped to supplant other opposition parties as the primary challenge to the government. As such, it avoided any

election pacts and tried to pick up disgruntled supporters of Gerakan, especially in Penang. Likewise, it hoped to eclipse Pekemas by demonstrating that it could mobilize mass support, especially among urban non-Malays. Although it campaigned on class issues, on behalf of landless squatters and the urban poor, its appeal, in effect, was to the deprived and alienated among the non-Malay communities. As the campaign unfolded, it appeared that the DAP believed that it had some chance of displacing the Gerakan government in Penang. Much of its campaign effort was devoted to that end. In addition, it hoped also to effect the demise of the PPP in Ipoh, which had suffered an erosion of support after S. P. Seenivasagam had led his party into the BN coalition.

After nomination day, it became apparent that Partai Sosialis Rakyat Malaysia<sup>30</sup> was concentrating its resources in a bid to challenge the BN in Trengganu. It hoped to capitalize on latent divisions between UMNO and PAS, as well as the discontent of Malay peasants whose depressed condition was in stark contrast with the wealth generated in the state by the recent oil development boom. The party also sought the support of the many Trengganu Malays who had been opposed to PAS joining the BN.<sup>31</sup>

Pekemas merged with Ahmad Boestamam's Parti Marhaen in July before the election. In its campaign, it stressed the importance of a 'responsible opposition' to make democracy work. The party president, Dr Tan Chee Khoo, called on voters to deny the BN a two-thirds majority in Parliament, presumably to prevent unilateral amendments to the Constitution that would circumvent democratic processes.<sup>32</sup>

The election campaign operated under certain restrictions, the most important being the prohibition on the raising of the 'sensitive issues' defined by the Rukunegara-inspired constitutional amendments, and the Sedition Ordinance continued in force for the election campaign. With these rules, many issues could only be raised obliquely and a premium was placed on party organization to contact individual voters with campaign literature and a more personal face-to-face system of communication. Naturally, this type of campaign gave advantage to the larger and better organized parties, of which the BN was both the largest and the best organized.

The pre-election estimates indicated that the BN would command a massive majority in Parliament. It had won 27 consecutive by-elections since 1969, and the BN leaders even announced a target goal of winning 80 per cent of the votes, which would have practically eliminated the opposition. When the votes were tallied, the BN majority in Parliament was overwhelming, but it had accomplished that by winning only 59 per cent of the votes. Because it had also won 47 seats uncontested, the BN popular support would have been somewhat higher, but nowhere near their 80 per cent target. At the federal level, the BN captured 104 seats in Peninsular Malaysia and 31 seats in Sabah and Sarawak. This gave it a working majority of 135 seats out of a total of 154 seats in Parliament. The opposition was reduced to a mere 19 members.

Of the 135 Barisan Nasional MPs, 71 were newcomers, many of whom



TABLE 2.1  
Malaysia: State and Parliamentary Elections, 1974

Party	Parliamentary Seats Won	Percentage of Vote, Parliament	Federal Seats Contested	State Seats	Parliamentary Seats before Election
Barisan Nasional	135	60.7		313	119
UMNO	(61)		61		52
MCA	(19)		23		15
Gerakan	(5)		8		2
MIC	(4)		4		3
PAS	(14)		14		10
PPP	(1)		4		4
BN Sarawak	(15)		24		14
BN Sabah	(16)		16		16
The Opposition					
DAP	9	18.3	46	23	9
Pekemas	1	5.1	36	1	5
SNAP	9	5.1	24	18	7
Kita	0	0.3	4	0	3
PSRM	0	4.0	21	0	0
PBPR	0	0.1		0	
Bisamah	0	0.03		0	
Independents	0	4.7	38	5	1
Total Opposition	19			47	25
Total	154			360	144

Sources: Diane K. Mauzy, *Barisan Nasional: Coalition Government in Malaysia* (Kuala Lumpur: Marican & Sons, 1983), pp. 95-6; R. S. Milne and Diane K. Mauzy, *Politics and Government in Malaysia*, 2nd rev. ed. (Singapore: Federal Publications, and Vancouver: University of British Columbia Press, 1978), p. 158; Noordin Sopiee, 'The Challenge to Malaysia's National Front', *Straits Times* (Singapore), 7 August 1974, p. 13; *Straits Times* (Singapore), 12 August 1974, pp. 11 and 16; Government of Malaysia, *Penyata Pihaknya Umum Dewan Rakyat dan Dewan Undangan Negeri bagi Negeri-negeri Tanah Melayu dan Sarawak, Tahun 1974* (Kuala Lumpur: Ketua Pengarah Percetakan Semananjung Malaysia, 1975), pp. 132-40; *New Straits Times*, 5 November 1974, p. 1.

had been nominated because of their experience in economics, commerce, or industry. In the new Cabinet, the emphasis was upon youth and those who had the image of being 'action-oriented'. The Deputy Prime Minister, Hussein Onn, was given responsibility for the Ministry of Finance, a post that had traditionally been held by the leader of the MCA. Dr Mahathir Mohamad was named the new Minister of Education and Musa Hitam was promoted from a deputy minister to become Minister for Primary Industries.<sup>33</sup> Overall, the new Cabinet reflected the consolidation of UMNO dominance of all the key cabinet posts, as well as the ascendancy of younger Malay intellectuals, who had been impatient critics of the policies and style of leadership in the era of Tunku Abdul Rahman. Although no dramatic new policy initiatives were announced, with the formation of the new government there was an air of expectancy that economic issues and the goals of the NEP would be pursued with new vigour. In effect, the political mood stimulated rising expectations, particularly among Malay supporters of the government.

### Student Disturbances

The BN coalition had proved its capacity to check dissent and deliver a decisive victory at the polls. The consensus created by the BN was, however, based on elite accommodation, in much the same pattern as had evolved under the earlier Alliance system. For both structures, the problem remained: how can elite accommodation agreements be legitimized for more dissident non-élites who frequently feel that they have little or no stake in the political outcomes of elite bargaining? As a consequence, the very success of the BN process masked pockets of discontent among those with limited access to the political system.

Among the most troublesome and alienated were a growing number of radical university students, particularly at the University of Malaya in Kuala Lumpur. The number of students attending university had risen dramatically. With the system of very high Malay admission quotas, many Malays from poor rural origins were flooding into Malaysia's universities and being subjected to the culture shock of urban life and the clash of norms and values associated with advanced education based on a Western-oriented curriculum. At the same time, non-Malay students were alienated because of the limited access to university admission and the system of discrimination which they feared would impair their future employment opportunities. Although Malays and non-Malays found it difficult to co-operate in political matters, a form of common opposition to Malaysia's political élite became part of the campus ethos. Campus student associations became quite politicized and were quick to voice grievances and take up radical causes, especially when they could focus on the failure of government leaders to meet their political pledges. The most obvious issue catching the imagination of the student activists was the NEP pledge 'to eradicate poverty'. This issue seemed to suggest that the main agenda of politics could be redefined along class lines, with the

argument being made that class issues would displace ethnicity as a basis for political conflict.

In this environment, student radicalism did reach across ethnic differences, even though only rather limited and selective issues were raised to focus campus activism. At the forefront of the demonstrations were the University of Malaya Students' Union (UMSU), the National Union of Muslim Students, and the Malay Language Society. There was a network of personal contacts that extended to many campus student organizations at other universities, even including the University of Singapore Students' Union.

The first cause taken up by the students' organizations was that of the rural squatters on the outskirts of Johore Bahru in an area selected for a very large land development scheme, eventually to house some 500,000 people. When the time came for the eviction of squatters from this area, disorders and resistance resulted in 48 persons being charged with various offences. Among those arrested were seven students, one of whom was the Secretary of the UMSU, Hishamuddin Rais.<sup>34</sup> The arrest of the student activists in Johore prompted student demonstrations at the University of Malaya, whereupon, under pressure from the government, the University of Malaya Council suspended the UMSU. The new Education Minister, Dr Mahathir Mohamad, took a hard line on both students and university staff becoming involved in politics, and warned that political guide-lines would be required to curb campus political activities.<sup>35</sup> He accused some Malaysian students in Australia and New Zealand of joining communist front organizations and warned Malaysian students studying abroad that they should avoid political activities and any criticism of Malaysia.<sup>36</sup> These government responses to student activism prompted heated debates over academic freedom and the role of internal security measures instituted at Malaysian universities. Much of the political activity on university campuses had involved a contest for power among various student groups over a wide variety of issues, such as language policy, implementation of the NEP, and Islamic orthodoxy. Government measures against student activism, however, tended to submerge these differences and created an environment leading to more open confrontation with the government. An air of crisis pervaded the University of Malaya, as government authorities acted on the assumption that student organizations were challenging the integrity and legitimacy of the government.

The next episode in the contest with student organizations involved the allegation that peasants in the Baling area of Kedah were starving. The price of rubber had been depressed for some time, causing hardship among rubber smallholders in all of Malaysia. When combined with poor subsistence crops, the effect could be especially hard on those villages relying on the mixed economy. The allegation was made by some students that the government's policies failed to benefit poor peasants and that peasant starvation had begun in Perak. Large student demonstrations were held at the University of Malaya, Universiti Kebangsaan Malaysia (The National University of Malaysia), and Universiti Sains Malaysia in

Penang. The largest student demonstration occurred on the grounds of the Selangor Club in the heart of Kuala Lumpur on 3 December 1974.<sup>37</sup> These demonstrations were met by a massive show of force by the Federal Reserve Unit of the Police, which moved in force to occupy the campuses at the University of Malaya, the Universiti Kebangsaan Malaysia, and at Universiti Sains Malaysia. Altogether over 1,100 students, the majority of whom were Malay, were charged with unlawful assembly. The leaders of the student demonstrations were arrested under the Internal Security Act and put in preventive detention. Among those arrested under the ISA were Syed Husin Ali, Lim Mah Hui, Gurdial Singh Nijar, Tunku Shamsul Bahrin, and Anwar Ibrahim. The first two were university lecturers, while Anwar Ibrahim was the President and founder of the Angkatan Belia Islam Malaysia (Islamic Youth Movement of Malaysia), which is better known by its acronym, ABIM.<sup>38</sup>

By April 1975, the government introduced amendments to the Universities and University Colleges Act designed to curb political activities at all institutions of higher learning. Students were banned from holding office in any political party or trade union and from expressing support, sympathy, or opposition to any political party or trade union. Political demonstrations and meetings were also banned on the campuses of universities and colleges and university authorities were given extraordinary powers to enforce the Act.<sup>39</sup>

In the early stages of the student disturbances, government spokesmen blamed foreign professors and agitators from Partai Sosialis Rakyat Malaysia for creating the disorders. Later, however, the government issued a White Paper entitled *Communist Party of Malaya Activities within the University of Malaya Chinese Language Society*, which argued that infiltration by the Communist Party of Malaya of the Chinese Language Society was the root cause for promoting student unrest.<sup>40</sup> Even though most of the arrested demonstrators were Malay students, it became convenient to attribute the conflicts to the conspiratorial manipulative capabilities of the Malayan Communists from their jungle hide-outs in the Thai-Malaysian border area. A much more probable explanation is that many diverse student groups were frustrated by the style of élite decision-making and by restrictions on their political activities, and were therefore determined to challenge the government by political mobilization and public demonstrations.

The arrests and the restrictive legislation failed to stop the cycle of student demonstrations. One year later, during January 1976, the MARA Institute of Technology was rocked by a series of demonstrations culminating in a march of some 5,000 students protesting against the restrictions on student political activities. Since most of the demonstrators were Malay students on government scholarship, Education Minister Dr Mahathir warned the students that their scholarships would be revoked if they became involved in further political demonstrations. Particularly strong measures were promised against any instigators of demonstrations. He reminded the Malay students that the schools and universities were helping to restructure society and to eliminate poverty.

Thus, he argued, their concern for the poor would be most appropriately furthered by attending to their studies and not paralysing the nation's institutions of learning.<sup>41</sup>

In dealing with student protestors, the government of Abdul Razak was unwilling to tolerate public demonstrations or open political mobilization. The recent events in Thailand, where student demonstrations had toppled the government of Thanom Kittikachorn, were a vivid example both to students and to authorities of what might happen in Malaysia if student protests were allowed to continue. In the end, the confrontation was met with what seemed like draconian force, which the authorities apparently assumed was needed to preserve the political style of the Barisan Nasional. The legitimacy of that process was being challenged by student activists and Tun Razak met the challenge with an impressive display of some of the coercive instruments at his command.

### **The Barisan Nasional Format in Sarawak**

In both Sarawak and Sabah, the formation of political coalitions had always been complicated by a greater diversity of ethnic communities than was present in Peninsular Malaysia. Because each ethnic community tended to be represented by one or more parties, there were usually possibilities of many different winning coalition combinations. Therefore, the participants played politics much like a game of 'musical chairs'—the object being to avoid being squeezed out and forced into the opposition. The matter of coalition-building was further complicated by federal concerns over the character of the state coalition. As a result, there had been substantial federal intervention to mould state coalitions with patronage, exercise of federal powers, and the promise of federal investments and projects, all aiming to shape political alignments presumably congruent with federal objectives. The strategies of state politicians in both these states took into account the 'federal factor' in their political activities and their coalition alignments. Despite heavy federal involvement in these two states, the political coalitions had, none the less, been rather fluid and sometimes unpredictably unstable.

During the Razak years, Sarawak enjoyed a degree of stability based in part on a federally supported BN coalition at the state level. The coalition-making had developed over time with two Malay-based parties—Parti Negara Sarawak (Panas) and Barisan Rakyat Jati Sarawak (BARJASA)—merging in 1967 to form Party Bumiputera, which then in turn joined with one Iban-based party—Party Pesaka Anak Sarawak (Pesaka)—and the Sarawak Chinese Association to form the Sarawak Alliance state government.<sup>42</sup> In 1970, the state held elections, the results of which necessitated a further extension of the government coalition to include the Sarawak United People's Party, which was the party that commanded the majority of Chinese voters. Prior to the 1974 election, the Iban party Pesaka, with some urging from Kuala Lumpur, was persuaded to disband and merge with Party Bumiputera to form Partai Pesaka Bumiputera Bersatu. At about the same time, the Sarawak

Chinese Association was dissolved, leaving SUPP to become the prime spokesman for Chinese interests.<sup>43</sup>

While these moves appeared to build a government coalition bridging all ethnic communities, it had one inherent weakness—the most widely supported Iban party, SNAP, was forced into the opposition. Furthermore, the Malay bias of the state government under Chief Minister Abdul Rahman Ya'akub and its insensitivity to Iban needs and concerns meant that Iban defections from the vanishing Pesaka merely added to the Iban support base of SNAP. In effect, SNAP was being made to pay political penance for its continued support for the states' rights issues of the '20 points' and its role in the earlier 'Sarawak crisis' of 1965, when the Federal Government intervened with emergency powers to topple the Sarawak Government of SNAP Chief Minister Stephen Kalong Ningkan.<sup>44</sup>

For the 1974 election, the Sarawak BN was composed of Partai Pesaka Bumiputera Bersatu (PBB), led by Chief Minister Abdul Rahman Ya'akub, and the SUPP, under the leadership of Ong Kee Hui. Confident of its base of support, the Sarawak BN refused the pre-election overture from SNAP for admission to the BN, so SNAP contested the 1974 election as an opposition party. When the vote was counted, the Sarawak BN had won 15 parliamentary seats with SNAP winning 9 seats. In the Sarawak Council Negri (Legislative Assembly), the BN had won a total of 30 seats to SNAP's 18, but SNAP had gained 43 per cent of the vote, whereas the Chief Minister's own PBB had gained only 34 per cent of the vote for the Sarawak Council Negri.<sup>45</sup> At the federal level, the voting results gave SNAP and the DAP an equal number of seats in Parliament to make them the two largest opposition parties. It also meant that SNAP could not be ignored and isolated at the state level without long-term problems of growing political alienation from Ibans and other non-Muslim tribals.

The problem of post-election extension of the Sarawak BN coalition to include the party that had clearly won massive support from interior natives was complicated by the personal animosities between Chief Minister Abdul Rahman Ya'akub and James Wong, SNAP Deputy Chairman and former SNAP leader of the opposition in the Malaysian Parliament. During previous election campaigns, James Wong had conducted hard-hitting attacks on the Sarawak Government of Abdul Rahman Ya'akub, revealing its pro-Malay patronage pattern and its failure to meet the economic needs of rural people and Sarawak native peoples. Still smarting from the poor showing of the BN in the 1974 election, the Chief Minister arranged with federal authorities for the arrest and indefinite detention of James Wong on an accusation of sedition, but without trial, under the Sedition Act.<sup>46</sup>

After the detention of James Wong, SNAP elected a new Secretary-General, Leo Moggie, who was much more deferential to federal authorities and also much more eager for his party to join the BN as an affiliate. He entered into extended negotiations with the Minister of Home Affairs, Ghazali Shafie, on the detention of James Wong and on possible con-

ditions for SNAP to join the BN. An agreement was finally announced in November 1975, but SNAP's inclusion in the Sarawak Government was delayed until March 1976. James Wong was released from detention, Dunstan Endawie was made a Deputy Chief Minister in the Sarawak Government, and Leo Moggie was given the portfolio for Welfare Services. All the SNAP posts were minor and subject to close BN scrutiny and control, so that SNAP gained less access to policy-making than its leaders had expected. The most important consequence was that the agreement to include SNAP in the BN ended some thirteen years of public disputes over states' rights, ethnic issues, and other matters of concern especially to the interior tribal peoples of Sarawak.<sup>47</sup>

During the first two years of SNAP participation in the Sarawak BN, friction arose between SNAP and SUPP over land policies and competition for constituent support, since SUPP had earlier recruited some Land Dayaks who were later wooed away by SNAP. Although politics was confined to intra-Barisan competition, on the surface, at least, Sarawak had achieved a high degree of political stability and a quiescent form of political demobilization after 1976.

### **Tun Mustapha's Sabah**

Between 1967 and the 1974 election, the state of Sabah appeared to be firmly under the control of Tun Mustapha Harun, who headed the United Sabah National Organization; this party had established its dominance by absorbing the United Pasok Momogun Organization led by Donald Stephens.<sup>48</sup> By this move, the strongest native non-Muslim party had become incorporated into the primary native Muslim party, so that the Barisan formula linked only two parties—the Sabah Chinese Association and USNO. For this period after 1967, Tun Mustapha had ruled the state with unchallenged authority backed by the formidable USNO organization. In 1967, Donald Stephens had been appointed by Tunku Abdul Rahman as Malaysian High Commissioner to Australia, so that Tun Mustapha's primary political rival was no longer on the Sabah scene. Within the state, the USNO-led government of Mustapha appeared to be invincible, having a free hand to define the future development of Sabah.

Mustapha Harun was born in Sulu in the Philippines, but his family moved to North Borneo before the war. He was educated only up to Primary One, but after serving as a houseboy to some British officers, he was appointed by the colonial authorities to be a village headman. Over time, he worked his way up the system of native administration to become a member of the pre-war North Borneo Legislative Council. By the post-war period, he had become the acknowledged spokesman for the Suluts, who, like himself, viewed the island of Sulu as their ancestral home. As the Malaysian Federation proposals propelled North Borneo into the era of party politics, Mustapha in 1961 formed USNO to represent the larger Muslim communities—primarily the Suluts, the Bajaus, and the Brunei Malays.<sup>49</sup> This same constituency remained the

core support for USNO in the 1970s, even though the non-Muslim native people had, by then, joined the USNO coalition government.

On most matters, USNO espoused congruent objectives with those of the Federal Government. Mustapha developed close personal ties with Tunku Abdul Rahman and worked in close association with him to secure federal support for his policies and style of rule. Under Mustapha's leadership, the state government adopted the view that Sabah's diverse ethnic groups should be 'integrated' into the basic Malay culture that was being promoted by federal policy. This involved public emphasis upon symbols of Malay cultural identity, the rapid development of Bahasa Malaysia as the national language, and the promotion of Islam as a means to create cultural and religious conformity within the state. Under the direction of the United Sabah Islamic Association, which was supported by the USNO government, a very aggressive programme of Islamic conversion was instituted with much publicity given to mass conversions of many thousands of new Muslims. In 1973 Islam was made the official religion of the state and Bahasa Malaysia was adopted as the state's sole official language. Pressure for conversion to Islam was particularly great on those in politics, since USNO viewed Islam as a prerequisite to ethnic power-sharing in the Mustapha government. By 1973, within the Sabah Legislative Assembly only five members still professed to be Christians, even though Muslim communities in Sabah constituted less than 40 per cent of the population and most of the leaders of the non-Muslim communities had earlier had nominal Christian affiliation.<sup>50</sup> By February 1974, the United Sabah Islamic Association claimed to have achieved the conversion to Islam of over 75,000 Sabah residents.<sup>51</sup> In the matter of language, the state government's adoption of Bahasa Malaysia as the sole official language involved the termination of the use of all other Sabah languages over the state radio, as well as rapid conversion to the national language in education, much to the displeasure of the Kadazans, Bajaus, Muruts, and Chinese.<sup>52</sup>

The political pressures on non-Muslims for conversion to Islam increased greatly after 1971 when Donald Stephens decided to convert to Islam and adopted the Muslim name of Tun Haji Mohamed Fuad Stephens. Although he had remained the Huguang Siou—the traditional 'Paramount Chief' of the Kadazans—he had been outside the country as High Commissioner to Australia for several years, and wanted to return to the political fray. Within Malaysia's informal patron-client system of power, deference to those at the apex of the structure is usually rewarded. Fuad Stephens' conversion to Islam involved a secret understanding that he would thereby become eligible for high office in his home state.<sup>53</sup> Within two years, in September 1973, he was appointed Sabah's Yang di-Pertua Negeri (Head of State), which ended his six-year period in political wilderness.<sup>54</sup>

So long as Chief Minister Mustapha pursued policies that were approved by Kuala Lumpur, he had a free hand to build his political machine at the state level. In the period after 1967, Sabah enjoyed a growing economy based primarily on timber and mining exports. Through



the licensing of timber and mining concessions, large sums of money could be made by top political figures in the state. Patronage and the 'irregular' rewards of public office were so great that the visible opposition to Mustapha's policies had been reduced to insignificance. With his unchallenged majority in the Legislative Assembly, Mustapha exercised complete control over the state bureaucracy, as well as control over all immigration and the entry of visitors to Sabah. Following the 1969 riots in Kuala Lumpur, Mustapha was also given the powers of preventive detention within Sabah, which he used ruthlessly against critics and potential political opponents. In 1966 the Sabah Foundation was established with Mustapha as Chairman. While the Foundation was designed to pursue educational and social objectives, under Mustapha's control it was rapidly transformed to become a prime vehicle for administering state exploitation and development of timber resources, with the benefits being distributed on a patronage basis to political supporters. Mustapha's powers to allocate concessions for timber to the Foundation and to others who supported his rule made the rewards of politics extremely lucrative. Because the Foundation was 'private' and not subject to government control, it became an important instrument of his political power.<sup>55</sup>

Tun Mustapha not only developed an authoritarian and capricious political style demanding deference and exaggerated pomp, but he also cultivated tastes for luxury and opulence. Although he personally amassed incredible personal wealth, he also expected the state to provide expensive benefits in the form of a palatial official residence as well as a Boeing 707 and two Grumman executive jets, which were maintained at state expense for his personal use. Gradually he spent more and more time at his estate in England, or at his A\$1 million villa in Queensland where he maintained an Australian salesgirl as an extra wife. Because of his extensive activities abroad, he lived in Sabah for only two or three months each year. Despite his absence from the scene, he ruled with an iron hand through trusted assistants, such as Syed Kechik, an UMNO member from Kedah who was made Director of the Sabah Foundation and exercised political control while Mustapha was on his foreign jaunts.<sup>56</sup>

In anticipation of the election of 1974, Mustapha announced that all adult Sabah citizens would be given M\$60 shares in the state's timber wealth.<sup>57</sup> Within the state, the Sabah BN remained unified and supreme, even though a symbolic opposition was mounted by the Peninsular Malaysian party, Pekemas, that parachuted in to challenge the state government. Surprisingly, Pekemas won 39.2 per cent of the vote in the 1974 Sabah elections, but even so, it failed to wrest any of the 16 parliamentary seats from the Sabah BN under the leadership of Mustapha.<sup>58</sup>

The challenge to Mustapha's power eventually came from the Federal Government because of concern over his longer-term political objectives. In the early 1970s, oil was discovered off the coast of Sabah.<sup>59</sup> Mustapha believed that oil—like timber—should be under the control of Sabah. He was not satisfied with the federal statute transferring oil rights to the

Federal Government's oil corporation, Petronas, which then operated with a production-sharing formula that gave only 5 per cent of the oil royalties to the littoral state governments.<sup>60</sup>

After the 1974 election, Prime Minister Abdul Razak had attempted to move Mustapha from his entrenched political position in Sabah by offering him the federal cabinet post of Minister of Defence.<sup>61</sup> Mustapha rejected the offer, however, preferring instead to remain in Sabah, where his power base was and where his style of politics reaped maximum political and financial benefits. Despite his near dictatorial powers in the state, defection from his government became commonplace, aided, in part, by encouragement from federal authorities who were becoming increasingly concerned with the level of corruption in the state, which was being ruled as though it was a personal fiefdom of Mustapha's.

As the dispute with federal authorities over finances and oil resources escalated, Mustapha presented proposals in April 1975 to the USNO Central Executive Committee to explore the possibility of Sabah's secession from Malaysia. As a Sulut, Mustapha had close ties with Suluts and other Muslim peoples living in the southern Philippines. It is also alleged that he cultivated ties with the Moro Liberation Front who were themselves actively fighting for an independent Islamic republic to comprise the southern Philippines, and perhaps Sabah as well, where the Sulu Sultanate had historically claimed to exercise some authority. The proposal to form a new state of Bornesia, or some such concept, was also discussed with the Yang di-Pertua Negeri, Fuad Stephens, who quietly alerted federal authorities.<sup>62</sup> Prime Minister Abdul Razak acted immediately to revoke Mustapha's detention powers and persuaded USNO Vice-President Harris Salleh and Fuad Stephens to co-operate to form a new party and force Chief Minister Mustapha to resign. The new party was called Sabah United People's Party, or Bersatu Rakyat Jelata Sabah, better known as Berjaya. It was officially launched on 15 July, with Harris Salleh as President.<sup>63</sup> Twelve days later, Fuad Stephens resigned as Yang di-Pertua Negeri of Sabah, accusing Mustapha of corruption and revealing the 'plot' to take Sabah out of Malaysia.

After a period of intense political manoeuvring, Mustapha returned from an extended stay in England to defend his government, reassert his authority, and recoup his political losses. Six Berjaya supporters were persuaded to return to USNO, so that only five Berjaya members in the Sabah Assembly remained to vote against a confidence motion supported by USNO. Under Mustapha's direction, the Assembly passed a non-secession resolution to meet Berjaya's criticisms, and mounted a counter-attack in the form of a motion condemning the political activities of Fuad Stephens while he was Sabah's Yang di-Pertua Negeri.<sup>64</sup>

Because of Mustapha's support in the Sabah Assembly, his government was secure until the next election. Even so, political pressure on him mounted from Kuala Lumpur when USNO was removed as a member of the BN, at the same time that Berjaya's application for membership in the BN was approved. Under threat of punitive measures from federal authorities, Mustapha finally announced plans for his retire-

ment set for the end of October 1975. Apparently, Mustapha hoped to retain the substance of power as head of USNO, and perhaps, to rule through a political ally or deputy. In response to the retirement announcement, the Sabah Assembly passed a bill which provided Mustapha with a lifetime pension and other benefits.<sup>65</sup>

At first, the new Sabah government was headed by Said Keruak, the former USNO Deputy Chief Minister. In November 1975, USNO won two by-elections in Muslim-majority constituencies. This appeared to signal a reversal of the fortunes of USNO against the onslaught of the federal leaders and the fledgling Berjaya coalition. When Prime Minister Abdul Razak suddenly died on 14 January 1976, Mustapha assumed that the new Prime Minister, Hussein Onn, would be more sympathetic to USNO or at least remain neutral in Sabah's affairs. The call for a new Sabah state election was issued a week following Tun Razak's death, with the election set for April 1976.<sup>66</sup>

Hussein Onn tried initially to secure a pre-election agreement to allocate seats between USNO and Berjaya. Such an arrangement was rejected by the Berjaya leaders, who preferred to test their support in a contested election. After a heated campaign with many threats and some defections, Berjaya emerged the victor with 28 seats and 42.9 per cent of the vote, while USNO, still under Mustapha's leadership, captured 20 seats.<sup>67</sup> The Sabah Chinese Association failed to win a single seat, suggesting that the Chinese vote had gone to Berjaya. At the helm of Berjaya was Fuad Stephens, who returned once again as Sabah's Chief Minister. His first period as Chief Minister had been from 1963 to 1965, when he had been unceremoniously removed because of his demand that Sabah's terms of association with Malaysia be renegotiated after Singapore's expulsion from Malaysia.<sup>68</sup>

The dramatic turnabout in Fuad Stephens' political fortunes was, however, very shortlived. On 6 June 1976, a private plane in which he was travelling, stalled and crashed as it was about to land at Kota Kinabalu, apparently because it had been improperly loaded. Fuad Stephens and his closest political associate, Peter Mojuntin, were both killed instantly.<sup>69</sup>

With the death of Chief Minister Fuad Stephens, Berjaya had to select a new leader to form the government. Although there was considerable support for James Ongkili, who, like Stephens, was a Kadazan and held the same political views as Stephens, pressure from within and from outside the state for a Muslim as Chief Minister led to the selection of Harris Salleh, who came from Labuan and was of mixed Indian and Singapore Malay origin.<sup>70</sup> Because he did not come from any of the major Sabah communities, he could make a multi-ethnic appeal, but he also had no core base of support. Therefore, he was particularly vulnerable and relied increasingly over time on federal support to sustain him at the Sabah helm. As a consequence, he became an avid proponent of the strong federalist position, pursuing policies that were designed to promote the integration of Sabah with the policies of Peninsular Malaysia.

With the considerable powers that were available to him as Chief

Minister, Harris Salleh began to construct a political machine that was almost as formidable as that of Mustapha prior to his downfall. In contrast to the previous regime, the constituency that was backing the Berjaya government was not the Suluts and other Muslim natives of Mustapha's coalition; rather, the new government of Harris Salleh relied on a coalition of support based primarily on the non-Muslim natives and the Chinese, supplemented with some Muslim Malay support, especially from the state bureaucracy. Although Harris Salleh was himself a Muslim, the bulk of the native Muslim groups, especially the Suluts, remained loyal to USNO, which was still being led by the 'retired' Tun Mustapha. The lines of political cleavage remained sufficiently blurred, however, to facilitate overlapping party competition within most ethnic communities in Sabah. With no major shift in policies, but a substantial redistribution of patronage, the Berjaya government established a very effective political machine and was able to provide a long period of political stability and rapid economic development for Sabah.

### **Economic Performance in the Razak Era**

The basic political strategy of Tun Razak was based on the assumption that overall economic growth would remain at a sufficiently high level for all sectors of society to benefit from economic growth, while at the same time, government redistribution policies would rapidly redress the economic imbalances that intensified ethnic antagonisms. Thus, the first prerequisite for stable politics was a healthy economy. The second was the policy of affirmative action to meet the rising expectations of the Malays for a greater share in the more dynamic sectors of the economy. This overall strategy was enunciated by the New Economic Policy which was incorporated into the Second Malaysia Plan (SMP) covering the years 1971-5.<sup>71</sup> The ideological foundations of the SMP were more clearly formulated than any of the earlier national plans. Likewise, it involved a set of target goals which were in the form of a political promise, primarily to the Malays, about economic objectives for the year 1990. What was less clear were the economic strategies and instruments to meet those goals.

The SMP involved a broad-sector integrated plan with clearly articulated priorities based on urban and rural sub-sector plans. The strategy of the plan was based on promotion of regional 'growth poles' designed to minimize regional disparities. The first goal of the SMP remained that of reducing racial disparities in economic function and benefits. Its second goal was 'to eradicate poverty'. However, an additional goal became the reduction of regional geographic disparities. For political reasons, the last became almost as important as the first two goals in the formulation and implementation of national economic planning.<sup>72</sup>

The ultimate success of the SMP and the political strategy upon which it was based, rested on the assumption of continued and accelerated economic growth. This meant expanding the trade in Malaysia's primary commodities of rubber and tin, while developing new sources of wealth

in industry and other commodities for a more diversified world market.

In the period of the Second Malaysia Plan, 1971-5, a real GDP growth rate of 7.1 per cent per annum was attained, thus exceeding the Plan's target growth rate of 6.8 per cent per annum. The transfer of share capital to Malay ownership fell somewhat below target, but Malay employment in industry and modern occupations was rising at a rapid rate. Similarly, Malay admissions to institutions of higher education were rising by dramatic leaps. On the question of poverty eradication, 49.3 per cent of all households in Peninsular Malaysia were listed as under the poverty line in 1970. By 1975 the figure had been reduced to 43.9 per cent. While there was a slight reduction in the overall incidence of poverty during the SMP period, there was also an increase in overall income inequality caused by the wealthy becoming much more wealthy.<sup>73</sup>

The buoyant Malaysian economy during the years from 1970 to 1974 made the task of managing political demands and ethnic rivalries much easier for the government. The economic environment changed in 1975 due to a world-wide recession<sup>74</sup> and the Malaysian economy experienced a decline in GNP of 1.16 per cent for that year. However, the high growth rates of earlier years and a surprisingly rapid recovery in 1976 meant that few adjustments had to be made in the government's overall economic and political strategies.

### Foreign Affairs, 1970-1976

Because Tun Razak had assumed leadership of the country in the wake of the May 1969 riots, the primary attention of his administration was on the formulation and implementation of domestic policies that would ameliorate the internal conflicts that afflicted the country. His period of office was also a period of turmoil and change in international affairs. The biggest problem for regional security in South-East Asia was the prolonged involvement of the United States in the Vietnam conflict. The disillusionment of the American public with the high costs of US involvement and the apparently endless character of that conflict meant that pressure was building for American withdrawal from Vietnam. As that impetus gained momentum, the problem of potential instability for other states in South-East Asia became more worrisome. In addition to regional security issues, Malaysia also faced areas of real or potential conflict with immediate neighbours: with the Philippines, the claim to Sabah remained an obstacle to harmonious relations; with Thailand, joint operations against Communist guerrillas in border areas and the Thai treatment of Malay-Muslims in southern Thailand were sources of concern; with Indonesia, navigation rights in the Malacca Strait and claims to offshore oil resources were merely two of the more pressing of many issues in bilateral affairs.

In matters of national security, Malaysia relied on a defence pact with Great Britain which continued in force all through the period of Confrontation with Indonesia. By 1968 the British announced plans for military withdrawal 'East of Suez' when the Anglo-Malayan Defence

Agreement expired in 1971. To arrange for British withdrawal, five-power defence talks were held in June 1968 and June 1969 involving Malaysia, Singapore, Australia, New Zealand, and Great Britain. These negotiations produced an understanding that Australia, New Zealand, and Great Britain continued to accept some responsibility for the joint defence of Malaysia and Singapore, but the only significant military unit to be stationed in Malaysia or Singapore was to be one squadron of the Australian Air Force, at Butterworth, Penang.<sup>75</sup>

In the aftermath of the Confrontation dispute with Indonesia, the Association of Southeast Asian Nations (ASEAN) was formed on 8 August 1967. In some respects ASEAN had been founded in response to the earlier failure of MAPHILINDO, a concept that had been proposed at the 1963 Manila conference of Tunku Abdul Rahman, President Sukarno, and President Diosdado Macapagal. By 1967, the open conflict between Malaysia and Indonesia had been replaced by co-operation. In the more cordial diplomatic atmosphere, ASEAN was launched with its founder members including Malaysia, Indonesia, the Philippines, Singapore, and Thailand. At first ASEAN was largely symbolic and tended to promote primarily cultural and sporting exchanges. Yet, during the Razak era, Malaysian attitudes towards ASEAN became more positive, while all member states increasingly made it a venue for the discussion of regional problems and even some bilateral issues. The strong support of ASEAN by Tun Razak was apparent throughout his term as Prime Minister. Through his initiative, a draft Treaty on Amity and Cooperation in Southeast Asia was formulated to provide for peaceful resolution of disputes between ASEAN member states. This Treaty was finally signed by all members at the ASEAN summit conference in Bali in February 1977.<sup>76</sup>

An early foreign policy initiative of Tun Abdul Razak was the announcement made in September 1970 at the Conference of Non-aligned Nations in Lusaka, Zambia, that Malaysia proposed the neutralization of South-East Asia to avoid Great Power conflicts in the area. Later, in October 1971, the same proposal was placed before the General Assembly of the United Nations. In November of the same year, it was submitted to ASEAN for endorsement. Because Tun Razak had proposed a 'Zone of Peace, Freedom, and Neutrality, free from any form or manner of interference from outside powers',<sup>77</sup> the proposal was known by the acronym 'ZOPFAN'. Although the ASEAN states signed a declaration supporting ZOPFAN, it remained a statement of goals, rather than a clear set of policy directives to member states. The United States bases remained in the Philippines and US support of Thailand continued, even after the defeat and withdrawal of the United States from South Vietnam in April 1975. If the goals of ZOPFAN were to be implemented, it required the support of the Major Powers—the United States, the Soviet Union, and China—all of whom pursued policies largely oblivious to the declarations voiced by the ASEAN states.

Although Malaysia had historic ties with the Commonwealth and with major Western powers, its concern to assert its autonomy and promote

trade on a world-wide basis provided incentive for expansion of diplomatic contacts with Third World countries and with Communist Bloc countries. Malaysia had attended various Afro-Asian conferences and the Conferences of Non-aligned Nations during the first decade of its existence. Under the leadership of Tun Razak, new initiatives were made to establish new contacts with Communist states and also to stress a new dimension of foreign policy: the growing recognition of a Muslim identity in international relations.

In 1966 a Malaysian trade delegation visited Moscow to promote Soviet purchase of Malaysian products, principally rubber. The rapid expansion of trade with the Soviet Union was followed by the opening of a Soviet embassy in Kuala Lumpur in 1968, after it had become the biggest buyer of Malaysian rubber. During 1969 to 1970 a number of moves were taken by Malaysia to promote diplomatic and trade relations with the Eastern European Communist states. The issue of trade and possible diplomatic relations with China was a much more sensitive issue, in part because of the relationship of the People's Republic of China to the overseas Chinese and especially its sponsorship of various communist movements in South-East Asia, including the Malayan Communist Party. As diplomatic overtures to China began to be made by the Nixon Administration in the United States and by many European powers, the issue for Malaysia of relations with China assumed more urgency. Reflecting the new international realities, the Malaysian Government announced in May 1974 that it was establishing diplomatic relations with China, thus becoming the first ASEAN country to do so since Indonesia severed its ties with China in 1965. Later the same month, Tun Razak visited China and had discussions with China's top leaders, including Mao Tse-tung. Mao is reported to have told Tun Razak that the overseas Chinese should owe loyalty to the country of their adoption. Mao also agreed that the guerrillas in Malaysia were an 'internal matter for Malaysia'. For its part, Malaysia recognized the People's Republic of China as the legal government of China, including Taiwan as a constituent province.<sup>78</sup> Although Malaysia hoped that these agreements would terminate Chinese support for the Malayan Communist Party, the agreements remain ambiguous since the Chinese made the distinction between formal international government relations and the relations between 'fraternal' communist parties. Even so, the agreement was viewed in Malaysia as an important psychological factor in the operations against the communist guerrillas. Among other ASEAN states, there was general support and approval of the move to establish diplomatic relations with China. In part, this was because China was viewed as having interests that countered the growing influence and power of the Soviet Union in the Indo-China states and beyond.

Shortly after the fall of Saigon to the North Vietnamese forces, Malaysia extended recognition to the new governments in both the former South Vietnam and in Cambodia. Apparently, Malaysia hoped to act as a restraining influence by recognizing the new political situation in the Indo-China states. Also, there was some hope that the newly victori-

ous governments might be willing to endorse some aspect of the ZOPFAN formula for assuring peace and stability in South-East Asia. Although no such agreement was forthcoming from Vietnam or Cambodia, Malaysia, by its moves to accord diplomatic recognition, did keep channels of communication open and avoided some of the vitriol directed by Hanoi Radio to other states in ASEAN.<sup>79</sup>

During 1974, Malaysia undertook another foreign policy initiative to stress its ties with the loose grouping of Islamic states. In June of that year, it sponsored the Fifth Islamic Conference of Foreign Ministers. At the Conference, Malaysia pleaded the case of those Islamic countries that suffered from extremes of poverty made worse by the rapid increase in oil prices in the wake of the Oil Crisis of January 1974. By contrast, the major oil-producing states of the Organization of Petroleum Exporting Countries (OPEC) were enjoying windfall profits and a surplus of revenues that needed to be invested. Malaysia called upon the oil-rich Islamic countries to establish major development programmes and investment policies to assist those Islamic countries that were more needy and destitute. Within the year following the Conference, Tun Razak toured Saudi Arabia and seven Gulf States to promote his ideas. Malaysia, even though it did not qualify as a destitute country, did reap the benefit of substantial Arabian investments in development projects and joint-stock ventures in the decade following that Conference.<sup>80</sup> Perhaps even more important, the Conference symbolized the importance of the government's commitment to an Islamic grouping in international affairs, an issue which was becoming increasingly significant for the government's primary domestic constituency.

### **Tun Abdul Razak's Death**

Throughout his incumbency in the office of Prime Minister, Tun Razak gave the appearance of being in a hurry to accomplish the goals he set for the government. He sought to de-emphasize open political conflict and stress instead the mobilization of public and private resources for the pursuit of well-defined political goals. The urgency of the task at hand was depicted in terms of national objectives. What was not known, even to most of his close associates, was that Tun Razak suffered from the debilitating disease of leukaemia. When his condition deteriorated in December 1975, he left for a 'holiday' in England. Without benefit of forewarning, the Malaysian public reacted with shock and dismay when the news reported Tun Razak's death on 14 January 1976 at the age of fifty-four.<sup>81</sup>

Because there had been no preparations made for succession, there was a sense of crisis, not only over the death of Tun Razak, but also because of the uncertainty about the political direction the country would take under a new leader. The crisis, such as it was, was largely the product of the secrecy surrounding Tun Razak's health problem and the consequent lack of preparation for a normal transition to a new administration.



1. William Shaw, *Tun Razak, His Life and Times* (Kuala Lumpur: Longman Malaysia, 1976), pp. 12-25, 69-80, and 83-94; N. John Funston, *Malay Politics in Malaysia: A Study of the United Malays National Organisation and Party Islam* (Kuala Lumpur: Heinemann Educational Books, 1980), pp. 114-16.
2. Tunku Abdul Rahman announced his forthcoming resignation on 31 August 1970, and after his retirement he assumed the post of Secretary-General of the Islamic Secretariat. See: *Straits Times*, 31 August 1970, pp. 1, 14-19, and 32.
3. Bruce Gale, *Musa Hitam: A Political Biography* (Petaling Jaya: Eastern Universities Press, 1982), pp. 81-4; Funston, *Malay Politics*, pp. 239-41; Leo Ah-bang, 'New Directions in Malaysia', *Southeast Asian Affairs*, 1975 (Singapore: Institute of Southeast Asian Studies, 1975), p. 92. Among those eased out of positions of power by Abdul Razak were Ghazali Jawi and Sardon Jubir. The latter was named Malaysia's Representative to the United Nations. Khir Johari was appointed Ambassador to Washington, DC, while Ong Yoke Lin was retired from the Cabinet and appointed President of the Senate. Later, in April 1974, Tan Siew Sin retired from public life following a period of serious illness.
4. Syed Nasir bin Ismail was elected to one of three of the UMNO Vice-President positions, and Syed Ja'afar Albar and Syed Nasir bin Ismail were both elected to the Central Executive Council. These two had earlier been known as 'ultras' in the disputes with Lee Kuan Yew prior to Singapore's expulsion from Malaysia. See: Marvin L. Rogers, 'Malaysia and Singapore: 1971 Developments', *Asian Survey*, 12, 2 (February 1972), pp. 168-71.
5. *Straits Times*, 3 August 1973, pp. 1 and 24, 14 August 1973, pp. 1 and 20; Yong Mun Cheong, 'Malaysia in 1973: The Search for a New Political and Economic Order', in Yong Mun Cheong, *Trends in Malaysia II* (Singapore: Institute of Southeast Asian Studies, 1974), pp. 10-11.
6. Gale, *Musa Hitam*, pp. 32-64.
7. Government of Malaysia, *Towards National Harmony* (Kuala Lumpur: Jabatan Chetak Kerajaan, 1971).
8. Government of Malaysia, *Second Malaysia Plan, 1971-1975* (Kuala Lumpur: Government Printing Office, 1971), p. 1.
9. *Malaysian Digest*, 15 July 1971, p. 1.
10. *Straits Times*, 20 July 1971, p. 21.
11. For an account of the origin and development of Malay special rights and the rationale for these ethnic preference policies, see: Gordon P. Means, 'Ethnic Preference Policies in Malaysia', in Neil Nevitte and Charles H. Kennedy (eds.), *Ethnic Preference and Public Policy in Developing States* (Boulder, Colo.: Lynne Rienner Publishers, 1986), pp. 95-118.
12. 'Speech by Dr. Tan Chee Khoo on Debate on King's Speech on 18.4.73' (reprint of Dewan Ra'ayat speech, Kuala Lumpur: Syarikat Chip Seng Trading Sdn. Bhd., n.d.), pp. 3-4.
13. Yip Yat Hoong, 'The Cost of University Education in Malaysia', manuscript (Institute of Advanced Studies, University of Malaya, 1982), pp. 6-14.
14. Judith Nagata, *The Reflowering of Malaysian Islam: Modern Religious Radicals and Their Roots* (Vancouver: University of British Columbia Press, 1984), p. 56.
15. *New Straits Times*, 8 August 1982, p. 12. By 1986 the number of overseas Malaysian students had risen to 68,000, while in the same year 23,000 university students were studying at institutions in Malaysia. *New Straits Times*, 11 July 1986, p. 8.
16. *Straits Times*, 28 March 1972, p. 26.
17. Jomo Kwahe Sundaram, 'Prospects for the New Economic Policy in Light of the Fourth Malaysia Plan', in Jomo K. S. and R. J. G. Wells (eds.), *The Fourth Malaysia Plan: Economic Perspectives* (Kuala Lumpur: Malaysian Economic Association, 1983), p. 56.
18. *Straits Times*, 27 June 1970, p. 12; 29 June 1970, p. 15.
19. Party Bumiputera had earlier been formed by the merger of the two Malay parties in Sarawak, Berjasa and Panas. For details of these manoeuvres, see: Gordon P. Means, *Malaysian Politics*, 2nd rev. ed. (London: Hodder & Stoughton, 1976), pp. 386 and 404-7; Michael B. Leigh, *The Rising Moon: Political Change in Sarawak*, reprint (Kuala Lumpur: Antara Book Co., 1988), pp. 81-131.

20. Leigh, *The Rising Moon*, pp. 133-41.
21. SNAP was the party standing for states' rights issues in a dispute with federal authorities in 1966. The SNAP Chief Minister, Stephen Kalong Ningkan, was removed after an internal crisis and a federal declaration of an emergency which temporarily transferred state powers to the Federal Government. To penalize SNAP for this 1966 confrontation with federal authorities, SNAP was forced into the opposition in the multi-party negotiations at the state and federal levels. See: Means, *Malaysian Politics*, pp. 381-7; Peter Searle, *Politics in Sarawak, 1970-1976: The Iban Perspective* (Singapore: Oxford University Press, 1983); Leigh, *The Rising Moon*, pp. 113-41.
22. *Straits Times*, 14 February 1972, p. 1; 16 February 1972, p. 1.
23. *Straits Times*, 31 July 1971, p. 8; 20 September 1971, p. 11.
24. *Straits Times*, 17 April 1972, p. 1; 21 April 1972, p. 1.
25. Some PAS leaders at the state level, particularly those from Kelantan where PAS controlled the government, balked at having to share power with the Alliance. *Straits Times*, 22 December 1972, p. 1; 5 January 1973, p. 8.
26. Diane K. Mauzy, *Barisan Nasional: Coalition Government in Malaysia* (Kuala Lumpur: Marican & Sons, 1983), pp. 77-8 and 115. In Sabah and Sarawak the polling was conducted in stages in a period of about a week.
27. Loh Kok Wah, *The Politics of Chinese Unity in Malaysia: Reform and Conflict in the Malaysian Chinese Association, 1971-1973* (Singapore: Maruzen Asia, 1982); Judith Strauch, *Chinese Village Politics in the Malaysian State* (Cambridge, Mass.: Harvard University Press, 1981), pp. 139-59; Bruce Gale, *Politics and Business: A Study of Multi-Purpose Holdings, Berhad* (Singapore: Eastern Universities Press, 1985), pp. 40-5. On the expulsion of Lim Keng Yaik from the MCA and his decision to join Gerakan, see: *Straits Times*, 13 August 1973, p. 4; 12 October 1973, p. 14; 13 October 1973, p. 5; 15 October 1973, p. 4; 20 December 1973, p. 13.
28. For accounts of the 1974 election, see: Mauzy, *Barisan Nasional*, pp. 75-103; Chandrasekaran Pillay, *The 1974 General Elections in Malaysia: A Post-mortem* (Singapore: Institute of Southeast Asian Studies, Occasional Paper No. 25, November 1974); M. Kamlin, *History, Politics and Electioneering: The Case of Trengganu* (Kuala Lumpur: Jabatan Sejarah, Universiti Malaya, 1977), pp. 34-55; James P. Ongkili, 'The "Dacing" in Sabah and Sarawak', *Southeast Asian Affairs*, 1975 (Singapore: Institute of Southeast Asian Studies, 1975), pp. 109-14; Searle, op. cit., pp. 127-202.
29. *Straits Times*, 27 April 1973, p. 1; 16 January 1974, p. 1; 2 February 1974, p. 1.
30. The Partai Sosialis Rakyat Malaysia (PSRM) was the new name for the former Party Rakyat.
31. Mauzy, *Barisan Nasional*, p. 90; Kamlin, op. cit., pp. 31-55.
32. *Straits Times* (Singapore), 13 August 1974, p. 6.
33. *Straits Times*, 6 September 1974, pp. 1 and 14; Leo Ah-bang, op. cit., pp. 91-3.
34. *Straits Times*, 20 September 1974, p. 1; 23 September 1974, pp. 1 and 13.
35. *Straits Times*, 27 September 1974, p. 1; 4 October 1974, p. 8.
36. *Straits Times*, 12 November 1974, p. 5; 26 November 1974, p. 5.
37. *Straits Times*, 4 December 1974, pp. 1, 10, and 22; 5 December 1974, pp. 1, 5, 9, and 28; 6 December 1974, p. 28.
38. *Straits Times*, 8 December 1974, p. 1; *New Straits Times*, 1 January 1975, p. 1; J. Victor Morais, *Anwar Ibrahim: Resolute in Leadership* (Kuala Lumpur: Arenabuku, 1983), pp. 2-7. Anwar Ibrahim was held in detention for two years without ever having any charges or evidence laid before a court. Similar treatment was afforded to the other detainees from the university protest movement.
39. *New Straits Times*, 14 March 1975, p. 5; 20 March 1975, p. 1; 2 April 1975, p. 4; 7 April 1975, p. 21.
40. *New Straits Times*, 5 January 1975, pp. 8 and 11; 12 January 1975, p. 9; 13 January 1975, p. 5; 3 March 1975, p. 1; 14 March 1975, p. 5; 6 April 1975, pp. 1 and 6; 9 April 1975, pp. 1 and 5; J. Victor Morais, *Mahathir: A Profile in Courage* (Singapore: Eastern Universities Press, 1982), pp. 56-62.
41. Chandran Jeshurun, 'The Security Situation in Peninsular Malaysia', *Southeast Asian Affairs*, 1975 (Singapore: Institute of Southeast Asian Studies, 1975), p. 105; *New Straits*

*Times*, 6 April 1975, pp. 1 and 6; Government of Malaysia, *Communist Party of Malaya Activities within the Malaysian Chinese Language Society* (Kuala Lumpur: Ketua Pengarah Percetakan, 1974).

42. See: Means, *Malaysian Politics*, pp. 381-4.

43. For more comprehensive accounts of Sarawak politics in this period, see: R. S. Milne and K. J. Ratnam, *Malaysia—New States in a New Nation: Political Development of Sarawak and Sabah in Malaysia* (London: Frank Cass, 1974), pp. 69-122; Searle, op. cit., pp. 43-6 and 127-83; Leigh, *The Rising Moon*, pp. 135-41.

44. See: Means, *Malaysian Politics*, pp. 384-7. The '20 points' were the 'safeguards' and 'guarantees' which were promised to the states of Sabah and Sarawak as part of the agreements negotiated in 1963 for these states to join Malaysia. Increased autonomy was promised regarding immigration, government support of Islam, conversion to the National Language, and other matters. See: Means, *Malaysian Politics*, pp. 376-7.

45. Government of Malaysia, *Penyata Pilihanraya Umum Dewan Rakyat dan Dewan Undangan Negeri bagi Negeri-negeri Tanah Melayu dan Sarawak Tahun 1974* (Kuala Lumpur: Ketua Pengarah Percetakan Semenanjung Malaysia, 1975), p. 132; *New Straits Times*, 17 September 1974, p. 10.

46. For James Wong's account of his life in politics and his summary detention without trial, see: James Wong Kim Min, *The Price of Loyalty* (Singapore: Summer Times Publishing, 1983). Rahman Ya'akub claimed in the press that James Wong had received funds from 'a foreign power'—Brunei—while Tun Razak warned that SNAP leaders had not shown loyalty to the state, charging that 'He [James Wong] has never opposed Brunei's claim to Limbang.' *Sarawak Tribune*, 20 August 1974, cited in: Searle, op. cit., pp. 174 and 182n. James Wong's book claims that these charges were entirely baseless and politically motivated. See also: Michael Leigh, 'Sarawak at the Polls', in Harold Crouch, Lee Kam Hing, and Michael Ong (eds.), *Malaysian Politics and the 1978 Election* (Kuala Lumpur: Oxford University Press, 1980), pp. 240-4.

47. *New Straits Times*, 17 March 1976, p. 7; 23 March 1976, pp. 1 and 24; Searle, op. cit., pp. 184-97.

48. See Means, *Malaysian Politics*, pp. 373-81.

49. Frieda Koh, 'Sunday in Sabah: A Search of the Past for New Meaning', *The Sunday Monitor* (Singapore), 5 May 1985, p. 13; Bill Campbell (ed.), *Sabah under Harris, A Collection of Speeches* (Kuala Lumpur: Penerbit Warisan, 1986), pp. xlv-l; Bruce Ross-Larson, *The Politics of Federalism: Syed Kechik in East Malaysia* (Singapore: Bruce Ross-Larson, 1976), pp. 16-34 and 54-92. For a biography of Mustapha, see: Government of the State of Sabah, *Sabah's 10th Anniversary of Independence within Malaysia* (Kota Kinabalu: no pub., n.d. [1973]), pp. 35-9.

50. Note: *Straits Times*, 23 August 1973, p. 1; 17 September 1973, p. 1; 21 September 1973, p. 4; 26 September 1973, p. 1.

51. *New Straits Times*, 18 February 1974, p. 20.

52. *Straits Times*, 23 August 1973, p. 1; 21 September 1973, p. 4; 26 September 1973, p. 1.

53. Tun Fuad Stephens was also promised 100 square miles of state timber land at the time of conversion. This agreement only came to light much later, during the political competition between Berjaya and USNO in the post-1975 era.

54. *Straits Times*, 23 August 1973, p. 1; 17 September 1973, p. 1.

55. Ross-Larson, *The Politics of Federalism*, pp. 131-44; Campbell (ed.), *Sabah under Harris*, pp. xlvii-liv; Bernard Sta Maria, *Peter J. Mojuntin, The Golden Son of the Kadazan* (Malacca: Bernard Sta Maria, 1978), pp. 206-13 (quoting from a speech by Peter Mojuntin in the Sabah State Assembly, 11 August 1975).

56. Campbell (ed.), *Sabah under Harris*, pp. lvii-lxv; Sta Maria, *Peter J. Mojuntin*, pp. 125-92; Ross-Larson, *The Politics of Federalism*, *passim*; Ed Hunter, *Misdeeds of Tun Mustapha* (Hong Kong: Ed Hunter Enterprises, 1976), p. 31 and *passim*.

57. *Straits Times*, 3 August 1974, p. 10.

58. Government of Malaysia, *Penyata Pilihanraya Umum Dewan Rakyat dan Dewan Undangan Negeri*, p. 132.

59. *Straits Times*, 4 October 1973, p. 1; *New Straits Times*, 2 April 1974, p. 1; 7 June

1974, p. 1; 18 July 1974, p. 1; 19 July 1974, p. 1; 1 October 1974, p. 1.

60. The Malaysia Agreement made no mention of offshore mineral rights, so there was no documentary basis to settle the issue, except by Malaysian federal statute or by arguments from international law. For the production-sharing formula on oil revenues was divided as follows: 20 per cent to the production company to cover production costs; 5 per cent to the Federal Government; 5 per cent to the littoral state government; and the remaining 70 per cent divided 70 : 30 between Petronas (the federal oil corporation) and the contractor. See: Gordon P. Means, 'Energy Resource Development and Management in Malaysia', *Contemporary Southeast Asia*, 5, 3 (December 1983), pp. 330-51.

61. *Straits Times*, 6 September 1974, p. 1.

62. *New Straits Times*, 28 July 1975, p. 1.

63. *New Straits Times*, 16 July 1975, p. 1. Also involved with the founding of the party were Peter Mojuntin, Haji Salleh Sulong, Haji Abdul Ghani, and Joseph Pairin Kitingan.

64. Ross-Larson, *The Politics of Federalism*, pp. 163-76.

65. *Ibid.*, pp. 178-9; Robert O. Tilman, 'Mustapha's Sabah, 1968-1975: The Tun Steps Down', *Asian Survey*, 16, 6 (June 1976), pp. 495-509.

66. Ross-Larson, *The Politics of Federalism*, pp. 186-90; Campbell (ed.), *Sabah under Harris*, pp. lxi-lxiv.

67. Campbell (ed.), *Sabah under Harris*, pp. lxiii-lxiv.

68. See: Means, *Malaysian Politics*, pp. 373-81.

69. *New Straits Times*, 7 June 1976, p. 1.

70. See: Campbell (ed.), *Sabah under Harris*, pp. xlv-bxciii.

71. Government of Malaysia, *Second Malaysia Plan, 1971-1975* (Kuala Lumpur: Government Printing Office, 1971), p. 1.

72. Benjamin Higgins, 'Development Planning', in E.K. Fisk and H. Osman-Rani (eds.), *The Political Economy of Malaysia* (Kuala Lumpur: Oxford University Press, 1982), pp. 157-8.

73. David Lim, 'Malaysian Development Planning', in Jomo K.S. and R.J.G. Wells (eds.), *The Fourth Malaysia Plan: Economic Perspectives* (Kuala Lumpur: Malaysian Economic Association, 1983), pp. 5-22.

74. E.K. Fisk and H. Osman-Rani (eds.), *The Political Economy of Malaysia* (Kuala Lumpur: Oxford University Press, 1982), p. 309.

75. Frederica M. Bunge (ed.), *Malaysia, A Country Study*, 4th ed. (Washington, DC: American University Foreign Area Studies, 1984), pp. 256-7.

76. Lim Yoon Lin, 'Malaysia: A Troubled Legacy', *Southeast Asian Affairs*, 1977 (Singapore: Institute of Southeast Asian Studies, 1977), p. 157.

77. *Straits Times*, 27 November 1971, p. 1; *New Straits Times*, 25 April 1975, p. 22; Bunge (ed.), *Malaysia*, p. 229.

78. R. S. Milne, 'Malaysia and Singapore in 1974', *Asian Survey*, 15, 2 (February 1975), p. 166; Leo Ah-bang, *op. cit.*, pp. 95-6.

79. Lim Yoon Lin, 'Malaysia: The New Mood', *Southeast Asian Affairs*, 1976 (Singapore: Institute of Southeast Asian Studies, 1976), p. 220.

80. Leo Ah-bang, *op. cit.*, p. 96; Lim Yoon Lin, 'Malaysia: The New Mood', p. 220.

81. Robert O. Tilman and Jo H. Tilman, 'Malaysia and Singapore, 1976: A Year of Challenge, A Year of Change', *Asian Survey*, 17, 2 (February 1977), pp. 143-4; Lim Yoon Lin, 'Malaysia: A Troubled Legacy', pp. 145-6.

## The Hussein Onn Administration

### The Succession and Factional Politics

HUSSEIN ONN assumed the office of Prime Minister from a fairly weak political base and with a number of serious liabilities. As the son of the venerable Malay politician, Dato Onn bin Ja'afar, Hussein Onn had left UMNO at the time his father resigned to found the Independence of Malaya Party in 1951. Hussein Onn returned to UMNO only in 1969 and never had time to build a solid base of delegate support within the party. As a brother-in-law and close personal friend of Tun Abdul Razak, his appointment as Deputy Prime Minister was viewed as the Prime Minister's prerogative rather than a matter of party selection. Although Hussein Onn was held in high esteem, he was fully dependent on Tun Razak for his position and for political backing. Because Hussein Onn had also suffered a heart attack, his sudden accession to the post of Prime Minister led many to speculate that he was only temporarily holding the office until a suitable candidate could be selected.<sup>1</sup>

The apparent weakness of Hussein Onn seemed to encourage factional rivalries in UMNO to surface. All through the Razak era, there had been an undercurrent of criticism and opposition to Tun Razak from within UMNO, as well as within some of the parties in the BN coalition. Since UMNO provided the core base of support for the government, the problem of factional divisions in UMNO was far more serious for the government. There are several explanations for the increased factional cleavages in UMNO. First, Tun Razak was believed to have wrested power from Tunku Abdul Rahman in the wake of the 1969 riots against the wishes of the latter and the large core of his supporters within the party. Further, Tun Razak had moved against the 'Old Guard' when he finally assumed full powers of Prime Minister. Then, in his relations with UMNO, he had not remained above the factional alignments, but had openly instructed delegates at the UMNO General Assembly to support candidates he favoured for the high offices of the party. The strong and interventionist leadership style of Tun Razak had left a legacy of bitterness among a group of disappointed power-seekers who assumed that Hussein Onn would be fairly easy to challenge and out-manoeuvre.

Perhaps as a means to distance himself from the factional alignments of the Razak era, Hussein Onn chose as his new Deputy Prime Minister

Dr Mahathir Mohamad. At the 1975 UMNO General Assembly, Dr Mahathir had been elected as one of three UMNO Vice-Presidents, but with the smallest vote, after Ghafar Baba and Tengku Razaleigh Hamzah.<sup>2</sup> Dr Mahathir had previously been Education Minister and was seen to have acted decisively and firmly in the earlier student disturbances. He was also viewed as an articulate spokesman for the new generation of educated Malays that was assuming a more important role in Malay politics. Within UMNO, he had avoided affiliation with the factional divisions that had been mobilizing for a challenge to the incumbent leadership of the party and the government. At the time, Dr Mahathir's selection as Deputy Prime Minister was seen as bypassing two very strong candidates who might mount a challenge to the leadership of Hussein Onn. At the same time, Dr Mahathir projected a public image of youth and dynamism that was considered to be an asset by the new administration.

The potential factional alignment challenging Hussein Onn was a group of formidable political figures who were either opposed to the Razak style of politics, or whose political advancement appeared to be blocked by those who were promoted by Tun Razak and then by Hussein Onn. One of the key figures in the opposition faction was Tunku Abdul Rahman, who had a degree of autonomy and immunity from retaliation by virtue of being both retired and the Father of Malaysian Independence. He used his considerable prestige to write critical evaluations of Malaysian political affairs in a weekly column published in the newspaper, *The Star*. At one point, Tun Razak sought to impede this source of critical commentary by attempting to purchase controlling shares in the paper, but Tunku Abdul Rahman went to his political ally, Tun Mustapha of Sabah, who promptly purchased sufficient shares in the paper to assure that control would remain in the hands of those willing to publish mild but open criticism of the government.<sup>3</sup>

One of the charges laid against both Tun Razak and Hussein Onn was that they were subject to 'Communist' influence. It is difficult to assess precisely what was meant by this charge. Rather vague accusations were made by some UMNO leaders that they relied on some advisers and confidants who were believed to be secret agents of the Malayan Communist Party, or that some of their advisers espoused 'radical' or leftist policies which were similar to Communist doctrines and therefore to be opposed. Although it was difficult to attack the Prime Minister directly, his advisers or confidants were not immune from criticisms or charges of misleading the Prime Minister. Tun Razak's critics accused him of being under the influence of a small group of advisers composed of Ghafar Baba, Abdullah Ahmad, Abdullah Majid, and Khalil Akasah.<sup>4</sup> When Hussein Onn took over the leadership of the government, some of Tun Razak's close advisers were not retained; among them was Ghafar Baba, who was disappointed that he had been passed over as the top candidate for the post of Deputy Prime Minister. In reaction to this apparent slight, Ghafar Baba refused to serve in the new Cabinet under Hussein Onn.

Disputes over both policy issues and patronage made it necessary for Hussein Onn to move against the faction in UMNO that was rather openly challenging his succession to power. In reaction to these moves, his detractors began to spread rumours that UMNO had an Aidit or a Subandrio in its midst, meaning that there were 'Communists' who had gained influence and access to the top echelon of leadership in the country. These accusations were given some credence in 1976, just before the UMNO General Assembly, when the Minister of Home Affairs, Ghazali Shafie, authorized the arrest under the Internal Security Act of Abdul Samad Ismail, the Managing Editor of the New Straits Times Group. In a bizarre series of revelations, allegations were made in his subsequent 'confession' to a series of alleged plots and political schemes in which Singapore and Indonesian political figures and some exiled Malaysians were involved. Later, Abdullah Ahmad and several others were also arrested and Abdullah Ahmad admitted to having 'close contact' with a foreign embassy, which was apparently the Soviet Embassy that had recently been established in Kuala Lumpur.<sup>5</sup> The validity of these confessions is subject to disputed interpretations. What was clear, was that these developments lent some credence to the attacks on Hussein Onn for being manipulated by associates whose motives were, at the very least, suspect.

### **The Harun Case**

One of the most outspoken critics of Hussein Onn was Harun Idris, then President of UMNO Youth and a very dynamic personality who commanded the support of a large faction of UMNO members. He was remembered for his strong defence of Malay rights and the willingness to sanction the use of 'direct action' against demonstrators and those who appeared to be challenging the political power and the privileges of the Malays at the time of the 1969 crisis. As a sponsor of a large network of Malay martial-arts clubs, he commanded an image of the traditional Malay hero warrior. This image was further cultivated when Harun acted as the principal organizer of a World Heavyweight Boxing championship fight in Kuala Lumpur between Muhammad Ali and Joe Bugner in 1975. Because of the popularity of Muhammad Ali in all of the Muslim world, the fight attracted much attention and publicity. Questionable financial practices associated with that fight, however, and Harun's involvement with losses incurred by Bank Rakyat, led to an investigation which revealed various corrupt and irregular activities. As a consequence, he was removed as Menteri Besar of Selangor and offered a post as ambassador to the United Nations. However, he was unwilling to exit gracefully as had been arranged with some other notable politicians when accused of shady or irregular activities. The defiant posture of Harun on these matters prompted the government to file corruption and criminal breach of trust charges against him. The first indictment was filed before the death of Tun Razak,<sup>6</sup> but it was Hussein Onn who was left with the problem of facing the political consequences of that action.

Harun mounted a twofold counter-attack. He answered the accusations in court; and he mobilized his supporters to provide evidence of his impressive political support in UMNO. At the UMNO General Assembly in June 1975, he was elected as one of the UMNO Vice-Presidents even after the corruption charges had been laid.<sup>7</sup> His supporters also stepped up the accusations against Tun Razak and later Hussein Onn for being influenced by 'Communists', intimating that these actions against Harun were motivated by fear of Harun's 'anti-communist' stance.

When Hussein Onn assumed the office of Prime Minister, one of the first major issues he had to face was what to do about Harun. The court case had proceeded and Harun had been convicted of corruption and given a two-year prison sentence. His supporters pleaded for a pardon or remission of sentence. Instead, Hussein Onn moved to expel Harun from UMNO, even though the sentence was suspended while Harun appealed his conviction to the Privy Council. At the 1977 UMNO General Assembly, Harun's supporters sought his rehabilitation by a strong show of support. Politically, his case was aided by the strong support that he received from the faction known as the 'UMNO Old Guard'.<sup>8</sup> When Harun's appeal to the Privy Council against conviction on corruption charges was rejected in February 1978, his supporters made a show of force to defend him against serving a prison term. Eventually, however, he surrendered to serve his jail sentence. An appeal for pardon was submitted to the Yang di-Pertuan Agong, but this, too, was rejected.<sup>9</sup> Despite these set-backs, Harun retained widespread Malay support, which was revealed at the 1978 UMNO General Assembly sessions when he was elected to the UMNO Supreme Council and his nephew, Haji Suhaimi Datuk Kamaruddin, was elected President of UMNO Youth.<sup>10</sup> Despite his continued political support within UMNO, no pardon was arranged and Harun Idris served his prison sentence until mid-1981.

### **Chinese Politics within the Barisan Nasional Format**

Just as factional divisions within UMNO exposed disaffection and division within the Malay electorate, there were also signs of fractures among the non-Malay political parties within the BN coalition. Perhaps the fundamental cause of their malaise was the general feeling of being used for political support of the government while being largely ignored in policy matters deemed to be of vital interest to the non-Malay communities. Although political patronage was used to reward compliant and co-operative élites, such a distribution of benefits was increasingly viewed by non-élites as inadequate, if not blatantly corrupting the role of their political representatives. As a result, especially within the domain of Chinese politics, there emerged movements of 'reform' and opposition to incumbent leaders challenging their legitimacy and threatening to displace them for being ineffective or for becoming docile supplicants to the dominant Malay leadership at the federal level.

The inherent instability in the politics of the Chinese community became manifest both during the Razak Administration and in the early



years of Hussein Onn's period in office. In the aftermath of the 1969 riots and the dismal performance of the MCA in the 1969 election, there was much soul-searching within the Chinese community concerning political strategies and the most effective means to defend and promote Chinese interests. To many, endemic political division within the Chinese community was to blame for the tragedy of 1969 and the weakened political voice of the Chinese. This analysis prompted the formation of what was called the 'Chinese Unity Movement'. The objective of this movement was to generate a new dynamic leadership within the MCA and to broaden its base of support to encompass all Chinese-based political organizations and parties.

During the early 1970s, the Chinese Unity Movement gathered some momentum through the energetic efforts of such people as Alex Lee, Dr Tan Tiong Hong, and Dr Lim Keng Yaik. It mobilized considerable support, especially among Chinese alienated by the style of politics in the pre-1969 era. Yet, it soon became apparent that the movement challenged the existing political leadership of Chinese-based parties, particularly the MCA and Gerakan. While it raised expectations and mobilized support for Chinese defined causes, the movement did not create the unity within the Chinese community that was its stated goal.

Within the MCA, a factional struggle developed between the established leadership and a newer group identified with the Chinese Unity Movement seeking to define 'Chinese rights', which were espoused as a parallel concept to that of Bumiputra rights for Malays and indigenous peoples. The very notion of separate special rights for Chinese was sensitive and emotionally loaded, especially for the other ethnic communities. Eventually, in 1973, the MCA, under pressure from the BN, had to purge the more militant spokesmen of the movement so as to preserve party discipline and keep within the rules of political behaviour imposed by the BN. Despite the demise of the Chinese Unity Movement, it did have the effect of making Chinese political leaders more conscious of their need to cultivate grass-roots support and to espouse causes that would bring visible benefits to their constituents.<sup>11</sup>

The constraints placed by the BN on public mobilization for policy demands by constituent parties made it especially difficult for non-Malay politicians in the BN to compete with the opposition parties for the support of their constituents. Although criticism and mobilization of public support for public policy demands was severely constrained, these restrictions did not limit the 'self-help' activities that BN parties might sponsor to benefit their constituents. For this reason, under the leadership of Lee San Choon, who became MCA President in 1974, the MCA began to explore various projects which would benefit the Chinese without raising major objections from other constituent parties in the BN coalition. Of particular concern to party leaders was the question of how the Chinese community could keep up with the changing economic conditions and more competitive business environment created by the NEP. Government assistance and government-sponsored Bumiputra corporations were posing a serious challenge to non-Malay business and

commercial ventures. While government policy was vigorously pursuing the 30 per cent NEP target goal for the Malays, the 40 per cent target goal for the non-Malays in commercial enterprise was left to private initiative if it was to be attained. Many Chinese feared that most Chinese enterprises operated with traditional and archaic management practices and with limited financial resources so that they were at risk in competition with well-financed government-aided Bumiputra corporations employing modern management practices. To meet this issue, the MCA began a series of educational programmes designed to upgrade the skills and business practices of Chinese in the typical small family-owned business or manufacturing enterprise.

During 1975 Parliament passed the Industrial Coordination Act (ICA), which extended the NEP racial employment quota system to the private sector. The objective of the Act was to ensure that industry and commerce would employ 30 per cent Malays and promote them in appropriate sequence to supervisory and management positions. These new requirements were viewed as being especially difficult for Chinese business operations, particularly the more traditional family-based small business enterprises. As a result, Chinese business interests mobilized great pressure on Chinese political leaders in government, in both the MCA and Gerakan, to seek amendments to the Act and to secure favourable administrative rulings in its implementation. The primary vehicle for this mobilization of opposition to the ICA became the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), which eventually achieved partial success in securing some minor concessions and promises that the Act would not be administered 'overzealously'. Even so, the government remained unwavering in pursuing the primary objectives of the ICA, since the Act was considered a mainstay instrument in achieving the target goals promised the Malays for improved employment opportunities and economic betterment under the New Economic Policy.<sup>12</sup>

As part of the strategy for revival of Chinese influence in public affairs, the MCA decided to purchase controlling stock in the daily newspaper, *The Star*. Earlier, UMNO had acquired control of the *New Straits Times*, which supported and reflected the views of the country's UMNO leadership. Although no major daily paper was a critic of the government, the emphasis in the *New Straits Times* and *The Star* were different, with the latter reporting in more detail on political news of interest to non-Malay readers. Therefore, the political activities of MCA leaders and the MCA perspective on politics was more thoroughly and sympathetically covered in *The Star*.

Because the Chinese community as a whole feared the long-term impact of the NEP and was anxious that its promised share of the economy would be eroded by the aggressive 'restructuring' policies of the government, much attention was given by Chinese leaders to strategies that would ensure an equitable future for the community. One of the most important strategies involved the promotion of Chinese participation in the share-market economy through the formation of co-operatives and

corporate bodies that would channel the petty savings of ordinary Chinese into the growth sectors of the economy. Whereas Malay-based corporate bodies were being formed by the government to promote the Malay stake in the economy, Chinese-based corporate structures were sponsored by the MCA to promote the Chinese stake in the economy. The first MCA-sponsored co-operative was started about 1969, but their number and range of activities increased markedly after 1975. The largest and most significant of such institutions was Multi-Purpose Holdings Berhad (MPHB), which became the primary institutional vehicle for promoting Chinese investment in modern sectors of the economy. Under the leadership of Tan Koon Swan, this company was formed in 1977 with an initial investment of 26,000 shareholders and a paid-up capital of M\$30 million. By 1983 MPHB had assets of M\$1.46 billion and it had grown to become the centre of a large financial conglomerate that had control or substantial investments in about 75 major multinational corporations in the fields of shipping, rubber, palm-oil, mining, hotels, real estate, manufacturing, construction, insurance, and banking.<sup>13</sup>

The idea of self-help projects for the Chinese community began to be applied to another key area of Chinese concern—education, arising from the desire to preserve Chinese education and the increasing difficulty faced by qualified non-Malays in gaining admission to Malaysian universities with their Bumiputra quota system. By 1977 the number of admissions to universities for non-Malays had been reduced to less than 25 per cent.<sup>14</sup> Reacting to this situation, Chinese leaders in the MCA, Gerakan, and the DAP all supported proposals for the formation of privately financed higher educational institutions. Earlier, in 1975, the MCA had sponsored the formation of a technical college called Tunku Abdul Rahman College, which had an initial enrolment of 1,020. By 1980 it had expanded to over 4,000 students. This college provided technical and professional training designed to meet the needs of industry and commerce. The success of that college led to a more ambitious proposal—to set up a privately funded university to be called 'Merdeka University'. The sponsors proposed that it would use Chinese as a medium of instruction and it would provide advanced university education across all major academic fields. The proposal for incorporation was supported by over 4,000 who signed a petition which was submitted to the Yang di-Pertuan Agong in July 1978. The supporters argued that the Merdeka University would be a logical extension of the Chinese primary schools that were still being operated by the government, as well as the Chinese secondary schools that were still being operated by private funds and management committees. It also appeared to be a logical extension of the principle that had been accepted earlier when Tunku Abdul Rahman College had been incorporated.<sup>15</sup>

Although the proposals for Merdeka University received the endorsement of the MCA, Gerakan, and the DAP, the response of the government was delayed until after the 1978 election, perhaps to avoid political repercussions during the campaign. However, once the mandate was renewed, the Merdeka University proposals generated a torrent of criticism

from prominent Malay leaders. At the UMNO General Assembly in September 1978, the issue of Merdeka University was raised and Education Minister Musa Hitam announced that the petition would be rejected because it would set up a private university that would teach in the Chinese medium and it would therefore be in conflict with the objectives of a unified national system of education. Despite this announcement, massive Chinese support for the proposals continued, putting pressure on Chinese leaders in the MCA, Gerakan, and the DAP to persuade the government to reverse its announced stand on the issue.

The interim council for Merdeka University under the chairmanship of Lim Fong Seng decided to stage a mass meeting for 22 October to consider the next move. Plans were also laid to sponsor a court challenge of the decision as violating Malaysian constitutional guarantees permitting the use of other languages and as a violation of the United Nations Declaration of Human Rights. Before the mass meeting could be convened, however, it was banned by the government on the grounds that it would likely spark communal violence. Although the Merdeka University proposal was decisively rejected by Prime Minister Hussein Onn,<sup>16</sup> the massive mobilization of support for the proposal did have the effect of raising issues which required a review of some education policies that were a matter of high priority for the non-Malay communities. Shortly thereafter, some adjustments were made to admission quotas to Malaysian universities providing for a gradual increase in the quotas allotted to non-Malays so as gradually and eventually to adjust these admission quotas to reflect the ethnic balance of the population as a whole.<sup>17</sup>

### The Kelantan Crisis

So long as the BN coalition remained intact, political power at the federal level was stable and unchallenged. Conflicts and opposition to the leadership of Hussein Onn and the BN did erupt, however, in certain states where opposition to the government was endemic and long-standing. For the national leadership, the states of Kelantan, Perak, and Malacca all generated crises or rumblings of discontent during the tenure of Hussein Onn as Prime Minister. In the cases of Perak and Malacca, state élites were willing to accept a 'federal formula' for the resolution of political disputes at the state level. In the case of Kelantan, a crisis emerged when state élites rejected federal intervention to resolve an escalating dispute that erupted among themselves.

In Kelantan, a smouldering conflict had been brewing ever since the 1974 election. At issue was the role of PAS at the state level within the BN coalition. Kelantan was acknowledged to be a stronghold of PAS support, yet after PAS had joined the BN, the PAS-led government operated within the limits imposed by their membership in the BN. Such a coalition was viewed as more advantageous to federally elected PAS élites than it was to those PAS leaders who were elected at the state level. Consequently, in Kelantan, despite the coalition, UMNO and PAS rivalries continued over matters of power and public policy.

The most contentious issues involved land policy, since land was a state matter and the basis for a major proportion of state revenues. Moreover, land revenues were not subject to federal control and in the pre-coalition period land revenues had been used to fund projects of special interest to PAS. Over time, certain politicians were alleged to have profited from arranging lucrative timber and mineral concessions with various corporate interests outside the state. In 1977 the (PAS) Menteri Besar, Mohamed Nasir, decided to freeze logging land concessions, alleging corrupt practices by the State Economic Development Corporation and the Agricultural Development Board. In reaction, twenty PAS Kelantan assemblymen accused Mohamed Nasir of failing to protect party interests and called for his resignation as Menteri Besar. Mohamed Nasir refused to resign even though he lost the support of his party and was also requested to resign by the President of PAS, Mohamed Asri Muda.<sup>18</sup>

The struggle for political control in Kelantan quickly shifted to the streets when massive demonstrations, some as large as 80,000-strong, were staged in support of Mohamed Nasir, who depicted himself as a defender of honest and clean government battling against corrupt and self-serving politicians seeking profits from the land concession system. When Mohamed Nasir ignored the demands of his opponents, the National Executive Council of PAS was convened and expelled him from the party. In the Kelantan State Assembly, a 'no-confidence' motion was tabled and carried by 20 PAS votes after 13 UMNO and one MCA assemblymen had walked out in protest. A legal impasse ensued with Mohamed Nasir calling for the dissolution of the State Assembly, while PAS called again for the Menteri Besar's resignation in accordance with normal parliamentary practice following the passage of a 'no-confidence' motion. Meanwhile, the street demonstrations had degenerated into violence and looting by Mohamed Nasir's supporters, which then became the justification for a federal declaration of an emergency and a curfew for the area.

As the crisis unfolded, federal leaders had tried to persuade the Kelantan PAS leaders to avoid provoking a confrontation with its 'no-confidence' motion. Representing Hussein Onn, Dr Mahathir was sent to Kelantan to offer a peace formula: six PAS members of the Executive Council and Mohamed Nasir would resign, a new Menteri Besar would be selected along with new PAS members for the Executive Council. The four PAS leaders who had precipitated the crisis were to be excluded from the Executive Council. When the PAS leaders rejected this federal formula, a second proposal was made for the resignation of all Council Members, but again with no reappointment for the four PAS ringleaders. After a similar rejection of the second proposal, Hussein Onn met a PAS delegation and issued an ultimatum: federal rule over Kelantan would be imposed if PAS did not accept the terms offered by him for resolution of the crisis in Kelantan.

Even before the 7 November deadline set for a reply to the federal ultimatum, a bill was rushed through Parliament providing for the

imposition of federal rule under the control of a federal civil servant. The bill was passed with 118 votes in support and 18 opposed, including 12 of the 14 PAS members and all 6 DAP members. One PAS member was absent, while the one PAS member who voted with the BN on this bill was promptly expelled from PAS for violating party discipline. Mohamed Asri, along with four other PAS members who held office in the BN government, resigned their positions but also explained that PAS would remain in the BN.<sup>19</sup> The wish of PAS leaders to remain in the BN was quickly foreclosed when the Barisan Nasional Council met to expel all members who had voted against the Kelantan Emergency Bill.

The imposition by the Federal Government of 'emergency rule' over Kelantan lasted only three months—just long enough to stabilize the political situation—and then Hussein Onn called a surprise election for the state before PAS could regain the political initiative and remobilize its supporters. The election date was set for 11 March 1978. In the interim, Mohamed Nasir was appointed caretaker Menteri Besar, giving him an advantage to campaign as the incumbent. The restriction on large rallies and the reliance on small group *ceramah* meetings gave UMNO, with its larger financial and organizational resources, an advantage. The two contending parties of UMNO and PAS were joined by a third party formed by Mohamed Nasir, the former (PAS) Menteri Besar and now caretaker Menteri Besar under federal rule. His new party was called Barisan Jemaah Islamiah Se-Malaysia, which was better known by the acronym 'Berjasa'.

In the shortened month-long campaign, UMNO promised economic growth and development projects for the state; PAS played on its traditional Islamic themes; while Berjasa campaigned against the corrupt practices of PAS politicians in the previous state administration. In the selection of seats to contest, it became obvious that the BN and Berjasa had come to an electoral agreement which was reflected in the election results. Berjasa won 11 Assembly seats, all of which were in straight contests with PAS. BN won 23 seats, 13 of which were won as a result of Berjasa's splitting votes away from PAS. Although PAS had fielded candidates in 36 constituencies, it was able to capture only 2 seats. The distribution of votes reveals the electoral support of the contending parties: BN, 36.7 per cent; PAS, 32.7 per cent; and Berjasa, 27 per cent. Because the results were such a crushing defeat for PAS, the election was widely interpreted as a harbinger of an early federal election to capitalize on the political momentum of the BN.<sup>20</sup>

Although the Kelantan crisis had originated at the state level within the ranks of PAS, what these events demonstrated was that federal leaders were unyielding in imposing a 'federal formula' for the resolution of conflicts at the state level. When such agreement was not forthcoming from state leaders, federal powers were invoked to punish the recalcitrant state leaders. Furthermore, the crisis was used as a justification to tip the political balance at the state level to UMNO state leaders who were viewed as the more co-operative and reliable corner-stone of the BN structure. The political aspirations of the Kelantan Chairman of UMNO,

Tengku Razaleigh Hamzah, may also have been a factor in the federal decisions relating to the Kelantan crisis. Certainly, the imposition of federal rule enhanced both the power of UMNO and the political power of Finance Minister Tengku Razaleigh in his alleged aspiration for enhanced power at the federal level.

### **Sarawak and Sabah under Federal Tutelage**

In Sarawak, the BN was based on the strong and skilful leadership of Abdul Rahman Ya'akub, who headed the minority Malay-Muslim-based Partai Pesaka Bumiputera Bersatu. As leader of the BN, he exploited federal support and used his power as Chief Minister to build and retain control of a wider Malay-native-Chinese coalition. Using consummate skills of balancing and playing off coalition partners against each other, he gradually constructed a stable government. With federal support, Rahman Ya'akub had become Chief Minister of Sarawak in 1970, when he headed the Malay-based Party Bumiputera, which held only about one-fourth of the seats in the Sarawak Council Negri. His attempt to widen his political base and create a Malay-native coalition in 1973 by a merger with the Iban-based Partai Pesaka was largely symbolic and stillborn since the Pesaka leaders were unable to bring their Iban supporters into the new Bumiputera-indigenous party known as Partai Pesaka Bumiputera Bersatu. After the Sarawak state election in 1974, Rahman Ya'akub widened the Sarawak BN to include the largest party, Sarawak National Party (SNAP), which commanded the support of most of the interior native peoples.<sup>21</sup> Within the state government, SNAP still acted as a voice for the interests of non-Muslim interior native peoples, but the contest was shifted from the media and public debate to the inner councils of government and within administrative agencies.

As the 1978 election approached, Sarawak Chief Minister Abdul Rahman Ya'akub was able to keep the BN coalition together despite the strains between the member parties along the native-Chinese cleavage as well as the native-Malay/Muslim cleavage. The Sarawak BN was able to field an agreed-upon slate of candidates in 1978, although dissatisfaction within the Chief Minister's own PBB ranks led to the breakaway faction forming a party called Partai Anak Jati Sarawak, more popularly known as PAJAR, which means 'dawn' in Malay. Its leader was Haji Ali Kawi, a former state police chief of the Sarawak Special Branch, who mounted a campaign challenging the leadership of Rahman Ya'akub and accusing his government of engaging in corruption and nepotism. More significantly, PAJAR revealed the resurgence of the old conflicts within the Malay community between urban Kuching Malays around the capital and the less privileged rural and more remote Malay communities. The lines of conflict could be traced back to the Brooke Sultanate and had been perpetuated in the disputes over cession and the contests between Parti Negara Sarawak (Panas) and Barisan Rakyat Jati Sarawak (BARJASA) in the 1960s.<sup>22</sup> Three other minor parties also contested against the Sarawak BN slate. These were Partai Umat Sarawak (UMAT),

Parti Negara Sarawak (Panas) and Barisan Rakyat Jati Sarawakization (SAPO), each appealing to a different constituency—Malay, native, and Chinese, in that order. Because of the weakening of his core support, Rahman Ya'akub chose not to submit his government to a state election in 1978, at the same time that the federal election was being held.<sup>23</sup> Even so, the Sarawak BN, after much internal bickering and with federal involvement, did field an agreed common slate of 24 candidates for the federal election. PAJAR was the most ambitious of the opposition parties, fielding 12 candidates in Sarawak's 24 federal constituencies.<sup>24</sup>

In Sabah, the new Berjaya government had been installed in April 1976 after nine years of iron-fisted rule by Mustapha Harun. Under pressure from federal authorities, Mustapha had 'resigned' as Chief Minister just before the 1976 state election, but he remained politically active as President of USNO, which garnered 20 seats to Berjaya's 28 seats in the Sabah Assembly. So long as Mustapha was plotting to recover his power as Sabah Chief Minister, co-operation between Berjaya and USNO was not possible. The threat of civil violence loomed large because Mustapha had earlier permitted illegal immigration of perhaps 150,000 Filipinos and some 50,000 Indonesians to Sabah in a bid to tip the demographic balance towards the Muslim-'Malay' political identity being espoused by USNO.<sup>25</sup> Shortly after Fuad Stephens was installed as Chief Minister of the Berjaya government in Sabah, some USNO leaders plotted to stage incidents that they hoped would lead to the declaration of emergency rule and presumably the return of Mustapha. Bombs were set off in Kota Kinabalu, Kudat, and Sandakan, killing two people and injuring others. The police raided a house behind Mustapha's villa and found a large cache of arms, weapons, and explosives. Eventually, more than 4,000 people were arrested, many of them Filipino supporters of Mustapha.<sup>26</sup>

When, along with a number of his close political associates, Fuad Stephens was killed in a plane crash on 6 June 1976, after being in office as Chief Minister a little more than a month, the post of Chief Minister and leader of the Berjaya government devolved upon Harris Salleh, who had been the Deputy Chief Minister and was a founding leader of Berjaya. Harris Salleh quickly established control over the state government and proceeded to formulate development-oriented state programmes that contrasted with the waste and corruption of the Mustapha era. Even though his efforts produced political stability within the state, below the surface, ethnic tensions continued, and, especially among USNO leaders, resentments simmered over their loss of power. Prior to the 1978 election, USNO was admitted into the BN once again at the federal level, but not at the Sabah state level. When the federal election was called, an agreement was worked out whereby Berjaya contested 9 seats and USNO contested 6 seats, with each party supporting an 'Independent' to contest one seat where agreement was not possible. It was agreed that the winner in that contest would be accepted into the BN after the election. Because the Sabah government had only been in office



for two years, there was no state election in 1978, as was also the case with Sarawak and Kelantan.<sup>27</sup>

### The Election of 1978

The BN election victory in Kelantan, combined with a fairly buoyant economy, provided the basis for speculation that the government would call a national election during 1978, about one and a half years before the government's mandate expired. The primary difficulty faced by Hussein Onn was that he was still only Acting President of UMNO and there remained within the party a substantial faction that was not pleased with his leadership, largely because of the rigorous prosecution, conviction, and imprisonment of Harun Idris, as well as the bypassing of some old UMNO stalwarts for a new group of younger, more professional Malays, some of whom, such as Musa Hitam and Dr Mahathir Mohamad, had been disciplined and exiled into the political wilderness by Tunku Abdul Rahman. Consequently, it was by no means certain that Hussein Onn could win election as UMNO President without a bruising and debilitating fight. The UMNO General Assembly was scheduled to open on 22 June, and already, early in the year, candidates opposed to Hussein Onn were mobilizing their supporters.<sup>28</sup>

Rather than wait for a battle to develop within UMNO, Hussein Onn presented an 'election budget' to Parliament, reshuffled his Cabinet and made preparations for the national election.<sup>29</sup> By May, all parties expected an election. In early June, Hussein Onn postponed the UMNO General Assembly to September and called the election for 8 July, with nomination day set for 21 June, leaving only sixteen days for campaigning. In addition, the government issued a ban on all public rallies, thus forcing parties to use door-to-door campaigning, tape-recorded speeches, and *ceramah* (small 'discussion group' meetings) as the primary techniques for contacting voters.<sup>30</sup>

Within the BN, numerous disputes arose over the allocation of seats to the constituent parties. According to the BN formula, each constituent party would defend the seats it had won in the previous election. This meant that seats held by the opposition were the targets of intense intra-BN competition. Berjasa, the new party formed for the Kelantan state election, applied for admission to the BN, but only on the condition that it could field candidates in all former PAS constituencies that were now vacant after the expulsion of PAS from the BN. It also demanded the same appointed positions in the government that PAS had held. The inflexibility of Berjasa in these demands led to its rejection by the BN as a constituent party in the coalition. Similarly, competition between the MCA and Gerakan for nomination to DAP-controlled seats in Penang, Perak, and Selangor led to severe controversy, which was only resolved by Hussein Onn at the last possible moment before nominations were to be filed.<sup>31</sup>

The major opposition to the government was mounted by the DAP and by PAS, the former appealing to the non-Malay electorate and the latter

the Malay electorate. PAS, although still smarting from its defeat in the Kelantan state election, had expectations that it could regain the political initiative by making major inroads in Kedah while also recouping earlier losses in Perlis and Trengganu. In Kedah, the UMNO Menteri Besar, Syed Ahmad Shahabuddin, was believed to be an ineffective leader, and was accused by PAS of neglecting peasant needs, especially during a drought in the previous year. In earlier elections PAS had unseated established names in the UMNO firmament from Kedah, including Dr Mahathir Mohamad and Senu Abdul Rahman. Since PAS was now in the opposition again, it was released from the obligation of restraint and could launch a hard-hitting campaign on its familiar themes of protecting Islam, implementing Islamic Shariah law, establishing an Islamic state, and preserving Malay/Islamic hegemony in the political and economic system. Although it had recently suffered a humiliating defeat in Kelantan, it hoped to be able to gain control of the state government in Kedah where it had strong support and it could capitalize on growing resentments against UMNO mis-rule at the state level.<sup>32</sup>

The DAP was the best organized and most formidable of the opposition parties, appealing essentially to the non-Malay voters. Even before the election, the small, 'non-communal' but largely non-Malay Pekemas, which was led by the ailing Dr Tan Chee Khoo, virtually collapsed in a wave of defections to the DAP. The DAP also picked up supporters from defeated factions of the MCA and from Gerakan as a result of their internecine disputes over leadership and nominations on the BN ticket. The failures of the non-Malay BN partners to secure approval for Merdeka University and to secure other concessions for Chinese education were skilfully exploited in the DAP campaign.<sup>33</sup> Without directly attacking the New Economic Policy and Malay special privileges, the DAP's campaign was explicit in calling for a shift in public policy priorities from ethnic distributive quotas to criteria based on economics and 'need'.

Even before the election, the BN had won 9 federal seats and 17 state seats that were unopposed. The BN campaigned on its record of economic growth, on the equity of its ethnic accord, and on being able to provide peace and stability. It accused the DAP and PAS of having a secret election accord to maximize opposition seats. If there was such a secret understanding, it appeared to have almost no effect, since when the votes were counted the BN had gained almost the same number of parliamentary seats it had held in the previous parliamentary session. The BN won 55.3 per cent of the vote, down some 2.7 per cent from its performance in 1974. Even so, the extent of the victory was much more than might be expected considering that PAS had been a member of the BN in 1974 but for the 1978 election had joined the opposition. With this major shift in coalition alignment, the BN did much better than might have been predicted from projecting the constituency support of parties in previous elections. In terms of seats in Parliament, the biggest change was the large increase in representation of the DAP, which increased its number from 9 to 16 in the new Parliament. Furthermore, the DAP had secured a foothold in the Bornean states with a win in Sabah. With PAS once

TABLE 3.1  
Malaysia: State and Parliamentary Elections, 1978

Party	Parliamentary Seats	Percentage of Vote, Parliament, 1978	State Assembly Seats <sup>1</sup>	Percentage of Vote, Parliament, 1974	Parliamentary Seats, 1974
Barisan Nasional	130	55.3	239	58.0	135
UMNO	(70)		(175)		(61)
MCA	(17)		(43)		(19)
Gerakan	(4)		(12)		(5)
MIC	(3)		(9)		(4)
PPP	(0)		(1)		(1)
BN Sarawak	(23)				(15)
BN Sabah	(13)				(16)
PAS <sup>2</sup>	5	14.9	9	17.5	(14)
DAP	16	18.5	25	—	9
SAPO	1	0.3		4.9	1
Pekemas	0	0.7		5.3	9
SNAP <sup>3</sup>					0
Independents	2 <sup>4</sup>	0.2	2		0
Total Opposition	23	44.7	36	42.0	19
Total	154		351		154

Sources: Ismail Kassim, *Race, Politics and Moderation: A Study in the Malaysian Electoral Process* (Singapore: Times Books International, 1979), pp. 70-92 and 98-101; Diane K. Mauzy, 'A Vote for Continuity: The 1978 General Elections in Malaysia', *Asian Survey*, 19, 3 (March 1979), pp. 281-96; Government of Malaysia, *Penyata Pilihan-raja Umum Dewan Rakyat dan Dewan-dewan Undangan Negeri ke-cuali Dewan-dewan Undangan Negeri Kelantan, Sabah dan Sarawak, 1978* (Kuala Lumpur: Ketua Pengarah Peretakan Negara, 1980), pp. 126-33.

<sup>1</sup>For the ten Peninsular Malaysian states holding elections in 1978.

<sup>2</sup>In 1974 PAS was a member of the BN; in 1978 it was in the opposition.

<sup>3</sup>In 1974 SNAP was in the opposition; in 1978 it was a member of the Sarawak BN.

<sup>4</sup>One Independent from Sabah joined the BN immediately following the election to give the BN a total of 131 parliamentary seats.

again in the opposition with 5 seats, PAS and the DAP together constituted almost all the opposition since the other credible opposition parties had either joined the BN or suffered humiliating defeat. Clearly, Hussein Onn's leadership of the BN was reaffirmed, and the basic structure of its coalition remained intact.

### **Economic Growth and Social Malaise**

With the new mandate, the Hussein Onn Administration turned its emphasis to the pursuit of economic growth, which was viewed as the corner-stone for all other government policies. A healthy economy provided the government with an adequate funding base, but it also provided the economic margin to facilitate the 'ethnic restructuring' objectives of the NEP. Without a healthy economy, efforts to better the economic position of the Malays would, of necessity, involve direct transfers from the non-Malays. To avoid the 'zero-sum game' scenario in ethnic relations, it was essential that economic growth be kept at a high level.

During the Third Malaysia Plan, 1976-80 (TMP), an annual real GDP growth rate of 8.6 per cent was achieved, which was above the 7.1 per cent growth rate of the Second Malaysia Plan, 1971-5.<sup>34</sup> The increase in per capita GNP had been 6.5 per cent between 1960 and 1970 and had risen to 7.9 per cent between 1970 and 1978.

Malaysia's comprehensive economic development planning and its encouragement of foreign investment had created a dynamic, expanding, and more diversified economy. The biggest boost to the economy, however, came in the form of the rapid growth of the petroleum industry. Substantial production began in 1968, with a rapid increase in production after 1970. At first, production agreements were arranged with foreign multinational firms, but after 1974, with the Petroleum Development Act which established the national oil company, Petronas, all oil production came under government-approved joint-venture operations between Petronas and various multinational oil companies. The fourfold increases in world oil prices imposed by OPEC in 1974 greatly expanded revenues just when Malaysian oil production was already rapidly increasing. By 1982 federal revenues derived directly or indirectly from oil constituted approximately one-quarter of gross public revenues.<sup>35</sup> With this form of economic cushion, the government could pursue policies designed both to 'restructure the economy' related to ethnic distribution of wealth, as well as pursue policies related to the alleviation of poverty.

Although the policies of the government remained essentially the same as had been formulated during the Razak era, there were now more resources for the pursuit of those policies. The transfer of corporate ownership to Bumiputras was accelerated, with heavy investments by government-funded 'Bumiputra trust agencies' and by programmes designed to increase Bumiputra individual investments in the economy. Bumiputra investment and control of the corporate sector, both individual and through trust agency participation, increased from 2.4 per cent in

1970 to 12.4 per cent in 1980, with the target being 30 per cent by 1990. The annual growth rate of Bumiputra equity increased 23.5 per cent per annum for individual Bumiputra ownership and by 39 per cent per annum for Bumiputra trust agencies between 1971 and 1980.<sup>36</sup>

During the period of the Second and Third Malaysia Plans, Malay employment in industry rapidly increased, largely as a result of employment quotas imposed on industrial enterprises, especially when new industries were being established and new jobs were created in response to overall economic growth. The Industrial Coordination Act of 1975 extended the principle of ethnic employment quotas to the private sector, thus opening up new urban employment opportunities for Malays.

On the issue of poverty eradication, the NEP had set the target goal of reduction of poverty to 17 per cent by 1990. From 1975 to 1980, the incidence of poverty had been reduced from 43.9 per cent to 29.2 per cent, while poverty in urban areas had been reduced in the same period from 19.0 per cent to 12.6 per cent.<sup>37</sup> Poverty reduction was more difficult to address in rural areas, particularly among padi-growing peasants, but even in this category the incidence of poverty was reduced from 77.0 per cent to 55.1 per cent between 1975 and 1980.<sup>38</sup> These reductions in the poverty rate were accomplished in part through new employment opportunities in an expanding economy and through the government's aggressive rural development programmes designed to open up new agricultural land and to diversify and modernize the agricultural sector. Although government policy gave increased attention to the economic position of the Malays, the household income of all communities rose dramatically. Between 1971 and 1979 the mean household income of Malays increased 12.9 per cent per year, while the Chinese gained 12.0 per cent and the Indians 11.0 per cent.<sup>39</sup>

In spite of the impressive economic gains being made by nearly all sectors of the economy and by all ethnic communities, the latter years of the Hussein Onn Administration witnessed growing evidence of social unrest and anomie. While a number of incidents of violence and social disorder occurred arising from particular circumstances, in the aggregate, they provide evidence of pockets of alienation, perhaps because some groups felt that they were being left behind or were relatively more deprived in an era when others appeared to be benefiting from new prosperity. The ethnic and religious overtones to these incidents made them of particular concern to Malaysia's political élites.

One of the most disturbing incidents for inter-ethnic harmony involved a series of desecrations of some twenty Hindu shrines by white-robed Islamic vigilantes who called themselves 'The Army of Allah'. When one group tried to break into the Kerling temple in Ulu Selangor, they were met by armed Hindu guards who, in the ensuing fray, killed four of the intruders. Among those killed was a university lecturer, while a survivor was a medical student enrolled at an Australian university. Eventually, eight Hindu youths were charged in court with homicide, in a case that generated high emotions in all ethnic communities.<sup>40</sup>

Evidence of widespread peasant discontent became visible in January 1980 when there were large peasant demonstrations held at Alor Setar, the capital of Kedah, in the centre of one of the largest rice-growing areas of Malaysia. The demonstrators objected to the government's rice subsidy scheme which provided a support price of between M\$26 and M\$30 per *pikul*, depending on grade; the subsidy payments, though, were made by coupons that could only be exchanged for credit against future goods and supplies. The demonstrators demanded a subsidy of M\$40 per *pikul* and at least part of the subsidy payment in cash. When the 10,000 demonstrators became unruly, police broke up the demonstrations and the Kedah Menteri Besar declared a curfew, claiming that the organizers planned to seize hostages, including the Menteri Besar himself, in order to enforce their demands. Federal authorities supported the suppression of the demonstration, intimating that the protests were instigated by unnamed 'irresponsible groups', which were later identified as being members of PAS.<sup>41</sup> Tunku Abdul Rahman suggested that the organizers were Muslim fundamentalists who were inspired by the revolutionary tactics of Ayatollah Khomeini.<sup>42</sup> In Parliament, the government came under severe criticism from opposition parties for its agricultural policies and for its response to protest demonstrations.

A more serious breach of civil order occurred later in the year when a group of about 20 armed men attacked the Batu Pahat police station, amidst cries of '*Allahu Akhbar!*' (God is Great!) Altogether, 23 men were injured and 8 of the attackers were killed. As first reported, the attack appeared unprovoked. However, later it became apparent that the assault was the culmination of escalating conflicts with local authorities. Apparently, some four Cambodian refugees, upon arriving in Malaysia, had converted to Islam. The leader had adopted the Muslim name of Mohamed Nasir Ismail, but later he claimed to be a *Mahdi* (saviour) and was popularly known as Imam Mahdi. He quickly attracted a growing following who were impressed by his charismatic powers and spirit possession in trance, as well as his interpretation of Islamic mysticism. The cult was warned by authorities about 'false teachings' of Islam and followers were warned that they had two weeks to renounce 'false beliefs' or face prosecution in the Islamic Kadi's Court. It appears that, rather than submit to the demands of the authorities enforcing Islamic law, the leader organized the attack on the police station after conferring 'invulnerability' upon his followers, who reportedly attacked after being placed in a trance.<sup>43</sup>

### Islamic Revival Movements

These isolated incidents were but one manifestation of a growing mobilization around the ideals of Islamic revival, frequently referred to as *dakwah*, which means 'call' and refers to the call to worship issued to Muslims. Over the years, an increasing number of Islamic *dakwah* groups were being organized, to espouse Islamic ideals as well as to prop-

agate doctrines of a 'pure' Islamic way of life. Many of these organizations sought to promote their objectives by political militancy and by active participation in politics.

To the government, the increasing mobilization of the Muslim community by these organizations posed both a threat and a challenge. Under Malaysian law as well as Islamic doctrine, the state is the protector of Islam, and as such, it has a responsibility to interpret and enforce orthodox Islamic law and doctrines. Therefore, any 'deviations' or even serious doctrinal controversies represent a challenge both to established Islamic authorities and to the government. Because of the strong symbolic and emotional attachment to Islam felt by most Muslims, Malay leaders were particularly concerned with any serious theological or doctrinal disputes that threatened to split the Malay community which was viewed as the 'keystone' constituency underpinning the political base of the government. For both political and legal reasons, the government could not afford to allow divergent or 'deviationist' groups to emerge and to recruit a following. Yet, with social and political turmoil throughout the Muslim world, such groups tended to form, sometimes with outside financial support, but more frequently by example and by the spread of literature propagating new, and sometimes radical, interpretations of Islam.

As such, the *dakwah* movement was merely stressing the fundamentals of Islam, which, for Muslims, is a most noble cause. However, by implication, it also suggested that the government was not pursuing those fundamentals in an appropriate or effective way. Therefore, indirectly, the government was being challenged to support the *dakwah* movement, at the same time that it had also to oversee and check the spread of 'deviationist' teachings. In response to the rise of Islamic revivalism, the government adopted two parallel policies: official sponsorship of 'correct' *dakwah* organizations; and the careful oversight of other 'non-sponsored' *dakwah* organizations to determine if they were to be tolerated or to be legally proscribed as 'deviationist' and subversive to Islam.

With this response to the challenge of the Islamic revival movement, *dakwah* organizations can be grouped into three categories: government-sponsored Islamic bodies and associations; 'independent' Islamic bodies and associations; and, 'proscribed' bodies and associations that called themselves 'Islamic' but were declared 'deviationist' by the authorities. The most important of the government-sponsored bodies was Pertubuhan Kebajikan Islam Malaysia (Islamic Welfare and Missionary Association of Malaysia), better known as Perkim. It was founded in 1960 with Tunku Abdul Rahman as its titular head. It became the sponsor of various public celebrations of Islam, including the international Koran reading competitions, and missionary campaigns for the conversion of non-Muslims to Islam. Between 1970 and 1973, Perkim claimed to have secured the conversion of some 75,000 converts to Islam, with the largest number being from Sabah under the active direction of Chief Minister Mustapha Harun.<sup>44</sup> In public ceremonies and at official functions, it was Perkim that was usually represented to 'carry the flag of Islam' and to

demonstrate the government's commitment to *dakwah*.

Among the 'independent' Islamic groups, the most important were ABIM, Darul Arqam, Jemaat Tabligh, and Aliran. ABIM was formed in 1972 primarily of Malay urban middle-class youth. It adopted a radical, 'modernist', anti-Western image that also challenged the legitimacy of the government's policies towards Islam as well as the leadership of the established Islamic hierarchy in Malaysia. The President of ABIM was Anwar Ibrahim, who played a leading role in the student disorders of 1975. Although Anwar Ibrahim was detained under the Internal Security Act in December 1974 and released only in 1976, ABIM was not made a proscribed organization. Politically, it was viewed as being closely allied with PAS in its ideology and its strategies. It also provided the major impetus for the growth of Islamic resurgence in urban areas and among Malays attending universities both in Malaysia and abroad on government scholarships. Its membership grew from 11,000 in 1974 to 20,000 in 1977 and about 40,000 by 1986. Among other issues, ABIM campaigned against the restrictions placed on political activities by the provisions of the Internal Security Act, the Societies (Amendment) Act, and the Universities and University Colleges Act. It also campaigned against corruption and against lotteries, public consumption of liquor, and 'decadent' Western culture.<sup>45</sup> Both because of its size and its constituency among urban, educated Malay youth, ABIM was generally considered to be the most powerful and potentially the most credible and therefore the most dangerous of the political 'pressure groups' that operated in a critic role in Malaysian politics during the late 1970s and early 1980s.

Darul Arqam was established in 1971 under the leadership of Ustaz Ashaari Muhammed as an organization attempting to create the ideal Islamic community without waiting for an established Islamic state to be formed. The first residential commune was established on the outskirts of Kuala Lumpur, which expanded to include a school, a hostel, a *surau* (prayer house), a clinic, and other community amenities. The community is modelled on the older village *pondok* schools, but goes further by attempting to establish an autonomous community applying strict Islamic principles. As the communities grew, they established their own 'factories' and economic enterprises, much of it with volunteer labour, to ensure that the products were strictly Muslim and *halal* (pure and undefiled by Muslim standards). Eschewing most 'Western' luxuries, such as furniture and television sets, they also adopt a fairly strict dress code based on a combination of Malay and traditional Arab styles. While Darul Arqam did not become directly involved in politics, by its example and its commitment to Islamic ideals it provided a challenge to other Muslims and, as a consequence, became an important component of the whole *dakwah* movement.<sup>46</sup>

Jemaat Tabligh was founded in India in 1925 as a Muslim missionary organization that attempted to provide spiritual revitalization to its followers and impart among them a higher sense of social responsibility. With its network of missionaries, it first came to Malaysia in the 1950s.



Cells are formed at mosques or prayer houses, and members canvass door to door for lectures, retreats, and meetings. While it is an exclusively male organization, wives and other women are encouraged to organize parallel prayer sessions in their homes. With an international network centred in Delhi, it disseminates a certain Islamic theological line that contains elements of Sufi mysticism. Because of its Indian-Pakistani origins, it is more successful among Muslim Indians and the offspring of mixed Malay-Muslim Indian marriages. Its informal organization has made it very difficult to determine the number of adherents to the movement.<sup>47</sup>

Besides these 'independent' Islamic organizations and movements, there were also quite a number of groups that the government labelled 'deviationist'. In Malay, they are known as *dakwah songsang*, literally meaning 'upside-down revival'. The groups in this category include the Ahmadiyah movement that is centred in Pakistan but has generated some adherents in Malaysia. The Ahmadis claim to be Islamic, but they are declared by Malaysian authorities to be 'deviationist' since the founder, Mirza Ghulam Ahmad, claimed to be a prophet, thus, from the orthodox viewpoint, denying by implication that Muhammad was the 'last prophet' and that the Koran is the 'final' word of God. For this reason, Ahmadis are deemed to be apostate Muslims and their doctrines and organizations are forbidden.<sup>48</sup> Similarly, some Sufi and mystical sects that practise black magic and claim mystical powers were also banned; among them were the Qadiani Sect, Tarikat Mufaridiyah, and Muhammadiyah Tariqah.<sup>49</sup> In 1981 a government survey of deviant *dakwah* groups concluded that there were about forty such organizations with an estimated following of 30,000.<sup>50</sup>

During the 1970s many other *dakwah* organizations were also formed, frequently around village Islamic schools, usually under the leadership of *ulama* (Muslim scholars) who claimed special knowledge of Islam and perhaps also some genealogical ties to the Arab world. The new Malay intellectual élites that were the product of university education tended to lead the movement, but there was an escalating competition within the Malay community to prove Islamic credentials and claim superior Islamic moral rectitude in a campaign for the support and leadership of the Malay community. That is why existing Malay political élites, who were for the most part quite secular and Western in outlook and deportment, and most of whom were educated in English-medium schools, either in Malaysia or abroad, were now forced to meet the challenge to the legitimacy of their leadership posed by the intense mobilization of Malays by diverse variants of the *dakwah* movement.

### The Refugee Problem

Even before Hussein Onn assumed the reins of government, one of the more serious problems afflicting the country was that of refugees who were arriving from troubled areas in South-East Asia. In the wake of the withdrawal of the United States from Vietnam, the South Vietnamese

government of President Thieu collapsed under the onslaught of the North Vietnamese invasion. Saigon surrendered on 30 April 1975, and shortly thereafter, the first wave of 'boat people' began appearing in Malaysian waters to seek refugee status. The first wave of refugees were primarily Vietnamese who were supporters of the previous regime, many of them being Catholic. Somewhat later, the refugees were primarily urban Chinese, who were alleged to be 'bourgeoise' and viewed as an 'exploiting class' by the North Vietnamese regime. In Cambodia during April 1976, the Khmer Rouge guerrillas defeated the American-backed government of Lon Nol. Once in power, the Khmer Rouge, under the leadership of Pol Pot, proceeded to pursue a 'de-urbanization' policy that culminated in the massacre or starvation of about one and a half million Cambodians. They also pursued a militant nationalist policy that resulted in a series of provocations and border skirmishes with Vietnam. By December 1978, the Vietnamese decided to overthrow the Khmer Rouge government of Pol Pot. The invasion of Cambodia—by then known as Kampuchea—by the Vietnamese army and the installation of the new Vietnamese-backed Heng Samrin government in Phnom Penh did not end the conflict since Pol Pot fled to the jungles to form a guerrilla force that operated along the Thai border areas, making attacks on Vietnamese forces. The fighting once again generated a new wave of Cambodian refugees.

In response to these events, China, which had been a patron supporter of the deposed Pol Pot regime, decided 'to teach Vietnam a lesson' by waging a short but intense war with Vietnam during February and March 1979. The refugees generated by this renewed conflict were mostly Chinese from both northern and southern Vietnam who were fleeing from the wrath of the Vietnamese.

While not all the refugees sought haven in Malaysia, many who could escape by boat made their way to Malaysian shores. The first of the boat refugees came to Malaysia in 1975. The authorities tried to prevent them from landing and, where possible, towed them back to sea. For those who did land, the government placed them in camps and attempted to arrange with other countries for their resettlement in a country of asylum. The biggest number of arrivals to Malaysia appeared after the Vietnamese intervention into Kampuchea. In 1978, 64,328 refugees landed, while in 1979, 166,709 landed.<sup>51</sup> Since those who came from Vietnam by then were 70 to 80 per cent Chinese, the Malaysian authorities were distressed not only by the numbers but by the fear that the new refugees would 'upset Malaysia's racial balance'. The increasing difficulty in finding host countries for resettlement created an air of desperation, if not paranoia. The Deputy Prime Minister, Dr Mahathir, announced on 15 June 1979 that thereafter, refugees landing on Malaysian beaches would be shot.<sup>52</sup> Although none were shot, the public outcry throughout the world in reaction to this statement did accelerate international efforts to find host countries for resettlement.

Malaysia's hard line on the refugees was reflected in the government's refusal to recognize them as 'refugees', preferring instead to call them

'illegal immigrants', since, it was charged, they had left their own country illegally. Other South-East Asian countries took almost as hard a line, except for Thailand, which had no choice but to set up refugee camps along its eastern borders. Curiously, however, Malaysia did allow some Muslim refugees to immigrate, mostly from the Muslim Kampuchean community, which was reported to have been about 100,000 in 1970. Only a small number of Muslims from Indo-China came to Malaysia, but those who did were more likely to be allowed to settle. Of the Indo-Chinese refugees, about 83,000 had been resettled in countries of asylum by November 1980, while 13,180 still remained in Malaysia at that date. By the next year, there were only 1,200 Indo-Chinese refugees remaining in camps, and they were being rapidly reduced through an international effort by the United Nations and various host countries.<sup>53</sup>

In contrast to the refugees from Indo-China, large numbers of refugees from the southern Philippines were permitted to stay in Sabah. For a number of years, the Philippine Government had attempted to quell the irredentist insurrection of the Moro National Liberation Front that sought to establish a Muslim state in the southern islands of the Philippines. Partly because of this conflict, and partly because of the economic opportunities in Sabah, many Filipinos and others from nearby areas came to Sabah without benefit of visa or the approval of authorities. The numbers of these 'refugees' or 'illegal immigrants' by 1979 was about 100,000 from the Philippines and some 40,000 to 50,000 from Indonesia. Since the new arrivals were nearly all Muslims and were viewed as political allies by the Mustapha government in Sabah, and since Sabah controlled immigration under the Malaysia Agreement, they were not expelled, but were unofficially welcomed by authorities of the state government. Over time, these 'refugees' acquired *de facto* status as immigrants.

### Foreign Affairs, 1976-1981

The political turmoil in Indo-China and the influx of refugees from there focused the attention of Malaysia on the changing power relations and the potential threats to security that were a product of the dramatic and sometimes cataclysmic events in the Indo-Chinese states. In 1977, Malaysian Foreign Minister Tengku Ahmad Rithauddeen visited Vietnam to see if he could secure acceptance of the neutralization principles earlier adopted by ASEAN and known as ZOPFAN. Apparently, very little of substance came out of the visit except that Malaysia became more aware of Vietnamese reliance on the Soviet Union in matters related to issues of regional security. The Vietnamese alignment with the Soviet Union was formalized in November 1978, with the signing of the Soviet-Vietnamese Friendship Treaty, just on the eve of the Vietnamese invasion and occupation of Kampuchea to install the Kampuchean Government headed by Heng Samrin.<sup>54</sup>

Rather than continue with what appeared to be fruitless negotiations with Vietnam, Malaysia turned to contacts with major powers in the area

to seek to stabilize the security situation that was an immediate threat to Thailand and of great concern to Malaysia. China's Vice-Premier, Deng Xiaoping (Teng Hsiao Ping) visited Malaysia in November 1978, and Hussein Onn visited Beijing in 1979, arriving the week following China's punitive war against Vietnam. In the talks with China, Malaysia was unable to get China to renounce its symbolic and ideological support for the Malayan Communist Party and its guerrilla forces that were surviving in the jungles of the Thai-Malaysian border areas. However, some trade issues were resolved and there was an apparent appreciation by both parties of mutual interests in checking Vietnamese expansionism and the growing Soviet military capabilities from the bases in Vietnam provided under the terms of the Soviet-Vietnamese Friendship Treaty. In September 1979, Hussein Onn visited the Soviet Union and secured from Soviet President Leonid Brezhnev 'a guarantee of non-aggression by Vietnam',<sup>55</sup> but the fundamental concerns of Malaysia and the other ASEAN countries regarding events in Indo-China remained unresolved.

Malaysia's concern over developments in the Indo-China area and its fear that Vietnam would use its massive military power to intimidate neighbours and destabilize other areas of South-East Asia prompted Malaysia to take a lead within ASEAN to devise a common strategy in response to these threats. Together, the ASEAN states decided to recognize the ousted government of Pol Pot as the legitimate regime in Kampuchea. The ASEAN states persuaded the UN General Assembly to seat the representative of the Pol Pot regime as the 'legitimate' representative of Kampuchea. The tainted reputation of Pol Pot for the domestic massacres of 1976 and 1977 was side-stepped by efforts to create a wider coalition of exiled Kampuchean political figures who would legitimize the claim of the exile government to represent Kampuchea in the United Nations. Ultimately, Prince Norodom Sihanouk, who had been in exile in China, returned to active politics by becoming the symbolic head of the exile regime, which was known as 'Democratic Kampuchea' in contrast to the Vietnamese-backed 'Peoples Republic of Kampuchea' under Heng Samrin.<sup>56</sup> Co-operation with neighbouring states was also intensified. In March 1980, Prime Minister Hussein Onn and President Suharto announced the 'Kuantan Principle', which called on both China and the Soviet Union to refrain from involvement in South-East Asia and appealed for a negotiated political solution to the Kampuchean dispute. This declaration was followed by a proposal to form a UN Peacekeeping Force for Kampuchea. Because of Vietnam's firm commitment to the Heng Samrin regime, these diplomatic initiatives of Malaysia proved to be largely symbolic and designed to bolster the support for the exile Kampuchean shadow government and its factionalized anti-Vietnamese guerrilla forces. The concern of Thailand that the Vietnamese would make military raids into Thailand to deny sanctuary to the Kampuchean guerrillas, prompted Hussein Onn to announce in October 1980 that Malaysia would provide aid to Thailand if the latter were attacked.

In reaction to these new power realities in South-East Asia, Malaysia increased its expenditure for its armed forces by 56 per cent in the 1980

parliamentary session, and also arranged for the purchase of 80 additional Skyhawk planes and the long-range increase of its armed forces to include a reserve force that would by 1990 be three times the size of the standing army. At the same time, Malaysia re-emphasized its mutual security arrangements that were provided by the Five-Power Defence Pact between Malaysia, Singapore, Britain, Australia, and New Zealand.<sup>57</sup>

### Hussein Onn's Retirement

By the beginning of 1981, Hussein Onn had been Prime Minister for five years. Considering his weak political base and his earlier health problems from a heart attack, his period in office far exceeded the expectations of most political observers. Eventually, it was not his weak political base, but rather his health which forced him to vacate the leadership of the country. In December 1980 he fell ill during a trip to Britain. He returned to Britain in February 1981 for a coronary bypass operation, following which he decided to retire from public office. Although he first suggested a May retirement date, the transfer of power to the new regime did not occur until 16 July 1981.<sup>58</sup>

1. Lim Yoon Lin, 'Malaysia: A Troubled Legacy', *Southeast Asian Affairs*, 1977 (Singapore: Institute of Southeast Asian Studies, 1977), pp. 145-6.

2. The vote for the three UMNO vice-president posts at the 1975 General Assembly was as follows: Ghafar Baba 838; Tengku Razaleigh 642; Dr Mahathir 474; Datuk Harun 427. *New Sunday Times*, 22 June 1975, p. 1.

3. Subky Latiff, 'UMNO: 30 Years After', *Southeast Asian Affairs*, 1977 (Singapore: Institute of Southeast Asian Studies, 1977), pp. 167-8; Harold Crouch, 'The UMNO Crisis: 1975-1977', in Harold Crouch, Lee Kam Hing, and Michael Ong (eds.), *Malaysian Politics and the 1978 Election* (Kuala Lumpur: Oxford University Press, 1980), pp. 11-36.

4. Subky Latiff, *op. cit.*, p. 166.

5. *New Straits Times*, 2 September 1976, p. 1; *Far Eastern Economic Review*, 7 January 1977, p. 5; 1 July 1977, p. 18; Crouch, 'The UMNO Crisis', pp. 20-7. For an account of the detention of Abdul Samad Ismail, see: Cheah Boon Kheng (ed.), *A. Samad Ismail: Journalism and Politics* (Kuala Lumpur: Singamal Publishing Bureau, 1987), pp. 46-51.

6. Chandra Muzaffar, 'Malaysia: The National Front on Trial', *Southeast Asian Affairs*, 1978 (Singapore: Institute of Southeast Asian Studies, 1978), pp. 151-2.

7. Although Harun did not win the UMNO election for Vice-President, he continued to hold office *ex officio* as an UMNO Vice-President by virtue of being President of UMNO Youth. *New Sunday Times*, 22 June 1975, p. 1; R. S. Milne, 'Malaysia and Singapore, 1975', *Asian Survey*, 16, 2 (February 1976), pp. 186-92.

8. Subky Latiff, *op. cit.*, pp. 168-9; Robert O. Tilman and Jo H. Tilman, 'Malaysia and Singapore, 1976: A Year of Challenge, A Year of Change', *Asian Survey*, 17, 2 (February 1977), pp. 143-6.

9. Ismail Kassim, *Race, Politics and Moderation: A Study in the Malaysian Electoral Process* (Singapore: Times Books International, 1979), pp. 27-8.

10. Hans H. Indorf, 'Malaysia 1978: Communal Coalitions Continue', *Asian Survey*, 19, 2 (February 1979), p. 118; *New Straits Times*, 5 May 1978, p. 1.

11. Tjoa Hock Guan, 'Chinese Malaysians and Malaysian Politics', *Southeast Asian Affairs*, 1978 (Singapore: Institute of Southeast Asian Studies, 1978), pp. 181-3; Lee Kam Hing, 'The Peninsular Non-Malay Parties in the Barisan Nasional', and Judith Strauch,

- 'The General Election at the Grassroots: Perspectives from a Chinese New Village', both in Harold Crouch, Lee Kam Hing, and Michael Ong (eds.), *Malaysian Politics and the 1978 Election* (Kuala Lumpur: Oxford University Press, 1980), pp. 176-212 and 213-39 respectively; Loh Kok Wah, *The Politics of Chinese Unity in Malaysia: Reform and Conflict in the Malaysian Chinese Association, 1971-1973* (Singapore: Maruzen Asia, 1982).
12. Zakaria Haji Ahmad, 'Malaysia in 1980: A Year of Political Consolidation and Economic Development', *Southeast Asian Affairs*, 1981 (Singapore: Institute of Southeast Asian Studies, 1981), pp. 210-11; Bruce Gale, *Politics and Business: A Study of Multi-Purpose Holdings Berhad* (Singapore: Eastern Universities Press, 1985), pp. 40-69 *et seq.*; Ho Kin Chai, *Malaysian Chinese Association: Leadership under Siege* (Kuala Lumpur: Ho Kin Chai, 1984), pp. 5-48; Lao Zhong, *The Struggle for the MCA* (Petaling Jaya: Pelanduk Publications, 1984), pp. 1-21.
13. Gale, *Politics and Business*, pp. 15-69 and 220-34.
14. Y. Mansoor Marican, 'Malaysia Year of Election', *Southeast Asian Affairs*, 1979 (Singapore: Institute of Southeast Asian Studies, 1979), p. 196.
15. Laurence K.L. Siaw, 'Malaysia in 1979: Restructuring the Economy, Realigning Political Forces', *Southeast Asian Affairs*, 1980 (Singapore: Institute of Southeast Asian Studies, 1980), pp. 216-18.
16. Y. Mansoor Marican, *op. cit.*, pp. 195-7. For an account by supporters of Merdeka University see: Kua Kia Soong, *The Chinese Schools of Malaysia: A Protean Saga* (Kuala Lumpur: United Chinese School Committees Association of Malaysia, 1985), pp. 150-86 and 212-26.
17. Siaw, *op. cit.*, p. 218.
18. Although Mohamed Nasir was selected as Menteri Besar of Kelantan from PAS in 1974, he had secured the post through UMNO support. Kelantan PAS had nominated Wan Ismail as Chief Minister, but the nomination was rejected by the Barisan Nasional. See: Alias Mohamed, *Kelantan under PAS: The Problems of Land Development and Corruption* (Kuala Lumpur: Insular Publishing House, 1983), pp. 173-5; Kamarudin Jaffar, 'Malay Political Parties: An Interpretive Essay', *Southeast Asian Affairs*, 1979 (Singapore: Institute of Southeast Asian Studies, 1979), pp. 216-17; Muhammad Kamlin, 'The Storm before the Deluge: The Kelantan Prelude to the 1978 General Election', in Harold Crouch, Lee Kam Hing, and Michael Ong (eds.), *Malaysian Politics and the 1978 Election* (Kuala Lumpur: Oxford University Press, 1980), pp. 37-68; M. Kamlin, *History, Politics, and Electioneering: The Case of Trengganu* (Kuala Lumpur: Jabatan Sejarah, Universiti Malaya, 1977), pp. 31-55; Alias Mohamed, 'The Pan-Malayan Islamic Party: A Critical Observation', *Southeast Asian Affairs*, 1978 (Singapore: Institute of Southeast Asian Studies, 1978), pp. 165-79. For a comprehensive account of corruption and land policy in Kelantan from 1964 to 1974, see: Alias Mohamed, *Kelantan under PAS*.
19. Chandra Muzaffar, 'Malaysia: The National Front on Trial', pp. 156-60; Ismail Kassim, *Race, Politics and Moderation*, pp. 20-2.
20. Chandra Muzaffar, 'Malaysia: The National Front on Trial', pp. 155-60; Marican, *op. cit.*, pp. 189-91; Muhammad Kamlin, 'The Storm before the Deluge', pp. 52-60.
21. Kamarudin Jaffar, 'Malay Political Parties', pp. 211-18.
22. Ismail Kassim, *Race, Politics and Moderation*, pp. 24-8. In January 1978, Dr Mahathir Mohamad was moved from Education to Trade and Industry, while Musa Hitam was promoted from Deputy Minister of Trade and Industry to Minister of Education.
23. Ismail Kassim, *Race, Politics and Moderation*, p. 37.
24. *Ibid.*, pp. 40-1.
25. The 1986 estimates of illegal immigrants in Sabah were 200,000 Filipinos and 70,000 Indonesians. See: Tan Chee Khoo, *Sabah: A Triumph for Democracy* (Petaling Jaya: Pelanduk Publications, 1986), p. 6.
26. The ringleader of the bombing plot was identified as Sulaiman Mokhtar, who was Political Secretary to Mustapha. See: Bill Campbell (ed.), *Sabah under Harris, A Collection of Speeches* (Kuala Lumpur: Penerbit Warisan, 1986), pp. lxvi-lxvii.
27. *Ibid.*, pp. lxvi-lxx.
28. Ismail Kassim, *Race, Politics and Moderation*, pp. 30-2.

29. Ibid., pp. 13-28.
30. Ibid., p. 37; Harold Crouch, Lee Kam Hing, and Michael Ong (eds.), *Malaysian Politics and the 1978 Election* (Kuala Lumpur: Oxford University Press, 1980), pp. 102-5.
31. Ismail Kassim, *Race, Politics and Moderation*, pp. 29-32.
32. Mahadzir bin Mohamad Khir, 'The Kedah UMNO-PAS Struggle: Its Origins and Development', *Southeast Asian Affairs*, 1980 (Singapore: Institute of Southeast Asian Studies, 1980), pp. 228-37.
33. Michael Ong, 'The Democratic Action Party and the 1978 General Election', and Lee Kam Hing, 'The Peninsular Non-Malay Parties in the Barisan Nasional', both in Harold Crouch, Lee Kam Hing, and Michael Ong (eds.), *Malaysian Politics and the 1978 Election* (Kuala Lumpur: Oxford University Press, 1980), pp. 137-75 and 176-212 respectively.
34. David Lim, 'Malaysian Development Planning', in Jomo K. S. and R. J. G. Wells (eds.), *The Fourth Malaysia Plan: Economic Perspectives* (Kuala Lumpur: Malaysian Economic Association, 1983), p. 20.
35. Government of Malaysia, Bank Negara Malaysia, *Annual Report 1985* (Kuala Lumpur: Bank Negara Malaysia, 1986), pp. 165 and 167; Gordon P. Means, 'Energy Resource Development and Management in Malaysia', *Contemporary Southeast Asia*, 5, 3 (December 1983), pp. 330-51. For alternative estimates of oil revenues, see: Ismail Muhd. Salleh, 'The Budgetary Prospects for the Fourth Malaysia Plan', in Jomo K. S. and R. J. G. Wells (eds.), *The Fourth Malaysia Plan: Economic Perspectives* (Kuala Lumpur: Malaysian Economic Association, 1983), pp. 72-84.
36. David Lim, 'Malaysian Development Planning', p. 21.
37. Ibid., p. 20.
38. Zulkifly Hj. Mustapha, 'Agricultural Development Strategies under the Fourth Malaysia Plan: Some Policy Implications', in Jomo K. S. and R. J. G. Wells (eds.), *The Fourth Malaysia Plan: Economic Perspectives* (Kuala Lumpur: Malaysian Economic Association, 1983), pp. 98-108.
39. Jomo Kwame Sundaram, 'Prospects for the New Economic Policy in Light of the Fourth Malaysia Plan', in Jomo K. S. and R. J. G. Wells (eds.), *The Fourth Malaysia Plan: Economic Perspectives* (Kuala Lumpur: Malaysian Economic Association, 1983), pp. 51-4.
40. Simon Barraclough, 'Managing the Challenges of Islamic Revival in Malaysia', *Asian Survey*, 23, 8 (August 1983), pp. 958-75.
41. *New Straits Times*, 24 January 1980, pp. 1 and 24; 25 January 1980, pp. 1 and 32; 26 January 1980, p. 1.
42. *New Straits Times*, 16 October 1980, pp. 1 and 32; 18 October 1980, pp. 1, 10, and 32; 21 October 1980, p. 5. The government claimed that the illegal organization behind the demonstrations was Pertubuhan Angkatan Sabillullah, which was founded by PAS to organize the demonstrations. See: Barraclough, 'Managing the Challenges of Islamic Revival in Malaysia', p. 962.
43. *New Straits Times*, 17 October 1980, pp. 1 and 32; 18 October 1980, pp. 1, 10, and 32; 21 October 1980, p. 5; 22 October 1980, pp. 1 and 24; 23 October 1980, p. 1. Since there were over 100,000 Sunni Muslims in Cambodia in 1970, it is quite probable that these Cambodian refugees who started the movement were already Muslims before arrival in Malaysia, and that their Islamic doctrines and practices were seen as being 'powerful and mysterious' by peasant Malays.
44. Judith Nagata, *The Reflowering of Malaysian Islam: Modern Religious Radicals and Their Roots* (Vancouver: University of British Columbia Press, 1984), pp. 168-74. For an account of Malaysian policies towards Islam, see: Gordon P. Means, 'Malaysia: Islam in a Pluralistic Society', in Carlo Caldarola (ed.), *Religion and Societies: Asia and the Middle East* (Berlin: Mouton, 1982), pp. 445-96; Gordon P. Means, 'The Role of Islam in the Political Development of Malaysia', *Comparative Politics*, 1, 2 (January 1969), pp. 264-84; Gordon P. Means, 'Public Policy toward Religion in Malaysia', *Pacific Affairs*, 51, 3 (Fall 1978), pp. 384-405; Fred R. von der Mehden, 'Malaysia: Islam and Multiethnic Politics', in John L. Esposito (ed.), *Islam in Asia: Religion, Politics, and Society* (New York: Oxford University Press, 1987), pp. 177-201.
45. Nagata, *The Reflowering of Malaysian Islam*, pp. 85-104; Chandra Muzaffar, *Islamic*

*Resurgence in Malaysia* (Petaling Jaya: Penerbit Fajar Bakti, 1987), pp. 48-53; J. Victor Morais, *Antwar Ibrahim: Resolute in Leadership* (Kuala Lumpur: Arenabuku, 1983), pp. 1-34.

46. Chandra Muzaffar, *Islamic Resurgence in Malaysia*, pp. 44-6; Nagata, *The Reflowering of Malaysian Islam*, pp. 104-16.

47. Nagata, *The Reflowering of Malaysian Islam*, pp. 116-22.

48. See: Donald Eugene Smith (ed.), *South Asian Politics and Religion* (Princeton: Princeton University Press, 1966), pp. 364 and 403-4.

49. See, for example: *New Straits Times*, 9 June 1986, p. 5; 18 July 1986, p. 2.

50. Barraclough, 'Managing the Challenges of Islamic Revival in Malaysia', p. 960.

51. Richard Stubbs, 'Why Can't They Stay in Southeast Asia? The Problems of Vietnam's Neighbours', in Elliot L. Tepper (ed.), *Southeast Asian Exodus: From Tradition to Resettlement* (Ottawa: Canadian Asian Studies Association, 1980), pp. 114-23.

52. *Far Eastern Economic Review*, 29 June 1979, pp. 10-14. Dr Mahathir is quoted as saying: 'If the illegal Vietnamese refugees continue to come in, we will shoot them on sight.' See: J. Victor Morais, *Mahathir: A Profile in Courage* (Singapore: Eastern Universities Press, 1982), p. 19.

53. Stubbs, 'Why Can't They Stay in Southeast Asia?', pp. 115-18; *Far Eastern Economic Review*, 31 August 1979, pp. 31-44; Fred R. von der Mehden, 'Malaysia in 1980: Signals to Watch', *Asian Survey*, 21, 2 (February 1981), pp. 249-50.

54. Y. Mansoor Marican, op. cit., pp. 198-9; Indorf, 'Malaysia 1978: Communal Coalitions Continue', *Asian Survey*, 19, 2 (February 1979), pp. 115-23.

55. Hans H. Indorf, 'Malaysia 1979: A Preoccupation with Security', *Asian Survey*, 20, 2 (February 1980), pp. 135-8.

56. Zakaria Haji Ahmad, 'Malaysia in 1980: A Year of Political Consolidation and Economic Development', pp. 212-14.

57. Ibid.

58. Fred R. von der Mehden, 'Malaysia in 1981: Continuity and Change', *Asian Survey*, 22, 2 (February 1982), pp. 212-15.



## The Mahathir Administration

### The Changing of the Guard

WITH the announcement of Hussein Onn's impending retirement, political attention focused upon Dr Mahathir bin Mohamad. Twice before, the Deputy Prime Minister had succeeded to the position of Prime Minister, so there was a precedent that this would again be the pattern of succession. The earlier controversy over Harun Idris and the disputes over the implementation of education policy and the NEP were put aside as politicians assessed the new political alignments likely to be formed by Dr Mahathir. Although there was some speculation that opposition to Dr Mahathir might develop at the 1981 UMNO General Assembly, none materialized. Instead, political attention focused on the position of Deputy President of UMNO. By Malaysian political practice, the person who was elected Deputy President of UMNO was automatically selected as Deputy Prime Minister.

After some jockeying among potential contenders, two candidates emerged for Deputy President of UMNO: Finance Minister Tengku Razaleigh Hamzah and Education Minister Musa Hitam. Each had strong support within UMNO. Tengku Razaleigh, being a prince from Kelantan and having been Minister of Finance for some years, was viewed as being more conservative. He had also cultivated good relations with the Chinese business community. Some Malays thought he had too cosy a relationship with the Chinese business community, but it could also be argued that he had developed the essential skills of intercommunal bargaining and accommodation. Musa Hitam was a commoner and had strong support from his home state of Johore. His earlier reputation of being an outspoken champion of Malay rights and his dynamic image cultivated a somewhat different constituency within UMNO. He was viewed as a spokesman for a new generation of well-educated and cosmopolitan Malays who anticipated and expected new opportunities in politics and in the economy.

Although Tengku Razaleigh was believed to have slightly more support than Musa Hitam among UMNO delegates, a speech by Hussein Onn in which he praised Musa Hitam may have swayed enough votes to assure Musa's victory by a vote of 722 to 517. Because the Prime Minister elect, Dr Mahathir, had remained judiciously neutral in the election, Musa

Hitam was to become the first Deputy Prime Minister in Malaysia not personally selected by the Prime Minister under whom he served.<sup>1</sup> A month later, on 17 July 1981, the new administration of Prime Minister Dr Mahathir and Deputy Prime Minister Musa Hitam assumed office. Hussein Onn retired from public life, even resigning his parliamentary seat and announcing that he was looking forward to retirement and a less hectic pace of life.

During the UMNO General Assembly and prior to his becoming Prime Minister, Dr Mahathir avoided any controversial issues and, in answer to questions about policy issues, gave assurances that there would be no major changes of policy.<sup>2</sup> After the installation of the new Mahathir Administration, the press referred to the new team as the '2-M' Administration, implying that Dr Mahathir and Musa Hitam were very close in political views and style, and were likely to work closely together. At the time, this was a common assumption since the political records of the two men were so similar. During the days of Tunku Abdul Rahman, both men had been viewed as 'Young Turks' and had been accused of being 'ultras' by Lee Kuan Yew during the contest over Singapore's role in Malaysia. Both had been exiled from UMNO for their criticisms of Tunku Abdul Rahman in the wake of the 1969 riots. Even their earlier careers had been somewhat similar.

Dr Mahathir had studied medicine at the University of Malaya when it was located in Singapore, where he gained his medical degree in 1953. He had been a student with Lee Kuan Yew, Tan Chee Khoon, and a number of others who later became prominent figures in the politics of both Singapore and Malaysia. Although he applied, he did not obtain a foreign scholarship for further education in England, as did many of his colleagues from student days. Instead, after earning his medical degree, he entered government medical service in Kedah in 1954, and later established his own private medical practice at Alor Setar in 1957. Although politically active in these early years, he did not run for public office until 1964, when he was elected as UMNO Member of Parliament from Kedah. As a back-bencher, he objected to the cautious bargaining style of the Alliance government. In 1969, Dr Mahathir was defeated by the PAS candidate, Haji Yusof Rawa; the defeat probably influenced him to assume a more militant stance on Malay ethnic issues. His defeat may also have prompted him to join Musa Hitam in open criticism of the leadership of Tunku Abdul Rahman, which action led to their expulsion from UMNO for a breach of party discipline. After his expulsion, Dr Mahathir returned to private medical practice, apparently rather embittered with politics, but he retained his strong political convictions.<sup>3</sup> While he was in the political wilderness, he wrote the controversial book *The Malay Dilemma*, which puts forth a rather bizarre mix of insightful observations, racial stereotyping, theories of genetic 'inbreeding' among Malays, and cultural-historical explanations for the inferior position of the Malays in education and the economic life of the country. The book argues for a radical political solution to the 'Malay dilemma' based on the assumption that 'the Malays are the rightful owners of Malaya' and the

'definitive people' of the country who both need and have a right to expanded programmes to guarantee their 'special rights' and to assure their economic control of the country. In the book, he argues that the Malays alone, as the 'definitive people', have exclusive inalienable rights to define the obligations of citizenship, to control immigration, to define and protect Malay as the sole national language, and to define unilaterally the content and form of national education.<sup>4</sup> Clearly, the book challenged many existing government policies and contravened the 'sensitive issues' amendments to the Constitution. Before its publication, the book was banned by the Minister of Home Affairs as being prejudicial to public order, but it was published in Singapore in 1970 so that it circulated surreptitiously among politically active Malays.

Musa Hitam had a similar political career development and a period in the political wilderness. Born in 1934, he attended the University of Malaya in the late 1950s where he was active in student politics. In the 1960s he was an Assistant District Officer and was also active in UMNO. He rose quickly to the attention of UMNO leaders and in 1968 he was nominated as an UMNO candidate for the parliamentary by-election in Segamat, Johore. In his election campaigning and in his activities within UMNO, he became identified as an outspoken advocate of policies to uplift the Malays. However, after he openly criticized the leadership of Tunku Abdul Rahman following the May 1969 riots, he was expelled from UMNO. During his period of political exile, he went to England to complete an MA degree in international affairs at Sussex University in 1970.<sup>5</sup>

Both Dr Mahathir and Musa Hitam were encouraged to return to active political life by the intervention of Hussein Onn, and under his administration, both were rapidly promoted to key policy-making positions.<sup>6</sup> Because of the parallel progression of their political careers, the two men appeared to have much in common and they gave every indication that there would be close co-ordination and mutual support for a new dynamic approach to government.

### The New Image

As soon as Dr Mahathir assumed the helm of the government, a number of initiatives were taken to signal that the new administration would be 'action oriented' and expected to reassess old policies that were ineffective or faltering. Dr Mahathir indicated that many civil servants were not pulling their weight and suggested that mismanagement and corruption were undermining government policies. To set the style of the new administration, he instituted punch-in time clocks in many departments and called for name tags for all public employees, the implication being that the public could report on any civil servant who was derelict in duty.

To increase efficiency and productivity in government, the top planning and administrative agencies around the Prime Minister's Department were strengthened. The Malaysian Administration and Planning Unit was instructed to make surprise inspections to raise productivity and to

weed out 'dead wood' in the civil service. The National Bureau of Investigations was given a new mandate to pursue issues of corruption in government with more vigour. The Public Complaints Bureau was reactivated to hear public complaints about inefficient or corrupt public servants. Civil servants were required to declare their assets, and the Anti-Corruption Agency was once again reactivated.<sup>7</sup>

In matters of ethnic policy, Dr Mahathir appeared to support the BN negotiation process while being dedicated to pursuing the objectives of the NEP. His implied criticism was that its goals were being undermined by ineffective administration and tolerance of wasteful or corrupt practices. The implication was clear: the NEP and the basic economic and social policies of the previous administration would be continued, but the administration would be improved to achieve the policy goals with greater haste and with less waste.

Because Dr Mahathir had himself been a critic of the government, there was a general anticipation among the public that he would pursue more liberal policies towards critics of the government and towards a more open political process on sensitive issues. On this issue there were mixed signals to the public. In March 1981, Parliament passed the controversial Societies Act (Amendment) Bill 1981, which gave the Registrar of Societies the power to deregister any group challenging (1) the government, (2) Islam or other religions, (3) the National Language, (4) the special position of the Bumiputras, or (5) the legitimate interests of the country's other communities. In addition, any organization that 'tries to influence in any manner the policies and activities of the Government' could be deregistered, or would have to register as a 'political society', and would be prohibited from having non-citizens as members or from having any international affiliations without permission. This legislation, introduced while Dr Mahathir was still Prime Minister designate, appeared to be directed primarily against the increasingly active public interest reform societies that were becoming more vocal in their criticism of government policies and their mobilization of public support for some policy positions. Among the organizations which appeared to be the targets of this legislation were the *dakwah* youth movement, ABIM, the modernist reform and consumer movements, Aliran Kesedaran Negara (National Consciousness Movement), and the Consumers' Association of Penang (CAP), which had taken the lead in raising public attention to environmental and ecology issues. A wave of public opposition to the Societies Bill developed with the campaign being joined by many professional associations, including the Malaysian Bar Council. Many other societies joined in a common front under the leadership of ABIM's President, Anwar Ibrahim, to oppose the Bill. Dr Mahathir defended the legislation, claiming that pressure groups were one of the the worst aspects of democracy because they 'ensure that a minority will have a greater say in the affairs of the country than their numbers justify'.<sup>8</sup> Despite the opposition, the legislation was passed and received royal assent in April 1981.

Against this background, the political commentators and the informed

public speculated on the future direction of government policy towards critics and towards open public political discourse. On the one hand, Dr Mahathir himself had been an outspoken critic of the government. On the other, he had been very firm in suppressing student protests and disorders in 1975 and appeared to be a moving force within the government in favour of the extremely restrictive Societies Bill that was passed just on the eve of his new administration assuming office.

Once in office, Prime Minister Mahathir's first moves suggested that a new era of tolerance and public discussion of policy alternatives would, indeed, be permitted, if not actively promoted. Admittedly, one of the first actions taken involved lifting the ban on his own earlier controversial book, *The Malay Dilemma*. Promising to review the situation of the persons detained under the Internal Security Act, within two weeks of taking office Dr Mahathir issued orders for the release of 21 prominent detainees, but there remained 513 persons still under ISA detention. To celebrate Independence Day on 31 August 1981, an additional 47 ISA detainees were released along with 239 convicted criminals.<sup>9</sup> A few months later, Harun Idris, who had been convicted and sentenced for corruption three and a half years earlier, appealed to the Rulers Council for full royal pardon. While a full pardon was rejected, the Rulers Council did reduce Harun's sentence by seven months, but under conditions which made it difficult for him to return immediately to active political life.<sup>10</sup> By these actions, the new administration appeared to favour liberalization of politics and the healing of old political wounds.

### The Election of 1982

Shortly after assuming office, it became apparent that Dr Mahathir would call for an early election. Four main considerations led to the decision for an early election. First, the new government needed a renewed mandate to bolster its legitimacy in anticipation of new public policy initiatives. Secondly, the BN hoped to better its performance on the basis of the positive image created in the first months of the new Mahathir Administration. Thirdly, a world economic recession had already begun and it was feared that the longer the election was delayed, the more the government would have to bear the brunt of public displeasure with a sluggish economy. Finally, Dr Mahathir could use the election to reassign positions of power in the government and in UMNO to those selected personally by him in order to assert his authority over the main institutions of government.

Within the BN, the member parties were more unified and had less serious internal disputes in 1982 than in most previous elections. Within the MCA, the leadership of Lee San Choon was assured after the earlier challenge in 1979 of Michael Chen and Richard Ho had been turned back so that Michael Chen decided to join Gerakan along with some of his closest supporters. Under the leadership of Dr Lim Chong Eu and strengthened by disaffected MCA members, Gerakan remained strong in Penang where it engaged in vigorous competition with the MCA; how-

ever, with both parties restrained by their membership in the BN, these conflicts were kept in check. Within the MIC, there had been acrimonious conflict for years, but by 1981, the party came under the control of Samy Vellu, who worked out a truce involving some sharing of power with the defeated faction of S. Subramaniam.<sup>11</sup>

The biggest changes in the BN occurred within UMNO. The election provided the occasion for a wholesale reallocation of office to new élites who were either selected or approved by the new leadership. Within UMNO, only 55 per cent of the existing Members of Parliament were renominated for the 1982 election, whereas the corresponding figures for the MCA and the MIC were 85 per cent and 100 per cent respectively. In the state assemblies, only 54 per cent of UMNO assemblymen were renominated. There had been for some time a generational conflict within UMNO, usually characterized as 'Old Guards' versus 'Young Turks'.<sup>12</sup> In 1982, the shift was towards a new generation of Malay politicians who were assumed to have a great affinity for the ideas and political style of the leadership of Dr Mahathir and Musa Hitam. The new candidates frequently had better education and many of them came from a professional or business background, with somewhat less emphasis on the Malay teaching profession and the civil service. In a subtle but systematic way, the new administration was trying both to build a stable base of support and to reflect important changes that were already taking place within the Malay community.

One other dramatic political event occurred that affected the appeal of the BN for the Malay vote. For some time, there had been an escalating conflict between UMNO and PAS for Malay political support. At the heart of the contest were the alternative approaches towards Islam. While PAS increasingly pushed the goal of an Islamic state and attempted to characterize the government as being 'un-Islamic' or even 'infidel', the UMNO approach tended to take a secular-pragmatic and instrumentalist approach to politics, avoiding the use of Islam as the primary basis for legitimacy and political support. In this contest, what appeared to be the 'floating constituency' was the new generation of Malay youth who were graduating in large numbers from universities as a result of the accelerated programmes of Malay special rights that had been established under the NEP. Many of the new Malay educated youth were greatly affected by the Islamic revival movement and by the political currents that were coming to Malaysia from the centres of political activism in the Middle East and elsewhere in the Muslim world. The political mobilization of students determined to change public policy resulted in a series of clashes with government authority in the period from 1974 to 1976. The organization most closely associated with the political mobilization and radicalization of Malay students was ABIM, led by Anwar Ibrahim. It is an irony of the unfolding political scene that Dr Mahathir was at that time Minister of Education and it was under his direction that the harsh measures designed to control student radicalism were enacted and enforced, including the preventive detention of the leaders of the student demonstrations, the most prominent of whom was Anwar Ibrahim.

However, seven years later, Dr Mahathir seemed to place a high priority in recruiting this cohort of Malay educated youth who were now entering active politics and could easily tip the political balance between UMNO and PAS. The heavy stress given by ABIM to the Islamic idiom in politics and public policy appeared to make it a natural ally of PAS in any future political alignment or coalition-making. However, all these speculations were made redundant when, on the eve of the 1982 election, Dr Mahathir announced that Anwar Ibrahim was joining UMNO and that he would be given a position of responsibility in the new government.<sup>13</sup>

The election was called for 22 April 1982, with only fifteen days for election campaigning. To reduce the potential for election violence, the government banned all public election rallies but permitted the smaller *ceramah* (discussion meetings) in private homes or semi-public locations. The ban on public rallies meant that parties had to rely on canvassing and the efforts of a large coterie of party workers to get their message across to the public. The door-to-door style of campaigning gave a priority to party organization, of which the BN party machinery far outclassed all the opposition parties. Furthermore, the BN had ample funds in its coffers, while the opposition parties found it difficult to solicit donations.

The BN under the leadership of Dr Mahathir and Musa Hitam adopted the slogan 'Clean, Efficient, and Trustworthy' to epitomize the image that had been generated during their first nine months in office.<sup>14</sup> While the BN campaign avoided controversial issues, in one of his major campaign speeches, Dr Mahathir talked about his 'dream' of a Malaysia without absolute poverty and with well-clothed, healthy children.<sup>15</sup> The more ethnic aspects of the campaign were left to the constituent parties in the BN. In effect, the authorities wanted an election mandate without much political mobilization and without substantive public debate.

During the campaign, the BN accused the two major opposition parties—PAS and the DAP—of forging a secret election agreement to maximize their voting power. Musa Hitam, in making the accusation, labelled the understanding as *khakwat*—the Islamic legal prohibition against 'suspicious promixity' involving a Muslim woman and any unrelated adult male.<sup>16</sup> Whether, in fact, the DAP and PAS had a tacit election understanding is difficult to prove. Even so, both parties did have mutual interests to reduce the predominant political power of the BN. Indeed, the DAP made open appeals to voters to help reduce the government's representation in Parliament so as to deny it the power to amend the Constitution unilaterally. The DAP charged that the BN had abused the amending power in the past to assure unchallenged dominance and the suppression of legitimate domestic critics and regional interests.

The major opposition parties returned to their familiar themes, which, in some cases, had to be expressed in muted form because of the restrictions of the Sedition Act which made it an offence to raise 'sensitive issues' on penalty of possible detention under the Internal Security Act. Both PAS and the DAP had previously had a number of their more

TABLE 4.1  
Malaysia: State and Parliamentary Elections, 1982

Party	Parliamentary Seats, 1982	Percentage of Vote, Parliament, 1982	State Assembly Seats, 1982	Percentage of Vote, Parliament, 1978	Parliamentary Seats, 1978
Barisan Nasional	132	60.5	281	55.3	130
UMNO	(70)		(196)		(70)
MCA	(24)		(55)		(17)
Gerakan	(5)		(15)		(4)
MIC	(4)		(9)		(3)
PPP	(0)		(1)		(0)
Berjasa	(0)		(5)		
BN Sarawak	(19)				(23)
BN Sabah	(10)				(13)
PAS	5	14.5	18	14.9	5
DAP	9	19.6	12	18.5	16
SAPO	0	0.01		0.3	1
Pekemas	—	—		0.7	0
Others & Independents	8	5.5	1	6.9	2
Total Opposition	22	39.5	31	44.7	23
Total	154		312		154

Sources: Harold Crouch, *Malaysia's 1982 General Election* (Singapore: Institute of Southeast Asian Studies, 1982), pp. 58-62; Diane K. Mauzy, 'The 1982 General Elections in Malaysia', *Asian Survey*, 23, 4 (April 1983), pp. 497-512.



outspoken leaders arrested under the ISA, so on what were defined as 'sensitive issues', candidates had to exercise caution and, at most, utilize oblique reference to those topics.

When the votes were counted, the BN had won a higher proportion of electoral support than in the previous election, but this increased support did not result in significantly more parliamentary seats. Altogether 75.5 per cent of the registered voters cast ballots, and the BN was able to secure the support of 60.5 per cent of the voters. In Peninsular Malaysia, the votes for the constituent party candidates were distributed as follows: the DAP 20.3 per cent; UMNO 35.9 per cent; MCA 18.4 per cent; PAS 16.4 per cent.<sup>17</sup> The collective strength of the BN clearly overwhelmed the divided and fragmented support of the opposition parties, which had been the usual pattern of Malaysian elections.

The election produced only slight changes in the distribution of power over 1978. As expected, UMNO won 70 of the 73 seats it contested. Moreover, the MCA had its best record ever, winning 24 of 28 seats contested. It did so partly at the expense of the DAP, which won substantial voter support among urban Chinese but was unable to translate its support into election victories. The most keenly contested constituency was in Seremban, where MCA President Lee San Choon was challenged by the DAP President, Dr Chen Man Hin, with the former winning by 23,258 to 22,413.<sup>18</sup>

The parliamentary representation of the DAP fell from 16 to 9 even though the party increased its percentage of the vote from 1978. The lower success rate for the DAP was partly due to the defection of a number of prominent Chinese educationists who gave their support to Gerakan in this election. For PAS, its percentage of the vote remained almost unchanged from the previous election and it retained the same number of parliamentary seats—a mere 5 for its 14.5 per cent electoral support. The only opposition in Parliament was reduced to insignificant numbers and comprised two parties that were so ideologically distant as to preclude any co-operation on substantive issues of public policy.

### **The Post-election Government**

The 1982 election provided an unequivocal mandate for the new government. While there were few changes in the Cabinet, there had been wholesale changes in the parliamentary and state UMNO representation and many states were headed by new chief ministers. The key posts in the Cabinet included Dr Mahathir as both Prime Minister and Minister of Defence, Musa Hitam assuming the powerful post of Home Affairs Minister, Tengku Razaleigh as Minister of Finance, Ghazali Shafie continuing as Foreign Minister, while the new rising star of the political scene, Anwar Ibrahim, was given charge of Islamic Affairs, which was formed as a branch of the Prime Minister's Department.<sup>19</sup> The new government exuded confidence and enthusiasm for its tasks and while Dr Mahathir had been circumspect about elaborating any dramatic new

policy initiatives, there was a general assumption that the new team would, indeed, strike out in some bold new policy directions.<sup>20</sup>

With Dr Mahathir's active involvement in the selection of the BN slate at both federal and state levels, the new government commanded broad-based support enabling it to forge a new policy agenda. From the beginning of his administration, he had stressed the continuation of earlier policies, and at no time did he elaborate a single and comprehensive set of new priorities for the government. Yet, in piecemeal fashion, new policies emerged and old policies were redirected following various pronouncements by the Prime Minister. Therefore, important policy shifts were made to adjust government policy to Dr Mahathir's own rather fixed vision of goals and objectives for a future Malaysia. Rather than attempt a chronological account of the tacks and turns of policy during Mahathir's first full term of office, we shall survey policy developments and initiatives from a topical perspective.

### Refurbishing the New Economic Policy

Although the world-wide recession had already begun prior to the 1982 election, creating a slow-down in the Malaysian economy, the new government was clearly dedicated to high priority for the racial restructuring objectives of the NEP and the timetable of 1990 for achieving its target goals. Dr Mahathir had never criticized the objectives and goals of the NEP, only its implementation and strategies. Therefore, attention naturally focused on the alterations in policy to intensify the 'ethnic restructuring' programmes of the NEP.<sup>21</sup> Nevertheless, after being in office for one year, it became apparent that what Dr Mahathir called 'changes in style' also involved important policy adjustments.

Of particular importance were questions of foreign investments and foreign trade. As previous Minister of Trade, Dr Mahathir had become involved with the depressed tin market as well as the role of British corporations operating in Malaysia. Without any formal public announcement, there appears to have been a decision to secure a controlling interest in a number of key British corporations operating in Malaysia. Large numbers of private Malaysian investors already held stock in British-operated corporations, and when the government-funded Bumiputra corporations began operations, they too had invested in the share markets. However, the government now decided to co-ordinate efforts to secure through stock-market purchases, effective government control of some of the most established British corporations operating in Malaysia. The most dramatic event was the 'midnight raid' on the Guthrie Corporation that effected the transfer of control of the Guthrie Corporation to the Malaysian Government.<sup>22</sup> Malaysian ownership and control of Sime Darby, Dunlop, Harrisons & Crosfield, and a number of other famous names from the colonial era were also brought about during this period. The object of these investments was to secure control of some of the primary corporations operating in the major resource sectors of the economy and transfer ownership to the Bumiputra trust agencies and the

investment portfolios of the major parties in the BN, particularly UMNO.

Shortly after assuming office, Dr Mahathir rejected an invitation to attend the Commonwealth Heads of Governments Meeting in Australia. He accused the Commonwealth of being ineffective and he also complained about Australian public comments on Malaysian racial questions. His actions were interpreted as a deliberate slight to Britain and Australia.<sup>23</sup> At about the same time, the Malaysian Airlines System (now Malaysian Airlines) became embroiled in a dispute with the British Government over landing rights in London. Before this issue was resolved, the British Government ended preferential trade benefits for Malaysia and also initiated a dramatic increase in student fees for all foreign students in Britain. Because there were 15,500 Malaysians studying in Britain at the time, including Dr Mahathir's son, these actions increased the tensions that were already escalating between Britain and Malaysia. These factors plus a number of others, including a possible anti-British bias attributed to Mahathir,<sup>24</sup> provide explanations for various retaliatory actions considered by the Malaysian Government. Six months later, as the disputes with Britain intensified, Dr Mahathir announced a Malaysian policy to 'Buy British Last'. By the end of 1981 there was a virtual Malaysian boycott of British goods, since any contracts between government or statutory bodies and British firms required the prior approval of the Prime Minister's Department.<sup>25</sup>

In an attempt to ease tensions and end the government boycott, British business firms pledged M\$15 million for a fund to aid Malaysian students in Britain, but this move produced no relaxation of the boycott. By January 1982, the British Government, through diplomatic channels, attempted to bridge the differences with Malaysia. After talks between British Foreign Secretary Lord Carrington and Dr Mahathir, no firm commitments were announced, but there did seem to be some abatement of official 'anti-British' rhetoric from Malaysian authorities.<sup>26</sup> Even so, these diplomatic initiatives had very little immediate impact on Malaysian policies towards British firms.<sup>27</sup> Finally, a year later, in March 1983, the Malaysian Government announced a formal end to the boycott following various concessions made by the British Government, among which were the creation by Britain of a fund of M\$161 million to aid Malaysians studying in Britain and the transfer of Carcosa, the historically important residence of the British High Commissioner in Kuala Lumpur, to the Malaysian Government, as requested by Dr Mahathir.<sup>28</sup>

### The 'Look East' Policy

Before the dispute with Britain was fully resolved, Dr Mahathir announced in January 1982 a new policy initiative which he called the 'Look East' policy.<sup>29</sup> At first, it was unclear what was intended and government spokesmen were kept busy issuing clarifications and explanations. The policy appeared to some as another manifestation of anti-British and anti-Western bias. It soon became apparent, however, that more substantive issues were involved. Even before he had become

Prime Minister, Dr Mahathir had praised the South Korean development strategies and he had especially admired the 'work ethic' of both the South Koreans and the Japanese. He had also expressed admiration for the Korean success in industrialization and the close co-operation between large Japanese corporations and the government in promoting foreign sales, through agency or trading houses known as the *sogo shosha* concept.<sup>30</sup> In his book *The Malay Dilemma*, Dr Mahathir had identified the lack of a 'work ethic' among the Malays as a major problem hindering national development. Now, presumably, the Japanese and Koreans would provide role models for the Malays, as well as being the source of business skills and technological transfers.

When the new 'Look East' policy was first announced, various components of Malaysian economic and trade policies were justified or were adjusted to accommodate the 'Look East' slogan. Eventually, what emerged was a combination of promoting trade and investment with South Korea and Japan (but not with China or Taiwan), and the promotion of exchange agreements whereby Malaysian students (mostly Malays) were sent for technical training so that they could learn the 'work ethic' of these two rapidly developing industrial countries. In the euphoria of the initial announcements, the problems of language and cultural differences between Malaysia, Japan, and Korea were largely ignored. Critics alleged that the 'Look East' policy also concealed a bias against trade unions and for restrictions on the right to strike which were characteristics of the labour legislation of both Japan and South Korea. As a minor product of the policy, there were moves to introduce Japanese and Korean language courses at the university level and efforts by Malaysia to secure larger aid credits and 'technological transfer' from both countries. In addition, public officials exhorted Malaysian workers, especially Malays, to work harder and called upon Malay businessmen to learn Japanese management practices. In the matter of contracts, especially for the construction of major projects, Korean and Japanese firms appeared to have been given priority consideration.

Over the next several years, Japanese and Korean investments in Malaysia soared as government agencies made contracts with Japanese and Korean firms for prestige projects and for the long-term delivery of Malaysian petroleum and liquefied natural gas to the Japanese and Korean markets. The Koreans were heavily committed to major construction projects, including the US\$233 million contract for the bridge between Penang and the mainland which was awarded to the Hyundai Corporation over a lower bid by a French firm.<sup>31</sup> The Japanese were given the contract for the construction of the UMNO Headquarters and the massive and expensive Dayabumi complex in the heart of Kuala Lumpur, and sometime later, the Mitsubishi Corporation was invited to engage in a joint project to produce the 'first Malaysian automobile'. Similarly, heavy Japanese investments in the electronics industry and in the petroleum industry were capped by an agreement in late 1982 for a massive supply of Malaysian liquefied natural gas to Japan until well into the twenty-first century.<sup>32</sup> These increased trade and investment links

with Japan and Korea reflected the growing economic power of both countries, so that they were destined to play a major role in the Malaysian economy in any event. Even so, it is clear that the process was accelerated during the Mahathir Administration because of the official preferences of the 'Look East' policy.<sup>33</sup>

### Industrialization

Since Malaysian independence, the pace of industrialization had been steadily increasing, from 8 per cent of GDP in 1960 until it reached 19 per cent in 1985.<sup>34</sup> It was clear that the Malaysian economy was becoming increasingly industrialized as its economy grew more diversified, with improved productivity and higher standards of living. However, Dr Mahathir was committed to accelerate the pace of industrialization even further because he viewed industrialization as a vital component of government policies designed to restructure Malaysian society. Many of his ideas appeared to have been developed when he had been Minister of Trade and Industry. Only after he became Prime Minister was he finally in a position to act decisively to implement his vision of industrial strategy. With the expansion of industry, more Malays would find jobs in high-skill and dynamic sectors of the economy and they would acquire the modern attitudes and cultural traits that were essential in the modern world. In addition, Malaysia would acquire high technology and its economy would become less dependent on resource commodity exports that were subject to extreme price fluctuations on world markets. Because Dr Mahathir and some of his close advisers were dissatisfied with the pace of industrialization that was being fostered by the private sector, it was argued that a major initiative by government was needed to boost the country's industrial capacity and output. In effect, Dr Mahathir subscribed to the 'big push' theory of industrial economic growth that had been popular in the 1960s among developmental economists. And in Malaysia, the 'push' would have to come from the government.<sup>35</sup>

Under the direction of the Prime Minister's Department, an Industrial Master Plan was formulated with the objective of emulating the Korean pattern of industrial development that had been so dramatic over the previous decade. The primary instrument of government policy became the Heavy Industries Corporation of Malaysia (HICOM), which in turn formed joint-stock companies with foreign investors to channel large capital investments into industries that were identified as suitable for national development. In 1983, four major projects were funded: a cement industry with capital investments of M\$430 million; a sponge iron and steel mill with M\$800 million; a sponge iron plant with M\$450 million; and a national auto-manufacturing plant at M\$560 million. In addition, some M\$3.6 billion was budgeted for infrastructure investments to improve Malaysia's capacity to attract and sustain modern, high-technology industries.<sup>36</sup>

The plan that attracted the most public interest and the most contro-

versy involved the production of a Malaysian car. The Heavy Industries Corporation entered into an agreement with the Mitsubishi Company to form a joint-stock corporation called Perusahaan Otomobil Nasional (Proton) to produce a Malaysian car. HICOM held 70 per cent of Proton shares while Mitsubishi had 30 per cent of the stock. Under the terms of the agreement, Mitsubishi was to provide technical assistance and help in the construction of a 52-hectare plant to be built at a 900-hectare HICOM industrial estate at Shah Alam on the outskirts of Kuala Lumpur. Most of the components of the car would be provided by Mitsubishi, but over time, the Malaysian content was to be increased to the target level of 85 per cent to 90 per cent. According to the initial plans, the capacity of the plant would be gradually increased from 80,000 units per year in 1985 to 120,000 units per year by 1988.<sup>37</sup>

The unveiling of these industrial development plans generated a muted but steady chorus of criticisms from Malaysian economists both within and outside of government, all raising questions about the priorities of the policy and the viability of the projects. Most of the criticism was directed at the plans for the Malaysian car. Critics argued that a high-cost industry with only a limited local market would be created and to make it viable, auto production would need to be subsidized from government revenues and the protection of higher duties on competing imported vehicles. The costs of production would be high and would likely increase as local content requirements were raised, while quality and reliability would decline. The plans for auto production were also in violation of the existing ASEAN complementation schemes designed to integrate industrial development among member countries by expanding integrated production and providing access to the larger regional ASEAN markets. Furthermore, it was argued, rather than creating new industry and jobs, this project merely displaced the existing car assembly plants where eighteen different makes of vehicles were already being assembled. The major impact would be that Mitsubishi was provided with privileged access to a market which in competition it had been able to win only an 8 per cent share in 1982. Although the plans called for technological transfer, critics doubted that the most advanced technology would be transferred and suggested that Malaysia would instead be producing an outdated model of a Japanese car with a slightly redesigned body.<sup>38</sup>

As the public debate proceeded, Dr Mahathir became the focus of the criticism, not only for his fervent defence of the plans, but also because of the way the industrial plans were formulated. Allegations were made that he had not consulted his Cabinet and that he ignored the advice of economists and planning experts within his own departments who were responsible for industrial and economic policy planning. He was accused of proceeding unilaterally on the advice of only a few close confidants. In response, Dr Mahathir dismissed his critics as ivory-tower academics without vision who failed to appreciate the many social and economic benefits from developing modern, high-technology industrial capacity through large inputs of co-ordinated government and private investment.

In effect, he was saying that the long-term economic impact and the social and cultural benefits of the auto project outweighed questions of short-term economic viability.<sup>39</sup>

With Dr Mahathir as its most enthusiastic patron, the auto project was given the highest priority for the start of production as soon as possible. The name 'Proton Saga' with a star and crescent logo was selected for the car and the target date of July 1985 was announced for the start of production. Two years later, amid much fanfare and publicity, the car was unveiled to the public on 1 September 1985 with Dr Mahathir at the wheel of one of the first cars produced, driving over the newly completed M\$850 million Penang Bridge, thus drawing attention to two of his prestige projects with one ceremonial show.<sup>40</sup>

The Proton Saga was produced in 1 300 cc and 1 500 cc models and was sold for M\$17,465 and M\$18,890 respectively, even though the initial costs of production were about M\$45,000 per unit. The import duty on components for locally assembled vehicles made from completely knocked down kits (CKD) was raised from 15 per cent to 40 per cent. At the same time, the imported components for the Proton were exempted from the 40 per cent duty applied to CKD components of other auto imports. With increased volume, the production costs of the Proton were reduced slightly, but the rising value of the Japanese yen made the imported Proton components more expensive. Furthermore, with the economic recession, by 1986 the car market had shrunk by 20 per cent so the Proton plant operated at about 75 per cent capacity.<sup>41</sup> To stimulate demand, all government car loans to civil servants were made applicable only for the purchase of the Proton Saga. Moreover, the vehicle continued to be sold to the public at a price far below production costs. With these measures and favourable protective tariffs, the Proton Saga was able to capture 56 per cent of the Malaysian market for new cars in the under 1 600 cc category<sup>42</sup> and 47 per cent of the total passenger car sales by mid-1986. Due to the recession, however, the total market for cars dropped by almost 50 per cent. As a consequence, the Proton sold only 22,000 units and production operated at only 18 per cent of capacity in the first year. To overcome the problem of low production levels, the government announced plans to market the car in Bangladesh, Brunei, Malta, New Zealand, and even in the United States, where it was expected to sell for less than US\$5,000. Since this price was US\$3,500 less than the subsidized Malaysian price, the proposals generated much controversy in Parliament and in the press. Up to 31 March 1985, the Proton had resulted in losses of M\$11.6 million. A year later, it had produced further losses of M\$42.5 million. Because of the obstacles involved in exports to the United States, these plans were shelved for a while, but efforts were made to expand exports to other countries, mostly in the Third World. The Proton Saga was sold to New Zealand, Bangladesh, Brunei, Malta, and Sri Lanka, but by July 1987 the total foreign sales came to 480 cars only. After Dr Mahathir's trip to Britain in July 1987, plans were announced to sell 48,000 cars in Britain after adaptations were made to the car to comply with British standards. When

that would be accomplished remained unclear. In such a highly competitive market, few expected the car to produce profits for many years, if ever.<sup>43</sup>

Malaysians who bought the car found it reasonably priced and suitable for local conditions. Public reactions to the Proton were mixed between those who found national pride in its production in Malaysia and those who expressed concern about the expenditure of public resources on the subsidy to sustain production. Attempts to depict it as an Islamic car caused more of the critics to be among the non-Malay community. Even so, the displacement of labour in the other auto assembly plants, closed because of the market shift created by the Proton Saga, also affected many Malays who had been employed at the rival production lines. The 'winners' and 'losers' from the Proton Saga project were thus distributed among all ethnic communities.

### Privatization

At the very time that the government launched ambitious plans for a 'big leap forward' in industrialization of the key industries of cement, iron and steel, and automobile production, the economy was suffering from the effects of a world depression. Prices of Malaysia's export commodities of rubber, tin, palm-oil, and timber products had all fallen. At the same time, government investments in Bumiputra corporations and trust agencies had risen dramatically as part of the NEP goals to 'restructure the economy' by promoting Malay ownership and participation in the private sector. By 1983 government investments, most of them designed to promote Bumiputra participation in the economy, had been channelled through 57 institutions, 115 statutory boards, and corporations that in turn controlled or had joint-venture shares in 500 subsidiary companies.<sup>44</sup> In 1982 the government budget deficit rose to M\$10 billion as the trade balance for the year registered a deficit of M\$2.5 billion after a M\$5 billion surplus only two years before.<sup>45</sup> Clearly, some action was called for to meet these effects of the slump in the world economy.

Besides major efforts at budget-cutting and austerity, Dr Mahathir announced in August 1982 that the government planned to stimulate the private sector, especially in the construction industry, and that it would promote exports of Malaysian commodities through Japanese-style trading houses—the so-called *sogo shosha* concept<sup>46</sup> that he had praised before he became Prime Minister. A further ingredient to the government response was added in January 1983 when Dr Mahathir espoused the policy of transferring some government enterprises to the private sector. Together, these policies were summed up with two slogans: 'Malaysia Incorporated' and 'Privatisation'.

Dr Mahathir gave the following explanation for both slogans:

The Malaysia Incorporated concept means that Malaysia should be viewed as a company where the government and the private sector are both owners and workers together in this company. In a company, all owners/workers are expected to cooperate to ensure the company's success. Only through the success of the



company, will the owners' and workers' well-being be safeguarded and improved....

Privatisation means the opposite of nationalisation. The objective of nationalisation is for government to take over the ownership of private enterprises, while privatisation means the transfer of government services and enterprises to the private sector.

Normally, companies and services owned and managed by the government have been less successful or have run at a loss because the government's management methods differ greatly from those of the private sector. On the other hand, private businesses and enterprises are usually profitable....

In view of this possibility, there is a need to transfer several public services and government-owned businesses to the private sector. This transfer is called privatisation. The privatisation process can be carried out in stages following detailed study.<sup>47</sup>

Over the next several years, a series of conferences and seminars discussed and evaluated both these slogans as policy options. The 'Malaysia Incorporated', which called for business-government co-operation, was implemented primarily through trade promotion schemes and through efforts at commodity price stabilization. The earlier efforts of the government to create international producer cartels to defend minimum prices for tin, rubber, palm-oil, and textiles had failed to stop a precipitous decline in prices. The Malaysian Government's ploy of secretly buying tin on the London Metal Exchange to bolster tin prices made a short-term impact but proved disastrous in the long run when prices continued to decline and the government was left holding large stocks of devalued tin.<sup>48</sup> Similar efforts to support rubber prices through the International Natural Rubber Organization and a rubber buffer stock support system were equally ineffective. A year later, however, some progress was made in stabilizing rubber prices when agreements were worked out for production quotas to check the price slide from M\$2.94/kg in 1980-1 to M\$1.30/kg during 1982. As the price fell below production costs, all rubber producers became more anxious about survival than about profits.<sup>49</sup> In such circumstances, private producers and commercial interests worked in close co-operation with the government.

With the government already owning or having major investments in many large corporations and trading houses, especially those former British corporations that had been acquired by Bumiputra agencies through stock purchases, the *sogo shosha* concept was interpreted by some observers to be already in effect in some sectors of the economy.<sup>50</sup> Despite Dr Mahathir's enthusiasm for the *sogo shosha* concept, no efforts were made to promote umbrella organizations for trade promotion and retail sales abroad. Indeed, this theme appeared to be in contradiction to the 'privatisation' theme which was also being promoted with much fanfare. Ultimately, efforts at Malaysian trade promotion were largely confined to informal channels of communication between the private sector and government as well as through joint trade promotion fairs and conferences.

The privatization policy received the most lasting attention and the

closest scrutiny of academics and potential investors. After the first announcements, hints from government officials fed press speculation that urban mass transit, television, telecommunications, electric power, railways, shipping, harbour management, hospitals, and schools, plus the large government holdings in the corporate sector, were all candidates for privatization. Whether ownership and management control would be transferred, or whether public shares for partial ownership would be issued for private investors, was left unanswered.

The first specific action by the government involved the issuing of a licence to a private company to build and operate the television channel TV3 on a commercial basis. The recipient of the licence was a new corporation called Fleet, headed by Daim Zainuddin with UMNO as the major stockholder and with other Malay and Chinese investors.<sup>51</sup> In this transaction, no government facilities or functions were transferred to the private sector. Indeed, the heavy UMNO investment made the government indirectly a party to the new venture.

Two years later, in 1985, the government finally announced that the Malaysian Airlines System would become privatized to raise M\$650 million that was needed for new capital investments.<sup>52</sup> Public shares were issued and sold, but buyers were unenthusiastic since government majority ownership, control, and management continued as before. Unlike privatization policies initiated in Britain, the United States, and Canada, where whole industries were sold to private investors, Malaysia appeared to be pursuing instead a policy of seeking private investment in public enterprises. The issues of future policy continued to be discussed and debated with much interest, but with a growing sense of scepticism and cynicism within the financial and academic communities about government policy objectives.

### Religious Policies

Prior to taking office, Dr Mahathir expressed the view that for the Malays, Islam was a powerful source of identity which he likened to nationalism,<sup>53</sup> but he gave no indication that he had any agenda for reform or policy changes concerning religious issues or the administration of Islamic affairs. Indeed, at the UMNO General Assembly in June 1981, he avoided any mention of Islamic reforms even though the Assembly passed a resolution requesting that both federal and state Islamic Councils take action to enforce 'the purity of Islam'.<sup>54</sup> Nine months later, the issues of Islamic reform became more salient after Anwar Ibrahim was persuaded to join UMNO and become a leading member of the government. As a former leader and founder of ABIM, Anwar had become the charismatic leader of the movement which had a membership of 40,000, mostly Malay university students and young educated Muslims. ABIM was one of the more moderate *dakwah* organizations, which stressed active involvement in politics and the importance of Islamic principles in government, politics, the economy, and in the lives of all Muslims. Anwar accepted Dr Mahathir's invitation on the understanding

that he would play a major role in the formulation of a new Islamization policy. Although ABIM had been consistently anti-government and had ideological ties with PAS as an avowedly Muslim party seeking to establish an 'Islamic Republic' in Malaysia, Anwar decided to join the government and explained that his acceptance of public office would enable him to work from within the system to further the Islamic reformist ideals he espoused.<sup>55</sup> Many of Anwar's *dakwah* followers considered his acceptance of a government post to be a betrayal of the Islamic cause and ABIM as a political force lost both support and direction after Anwar's exit. However, Anwar gained added national prestige and substantial political power by being given a position as Deputy Minister in the Prime Minister's Department and made responsible for Islamic Affairs. Within a short period, the government began to formulate new Islamic policies that put it into a competition with PAS and the *dakwah* movement for the support of the Malay electorate on the basis of an intensified emphasis on Islamic symbols, ideals, and policies.

At the UMNO General Assembly in September 1982, Anwar Ibrahim challenged the leadership of Suhaimi Kamaruddin who was seeking re-election as President of UMNO Youth. Although Anwar had been an active member of UMNO for only five months, with the implicit backing of Dr Mahathir, he won the election over Suhaimi by 183 to 173 votes.<sup>56</sup> This narrow victory added to Anwar's prestige and power and gave him added authority within UMNO to press for increased emphasis on Islamic policies. The change in emphasis by the government was revealed in Dr Mahathir's speech to the UMNO General Assembly, during which he called upon UMNO to enhance Islamic practices and to 'ensure that the Malay community truly adheres to Islamic teachings'. He also promised that the government would create an Islamic university and an Islamic banking system, and the introduction of courses on Islamic civilization so that all Malaysians could become familiar with Islam and its value system.<sup>57</sup>

Under Anwar's leadership, UMNO Youth perfected its earlier role as a 'ginger group' within UMNO, making demands to accelerate the pace of Islamization and demanding a more pro-Malay-Islamic thrust to government policies as well as objecting in strident rhetoric to the political demands of the non-Malay parties in the BN.

Following the 1982 UMNO General Assembly, changes in religious policy came on an *ad hoc* basis in response to various factors and events. Within the BN, especially from UMNO Youth, demands for Islamic reforms became a regular part of the political litany. Within the administration, some politicians and civil servants would make decisions or pronouncements that would force an issue on to the political agenda. The intensified competition between UMNO and PAS for the support of the Malay electorate meant that the government and all UMNO leaders continually had to prove their Islamic credentials against the torrent of PAS accusations that the government was failing in its duty to Islam or had even become 'infidel' and, from its perspective, illegitimate. Finally, the responsibility of the government for Islamic affairs and for the

protection of Islam meant that every deviant sect and every public dispute over the interpretation of Islamic law, doctrine, or practice required government intervention to define orthodoxy and to protect the tranquillity and well-being of the *ummah* (Islamic community). In this environment, *dakwah* militants could set the agenda of political discourse, which forced the hand of the government to respond by concessions or rejections—sometimes forceful—to those who demanded new policies to implement Islamic principles in public policy and in the symbolism and rhetoric of public life. This interaction between government leaders and those mobilized by the symbols and ideology of Islamic revivalism accounts for the piecemeal character of policy changes related to Islam as well as policies towards other religions.<sup>58</sup>

At the end of 1982, following on Dr Mahathir's promise, the government founded Bank Islam Malaysia with paid-up capital of M\$100 million based on federal and state government investments as well as deposits by the Lembaga Urusan Tabung Haji (LUTH, the Islamic Pilgrims Management and Fund Board) and other government bodies and Bumiputera agencies. The Bank was established to operate with strict Islamic principles based on the study made by a committee that submitted a confidential report to Dr Mahathir. The Islamic prohibition against *riba* (usury or interest) for both lender and borrower was avoided through mechanisms of profit-sharing and dividends, rather than fixed guaranteed interest payments, or through mutually agreed profit margins on goods sold at a price, so that both borrower and lender earn the approximate equivalent of market interest rates offered by regular banks. The matter of inter-bank borrowing and investments were to be managed with similar mechanisms. It was expected that the Islamic Bank, which overnight became the third largest bank in Malaysia, would be especially popular in rural areas among Malay peasants who avoided banks for fear of violating Islamic proscriptions against *riba*.<sup>59</sup> The formation of the Islamic Bank was treated as a major achievement for UMNO in its political campaigning against PAS, especially in its appeal for the support of rural Malays.

Less than a year later, in 1983, the government founded the International Islamic University, located temporarily on a campus in Petaling Jaya with an initial enrolment of 160 students, many of whom came from other South-East Asian countries. The first Rector was the renowned Islamic scholar, Muhammad Abdul Rauf, former head of the Islamic Centre in Washington, DC. With an initial grant of M\$500 million, the University had major contributions from both the Federal Government and the Government of Saudi Arabia. Because of its multinational student body and academic staff, the language of instruction was English rather than Malay (*Bahasa Malaysia*) as was required for all other universities in the country. Many of the staff were recruited from the Middle East, especially Egypt. Special emphasis in its curriculum was given to the 'Islamic perspective' which was imparted to all subjects.<sup>60</sup>

Because the administration of Islamic affairs fell within the jurisdiction of the states, much of the change in emphasis and policy related to Islam

depended on state administration. There had already been more vigorous enforcement of Islamic laws and the application of greater penalties for Islamic violations in most of the states. Such matters included: enforcement of fasting rules during the month of Ramadan for Muslims and for anyone who served food to Muslims during daylight hours; stricter enforcement of the *khalwat* law prohibiting 'suspicious proximity' between the sexes among those of marriageable age who are not blood relations; stricter enforcement of mosque attendance for Friday prayers; and stricter enforcement of the collection of *zakat* and *fitrah* 'alms' taxes which are considered 'obligatory' in Islamic law.<sup>61</sup>

These trends towards stricter Islamic administration at the state level were matched by new regulations at the federal level. New laws were passed prohibiting Muslims from entering any gambling establishment, the most important being at Genting Highlands where a casino operated under government licence. The corporation was very profitable, attracting substantial investments by some prominent Malays, including royalty. Alcohol consumption was banned at all government functions and in government establishments, such as at universities or in government-operated rest houses. The import of all fresh pork to Malaysia was prohibited, and later, only *halal* fresh meat was allowed to be imported. This meant that all fresh meat had to conform to Islamic requirements and be butchered in the correct Muslim way under the supervision of an Imam, so as to be suitable for consumption by Muslims. Hotels that catered to government servants on official business or that hosted official government functions were prohibited from serving any pork or non-*halal* food. During the Islamic fasting month of Ramadan, government schools suspended school meals for all students, whether Muslim or not, so as to encourage Muslim students to abide by the fasting requirements of Islam. On television, the time allotted to Islamic programmes, to Koran reading, and to prayers was greatly increased. More funds were allocated for the construction of mosques and *surau* (prayer houses) so that nearly every Malay village and settlement was provided with an appropriate mosque—many quite new and imposing. At the national level, the annually sponsored international Koran reading contests became more grandiose with large prizes, attracting contestants from most Islamic countries. In 1982, the government sponsored the formation of the Regional Islamic Da'wah Council of Southeast Asia and the Pacific (RISEAP) which attracted delegates from most countries in South-East Asia, East Asia, and the Pacific region. The first RISEAP general assembly was held in Kuala Lumpur during 11–14 June 1982. In addition, numerous international conferences were held on such issues as Islam and technology, Islamic banking, Islamic co-operation, the role of Muslim women in development, and various social and political issues confronting the Muslim world.<sup>62</sup>

Islamic law provides for the Muslim ruler to be the protector of Islam and the head of the religious institutions of Islam. Under the colonial government, the authority of the Malay Sultans over Islamic affairs was enshrined in treaty and law. Malaysia's constitution perpetuated this

practice by vesting authority over Islamic affairs with the Sultan of each Malay state, each of whom was aided by a Council of Islamic Affairs that provided advice to the ruler. This decentralized system meant that the administration of Islam differed from state to state. In 1968, a National Council for Islamic Affairs was established by the Federal Government to co-ordinate Islamic affairs through consultation and co-operation. As Islam became more of a concern to federal authorities, particularly during the Mahathir Administration, efforts were made to enlarge the scope of federal supervision of Islamic affairs. Federal authorities, under pressure to enforce Islamic orthodoxy and bring about unity within the *ummah*, became concerned about the different interpretations of Islamic law and different responses of the state authorities to the problem of 'deviant' sects or 'improper' religious practices. This issue of the degree of diversity to be permitted in the administration of Islam became a matter of public concern over the issue of how the end of the fasting month of Ramadan would be determined. Since the end of Ramadan marks Hari Raya Aidilfitri, the most important day of celebration in the Islamic calendar, it was an issue that was of utmost importance to Muslims. Whereas Dr Mahathir announced that the day would be fixed by astronomical calculation, the Sultan of Johore established the day by the older practice of 'sighting the new moon', which put the Johore celebrations on a different day.<sup>63</sup> On other less dramatic issues as well, federal authorities clashed with state religious authorities. At stake was the question of who would exercise leadership and have ultimate power over Islamic institutions and who could claim legitimacy based on Islamic principles. Such differences may have been a contributing factor in the constitutional crisis of 1983 between Dr Mahathir and the Malay Rulers, which is covered in Chapter 5.

The Federal Government assumed a much more activist role in Islamic affairs by attempting to infuse Islamic principles to many existing programmes and policies. Federal decisions and interpretations of Islam became crucial, largely overshadowing state actions. It was the federal authorities that had the power to ban books as being counter to Islam, and to declare certain practices or sects as being in contravention of Islamic doctrine. Federal powers over publications, import controls, police, and internal security made the Federal Government the effective final power on many issues that had previously been dealt with at the state level or had been largely ignored, thus tolerating considerable diversity within Islam. The Islamization of public policy therefore now meant that Islam was to be unified under the leadership of federal authorities headed by Dr Mahathir.

The demands to Islamize the government and reassess policies in light of Islamic requirements were usually couched in terms that assumed that Islamic policy and Islamic law would not affect the non-Muslim communities. Yet, in some matters it was difficult to enforce Islamic law without some attention to the behaviour of non-Muslims. Efforts to extend Islamic principles to non-Muslims became an issue that agitated the non-Muslim communities. From colonial times, non-Muslims were

prohibited from proselytizing Muslims and they could be punished if Muslims were invited or encouraged to attend any non-Muslim religious ceremonies. With the attempt to apply more strictly the Muslim social codes of behaviour, the issue arose whether those codes should also apply to Muslim-non-Muslim social contacts. More particularly, should the *khakwat* laws governing premarital social relations between the sexes be applied to non-Muslims when one partner was a Muslim? Many *dakwah* Muslim groups insisted that they should.

Another issue emerged, initially more by unilateral action of some individuals than by central policy initiatives. A Christian book store ordered some Bibles printed in Malay from Indonesia. The shipment was impounded by a customs official, and after long delays the explanation was given that it contained 'Muslim' words and was thus not permitted in Malaysia to be used by Christians. In subsequent discussions between Christian church leaders and government authorities, the doctrine of exclusive 'Islamic copyright' to certain words was enunciated. Initially the list of exclusive 'Islamic words' was only five. Over time, however, the list was expanded to include twenty-five words and nine expressions, beginning with the words 'Allah' (God) and 'nabi' (prophet).<sup>64</sup> For the Christians, the effect of the decision was to ban retroactively all existing copies of the Bible printed in Malay. Likewise, many hymnals and books of liturgy in the National Language were made illegal. It also meant that no Christian literature in Malay-Indonesian could be imported from Indonesia, which operated with no such concept of 'Islamic copyright'. The federal authorities did, however, promise to relax some earlier restrictions on Christian publications to permit the publication in Malaysia of new approved translations of the Bible and other literature in Malay so that services could be conducted in the National Language.

For the Sikhs, this decision on 'Islamic copyright' had the effect of making illegal all texts of the Sikh Holy Scripture, the *Adi Granth*, because it uses the word 'Allah' and many other prohibited words.<sup>65</sup> Because this issue was considered a 'sensitive issue' touching on the status of Islam, the discussions among the leaders of the major religious communities were held in secrecy and the issue never received public press coverage, but was instead discussed quasi-privately by non-Muslim religious leaders who informed their congregations and their constituents of the effects of these decisions.

The objectives of religious policy are difficult to determine, especially if a distinction is made between latent and manifest objectives. At the most superficial and manifest level, the government was attempting to ensure and protect the unity of the Muslim community for social harmony as well as for effective political mobilization and support. Although Dr Mahathir never stated so directly, it is clear that he also sought legitimacy for the government through its Islamization policies. However, there were much more pragmatic and utilitarian objectives that were also being pursued in a Muslim khron. Dr Mahathir's long-term preoccupation with restructuring modal Malay personality attitudes to conform with the demands of modern life were also propagated as a requirement of Islam.

As only one example, in a major speech, he stated: 'In fact, if we really follow the teachings of Islam on diligence, the pursuit of knowledge, earning a living, cleanliness, resilience and other good values, we need look no further.'<sup>64</sup> On many other issues, Islam was invoked to help sell public campaigns for social betterment, development, or civic virtues. Similarly, Malaysia's Proton Saga car was sold as a Muslim car with a star and crescent that is backlit with a blue light for night driving. On major roads entering cities, elaborate and costly Islamic arches were erected, and Islamic motifs were selected for major public buildings. An enterprising entrepreneur even announced that he had invented an Islamic computer that could calculate the precise ending of Ramadan and the accurate sundown times for various days and locations. In keeping with the spirit of the times, Dr Mahathir invented an Islamic toilet which facilitated Islamic hygiene requirements by means of a strategically located cleaning water jet that operated at the push of a button. With this toilet, Muslims were not forced to use toilet paper, which is viewed by some Muslims as 'unclean'. Manufacture of the Islamic toilet was initiated by a Japanese-Malaysian joint-venture company, Sime Darby Ceramics, and the product was promoted by Trade and Industry Minister Tengku Razaleigh Hamzah, initially for sale to local hotels, but with export plans for a market of '900 million Moslems in the world'.<sup>65</sup>

The frequent invocation of Islam for public appeals, for promotion of new products, and for many public ceremonies should not lead to the assumption that Islam was being used merely as a manipulative tactic by hypocritical leaders. Politicians in most countries gain from demonstrating their moral rectitude through visible public attendance at religious ceremonies. Malaysia's leaders are no exception. The Islamic resurgence, which has affected, in varying degrees, all of Muslim society, has also had an impact on Malay leaders. There is nothing to suppose that Dr Mahathir is not attracted to many aspects of the vision of a resurgent Islamic society that is being propagated in many versions throughout the Muslim world. It is likely that he, and others among the ruling élites, have revised public policy objectives on the basis of their genuine commitment to Islamic ideals. His views and objectives probably changed as he came into contact with others in his administration who were infused with the self-confident zeal of the *dakwah* Muslim.<sup>66</sup> Unlike most other Muslims in Malaysia, Dr Mahathir had the capacity to translate personal commitments and visions of the future into substantive public policy.

1. *Nie-Straat Times*, 28 June 1981, p. 1. However, Fred R. von der Meulen, 'Malaysia in 1981: Continuity and Change', *Asian Survey*, 22, 2 (February 1982), pp. 212-15; V. Selvaratnam, 'Malaysia in 1981: A Year of Political Transition', *Southeast Asian Affairs*, 1982 (Singapore: Institute of Southeast Asian Studies, 1982), pp. 285-7.

2. *The Star*, 28 June 1981, pp. 1 and 4.



3. J. Victor Morais, *Mahathir: A Profile in Courage* (Singapore: Eastern Universities Press, 1982), pp. 7-27.
4. Mahathir bin Mohamad, *The Malay Dilemma* (Singapore: The Asia Pacific Press, 1970), p. 125 and *passim*.
5. Bruce Gale, *Musa Hitam: A Political Biography* (Petaling Jaya: Eastern Universities Press, 1982), pp. 5-33.
6. See: Morais, *Mahathir: A Profile in Courage*, pp. 56-83; Gale, *Musa Hitam*, pp. 81-126.
7. Selvaratnam, *op. cit.*, pp. 247-8; Jerry Bass, 'Malaysia in 1982: A New Frontier?', *Asian Survey*, 23, 2 (February 1983), p. 191.
8. *Asiatweek*, 18 September 1981, p. 20; Selvaratnam, *op. cit.*, pp. 260-1; von der Mehden, 'Malaysia in 1981', pp. 216-17.
9. Among those released were Abdul Samad Ismail, former Managing Editor of the *New Straits Times*; Abdullah Majid and Abdullah Ahmad, former Deputy Ministers; Chan Kok Kit and Chan Heng Kai, DAP Members of Parliament; Kassim Ahmad, Chairman of the PSRM; as well as eleven members of the radical Muslim underground movement, Pertubuhan Angkatan Sabillullah, who were detained for their part in the Alor Setar demonstrations. Remaining in detention under the Internal Security Act were 513 people whom the government considered 'a threat to the country'. See: Selvaratnam, *op. cit.*, pp. 262-3; von der Mehden, 'Malaysia in 1981', pp. 216-17; *New Straits Times*, 1 September 1981, p. 1.
10. Selvaratnam, *op. cit.*, pp. 248-9.
11. Harold Crouch, *Malaysia's 1982 General Election* (Singapore: Institute of Southeast Asian Studies, 1982), pp. 5-17; Diane K. Mauzy, 'The 1982 General Elections in Malaysia', *Asian Survey*, 23, 4 (April 1983), pp. 497-501; *New Straits Times*, 23 September 1981, pp. 1 and 2.
12. Crouch, *Malaysia's 1982 General Election*, pp. 31-3.
13. *New Straits Times*, 29 March 1982, p. 1; 30 March 1982, pp. 1 and 2.
14. *New Straits Times*, 13 April 1982, p. 8.
15. *New Straits Times*, 6 April 1982, pp. 1 and 2.
16. *New Straits Times*, 9 April 1982, p. 2; 10 April 1982, p. 1.
17. *New Straits Times*, 24 April 1982, pp. 16-19; 27 April 1982, pp. 1-3; 28 April 1982, pp. 1-2. The percentage of the vote gained by the MIC candidates was not calculated in this analysis.
18. Pushpa Thambipillai, 'Malaysia, Twenty-Five and Pragmatic', *Southeast Asian Affairs*, 1983 (Singapore: Institute of Southeast Asian Studies, 1983), pp. 209-10.
19. *Ibid.*, p. 211.
20. While the ban on Dr Mahathir's book, *The Malay Dilemma*, had earlier been lifted and sales had been brisk as Malaysians sought to get some indication of the thinking of their new prime minister, few expected that it would provide a blueprint for the new policy initiatives of the government.
21. Immediately after becoming Prime Minister, Dr Mahathir was quoted as saying that there would be changes in style and emphasis rather than policy. See: *The Star*, 28 June 1981, pp. 1 and 4; *Far Eastern Economic Review*, 24 July 1981, p. 9.
22. *New Straits Times*, 9 September 1981, pp. 1 and 2.
23. Dr Mahathir's book contains many criticisms of British colonial policy but few derogatory comments about the British. Some have claimed that he became 'anti-British' after he was rejected for a Commonwealth Scholarship while a student at the University of Malaya (then in Singapore).
24. *Far Eastern Economic Review*, 18 September 1981, p. 30.
25. *Far Eastern Economic Review*, 18 September 1981, p. 30; 24 September 1981, pp. 10-11; 27 November 1981, p. 54; 18 December 1981, p. 52.
26. *Far Eastern Economic Review*, 15 January 1982, p. 36.
27. *Far Eastern Economic Review*, 24 February 1983, p. 8; 24 March 1983, p. 34.
28. *Far Eastern Economic Review*, 14 April 1983, p. 11; 24 May 1984, p. 100. For Tunku Abdul Rahman's views on Dr Mahathir's demand that the British give to the Malaysian

Government, Carcosa, the official residence of the British High Commissioner, see his *Challenging Times* (Petaling Jaya: Pelanduk Publications, 1986), pp. 53-9.

29. *Far Eastern Economic Review*, 5 February 1982, p. 95; 31 March 1983, pp. 69-70; 15 December 1983, p. 78. For a later elaboration of the 'Look East' policy by Dr Mahathir, see: *New Straits Times*, 16 July 1982, pp. 2, 3, 4, and 16; 17 July 1982, pp. 2, 3, and 4; 7 August 1982, p. 2; *Sunday Star*, 25 July 1982, p. 1. A review of the 'Look East' policy and Dr Mahathir's views is contained in a special supplement in *New Straits Times*, 28 July 1982, pp. 18-23. A memo of 28 June 1983 from Dr Mahathir to senior government officials explaining his policies is translated and reproduced in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 305-7. During World War II, the Japanese initiated a remarkably similar programme to change and recast Malay attitudes, self-discipline, diligence, and work habits by emulating the Japanese. A series of schools and academies were established to train youth 'to provide dependable leadership' by exposing them to 'the essence and soul of the Japanese character'. See: Japan, Gaimusho, *Kokusai Gakuyukai kankei*, Sec. 2, April, 1943-October, 1944, p. 550, in Japanese Ministry of Foreign Affairs, 1868-1945, Reel S318, Microfilmed, as cited in Yoji Akashi, 'The Japanization Program in Malaya with Particular Reference to the Malays', paper presented at the American Political Science Association Annual Meeting, Chicago, 1971.

30. *Far Eastern Economic Review*, 26 June 1981, p. 16.

31. *Far Eastern Economic Review*, 5 February 1982, p. 95. For an account of the major construction projects awarded to Japanese and Korean firms, see: Chang Yui Tan, 'Tilting East: The Construction Problem', in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 402-7.

32. *New Straits Times*, 27 December 1982, p. 1; Gordon P. Means, 'Energy Resource Development and Management in Malaysia', *Contemporary Southeast Asia*, 5, 3 (December 1983), pp. 330-51.

33. For a series of papers providing a critical evaluation of the 'Look East' policy, see: Jomo (ed.), *The Sun Also Sets*; Johan Saravanamuttu, 'The Look East Policy and Japanese Economic Penetration in Malaysia', in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 312-36.

34. Manufacturing as a percentage of GDP in 1986. Source: Government of Malaysia, Ministry of Finance, *Economic Report 1986/87* (Kuala Lumpur: National Printing Department, 1987), p. 45.

35. *Far Eastern Economic Review*, 16 June 1983, pp. 101-8.

36. *Ibid.*, p. 103.

37. The Mitsubishi shares in Proton were divided between the Mitsubishi Corporation and the Mitsubishi Motor Corporation, each of which held 15 per cent of the stock. The initial paid-up capital was M\$180 million with the remaining being borrowed from the Export-Import Bank of Japan and from commercial banks for the plant construction costs of M\$560 million.

The original plans projected output of car production to rise from an initial figure of 20,000 per year to an anticipated output of 100,000 per year in 1991. Because Mitsubishi had earlier been the external partner of Hyundai in developing the Korean capacity for mass production of cars for the world market, Dr Mahathir's often repeated concern for following the Korean development model may have made Mitsubishi the favoured partner for Malaysia over the other Japanese auto makers that already had a much bigger share of the Malaysian market. See: *Far Eastern Economic Review*, 16 June 1983, pp. 104-6. A United Nations report on the auto industry suggested that the optimum level of production for a car industry was 500,000 units per year. See: United Nations, *International Industrial Restructuring and the International Division of Labour in the Automotive Industry* (New York: United Nations, June 1984). For an early account of the Proton Saga project, see: Jomo K. S., 'Project Proton: Malaysian Car, Mitsubishi Profits', and Chee Peng Lim, 'The Proton Saga—No Reverse Gear: The Economic Burden of Malaysia's Car Project', in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 381-401; Raphael Pura, 'Doubts over Heavy Industrialization Strategy',

in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 377-82.

38. See: Jomo, 'Project Proton', pp. 381-6; *Far Eastern Economic Review*, 16 June 1983, pp. 101-8.

39. For Dr Mahathir's views on industrial policy and on the viability of the Proton Saga, see: *Far Eastern Economic Review*, 15 December 1983, p. 78.

40. *New Straits Times*, 14 September 1985, pp. 6-12. For the cost of the Penang bridge, see: Jomo K. S., 'Debt Addiction', in Jomo (ed.), *Mahathir's Economic Policies* (Kuala Lumpur: INSAN, 1988), pp. 78-86; *Far Eastern Economic Review*, 19 September 1985, pp. 79-86.

41. *Far Eastern Economic Review*, 31 July 1986, pp. 70-1.

42. Ibid.

43. *Far Eastern Economic Review*, 12 March 1987, pp. 94-5; *International Herald Tribune*, 20-21 June 1987, pp. 8 and 11; *The Economist*, 1-7 August 1987, p. 58.

44. *Far Eastern Economic Review*, 15 September 1983, pp. 69-75. For an account of public corporations in the Malaysian economy, see: Raja Mohammed Affandi, *Public Enterprises in Malaysia, Roles, Structures and Problems* (Kuala Lumpur: Pusat Pengajian Pembangunan Malaysia, 1979).

45. By 1983, Malaysia's debt ratio against GNP had risen to 19 per cent, which was the highest in the world, causing talk about an economic crisis. See: *Far Eastern Economic Review*, 3 February 1983, p. 58.

46. *Far Eastern Economic Review*, 20 August 1982, p. 46.

47. Mahathir Mohamed, 'New Government Policies' (from a memo to senior government officials, 28 June 1983), in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 305-7.

48. *Far Eastern Economic Review*, 7 August 1981, p. 61; 5 November 1982, p. 93; 9 May 1985, pp. 94-5.

49. *Far Eastern Economic Review*, 5 November 1982, pp. 76-8.

50. Chee Peng Lim, 'Malaysian Sogoshoshas—No Go So Far', in Jomo K. S. (ed.), *The Sun Also Sets: Lessons in 'Looking East'*, 2nd ed. (Kuala Lumpur: INSAN, 1985), pp. 369-76.

51. *Far Eastern Economic Review*, 15 September 1983, pp. 69-75.

52. *Far Eastern Economic Review*, 25 April 1985, p. 15.

53. *Ariatweek*, 27 March 1981, pp. 30-5.

54. *New Straits Times*, 29 June 1981, p. 4.

55. *New Straits Times*, 29 March 1982, p. 1; Zainah Anwar, *Islamic Revivalism in Malaysia: Dakwah among the Students* (Petaling Jaya: Pelanduk Publications, 1987), pp. 38-43; Judith Nagata, *The Reflowering of Malaysian Islam: Modern Religious Radicals and Their Roots* (Vancouver: University of British Columbia Press, 1984), pp. 213-31 and *passim*; John Funston, 'Malaysia', in Mohammed Ayoob (ed.), *The Politics of Islamic Reassertion* (London: Croom Helm, 1981), pp. 165-89; Chandra Muzaffar, *Islamic Resurgence in Malaysia* (Petaling Jaya: Penerbit Fajar Bakti, 1987); Chandra Muzaffar, 'Islamic Resurgence: A Global View', in Taufik Abdullah and Sharon Siddique (eds.), *Islam and Society in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1985), pp. 5-39.

56. Anwar Ibrahim was criticized for having been active in UMNO only since March 1982. However, it was reported that he had been a 'paying member of UMNO' since 1966. *New Straits Times*, 9 September 1982, pp. 1 and 2.

57. *New Straits Times*, 11 September 1982, pp. 1-3 and 13-15.

58. For a survey of government policies towards religion prior to the Mahathir Administration, see: Gordon P. Means, 'Malaysia: Islam in a Pluralistic Society', in Carlo Caldarola (ed.), *Religion and Societies: Asia and the Middle East* (Berlin: Mouton, 1982), pp. 445-96.

59. *Far Eastern Economic Review*, 17 December 1982, pp. 58-60. For further elaboration on the principles of Islamic banking, see: Muhammad Nejatullah Siddiqi, *Issues in Islamic Banking* (Leicester: The Islamic Foundation, 1983); Mohammed Ariff (ed.), *Islamic Banking in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1988).

60. *Far Eastern Economic Review*, 31 May 1984, pp. 52-4.

61. For the administration of Islamic law in Malaysia, see: Moshe Yegar, *Islam and*

*Islamic Institutions in British Malaya: Policies and Implementation* (Jerusalem: The Magnes Press, The Hebrew University, 1979); Mohamed Khalil bin Hussein, 'The Department of Religious Affairs, Perak', academic exercise, Malay Studies Department, University of Malaya, Singapore, 1958; Gordon P. Means, 'The Role of Islam in the Political Development of Malaysia', *Comparative Politics*, 1, 2 (January 1969), pp. 264-84; Ahmad Ibrahim, *Islamic Law in Malaya* (Singapore: Malaysian Sociological Research Institute, 1965).

62. For example, see: 'Seminar Kebangsaan Konsep Pembangunan dalam Islam', Papers, Kuala Lumpur: Jabatan Perdana Menteri, 1981; 'International Conference on Islam and Technology', Papers, Kuala Lumpur, 1983. For an account of the international conference held in Malaysia on 'Muslim Women in Development', see: Gordon P. Means, 'Women's Rights and Public Policy in Islam', *Asian Survey*, 27, 3 (March 1987), pp. 340-54. On issues related to the role of women in Islam, see: Azizah al'Hibri, *Women and Islam* (Oxford: Pergamon Press, 1982).

63. *Far Eastern Economic Review*, 14 July 1983, p. 16.

64. The issue of the exclusive Muslim words that could not be used by non-Muslims was discussed at several meetings between leaders of all the major non-Muslim religious organizations. The words on the 'Islamic copyright list' are widely used by Arab Christian communities in some 33 countries in the Middle East and elsewhere, and include pre-Islamic words such as 'Allah', which is derived from the Hebrew word 'El'. By late 1988, Prohibition Bills enforcing the banned words had been passed in Trengganu, Kelantan, Negeri Sembilan, Penang, Malacca, and Selangor. For the list of the banned words and expressions which may not be used by any non-Muslims, see: *Methodist Message* (Singapore), 92, 11 (November 1988), p. 14.

65. For an example of Sikh religious literature see: W. Owen Cole and Piara Singh Sambhi, *The Sikhs: Their Religious Beliefs and Practices* (London: Routledge & Kegan Paul, 1978), p. 70 and *passim*.

66. *New Straits Times*, 11 September 1982, pp. 13-15.

67. *Asian Wall Street Journal*, 18 October 1984, pp. 1 and 7. The first Islamic toilets off the production lines were installed in the Putra World Trade Centre and the Pan Pacific Hotel, both in Kuala Lumpur.

68. For the impact of the Islamic resurgence movement on the Mahathir Administration, see: Diane K. Mauzy and R. S. Milne, 'The Mahathir Administration in Malaysia: Discipline through Islam', *Pacific Affairs*, 56, 4 (Winter 1983-4), pp. 617-48.

## The New Political Idiom

By 1983 the Mahathir Administration had entered into a second stage. The initial 'honeymoon' period of the new administration was over and by then Dr Mahathir had placed his dominant imprint on government policy and had established a style of leadership distinctively his own. At that time, the Malaysian political system gave every indication of being both stable and effective. Government was infused with a new energy and sense of purpose that to a large extent was transmitted from the top. Yet below the surface was hidden the fault lines of basic conflict, and many of the policies of government widely praised by some also had sown the seeds of discontent among others. Many ambitious government programmes were achieving many of their targets and were gradually changing the political and social landscape. Some of the most important changes involved the processes of decision-making and the generation of support and legitimacy for the government. The key issues of politics in this period had an impact on a rapidly changing society; in turn, these policies and political disputes were gradually redefining political alignments and generating a new political agenda for the last half of the next decade.

Before reviewing the major issues and events in the second phase of the Mahathir Administration, this chapter will provide an evaluation of the systemic changes that affected the interplay of politics. A brief review of these systemic changes will focus attention on the evolution of Malaysian politics, before considering the major events and issues leading up to the 1986 election.

### System Characteristics

After the 1969 crisis, parliamentary government had been restored and two respected and effective prime ministers had set in motion policies that were designed to address the major problems afflicting the country. While neither Tun Abdul Razak nor Tun Hussein Onn could be said to have generated a charismatic image, they none the less built a sufficiently solid base of political support through effective negotiations among diverse elements in society to forge a broad-based coalition that could command decisive public support at election time. Although the BN structure was based on complex élite bargaining, the process was quite

different from the élite bargaining processes of the Alliance during the 1950s and 1960s. Both the venue and the agenda of élite bargaining had altered substantially. A new political idiom had evolved, based on institutional changes, on a changing political agenda, on changes in the élite structure in Malaysian society, and on differences in style of leadership.

The Rukunegara, the 'sensitive issues' constitutional amendments and statutes, and the NEP had substantially altered the institutions and the 'rules of the game' of Malaysian politics. Because the earlier process of élite accommodation had not created a stable consensus supporting the product of those negotiations, the new rules were designed to create, by government initiative, 'fundamental principles' that were to be propagated to the public and were also to be used to limit access to the real decision-making processes of government. Only those political élites who accepted the tenets and limiting conditions of the ideology and the new 'rules of the game' would be permitted to share in government office and participate in policy-making activities. Thus, the Rukunegara was drafted to forge a national consensus where agreement had broken down, and also to stake out a 'middle ground' defining the limits of acceptable political activities. The political extremes were defined as 'off limits' because, it was argued, the political system could not accommodate extreme demands and high levels of political mobilization, especially over ethnic issues.

The net effect of these changes was to reduce political mobilization and to restrict access to the crucial decision-making processes in the political system to those élites who were 'moderate', willing to avoid raising 'sensitive issues', and willing to defend the product of non-public intercommunal bargaining. This also involved the creation of an excluded semi-permanent opposition subject to various forms of harassment and penalties if its political activities became too strident. For the most part, the permanent opposition comprised the non-Malay parties that expected the Malaysian political system to operate with the same kind of open competitive rules idealized by the British parliamentary system. What the more moderate parties were promised was access to and representation within the central arena of the political system and a share of effective political power. At the same time, the agenda of politics was being restricted. Previous issues and 'communal bargains' had already been decided, and should not be renegotiated. Some of the most fundamental components of the public agenda were enshrined in the NEP. The policy agenda, therefore, shifted to administrative matters and issues of delivery of services and material benefits to constituents. Thus, the policy agenda tended to move from broad fundamental policy issues to questions of patronage and allocative decisions affecting specific groups and the distribution of tangible material benefits to key political constituents.

The élite structure of Malaysian society was also changing, which had the effect of undermining the assumptions of the élite bargaining structures. Élites were becoming more functionally diversified; those at the apex of communal parties found it more difficult to represent this diversity and also to command support for the outcome of intercommunal

'bargains' agreed upon as the 'best possible' final compromise. With political élites in the ruling coalition having a 'weak hand' and becoming involved with a fairly low-priority agenda, the roles of political élites quite naturally were diminished.

The hierarchical structure of each communal segment of society had never been complete. It was more characteristic of Malay society than of Chinese, Indian, or other minority societies. Yet, in the post-war period, even Malay society was undergoing tremendous change to make it more pluralized and egalitarian. In all communities, the top political élites were not the traditional ascriptive élites of the colonial era. Furthermore, the political élites were operating in a political milieu where professional and 'strategic élites' also commanded important resources, both economic and political. How the decision-making processes related to and incorporated these strategic élites was becoming increasingly important for the stability and viability of the democratic process. Such élite groups as the Malay Rulers, the Islamic *ulama*, the legal profession, the academics, the press, those representing business and commercial interests, and the military became more important in the equation of politics. These strategic élites could be ignored, bypassed, or penalized only with high, long-term costs.

Within this gradually changing political landscape, Dr Mahathir Mohamad initiated a new political style. It was based on his view that Malaysia needed strong and dynamic leadership, perhaps modelled after a romanticized image of the presidential style of John Kennedy. Coming into office as a 'reformer' and one who had articulated a plan of action to deal with 'the Malay dilemma', he was not very inclined to act as a compromiser nor to listen sympathetically to 'second opinions'. He openly expressed his disapproval of multilateral negotiations in the international arena, preferring instead bilateral negotiations.<sup>1</sup> Ample evidence from insiders and from former members of his government reveal that these same attitudes applied to his leadership role in domestic policy processes. Armed with the enhanced powers that were given to the Prime Minister in the wake of the 1969 crisis, Dr Mahathir could deal with political consultation through non-institutionalized bilateral agreements with key individuals or groups. By these moves, important policy questions need never be reviewed in any forum in which multilateral discussion and negotiations assessed and revised policy.

The net effect of all these systemic changes produced a more centralized decision-making system focused on the powers and prerogatives of the office of the Prime Minister. The earlier practice of multilateral élite consultation in policy matters was largely eclipsed and replaced with a system that depended primarily on the good judgement and sense of equity and balance being exercised by one individual. Furthermore, even when good judgement, equity, and balance were maintained, there remained the problem of legitimacy and support for such a system of leadership that bypassed the roles of second-level political élites, as well as many of the influential strategic élites. When government processes became cloaked in obsessive secrecy, the erosion of legitimacy increased, the anxiety and rivalries of second-level élites intensified, and 'informed

rumours' filled the information gap. The diverse, disaggregated, and non-institutionally processed demands generated by second-level élites became increasingly difficult to satisfy and manage through the distribution of patronage and the techniques of bilateral face-to-face agreements and unilateral policy decisions that were characteristic of Dr Mahathir's leadership style.

A number of the significant political events between 1983 and 1986 reveal increasing tensions, segmented alienation, and structural incongruities between components of the Malaysian political system. Our attention will now shift to some of the events and disputes leading up to the 1986 election campaign.

### **The Rulers' Powers Crisis**

The primary political strategy of Dr Mahathir was based on the assumption that the Malays should remain united so as to preserve Malay political supremacy and thereby assure that government policy would give the highest priority to the economic betterment of the Malay community. In his view, he had inherited the leadership of the Malay community, and it followed that 'unity' required strong and dynamic leadership on his part. While this assumption was never directly challenged, the Malay Rulers assumed that they, too, were defenders of Malay rights and interests, and certainly deserved to be included in the processes of policy formulation. The Constitution gave to the Malay Rulers specific rights to protect certain Malay rights by requiring their 'consent' to any proposed amendments to the 'entrenched' parts of the Constitution. It also provided for the 'assent' of each state Ruler for state legislation and for the 'assent' of the Yang di-Pertuan Agong (King) for federal legislation. In the case of the declaration of an emergency, the Agong was to be satisfied that 'a grave emergency exists'.<sup>2</sup> The precise powers of the Rulers remained ambiguous in the Constitution, since there was no clear statement of when a Ruler was bound to follow the advice of his ministers, and when he might exercise his own independent judgement when his advice, consent, and assent were required. The British legal precedents suggested that the Monarch was constitutionally bound to follow the advice of his ministers, while the Malay traditional precedents and the special responsibilities given to the Rulers suggested that a large area of autonomous prerogative remained by which they might play an active role in government and political leadership at both the state and federal levels.

The Rulers were also symbolic defenders of states' rights in the federal system; each Ruler had traditionally exercised substantive powers and an active leadership role in his own state, especially within the Malay community. To challenge the role of the Rulers could easily be interpreted as an attack on the federal system. The issue of the role of the Rulers was complicated by the demand of some in the Islamic resurgence movement that an 'Islamic state' be established, which, for the more radical, meant the abolition of the Sultans and the replacement of 'feudal



structures' by an Islamic republic modelled after the post-revolution government of Iran. Because the role and status of the Malay Rulers was made a 'sensitive issue' by the Rukunegara and the Sedition Act, any conflict over the role of the Rulers was bound to generate a storm of controversy with unpredictable political and legal consequences.

The conflict between the Federal Government and the Rulers began over some relatively minor issues. Several Rulers had played an active role in the formation of state cabinets and over the award of or the stripping of royal titles and honours to individuals. When federal authorities attempted to determine who should become Menteri Besar in a state, some Rulers refused to co-operate. In 1978 the Sultan of Pahang objected to the candidate for Menteri Besar selected by Hussein Onn. In 1981 the Sultan of Johore forced the resignation of a Menteri Besar who had served for 14 years. The opposition of the Sultan of Perak was a key factor contributing to the resignation of two Menteri Besar who had lost the Ruler's confidence.<sup>3</sup> The extreme wealth of many of the Rulers, their frequently flamboyant life-styles, and, in some cases, their brazen disregard for the restraint of the law added to the criticisms directed against both their political and personal behaviour. All these issues were intertwined with the very strong emotional affective bonds of support that the Rulers had with large segments of both Malay and non-Malay society, particularly at the state level.

For the Federal Government, the issue that triggered a response involved the dispute over the determination of the date for Hari Raya Aidilfitri, which marks the end of the fasting month of Ramadan. The Constitution gave authority over Islamic affairs to each Malay Ruler, but to co-ordinate Islamic policy, the Federal Government in 1968 had formed the National Islamic Religious Affairs Council. The Sultans of Johore and Perak had withdrawn from the Council to preserve their autonomy. When the Council, under federal direction, picked one of two authorized methods to determine the correct date, Johore and Perak proceeded to pick the other method; this produced a different date and created confusion and distress within the Malay community with regard to their most important religious holiday.

Because two of the most assertive and defiant Rulers—those of Perak and Johore—were in line to succeed to the position of Yang di-Pertuan Agong when the term of the then current Agong expired, Dr Mahathir decided in August 1983 to meet this challenge by using the constitutional amendment process to clarify the role of the Rulers. Without prior consultation with the judiciary or the Bar Council, twenty-two constitutional amendments were submitted to Parliament providing that parliamentary bills that failed to secure royal assent after 15 days were to be gazetted without requiring royal assent. Further, the power to declare an emergency was to be transferred from the Agong to the Prime Minister, without any reference to the Cabinet or to Parliament. Questions by Parliament about a declared emergency and any reference to judicial processes were prohibited. There was also to be no time limit to the duration of any emergency. These amendments thus transferred both

symbolic and actual powers of the Agong to the Prime Minister, and, within the states, of the Rulers to the Menteri Besar.<sup>4</sup>

Because of the sensitivity of the issue, the proposed constitutional amendments were to be made with restricted press coverage and limited debate. Before Parliament met to pass the amendments, Dr Mahathir met with the press to warn against reporting in detail on the amendments or on any critical speeches in Parliament. Therefore, no account appeared in the press of the critical speech by Lim Kit Siang of the DAP, analysing the legal consequence of the amendments and pointing out the unrestrained powers being given to the Prime Minister which posed a threat to parliamentary government more serious than the exercise of royal autonomy. He argued that the amendments were both an unnecessary and ill-advised remedy for Rulers unwilling to take the advice of their ministers.<sup>5</sup>

With its large majority in Parliament, the BN passed the amendments quickly and without critical evaluation, even though many in the ruling coalition were critical of and distressed by the content of the amendments and the confrontational style of Dr Mahathir towards the Malay Rulers. With the local press subject to annual licence renewals and fearful of reporting a 'sensitive issue' in contravention of Dr Mahathir's warning, for over two months the domestic press reported nothing about the dispute or the controversial issues. Gradually, however, the public became aware of the crisis from press reports in foreign journals and through the ubiquitous rumours that spread rapidly, partly in response to official denials that any crisis existed.

When the amendments were submitted for royal assent, the Agong delayed any response and consulted the other Rulers, since they were affected by the provisions applicable to state constitutions. The Rulers unanimously opposed the amendments and secured attorneys to advise them. Was assent required when the amendments contravened the Sedition Act? Was Parliament unconstitutionally authorizing unbridled absolute powers by the Prime Minister? What royal powers are protected in the Constitution? These were some of the questions examined when the Conference of Rulers met in Kota Kinabalu on 12 October 1983 to formulate a combined response by the Rulers to the pending amendments. At the Conference, Dr Mahathir met with the Rulers, but no agreement was forthcoming. Instead, the Rulers remained unanimously opposed to the amendments. Because the Agong had suffered a heart attack on 27 September, the fact that no pending government legislation was assented to and no diplomatic credentials were approved was blamed on the Agong's 'indisposed condition'. Yet, the Deputy Agong also refused to conduct government business so long as the issue remained unresolved. Both the Supply Bill for 1984 and the Constituency Delineation Bill were among the pieces of crucial legislation that remained stalled by the crisis over the amendments.

Deciding to make the issue public, Senu Abdul Rahman, who had been in Tunku Abdul Rahman's Cabinet as Minister of Information, held a press conference highly critical of the government's actions and pre-

dicting a 'stormy future'. His views went unreported in the Malaysian press but attracted some foreign coverage.<sup>6</sup> Senu Abdul Rahman followed his statements to the press with a widely circulated open letter that attacked the amendments and Dr Mahathir's arbitrary and confrontational behaviour. Finally, breaking the press blackout, *The Star* published a column written by Tunku Abdul Rahman refuting Dr Mahathir's 'no crisis' statements, reporting on the issues and events, and suggesting a compromise way out of the political deadlock.<sup>7</sup> This appeal by Malaysia's founding Prime Minister met with no official response, since both sides found it difficult to retreat gracefully after having taken entrenched positions on the issues at stake.

After the issue became public, both the Rulers and the government initiated campaigns to solicit and demonstrate mass public support. Large rallies were staged in Kelantan and Trengganu in support of the Rulers. The press speculated that these rallies may have been discreetly organized by Tengku Razaleigh Hamzah, whose royalist sympathies were well known. In a counter-show of public support, UMNO organized a pro-Mahathir mass rally in Alor Setar in Kedah, Dr Mahathir's home state. Other rallies were organized in Seremban, Johore Bahru, and Kuching. The *New Straits Times*, being owned by UMNO, gave prominence to the rallies supporting Dr Mahathir, but almost no coverage of the pro-Ruler rallies. Technically, all the rallies were 'illegal' since they were held without police permission and in contravention of the ban on large political rallies. Estimates of those attending the rallies indicate they attracted from 15,000 to 100,000, but for each rally, widely different estimates were made. The domestic press tended to give the larger figures for the pro-government rallies, with the foreign press reporting more nearly equal levels of support among Malays for both factions. The issues were not directly debated at the rallies, but with the increased public mobilization and threatening postures, the dispute was rapidly approaching crisis proportions.

As tension mounted, Dr Mahathir convened his Cabinet and polled each member for his unequivocal support. While all gave their support, apparently some were less enthusiastic than others. Afterwards, a spokesman for the government revealed a list of cabinet members who were 'loyal', the implication being that those not on the list were 'disloyal'. Heading the 'loyal' list were: Adib Adam, Anwar Ibrahim, Rais Yatim, Rafidah Aziz, Sanusi Junid, and Abdullah Ahmad Badawi. Among the more prominent cabinet members not on the 'loyal' list were Tengku Razaleigh, Ghazali Shafie, Aishah Ghani, Abdul Manan Othman, and Tengku Ahmad Rithaudeen.<sup>8</sup> The list left ambiguous the status of Deputy Prime Minister Musa Hitam, who led a very active public campaign to generate public support for the amendments sponsored by the government.

As the crisis became more public and visible, pressure mounted within the government for decisive action. At an Executive Council Meeting of UMNO Youth under the leadership of Anwar Ibrahim, a resolution was passed calling on the government to gazette the delayed bills and amendments without royal assent and then let the Rulers challenge the govern-

ment in court, if they wished. Dr Mahathir did not accept this tactic, but he did indicate that it was under consideration, implying that this action might be taken as a last resort if the Rulers remained intransigent.<sup>9</sup>

Behind the scenes, many influential élites cautioned against confrontation and called for some compromise. Finally, on 15 December 1983, after secret discussions with the Rulers, a compromise formula was accepted by Dr Mahathir and most, but not all, of the Rulers. The Deputy Agong signed the pending bills, and the government promised to introduce a new Constitution (Amendment) Bill in Parliament which would provide that money bills presented for royal assent would become law after 30 days regardless whether assented to or not by the Agong. For non-monetary bills, the Agong would have 30 days to assent to a bill or to return it to Parliament stating his objections. If the bill was reconsidered and then approved by Parliament, it would become law automatically after 30 more days even if royal assent were not given. The provisions making changes in state constitutions and transferring absolute power over the declaration of an emergency to the Prime Minister were withdrawn in the compromise amendment formula.<sup>10</sup>

It should be noted that, with this new amending formula, the Agong had emerged with a more defined and enhanced role, one which included delaying powers, the right to exercise autonomous judgement, and the right of formal input into the legislative process. Although parliamentary supremacy had been asserted, the Prime Minister had also not obtained unilateral powers of declaring an emergency. The crisis had demonstrated that, without substantial élite support, a prime minister would be in serious trouble if he sought to rule by emergency decree even if the formalities of securing royal assent were followed. When Parliament convened on 9 January 1984, these compromise amendments were passed by a vote of 141 to 10 after a short debate in the Dewan Rakyat. The DAP were the only opposition, and the sole PAS MP walked out without indicating support or opposition to the new amendment formula.<sup>11</sup>

### The Aftermath of Crisis

Although the government had 'won', it had done so at considerable cost. The Malay Rulers and their most loyal supporters were shocked and disappointed in the actions of the government, and they were also distressed at the way in which government-controlled media had depicted them. The disrespectful and disparaging comments of some top officials about the actions and life-style of specific Rulers produced extremely hard feelings between some Malay royalty and certain individuals in the Cabinet. The Rulers were also disturbed when Dr Mahathir staged a victory rally in Malacca shortly after the agreement had been made on the compromise amendment formula, and announced that 'the feudal system was over'.<sup>12</sup> The Rulers viewed their role as preserving constitutional government and objected to the implication that they might 'seize power' by some unilateral declaration of emergency in defiance of Parliament and the government. In the campaign for public support, they were at

the mercy of press, radio, and television media dominated by or under direct instructions from the government. Despite the one-sided reporting and the distortions, Malay society was split about half and half, while UMNO was divided about 60 : 40 in favour of the government side. This division extended from the Cabinet at the highest level, through the public services, into the military forces, and even among some coalition partners in the BN. The crisis opened deep wounds in Malay society that were to have long-term ramifications for Malaysian politics.

The new Agong was scheduled to be elected on 31 January 1984, for a five-year term. The Ruler with the most seniority<sup>13</sup> by the criteria applied was the Sultan of Perak. Ten days prior to the election, however, he died of a heart attack, thereby making the Johore Ruler, Sultan Mahmood Iskandar Shah, the Ruler with the most seniority.

The Sultan of Johore was known for being head-strong and impetuous in his youth, and in fact, for various misdemeanours, he had been denied inheritance to the throne by his father in 1961. In 1977 he was convicted of a charge of culpable homicide, when, on his own initiative, he personally confronted and killed a man involved in smuggling activities, but was pardoned by his father after his conviction and sentence to six months in jail.<sup>14</sup> In 1981, the Sultan on his deathbed revoked his earlier selection of his second son as heir and thus restored the royal line to Tunku Mahmood Iskandar.<sup>15</sup> In his subsequent years as Ruler of Johore, the new Sultan became noted as a dynamic and strong-willed ruler who loved fast cars, lived an extravagant life-style, and particularly enjoyed the personal command of a unique state army, the Johore State Militia. His earlier irresponsible boast that as Agong he might unilaterally declare a state of emergency<sup>16</sup> might indeed have been the spark that triggered the government's ill-advised scheme to amend the Constitution. With this history of controversy, then, it was by no means certain that the Sultan of Johore would be elected by his fellow Rulers as the new Agong.

When the Conference of Rulers convened on 9 February 1984 to elect the new Agong, the Ruler of Johore was indeed selected as Agong and the new Ruler of Perak, Raja Azlan Shah, former Lord President, was elected Deputy Agong. Because of the strict code of secrecy surrounding the election of an Agong, no vote was announced. Speculation circulated that the election reflected the desire of the Rulers to have a strong-willed representative of their number elected to protect their role and prerogatives. On the other hand, the election could also have been seen as confirmation of the 'near automatic' seniority principle protecting the equal rights of all Rulers through rotation.

The new Yang di-Pertuan Agong, Sultan Mahmood Iskandar Shah, accepted his constitutional role, promising in an interview to 'do whatever the Prime Minister advises me to . . .', but he also claimed loyalty to the eight Rulers.<sup>17</sup> Although there was some friction over the desire of the new Agong to wear his military uniform for official functions, there were no open incidents of defiance of the government. Indeed, many speculated that the Agong and Dr Mahathir respected each other and had come to some tacit understanding concerning their respective roles and spheres of

operation. The Agong did, however, create an incident with some political implications. During the crisis, he had taken umbrage at some remarks of Deputy Prime Minister Musa Hitam, who was from Johore and whom he considered one of his subjects. At the Hari Raya prayers in the National Mosque, the Agong asked Musa Hitam to stand and make a public apology, whereupon Musa Hitam apologized and kissed the Agong's hand. Television coverage of the incident was broken off, but not radio coverage. The gracious behaviour of Musa Hitam and the forgiving gesture of the Agong were met by applause at the mosque and appeared to be welcomed by most Malays, even though it seemed to go beyond normal protocol.<sup>18</sup>

For the government of Dr Mahathir, the post-crisis period was one of mending political fences and strengthening those lines of authority strained or fractured during the dispute. By mid-year, nearly every cabinet minister who had not appeared on the 'loyal' list had lost his post and been replaced by individuals who had been more visible in their support for the government. The UMNO Supreme Council was also reconstituted to exclude those whose loyalty had been questioned during the crisis, including such prominent UMNO politicians as Ghazali Shafie and Aishah Ghani.<sup>19</sup>

Even though Tengku Razaleigh was rumoured to have played a part in organizing the mass demonstrations for the Rulers during the crisis and was identified as a 'royalist' (being himself a prince of Kelantan), he was not purged from the Cabinet. Because he had the support of some 35 per cent to 40 per cent of UMNO delegates, it was clearly inexpedient for Dr Mahathir to expel him from the inner councils of the government. Instead, Dr Mahathir warned Tengku Razaleigh not to contest the post of Deputy President of UMNO against the incumbent, Musa Hitam, at the 1984 party election. This warning was ignored by Tengku Razaleigh, who wanted to test and to demonstrate his support at the UMNO General Assembly in May 1984. In view of Dr Mahathir's stand, Tengku Razaleigh's candidacy was seen to be as much of a challenge to Dr Mahathir's leadership of the party as it was a matter of a personal contest between Musa Hitam and himself. In the highly publicized campaign for UMNO delegate support, Musa Hitam emerged the victor, but the vote reflected only a slight shift of alignment from their earlier contest in 1981. The vote in 1984 was Musa Hitam, 774; Tengku Razaleigh, 501; and Harun Idris, 34.<sup>20</sup> The factional alignments within UMNO were such that Dr Mahathir commanded a majority in UMNO, but it was a rather fragile majority, in view of the serious divisions opened by the constitutional crisis over the role of the Rulers.

Besides the reallocation of political office to the strong defenders of the administration, there was also a curious shake-up in the military. During the crisis, the Chief of the Army, General Mohd. Zain Hashim, was known to be close to the Agong and had apparently been critical of Dr Mahathir's confrontational tactics to redefine the role of the Malay Rulers. Five days after the agreement on the compromise formula was made, the government announced that General Mohd. Zain Hashim had

decided on early retirement in order to go into business. This was followed by about 500 other dismissals and 'early retirements' from the army.<sup>21</sup> Although no reasons were given for this reorganization of command responsibilities in the army, its timing and its extent suggest that there were probably concerns about the political reliability and the commitment of the army to the objectives and policies of the Mahathir Administration.

### **Bank Bumiputra/BMF Scandals**

At the same time the government was faced with the crisis over the Rulers' powers, it also confronted a continuing scandal of mismanagement and corruption that became part of continuing revelations in the daily papers. Such revelations were not the product of investigative reporting by journalists, but rather the cumulative impact of ordinary news that could not be ignored.

Under Malaysia's NEP, a large number of public bodies and corporations were set up to promote Bumiputra participation in the economy. At the state level, State Economic Development Corporations were set up in most states, which in turn founded subsidiary corporations with public money to participate in various economic ventures so as to assist Bumiputra to attain the share of the commercial and industrial activity promised in the NEP. At the federal level, an even larger and more impressive array of Bumiputra corporations and bodies were founded to channel federal funds into economic development and to promote the economic betterment of the Bumiputras. At the apex of this structure of parastatal Bumiputra corporations was Bank Bumiputra. With a very large financial base, it loaned money to both individuals and corporations, presumably giving special consideration to those with Bumiputra status and for projects that were facilitating the objectives of the NEP.

Because of the higher rates of default on loans to Malays and to Bumiputra enterprises, there was always some conflict of objectives between hard calculations of business profits and risks and the objectives of 'ethnic restructuring' to assist the Bumiputras. When losses or poor returns were made in some ventures, it was assumed that these could be offset by high returns elsewhere in a large portfolio of investments. Most of the officers of these Bumiputra bodies were young Malay graduates, often with degrees in Malay Studies, Islamic Studies, or Arts subjects. Almost none of these officials had any previous experience of financial management of funds involving their own business or personal assets. Instead, they were made financial managers of large sums of institutional money provided from public revenues, and were instructed to meet certain policy objectives while also maximizing profits. For the banking and savings institutions, large sums of money also came from private savings and investments, often involving the meagre private savings of Malay peasants through the savings society, Amanah Saham Nasional, that invested its funds through Bank Bumiputra. In any case, the total money transactions for these agencies were enormous and the manage-

ment style of those responsible appeared to throw caution to the winds and proceed with an air of unreality in their search for high-profit ventures and their lack of concern for potential risks or the prospect of default on loans and investments.

During the late 1970s, the Hong Kong property and share markets were booming due to rapid industrial expansion and a shortage of land and building space. The escalating property values meant that large profits could be made even with short-term investments. A subsidiary company of Bank Bumiputra, Bumiputra Malaysia Finance (BMF), began investing heavily in the Hong Kong property market through several investment and property firms, the largest being the Carrian Group under the leadership of George Tan. There were many and complex transactions involving large 'consultancy fees', and concealed payments to shadow companies that probably involved bribes and diversion of money for other purposes. When the British began negotiations with China in 1982 for the return of Hong Kong to China by 1997, the Hong Kong stock-market plunged, property prices collapsed, and the value of the Hong Kong dollar fell. The Carrian Group had borrowed enormous sums of money from BMF without proper collateral, and with the collapsing market prices, it teetered on the brink of bankruptcy. Bank Bumiputra became concerned and began internal investigations of the Hong Kong operations of BMF at the same time that court action was being taken to liquidate the holdings of the Carrian Group. The first public revelations of the large BMF loans to the Carrian Group were made in a newspaper report in November 1982.<sup>22</sup> The BMF Chairman, Dr Nawawi Mat Awin, denied allegations of huge losses and financial irregularities, but the financial scandal continued to unravel. Under pressure from the public revelations, Bank Bumiputra appointed a senior bank officer, Jalil Ibrahim, as Assistant General Manager of BMF in Hong Kong and gave him the responsibility of auditing and investigating the BMF Hong Kong operations. In July 1983, Jalil Ibrahim was found murdered.<sup>23</sup>

Meanwhile, in the Hong Kong courts, the bankruptcy cases of the Carrian Group were proceeding, followed by criminal proceedings against many of the principal actors in a web of corrupt financial dealings that implicated some officials of Bank Bumiputra and Bumiputra Malaysia Finance. By October, the court actions revealed that Carrian Investments owed HK\$4.6 billion (M\$1.7 billion) to BMF and that very little of the sum could be recovered. In addition, BMF loans had been made to Kevin Hsu and Eda Holdings, both linked to the Carrian empire and financially insolvent. The total sum of money lost through speculation in the Hong Kong property market and through fraud and nefarious financial transactions exceeded M\$2 billion and was estimated by some to be about M\$2.5 billion.<sup>24</sup> These losses had exceeded the capital and reserves of the BMF parent organization, Bank Bumiputra, which had been established at M\$1.2 billion. As the revelations about the massive financial losses of BMF became public, there was a scurry of activity within the government to disclaim responsibility and to restrict public informa-



tion about the scandal. Various government officials began making accusations and disclaiming personal responsibility. In February 1983, Tengku Razaleigh, who was Minister of Finance, announced that Bank Bumiputra and Bumiputra Malaysia Finance were not under the control of Bank Negara (the national bank), and therefore presumably not within the purview of his ministry.<sup>25</sup> Despite the statement, Tengku Razaleigh remained in the limelight and his ministry was blamed by many for failing to exercise adequate fiscal controls over Bank Bumiputra and its subsidiaries. Members of the Board of Bank Bumiputra claimed they were unaware of the extent of BMF loans to the Carrian Group, and the former Bank Chairman, Kamarul Ariffin, revealed that it was against bank policy for loans to be given overseas,<sup>26</sup> thus raising further questions about the lines of responsibility for BMF decisions.

At the height of the controversy over the BMF scandal and when the constitutional crisis with the Malay Rulers was also intense, the government introduced in Parliament a new Official Secrets Act, which made it an offence for anyone to seek official information about government activities or operations without reporting immediately to the Police or to the department head. Anybody 'possessing' such 'official information' from whatever source would be also liable for prosecution. The penalties were 5 years in jail and a M\$20,000 fine. From the timing and the severity of the punishments, it seemed apparent that the government was trying to stop press reporting on behind-the-scenes revelations about the BMF scandal and on the constitutional crisis over the Rulers' powers.<sup>27</sup>

Under pressure in Parliament and elsewhere for a full accounting of the BMF operations, Dr Mahathir admitted that a 'heinous crime' had been committed, but added, 'what they did was morally wrong although, legally it was within the law, we cannot take them to court'.<sup>28</sup> The next day, the former Chairman of Bank Bumiputra was quoted as saying that ties between the government and Bank Bumiputra were such that 'no important decisions are taken without the agreement or knowledge of the government or of the central bank...'.<sup>29</sup> Although the lines of command and responsibility apparently involved the highest level of government, the Prime Minister and everyone else at cabinet level disclaimed knowledge or involvement with the BMF operations. The opposition in Parliament, as well as many public interest groups, called for an independent Royal Commission to investigate the scandal. Instead, the government finally agreed to form a more limited and restricted Committee of Enquiry chaired by Ahmad Noordin Zakaria. This Committee produced a White Paper in November 1984, which reported on the financial losses, but assigned no blame for the mismanagement or for the corrupt practices. In Parliament, Lim Kit Siang chided the government: 'What Malaysians find unacceptable is that although Dr Mahathir describes the BMF loans scandal as a "heinous crime", there appears to be no criminals.'<sup>30</sup>

To cover the huge losses and rescue Bank Bumiputra from insolvency, Petronas, the Malaysian national oil corporation, purchased 90 per cent of the share capital of Bank Bumiputra for M\$933 million and 'purchased'

the problem loans of BMF for M\$1.255 billion. In this way, Malaysia's large oil revenues were used to cover the financial losses that were estimated by the final Committee of Enquiry to be about M\$2.5 billion (US\$1.2 billion).<sup>31</sup> Even after the Committee submitted its report, the government refused to release it to the public. The issue was debated in Parliament, but the report was not made public until the Auditor-General acted to force its release in January 1986,<sup>32</sup> almost four years after the first news of the BMF scandal had appeared in the news.

The original slogan that the Mahathir Administration adopted for the 1982 election had promised a 'Clean, Efficient and Trustworthy' government. The revelations of the BMF affair clearly tarnished that image. Many prominent political leaders had been implicated directly or indirectly, but the most that was revealed to the public were combinations of bad judgement, improper suspension of regular banking practices, and inadequate lines of control and financial supervision. Among the political figures who were tarnished by these events were: Dr Mahathir, Tengku Razaleigh, Musa Hitam, Dr Nawawi Mat Awin, Hashim Shamsuddin, Kamarul Ariffin, and Dr Rais Saniman.<sup>33</sup> The lack of forthright action and the limitation on information gave the impression that there was much more that might be concealed. With large amounts of 'Malay' investments being lost through shady operations with Chinese firms operating in the highly volatile Hong Kong property market, the government was at risk of losing the confidence of some of its core constituency. Because the losses and corruption involved Malay investments that were being promoted by the NEP, some of the strongest criticisms of the government came from old and established Malay politicians who were distressed over the interplay between political power and the control over large sums of public money that was being manipulated for political and personal gain. In this case, there were no Malaysian winners, but the primary losers were ordinary Malays. The political consequences of such activities were quite naturally to increase political disputes within Malay society over political power, patronage, and the extraordinary privileges of office.

### The Islamic Constituency

The categories 'Malay', 'Bumiputra', and 'Muslim' are not quite contiguous, but do overlap to a very large extent. Malays constitute slightly less than 50 per cent of the population of Malaysia,<sup>34</sup> the Muslims constitute just over 50 per cent, while the Bumiputras constitute about 54 or 55 per cent. Which of these three categories is stressed for political mobilization is a matter of shifting strategies and alliances. Each category is energized by a different set of emotive symbols of identity as well as by different issues of public policy that highlight and make salient that constituency. Just as the categories overlap, the idioms of politics also overlap. Thus there is a continuous interplay between the themes of ethnicity and culture, of 'indigenouness', and of religion in the discourse of politics.

During the Mahathir Administration, the themes of Islam were given increased emphasis and prominence. Some of the practical aspects of religious policies were surveyed in Chapter 4. It is of some importance, now, to consider how the Islamic constituency responded to these political overtures and evaluate the extent of support and opposition that was generated within the Islamic community as Islam became more politically salient.

Nearly all Muslims agree there is only one Islam, even when they disagree among themselves over the particulars of their religion. Thus, Islam contains within it a very pervasive ideal of the unity of the *ummah*, which is in stark contrast to the political realities of the Muslim world since the time of the Prophet Muhammad. In many respects, Islam has been united by common ritual and ceremony, but divided by diverse dogma, doctrines, and politics. Over the centuries, this has led to numerous sects, and schools of theology and of jurisprudence, but usually without creating a direct challenge to the ultimate ideal of the 'oneness of Islam'.

This ideal of harmony and unity within the *ummah* is particularly attractive to politicians to invoke in their effort to mobilize mass support. To do so, however, requires the assertion of undisputed leadership over the Muslim community. Those in power have a certain advantage derived from their control over the central institutions of Islam supported by the state. But they must also contend with the decentralized character of authority within Islam and the tendency of local Muslim communities to congregate around autonomous leaders who seem to emerge spontaneously from the local setting. Being of Arabic descent and having instruction in Islamic religious schools is an advantage but not a prerequisite for religious leadership at the village level.

Another source of leadership within the Muslim community has been well-educated, urban-based intellectuals who study writings on Islam and who are usually inspired by the intellectual, political, and theological ideas emanating from other parts of the Muslim world. These urbanite Muslim intellectuals are more conscious of pan-Islamic movements and more likely to espouse what is called 'Islamic universalism', which stresses the universal principles of Islam and the ideals of pan-Islamic brotherhood and unity. Because of the *dakwah* revivalist movement, many of the ideas of Islamic universalism are being propagated at the local and village level, and infused into the thinking and rhetoric of local religious leaders. The intellectual and ideological ferment within Islam and the vigorous competition for leadership within the Muslim community have made it difficult for the government-supported institutions of Islam to establish unqualified supremacy and unchallenged leadership of the Muslim community.

Within Malaysia, the administration of Islamic affairs falls within state jurisdiction. Therefore, each Malay Ruler, aided by a religious council of *ulama*, is at the apex of the formal structure of authority of Islam. The administration of Islamic affairs and institutions is the responsibility of a Department of Religious Affairs in each state. Because Islam is also the

religion of the Federation, at the federal level the Yang di-Pertuan Agong acts as the symbolic leader of Islam, aided since 1968 by a National Council for Islamic Affairs and a rudimentary administration of Islamic affairs under the supervision of the Keeper of the Ruler's Seal. When Anwar Ibrahim was recruited into UMNO by Dr Mahathir in 1982, he was given responsibility for Islamic Affairs and made a Deputy Minister within the Prime Minister's Department. In effect, this involved an administrative reallocation of responsibilities for administration of Islamic matters from the institution of the Monarchy to the Prime Minister and the Cabinet. In its early years, the National Council for Islamic Affairs was primarily consultative and depended on persuasion and collaboration with state authorities. During the Mahathir Administration, efforts were made towards more direct leadership over Islamic matters and making the Council more authoritative for the Federation as a whole. In 1983, the government passed amendments to the penal code and the criminal procedure code which gave the federal government the absolute right to interpret Islamic precepts, tenets, and Shariah law. It also provided punishment for creating '... disharmony, disunity, or feelings of enmity, hatred or ill-will' among Muslims with up to five years in jail. Accusations that somebody else is an infidel was made a criminal offence punishable by a jail term of up to three years.<sup>35</sup>

As seen earlier, the expansion of federal authority over Islamic affairs was one of the issues that precipitated the constitutional crisis over the role of the Malay Rulers. After the crisis, the issue of the ultimate power of the National Council for Islamic Affairs remained somewhat ambiguous. Legally, it still exercised only consultative and advisory powers, but politically, it was also apparent that federal powers over Islam were incorporated into the criminal code and that the federal authorities could exercise more initiative in establishing common principles and policies for Islam than had been characteristic of the earlier era.

Apart from the increased emphasis on Islamic-based policies which were briefly surveyed in the previous chapter, the federal authorities were increasingly concerned over challenges to its leadership of the Muslim community posed by opposition parties and by the emergence of what were deemed to be 'unorthodox' or 'deviant' sects. At the same time, federal authorities were also concerned about the increasing disputation among urban-based Muslim intellectuals over Muslim law, doctrine, and theology. In both instances, the ideal of a unified Islam under a single structure of authority prompted federal authorities to act more decisively to define orthodoxy and to establish limits to the public expressions of political or religious differences within the *ummah*.

Because of the competition between UMNO and PAS for the leadership of Malay voters, many rural Malay communities became internally split between UMNO supporters and PAS supporters. Where the split was intense, it affected the leadership of a community, with each faction demeaning and questioning the leadership credentials of the other. With Islam becoming a more important touchstone of leadership, the divisions

were often articulated by reference to Islamic symbols of legitimacy. Under the government programme of constructing new mosques, most Malay villages had new-style cement-structure mosques which were operated by a state-supported *imam* and other mosque officials, usually having political ties with the UMNO-led state administration. As a consequence, the villagers would frequently identify the new mosque as an 'UMNO mosque'. PAS supporters might then congregate around the leadership of a rival '*imam*' who followed a more fundamentalist line on Islamic doctrine and ritual, and on symbolic issues and deportment would appear more devout. If the old mosque or prayer house was not demolished, the rival '*imam*' with his supporters would often assume control of the old structure, which was usually more revered. The villagers would argue that the old mosque was infused with *semangat* (soul) because of the accumulation of memories and religious experiences of the community and because the community graveyard was usually part of the compound of the old mosque. Although each *mukim* (Islamic parish) is supposed to have only one mosque, symbolizing the unity of Islam, the rapid construction of new mosques by the government facilitated the development of the phenomenon known as 'the two-*imam* controversy', which is considered a violation of the principle of 'the oneness of Islam'. With two mosques, or two *imam*, in the same religious parish, the community would be rendered into two competing factions for rituals, social interaction, and important integrative ceremonies such as weddings and funerals. In states where PAS had strong support, such as Trengganu, Kelantan, Kedah, and Perlis, many Malay villages were torn by such religiously defined factional conflicts. The intensity of the disputes could tear a community apart and lead to inter-factional ostracism, open conflicts, and even violence. These disputes were particularly disturbing to Malays, most of whom retain the ideals of harmony, social solidarity, and elaborate forms of interpersonal politeness in social interaction, but were confronted instead by the extreme opposite in their local community and their daily personal life. In villages with Islamic religious *pondok* schools or where a teacher or religious leader attracted a personal following into a community of the devout, the school or the religious community would often then become the centre of a challenge to the structure of state-sanctioned religious authority in the community. Where such schools or religious communities were formed, there was frequently an intense level of local conflict, often involving disputes over the interpretation of Islamic law and doctrine, and thus also over the legitimacy of rival claimants to leadership in the community.

A frequent pattern in the village-level conflict over Islam would be the eruption of a '*kafir-mengkafir*' (infidel-disbelief) dispute. Often the *imam* identified with the PAS faction would accuse the government-backed leaders and *imam* of being *kafir*, either because of failure to uphold 'true' Islam, or because of affiliation with a government having a coalition with non-Muslims and therefore deemed not to be based on the Islamic principles established by the Prophet Muhammad for the first Muslim community. The government-sanctioned leaders would usually respond

to this charge in kind, pointing to un-Islamic practices of PAS leaders and asking what PAS had accomplished in practical and substantive benefits for the community, especially when compared to the material benefits derived from various government programmes.

The political and religious doctrines of PAS were spread by PAS speakers at *ceramah* or by the circulation of thousands of audio-tape cassettes of their more charismatic speakers, such as PAS Vice-President Ustaz Abdul Hadi Awang. In the intense campaign, PAS speakers called for the establishment of an 'Islamic republic', while some accused all UMNO members of being *kafir*, and claimed that those Muslims who opposed UMNO would be rewarded at death as martyrs. The message also was conveyed that 'true believers' should not co-operate with the government nor pay government taxes, and the dead should not be buried in 'government' graveyards. Quite naturally, this extreme doctrine of religious exclusivity escalated local-level conflicts in Malay villages divided by political-religious factionalism.

To counter the persistent and pervasive campaign being waged at the grass-roots level by PAS, Dr Mahathir at the Merdeka Day celebrations in 1984 attacked PAS, accusing it of fomenting hatred of non-Malays, of seeking to substitute a government of mullahs for democratic institutions, and of promoting religious 'extremism' to undermine established order and good government. He also accused PAS of splitting the *ummah* and of obstructing the economic and social betterment of the Malays.<sup>36</sup> Shortly after this speech, Dr Mahathir challenged PAS to a two-hour debate on national television on the '*kafir-mengkafir*' issue; the challenge was accepted by the PAS leadership.

After the arrangements for the TV debate were finalized, many leaders questioned the wisdom of holding such a public debate that would not resolve the issues, but would, instead, open more severe wounds within the Muslim community and could also inflame intercommunal antagonisms. The critics of Dr Mahathir's 'anti-extremism' campaign argued that it would merely give PAS a forum to propagate their views, and that the government should not become so alarmed at a party that held only five seats in Parliament. Dr Mahathir countered that it was better to go on the offensive than to wait until there were major incidents of conflict and direct challenges to orderly government.<sup>37</sup> Five days before the scheduled debate, Tunku Abdul Rahman, writing his column in *The Star*, argued that the debate would cause 'untold harm among Muslims and others'.<sup>38</sup> Two days later, the Agong, after consulting the other Rulers, ordered the debate cancelled.<sup>39</sup> Not only did this allow the government to withdraw from a situation which would have pitted UMNO leaders against PAS spokesmen who had more religious training and were adept at Islamic religious argument, but the decision also, in an indirect way, reasserted the ultimate authority of the Agong and the Malay Rulers over Islamic religious affairs. In the contest for the leadership of the *ummah*, the most authoritative word ultimately came from the collective stand of the Malay Rulers, and significantly, this was accepted tacitly even by the PAS leadership.

The day after the proposed and cancelled TV debate, the government tabled in Parliament a White Paper entitled *The Threat to Muslim Unity and National Security*.<sup>40</sup> In this document, the substance of the government accusations against PAS and Islamic 'extremist groups' was presented. Six extremist groups were listed, and some information was presented on the activities of some PAS workers who had earlier been detained under the ISA. The White Paper revealed that the government was fearful of social disorder resulting from the activities of some political activists who were calling upon their followers to demonstrate the intensity of their commitment to Islam by violent acts against government authority. It also accused the Malayan Communist Party of exploiting divisions within the Muslim community.

Since the early years of the Mahathir Administration, there had been periodic actions against 'deviant' Islamic groups. For example, in 1981 Dr Mahathir had warned about a group called 'Crypto' with a leader who claimed to be a *Mahdi* and who had formed groups in Penang, Sungai Petani, and Selangor. He accused this 'deviant sect' of inciting revolt and of deriving its principles from 'Zionism', but he did not give more details of its practices or alleged beliefs. The leader and a number of members were detained under the ISA.<sup>41</sup> Several months before the release of the White Paper on Muslim unity in 1984, ISA detention orders were issued for the arrest of a number of the leaders associated with the six Islamic 'extremist groups' identified in that document.

One of the more important of the groups under government surveillance was a religious community that had formed around an Islamic school founded in the early 1980s by a charismatic teacher named Ibrahim Mahmud. He had been a member of ABIM and, in his student days, was a close associate of Anwar Ibrahim. Ibrahim Mahmud had helped to organize the ABIM-sponsored Baling demonstrations against Malay poverty and alleged peasant hunger and starvation in 1974. Later he went to Egypt, where he graduated from Al-Azhar University, and then went to Libya for further education. On his return, he worked in the Prime Minister's Department during the administration of Abdul Razak, and at the government-supported Islamic Centre. Eventually he returned to his home area in Kedah, where he founded a *pondok* school in the village of Memali, not far from Baling. There he began attracting a devoted and militant following, including a number of other Islamic religious teachers. Because of his more radical ideas and his education abroad, he was known as 'Ibrahim Libya'. After his return, he ran for election in Kedah as a PAS candidate but was defeated. In September 1984, a warrant for his arrest and the arrest of five associates was issued under the ISA. Police detained the five associates, but 'Ibrahim Libya' refused to surrender. He continued living in Memali, and was defended by the concerted actions of members of his community. Several efforts by the local police to arrest 'Ibrahim Libya' were unsuccessful because his followers utilized obstructionist tactics whenever police arrived. For over a year he successfully resisted arrest.

When members of the Memali community began arming themselves

and creating local disturbances, a 200-man unit of the Federal Police Reserve, equipped with armoured cars and heavy weapons, was summoned to arrest 'Ibrahim Libya' and disarm about 400 of his supporters. The area was defended by supporters, including women and children, armed with parangs and primitive weapons. When the Police Field Force arrived, the villagers are reported to have attacked, shouting 'Allahu akbar!' (God is great!) A five-hour battle ensued, resulting in the death of 14 civilians and 4 police. 'Ibrahim Libya' was among the dead. Altogether, 160 were arrested and detained, 37 of whom the government reported to be 'wanted men'. Among those arrested were some as young as 11 years of age.<sup>42</sup>

When questioned in Parliament about excessive use of force in the Memali operations, the government displayed on national television a short edited version of police video-tapes of the operation. The opposition asked whether other tactics could have been used to arrest the wanted men, and whether it was necessary to use such force against villagers, including women and children. The government criticized PAS for covert support of the movement. After the police operations at Memali, PAS Vice-President Ustaz Abdul Hadi Awang, in defiance of the government, issued a *fatwa* (Islamic edict) stating that to oppose the government is to conduct *jihād* (holy war) and to die for the cause is *mati syahid* (martyr's death). His action was cited by the government to demonstrate the complicity of PAS with the Memali movement. All but one of the Memali community dead were taken to a PAS-stronghold village some distance away where they were buried following Islamic burial services normally reserved for Malay warrior-heroes.<sup>43</sup> Out of the 160 arrested Memali members, 127 were released within two months and 36 were released in July, leaving about 10 in detention in late 1986.<sup>44</sup>

A somewhat different challenge to Islamic policy developed within the Muslim intellectual community because of the publication of a controversial book. The author, Kassim Ahmad, was the former Chairman of Partai Sosialis Rakyat Malaysia (PSRM, Socialist Workers Party of Malaysia) and he had been detained from 1976 to 1981 under the ISA. After his release, he was recruited into UMNO and was widely respected in intellectual circles for his scholarship. In this new book, entitled *Hadith—A Re-evaluation*,<sup>45</sup> he argued that the Hadith (reports on the Prophet's sayings and rulings) were created by the *ulama* a century or two after Muhammad's death as a device to maintain their power. Therefore, he concluded, the Hadith are not 'revealed' and are not, by themselves, a valid source for Muslim law. His argument was not entirely original, but the evidence was assembled in a scholarly manner with extensive citations from well-established works on Islamic history and jurisprudence. His objective was to open the way for social reform through *ijtihād* (Islamic interpretations). By his own admission, he was appealing to those 30 per cent of Muslims who were modern, liberal, and pragmatic in outlook and who were committed to social reform. He argued that the *ulama* and Muslim traditionalists were too rigid and reactionary in their thinking and were the cause of much of the back-



wardness of the Muslim world. The evidence and the historical data were less important than his conclusions, which were a direct challenge to the doctrines of the Islamic establishment.

Kassim Ahmad's book generated much reaction among Muslims and led to some public discussions and debate. At first, many prominent Malays argued for open discussion among Muslims of the evidence and the theological issues raised. Since the whole structure of Muslim jurisprudence was being challenged, the book stirred up a storm of debate and criticism. The government promised to publish a book to reveal flaws in his argument and scholarship.<sup>46</sup> ABIM invited him to discuss his book, which he did in a closed five-hour confrontation with *ulama*, during which he refused to recant, but instead defended his thesis. UMNO Youth stated that the book was contrary to Islam, but they were opposed to it being banned, while Perkim called for a ban on all controversial books on Islam.<sup>47</sup> The book was bitterly attacked by PAS because it challenged the role and legitimacy of the *ulama*, who were to become the basis for government authority in the future 'Islamic state' that was envisioned by the party.

The first official actions against the book took place at the state level. The state religious councils in Perlis, Perak, and Pahang banned the book and prohibited Kassim Ahmad from talking on Islam.<sup>48</sup> Finally, the Home Ministry (headed by Dr Mahathir) acted on a recommendation from the Religious Affairs Division (headed by Dr Yusof Nor) that was within the Prime Minister's Department (under Dr Mahathir). The book was banned from sale and possession of the book was made an offence.<sup>49</sup> All public debate on the issues raised by the book was effectively stopped. Kassim Ahmad never renounced his views, yet he also retained his membership in UMNO and was not required to admit his errors or apostasy. It appeared that individuals could subscribe to unorthodox theories of Islam so long as they did not communicate them in print or in public and no public controversies erupted.

These events demonstrate the diversity of political, social, and religious views within the Islamic community. While the government gained support for its emphasis on Islamic policies, it also had to exercise extensive disciplinary measures to restrict the outward manifestations of this diversity. To defend Islam with secular power is to acquire the mantle of righteousness for secular authority, but only in the eyes of those who agree with the State's definition of Islam. For many, theological issues became central to politics. With the increasing social and economic diversity within the Muslim community, it was becoming more difficult to create political unity and a stable support base for the government through the appeal to Islamic symbols and by the exercise of the powers to define and defend Islam. There were always some Muslims who would push at the boundaries of orthodoxy and there were others who would invoke Islam to criticize or oppose the government. Religion gave to politics an intensity that challenged the ingenuity of leaders, and provided the basis for both loyal support and a militant opposition, while

it also undermined the viability and legitimacy of established institutional processes of policy-making and resolution of conflicts.

### **The Non-Malay Constituencies**

All of Malaysia's diverse non-Malay constituencies—Chinese, Indian, Sikh, Eurasian, Borneo tribal groups, and many others—faced the same basic equation of politics: Malay political supremacy expressed through the dominant power of UMNO. As a consequence, members of these communities had to face the issue of whether their interests would be better protected and furthered through alliance and incorporation into the dominant ruling coalition—the Barisan Nasional—or through support for the opposition. This was not a matter of choosing and defending political ideals, but rather of selecting tactics to avoid the 'worst option' scenarios and choosing between two or three distasteful options. Not only was each of these communities usually split between cultural, economic, and social sub-groupings, but they were also often split over strategies and tactics for participation in politics. Much of their political activity reflected the frustrations and despair of relative political weakness and marginalization. Competing élites could sound convincing, but, in the political environment of Malaysian politics, those seeking the support of non-Malay constituencies could seldom deliver much that was tangible to their grass-root supporters.

No firm answers can be given to the 'might-have-beens' of history. Non-Malay leaders can, even with the benefit of hindsight, look at the past and still disagree over what strategies and tactics might have been more or less successful. Over time, it became more apparent that it was not the strategies of the weak that counted, but of those with power.

During the pre-1969 era, the non-Malay communities had become mobilized by ethnic parties. The most important of these participated in the Alliance, with concessions made to the constituent parties through the 'élite accommodation system' operating under the guidance of Tunku Abdul Rahman. While Malay interests were paramount, concessions to non-Malay communities were significant and tangible. The process depended on the personal trust and goodwill built up among the élites who represented the various ethnic communities. Even after the collapse of the élite accommodation system in 1969, there were still the bonds of trust and empathy that facilitated substantial concessions to those parties that had all along remained faithful to the Alliance system of inter-élite negotiations. For example, the personal ties of trust and support between Tan Siew Sin and Tun Abdul Razak are reported to have altered some of the abrasiveness of government policies towards the Chinese, when the thrust of government policy was to give highest priority to the needs and demands of the Malay community.

Before the Mahathir Administration assumed office, the non-Malays had secured from the Cabinet in 1980 an agreement that primary education would continue in three languages—Malay, Chinese, and

Tamil. Although the government disallowed the formation of the proposed Merdeka University, there had been an earlier concession allowing the formation of the diploma-course institution for Chinese, the Tunku Abdul Rahman College. Likewise, there had been some adjustments to the university admission quota system reserving the preponderant number of places for Malays. Concessions had also been made to ease visa requirements for foreign wives of citizens who were non-Bumiputra.

When Dr Mahathir came to power in 1981, many of the non-Malay leaders were cautious but hopeful of a more regularized access to decision-making processes. While he had few political associates who were non-Malay, and had earlier espoused a very militant pro-Malay line on many issues, he also gave the impression of being open to argument and persuasion and of acknowledging the validity and legitimacy of criticism and pluralized politics. Some of the leaders of the non-Malay communities assumed that the realities of Malaysia's political landscape would define a logic of political development leading to some new system of élite accommodation for any leader operating within a democratic system. Dr Mahathir exploited these hopes and aspirations in his direct appeals to non-Malay voters in the 1982 election. In response, increasing numbers of non-Malay voters abandoned the opposition parties and supported their ethnic leaders who had access to the councils of government through membership in the BN. Thus, for example, the MCA was able to score an unprecedented 24 victories out of 28 contested parliamentary seats, even though the government had recently rejected the mass demands by Chinese for Merdeka University, seen by many Chinese as essential to meet their needs for higher education. The political support for the MCA was based on the assumption that access and 'quiet politics' at the élite level would achieve more than confrontation and polemics.

During the Mahathir Administration, neither the Supreme Council of the Barisan Nasional nor the Cabinet was made into an organ of intra-élite bargaining. The assumption seemed to be that the outlines of ethnic policy had already been set. Under pressure to prove his credentials with UMNO, and concerned about his competition with PAS for the Islamic constituency, Dr Mahathir and his associates were in no mood for substantial concessions to the non-Malay constituencies. This does not mean that no concessions were made. Matters of administrative detail and implementation were more readily discussed than substantive policy issues. If some administrative problems arose, they might be discussed in the Cabinet. Ultimately, the resolution depended on the decision of the Prime Minister. As a consequence, those who wished to raise a sensitive issue would usually approach the Prime Minister for bilateral negotiations to see if some concessions could be secured. If concessions were made, either through the Cabinet or the Prime Minister, the normal condition would be that the agreement was not publicized so as not to antagonize other contending factions. This requirement left communal leaders in an exposed position in relations with their primary constituents. An unnamed MCA leader is quoted as saying, 'We can't publicise what we achieve in the cabinet, because we are sworn to secrecy as cabinet members.'

Therefore, people don't know exactly what we work for behind the scenes.<sup>50</sup>

The rules of political conduct within the BN proceeded on the assumption that issues would be resolved quietly without public mobilization or public ventilation of grievances and demands. Yet, without some mobilization, concessions, especially to the non-Malay constituencies, were unlikely. Thus, there was always a symbiotic relationship between Barisan élites and the opposition élites from the same ethnic constituency, since the latter could organize public opposition and demonstrations, while the Barisan élites could argue 'quietly' for appropriate concessions. In this manner, a number of contentious issues affecting the non-Malay constituencies were thrust upon the public agenda, even when the Mahathir Administration might have preferred inaction or benign indifference.

In early 1982, the government introduced a new education curriculum stressing the basic skills of writing, reading, and mathematics. Called the 3R policy, it was designed to deal with performance deficiencies among Malaysian students. Under the guide-lines, 77 per cent of the time was to be devoted to the 3R subjects. Very shortly, public protests were staged, led by the DAP and spokesmen from Chinese schools and Chinese teachers, who charged that the policy downgraded Chinese language instruction and 'smuggled' Malay as the medium of instruction for the 3R subjects. This was viewed as a violation of the 1980 Cabinet agreement on education that provided for the preservation of Chinese- and Tamil-medium schools. The protestors feared that the curriculum changes were a prelude to the conversion of Chinese schools to national schools with Malay as the sole medium of instruction.<sup>51</sup>

In 1982, the Ministry of Culture, under the leadership of Adib Adam, formulated a National Cultural Policy designed to promote Malaysian culture around the theme of one culture, one language, and one citizenry. Rather than defining Malaysian culture as an amalgam of many cultural streams, Malay culture and language were taken as being appropriate for all citizens, on the assumption that those of non-Malay cultural heritage should either willingly accept Malay culture or perhaps be forced into assimilation through active government programmes of cultural conversion. For the Chinese, the threatening and coercive aspect of the cultural policy was symbolized by the government ban on the performance of the Chinese lion dance in public. In protest over these and other policies, fifteen Chinese associations met and drafted a protest that was sent to the Ministry of Culture. The issues were also taken to the voters by the DAP, which during the period from 1982 to 1984 won three by-elections in a row against MCA leaders who were clearly losing support from their primary constituency.<sup>52</sup>

Many actions of government administration appeared to proceed on the assumption that the non-Malay communities did not exist, or at least, that they did not warrant proportionate consideration in the delivery of government services or in development planning. When the new master plan for the long-term urban development of Kuala Lumpur and its satellite urban areas was unveiled, there were plans for mosques and

Malay cemeteries, but practically no provisions for temples, churches, and other non-Muslim places of worship, and no provision for non-Muslim cemeteries.<sup>53</sup> It was as if the planners expected all Malaysians to become Muslim or, for planning purposes, to vanish from the human geography of the country. Later, in 1984, the state government of Malacca decided to develop for commercial purposes one of the oldest Chinese cemeteries in the country—Bukit China. The Chinese contend that the area had been given to the Chinese community as a burial ground by the independent Malay sultan of Malacca over four centuries ago, before the coming of the Portuguese to South-East Asia. The historic temple of Cheng Hoon Teng and a well supposedly constructed in about 1404 by the Chinese admiral, Cheng Ho, were also on the site. Because of its location in the heart of Malacca town, the land had become extremely valuable, which was the primary reason for the interest in developing the site. The development proposals were opposed by practically all Chinese organizations, including the MCA and the DAP. The intensity of the opposition within the Chinese community eventually prompted the state government to revise its plans so as to preserve the historic Bukit China cemetery and the Cheng Hoon Teng Temple.<sup>54</sup>

One other administrative decision irritated the Chinese community. Through import licensing, the government gave a virtual monopoly for the import of mandarin oranges to the Bumiputra firm, Satria Utara Sdn. Bhd., which was a subsidiary of Pernas, the national trading corporation. This action came shortly before the Chinese New Year when, by custom, the Chinese purchase tons of mandarin oranges for celebration and gifts. However, because the usual Chinese importers and distributors were excluded from the trade, the Chinese community staged a spontaneous boycott of mandarin oranges imported from China, and instead purchased local oranges or those imported from other countries through Chinese traders. This boycott resulted in large stocks of unsold imported mandarin oranges held by the Bumiputra trading corporation.<sup>55</sup> Such actions of the non-Malay communities in the market-place often spoke louder and more effectively than protest through official channels.

As in the case of so many issues of administration and policy, the government's calculation appeared to be that the interests of the non-Malay communities, while not to be ignored, were to be discounted. The Bumiputra syndrome appeared to apply not just to raising the economic position of the indigenous communities but also to penalizing and reducing services to those without the ascriptive claim to 'Bumiputra-ism'. At least, this was the perception of a majority of non-Malays, and the government did little by its actions to dispel this perception, despite occasional pronouncements from high officials to the contrary.

Many government policies gave evidence of being formulated to diminish the political impact of the non-Malays. At the height of the debate over the viability of the Malaysian car project, when critics argued that the Malaysian market was not big enough to sustain a car manufacturing facility, Dr Mahathir in November 1982 suggested a population policy to promote Malaysian population growth from 15.5 million to

70 million, presumably by the turn of the century. The original, rather offhand remark was followed in April 1984 by a more formal statement of objectives when Dr Mahathir presented the Mid-Term Review of the Fourth Malaysia Plan, covering the years 1981-5. He explained, 'A small population could give rise to many problems. Among others, the domestic market would be [too] small to support mass consumption industries.'<sup>56</sup> He went on to propose a target objective of 70 million by 2100. Even with the target date postponed by a century, it meant that population growth rates would need to be greatly accelerated. In 1985 the World Bank estimated that Malaysia's population would be 20.7 million by the year 2000. In 1970 the Malaysian population growth rate had been 2.9 per cent per annum but it had fallen to 2.3 per cent by 1985. To achieve the target date announced by Dr Mahathir, the rate would need to be increased to 3.2 per cent, which would give Malaysia the highest growth rate in Asia and one of the highest in the world. With steady growth at the then existing rate of 2.3 per cent, the population would be 39.12 million by the year 2025.<sup>57</sup> Because Malay birth rates and growth rates were higher than non-Malays', this policy was interpreted by most commentators as a mechanism to assure that Bumiputras would 'win the census', and presumably therefore exercise the ability to keep political control with minimal concessions to non-Malays.<sup>58</sup>

Similar attitudes and political calculations were revealed in public statements by Deputy Prime Minister Musa Hitam on the patterns of non-Malay emigration. For some time, there had been a steady and growing emigration of Chinese, Indians, and Eurasians primarily to Canada, the United States, Australia, and Britain. Many were also buying property abroad in a 'lifeboat syndrome' to facilitate a future option of emigration as a hedge against discriminatory economic policies and potential political repression in Malaysia. The governments of most countries would become concerned about the 'brain drain' of highly educated professionals and the loss of investments being transferred abroad. Instead, Musa Hitam, after revealing that 16,864 Malaysians (mostly Chinese) had departed and acquired foreign citizenship, stated that they had been 'thorns in the flesh when they were still in this country.... Their departure is no loss to Malaysia.'<sup>59</sup>

The ethnic calculations of the government were more blatantly apparent when the new constituency delimitations were made during 1984 in preparation for the forthcoming election. Malaysia's original Constitution had established the principle of weightage for rural areas, but had set a limit on rural over-representation of 15 per cent. In 1962 that limit was removed and the disproportion between the largest and smallest constituencies increased. After each constituency delimitation, the number of Malay majority constituencies increased. In 1969 Malays constituted a majority in 60 per cent of federal constituencies, but by 1984 they had become a majority in 74 per cent of federal constituencies. To achieve this result, some of the non-Malay majority constituencies had more than three times the population of the smallest Malay majority constituency.<sup>60</sup> While this gerrymandering to amplify Malay political power was of

concern to all non-Malay parties, the rules of the BN prevented affiliated parties from voicing public criticism of the government on this, as on all other issues. This inhibition left the opposition DAP as the only party able to give public articulation to the serious perception of grievance by non-Malays that the political system was greatly biased against their political participation and the full exercise of their rights as citizens of Malaysia.

### **Professionals, Intellectuals, and Strategic Élites**

While the ethnic equation clearly defined the mass constituencies, as Malaysia's society became more complex and functionally specialized, an increasing number of educated and professional people became identified in politics as much by their functional roles as by their ascribed ethnic affiliation. This does not mean that ethnic affiliations were irrelevant, but among professionals and intellectuals they were muted by professional norms, a more cosmopolitan outlook, improved communications across ethnic barriers, and a greater capacity to empathize with those of different ethnic and cultural backgrounds. These élites were less able to be manipulated by national political leaders and, as they became aware of their own role in society, were more likely to defend professional and civic norms and to view politics as a pluralized process of representation and incremental accommodation. Crude efforts by leaders to invoke themes of 'unity' to mask arbitrary decisions and defend monolithic authority structures were more likely to generate opposition or attitudes of embarrassment or even derision for the political machinations of many active politicians. Of more importance to these élites were such issues as access to independent sources of valid information about public affairs, the exercise of free speech and other personal freedoms, and the protections of the law against arbitrary action of government through processes that are the norm in most Western societies. These professional and intellectual élites had become exposed to Western education and culture, and they were, therefore, more likely to evaluate Malaysian politics and public policies against the norms and standards of Western constitutional norms and the political ideals of a participant civic culture.

Although it was difficult for professionals and intellectuals to mobilize for effective action, as educated élites, their concerns and views could not easily be dismissed or ignored. Most academics were employed directly by the government in government-operated institutions of higher learning or research, while most professionals were dependent in some way on government contracts or in employment by firms dependent on maintaining good relations with government authorities. Even though most professionals and academics were economically vulnerable to pressure, many also enjoyed the prestige that enabled them to take stands on public matters against the centralizing and authoritarian predilections of those in power. In this regard, two sets of issues became matters of concern: government control of the media, and issues of human rights. Policy in these two areas will be briefly surveyed before considering the reactions

of other élite groups to the policies and leadership styles of the government.

### Control of the Media

Central to the concern of many intellectuals and cosmopolitan élites was the independence and credibility of public media and the protection of the rights of free communication necessary to make democracy more than a mere exercise in media manipulation and public relations. A small but important professional group at the centre of concern on these issues comprised journalists and those from the press and news media. Among the reading and viewing public were professionals and intellectuals who became increasingly concerned that the media remain autonomous and independent so that it retained credibility and did not become totally subservient to government control and censorship.

Malaysia acquired at independence a pro-government but cautiously autonomous press. As the staff became Malaysianized, so too did the ownership. In 1974, legislation required Malaysian majority ownership for all newspapers, which facilitated investments by dominant political parties, leading to their control of most major newspapers. In 1972, Pernas, the government-owned national trading company, acquired 80 per cent control of the *Straits Times* (which changed its name to the *New Straits Times* in 1974). Later, a majority of shares were transferred to Fleet Holdings, an investment arm of UMNO under the chairmanship of Dr Mahathir's close political associate, Daim Zainuddin. By the early 1980s UMNO had direct or indirect ownership of the *New Straits Times*, *Berita Minggu*, *The Malay Mail*, *Utusan Melayu*, and *Utusan Malaysia*. By 1985, Fleet Holdings had acquired 40 per cent of the private television channel, TV3. The government already operated TV1 and TV2, so all television stations were under direct or indirect control of the government. UMNO also acquired control of *Nanyang Siang Pau*, the largest Chinese-language newspaper, while Pernas acquired control of the second largest Chinese paper, *Sin Chew Jit Poh*, as well as the Penang paper, *Sing Pin*. The English-language newspaper *The Star* was formed in 1975 when the Penang newspaper, *Straits Echo*, was moved to Kuala Lumpur. Initially, ownership was shared between Utusan Melayu (owned by UMNO) and the MCA, with the Chairman of Star Publications being Tunku Abdul Rahman. A major shareholder of *The Star* was Tun Mustapha Harun of Sabah. Later, majority ownership shifted to Goh Cheng Teik and Tan Koon Swan of the MCA, who also acquired controlling interest in *Shin Min Daily News*. By 1982, the MCA, through its investment arm, Huaren Holdings, under the chairmanship of MCA Senator H'ng Hung Yong, had acquired 75 per cent ownership of *The Star*. One of the two largest Tamil daily papers, *Tamil Malar*, was owned by a prominent politician in the MIC. The MIC had some links with the other Tamil papers as well. Similarly, the dominant government parties in Sabah and Sarawak also gained effective ownership and control of all the principal daily newspapers in those two states. The few daily papers in Malaysia



not owned by political parties had small circulation and none was openly identified with any of the opposition parties.<sup>61</sup>

The annual licence requirements, dating from 1948, coupled with the ever-present threat of closure under the Sedition Act of 1948, gave journalists a cautious, timid, and frequently servile role in reporting and interpreting the news. Under the Printing Presses Ordinance of 1958, the powers to grant or withdraw a printing licence were given to the Minister of Home Affairs, who could do so without cause, and the only appeal was directly to the Agong, who was subject to the advice of his ministers. The Control of Imported Publications Act also gave the Home Minister powers to ban or censor any imported publication deemed prejudicial to public order, national interest, morality, or security. The 1971 amendments to the Sedition Ordinance prohibited mass media from any discussion of Malay special rights, the privileges of Sultans and royalty, citizenship of non-Malays, and language policy.<sup>62</sup> Much of this legislation was based on the assumption that the mass media must be organized and utilized as an instrument of leadership to achieve national development goals and the ideals of the Rukunegara while avoiding any divisive public controversies or inflaming communal passions over the 'sensitive issues'. The government did not exercise direct prior censorship. By a wide array of legal penalties and through party ownership of much of the media, however, the assumption was quite clear that all public media would be required to exercise restraint and self-censorship. Critical or investigative journalism was an activity fraught with legal penalties and financial risks.

After he took office, it became apparent that Dr Mahathir did not see a free press as essential for democracy. In a July 1981 essay written for the *New Straits Times*, he expressed the view that press freedom was a myth that was unsuitable for Malaysia, claiming that 'journalists' righteousness is usually a gimmick'.<sup>63</sup> He accused the press of distorting the news to sell papers rather than using press freedoms to defend democracy. He was particularly contemptuous of foreign correspondents, who, he claimed, distorted and monopolized news about Malaysia. His philosophy of the press stressed 'social responsibility' and self-censorship based on the unstated assumptions that the government epitomized national ideals while journalists often 'distorted' the news and abused freedoms for self-serving and nefarious objectives. In a 1985 speech to ASEAN journalists, Dr Mahathir provided further elaboration of his views about the need for a 'responsible press'. He explained:

... if it is assumed that power tends to corrupt and absolute power tends to corrupt absolutely, by what magical formula is the media itself, with all its awesome power, exempt from this inexorable tendency? Is power the only cause of corruption? Freedom too can corrupt and absolute freedom can corrupt absolutely.

... so long as the press is conscious of itself being a potential threat to democracy and conscientiously limits the exercise of its rights, it should be allowed to function without government interference.

But when the press obviously abuses its rights, then democratic governments have a duty to put it right.<sup>64</sup>

In 1984 the government introduced and passed the Printing Presses and Publications Act, which extended controls to the foreign press that required large deposits by foreign papers and journals which would be forfeited if the publishers did not appear in court to face charges when 'biased articles' or materials 'prejudicial to the national interest' appeared in the publications. Officials were given powers to censor or ban the offending publications. The penalties were raised to M\$20,000 or three years' imprisonment. The new legislation also provided penalties for anyone in Malaysia 'having publications without government permit'. The Deputy Home Affairs Minister, Kassim Ahmad, was the only spokesman for the government during the parliamentary debate on the legislation. He explained the government's objectives: 'People will know right away what they can read and what they cannot. The people must be vigilant and discard publications which do not accord with the government's vision.'<sup>65</sup> This legislation was severely criticized by both the DAP and PAS, while all BN Members of Parliament, except for the Deputy Home Affairs Minister, remained uncharacteristically silent.

These new controls over the press were buttressed by an even more far-reaching law—The Official Secrets Act of 1984, which amended an earlier act of 1972. This Act defined as a secret any information entrusted to a public official in confidence by another official. The definition effectively covered all government activities. Officials were required to report immediately to the police anyone seeking official 'classified' information. No official information was allowed to be communicated without permission, and official information could not be 'used' or 'retained' by any unauthorized persons. The Act provided for a penalty of five years' jail for government servants who failed to report to the police when they received from the public any requests for official information. The penalty for use or possession of 'official information' by unauthorized persons was seven years' jail and a fine of up to M\$10,000.<sup>66</sup> Because of the broad definition of 'official secrets', it became very hazardous for anyone to seek even the most innocent information about government activities. Foreign and domestic journalists could no longer rely on 'off-the-record' information from their sources in government, and they were put in jeopardy if they had in their possession any unauthorized information about government activities or plans, or published in their journals any information that went beyond the bland official press releases and media handouts distributed by the Department of Information or the Prime Minister's Department. This legislation went into effect just at the time of the constitutional crisis over the role of the Rulers, and for a time it effectively kept the news of that crisis from the domestic press. Later, this legislation was used to bring the foreign press reporting on Malaysian affairs under the continuous threat of punitive action by the government against resident journalists for the foreign press and electronic media.

The legislation to control the press was more than just cautionary. A senior journalist of the Malaysian paper, *Watan*, was detained under the ISA for publishing what was alleged to have been Malaysian Communist Party and Soviet Embassy materials. *Nadi Insaan*, *Watan*, and *Mingguan Bumi* all lost their publishing permits. The correspondent of the *Far Eastern Economic Review*, James Clad, was charged under the Official Secrets Act for an article on Malaysia's relations with China, following a police search of his home where they found an 'official document'. He pleaded guilty and was fined the maximum sum of M\$10,000. Sabry Sharif of the *New Straits Times* also was charged and pleaded guilty to having an Air Force document used in a story, for which he paid a fine of M\$7,000.<sup>67</sup>

Over the years, Dr Mahathir has been particularly critical of the foreign press for failing to understand the circumstances in Malaysia that make Western-style institutions and excessive preoccupation with human rights inappropriate. Government antipathy towards the foreign press increased greatly after the *Asian Wall Street Journal* published a series of articles on questionable financial activities of high officials, concentrating especially on the financial transactions involving the sale of United Malayan Banking Corporation shares owned by Finance Minister Daim Zainuddin to Pernas. In response, the government banned the *Asian Wall Street Journal* and its two correspondents, John Berthelsen and Raphael Pura, had their work permits cancelled. Dr Mahathir made a broad accusation against the foreign press, charging: 'Many famous international publications are controlled by Jews who are new citizens of many Western countries.'<sup>68</sup> Shortly afterwards, the *New Straits Times* published a feature article on the Zionist control of the Western press. The timing and content of the article, with its exaggerated account of Zionist conspiracies in the world media, raised doubts among many Malaysian intellectuals about whether the article had been written spontaneously or upon order from government authorities.<sup>69</sup> Eventually, the Malaysian Supreme Court overturned the cancellation of John Berthelsen's work permit on procedural grounds because he had not been given the opportunity to answer the charges against him. As a result of the court action, the ban on the *Asian Wall Street Journal* was lifted in November 1986, but Dr Mahathir warned that the 'authorities would not hesitate to take action against anybody whose thinking was not in line with the majority view'.<sup>70</sup>

The ideals of academic freedom have always been tempered by the realization that the Malaysian social and political settings were not conducive to high-profile participation by academics in politics or concerning issues of public affairs. These often unstated assumptions were made more explicit in 1979 when the government gazetted new 'Discipline of Staff Rules' covering all professors and lecturers at tertiary institutions. Staff were prohibited from speaking in public on controversial political issues, giving interviews to the press, publishing their ideas on any political party, publishing anything based on official information without the approval of their vice-chancellors, and criticizing policies or decisions

of their university.<sup>71</sup> Although these rules were somewhat ambiguous, they presumably permitted Malaysian academics to engage in non-public analysis and criticism of government policies and commentary on political issues, so long as 'official secrets' were not used and the venue was within the closed walls of academia. With regard to academic publications, the authorities were usually tolerant, provided the articles appeared in professional or academic journals with very limited domestic circulation and avoided polemical criticism of key policy areas and 'sensitive issues'. In any event, it was clear that those in high authority might accept private criticism from academics and professionals but were intolerant of open public criticism that might reflect on their performance or generate from the mass public new demands or protests.

### Human Rights

Malaysia inherited the laws and traditions of the British colonial system of rule which gave to the highest government authorities extraordinary prerogative powers deemed to be appropriate for rule over foreign colonial territories. When independence came, most of the extraordinary executive prerogative powers of the colonial governors were transferred to the new government. In addition, the legislation which had authorized such practices as preventive detention and the declaration of an emergency suspending civil rights were also preserved by the newly independent government. With independence, the big difference from the colonial era was that basic human rights and liberties were guaranteed in the Malaysian Constitution and the executive was made responsible to an elected Parliament.

Why then has there been concern over the protection of human rights in Malaysia? It derives from a combination of factors: the legal mechanisms for suspending 'fundamental liberties' guaranteed in the Constitution; Parliament's passive role in acquiescing to executive orders and prerogatives that bypass guarantees of individual rights; the new legislation passed by Parliament that steadily enlarged executive powers to suspend, compromise, or abrogate human and individual rights; and the acceptance by the judiciary of a rather passive role in protecting individual rights against encroachment by Acts of Parliament and by exercise of executive powers. Very briefly, these various factors will be surveyed.

Articles 5-13 of the Malaysian Constitution guarantee the right to personal liberty and speedy justice, to freedom from slavery, to protection against retroactive criminal laws, to equality before the law, to freedom of movement within Malaysia, to freedom of speech and assembly, to freedom of religion, to rights to education, and to property rights. Some of these rights are protected against actions of the executive, but not from Acts of Parliament. Many rights are subject to various exceptions in the Constitution.<sup>72</sup> Most important, however, when an emergency is declared under Article 150 (by the Yang di-Pertuan Agong on the advice of the Prime Minister), the executive obtains legislative powers which are

valid even if inconsistent with other provisions of the Constitution.<sup>73</sup> As a consequence, during an emergency, most constitutional rights can be effectively suspended through executive decrees without recourse to judicial or constitutional remedies. Malaysia's first emergency predated independence and involved the Communist insurgency which lasted from 1948 to 1960. Four emergencies have been declared since: in 1964 in response to the conflict with Indonesia; in 1966 for Sarawak; in 1969 after the May Thirteenth riots for the whole federation; and in 1977 for Kelantan. None of the emergencies declared after independence was revoked, so the emergency powers remained in readiness to be invoked at any time.<sup>74</sup>

During an emergency, Parliament has the power to revoke any state of emergency or ordinances issued by emergency decree. Yet, because of strict party discipline within the ruling coalition, Parliament has never exercised this right. Indeed, it has provided no effective check on executive powers and prerogatives. Instead, because the government has always enjoyed a two-thirds majority in Parliament necessary to pass constitutional amendments, the government has had the capacity to amend at will any constitutional provision that impeded its immediate political objectives. Over the years, Parliament established a pattern of sanctioning the abrogation of individual rights whenever requested to do so by the Prime Minister. Since independence, over 1,000 amendments have been made to the Malaysian Constitution.<sup>75</sup> The ease of making changes in the Constitution would suggest that the Constitution is valued for its capacity to provide the rituals of legitimacy, but that constitutional limitations on government provide little more than a temporary check on the exercise of power so long as the government enjoys a two-thirds majority in Parliament.

The legislation which has been most often criticized as infringing on individual rights includes the following:

(1) The Internal Security Act, 1960 (ISA), as revised and amended in 1972 and 1975, gives the Minister of Home Affairs powers to impose preventive detention for up to two years, and without trial, for anyone 'acting in a manner prejudicial to the security of Malaysia'. Police are given wide powers to arrest without warrant and detain almost anyone for a maximum of 60 days. The offences under the ISA are non-bailable. When an order for preventive detention is issued by the Home Affairs Minister, a person may be detained for up to two years, but the detainee has a right to appeal to an Advisory Board, which makes non-binding recommendations to the Minister. Minister's orders can also, for the same reasons, impose restrictive residence, prohibition from any political activities or from holding office, conditions of curfew, and/or prohibition on travelling abroad. Any document or publication 'prejudicial to the national interest or to public order' may be banned by order of the Minister.

(2) The Sedition Act, 1948, made it an offence to engage in any seditious activities, by word, printing, or the import of publications, or by any other acts 'which would, if done, have a seditious tendency'.

Liability upon conviction is a maximum fine of M\$5,000 and/or three years in prison.

(3) The Prevention of Crime Ordinance, 1959, permits the arrest of suspects without a show of cause, their detention for investigation up to 28 days, and after enquiry, their registration subjecting them to police supervision for a period of up to five years.

(4) The Public Order (Preservation) Ordinance, 1958, empowers the police to proclaim certain areas restricted, to regulate processions or meetings of more than five persons, to search and arrest without warrant any suspected persons, and to control firearms and lethal weapons. Violations of restricted area orders are subject to imprisonment of up to ten years and whipping.

(5) Essential (Security Cases) (Amendment) Regulations, 1975 (ESCAR), suspended much of the regular judicial procedures for security cases. Trial by jury or by assessors was eliminated and trial was by judge alone. The burden of proof of innocence was shifted to the accused, while rights of cross-examination of prosecution witnesses were restricted and all types of evidence, including hearsay evidence, was made admissible. For a number of offences, including drug trafficking and the possession of unauthorized firearms and ammunition, the death penalty was made mandatory upon conviction for anyone over ten years of age. When ESCAR was invalidated on appeal to the Privy Council of England in 1978, a constitutional amendment was hurriedly passed by Parliament abolishing all criminal and constitutional appeals to the Privy Council, thus nullifying the decision of the Privy Council and preventing any further court challenges seeking to overturn ESCAR or any other parliamentary statutes or emergency regulations.<sup>76</sup>

In all these acts and regulations dealing with security and emergency matters, the courts have played a very passive role. For every emergency declaration under Article 150, there is an 'ouster clause' which states that any declaration is not challengeable or questionable in a court of law. In Malaysia, the judiciary has operated with a very restrictive view of their role, deliberately limiting judiciable matters that seek to challenge the validity of laws or of government actions related to public order and security. Although the Malaysian courts have the power to declare laws void, they can only do so on very limited grounds of the laws being beyond the powers of the legislative body, primarily in regard to the federal distribution of powers.<sup>77</sup> Yet, on most issues, the courts have been unwilling to substitute their judgment for that of either the executive or Parliament. In a speech to the Law Association for Asia and the Western Pacific, after his installation as the new Lord President, Tun Mohamed Salleh Abas explained his understanding of the proper role of the Malaysian judiciary. He argued that the Court's role is not to dispense social justice, but only to apply the law as it is written. To administer law according to some abstract ideas of justice would, in his view, lead to confusion and arbitrariness and would involve the Court usurping the powers of Parliament and of the government.<sup>78</sup>

In response to international criticism, Malaysia permitted a visit by a

delegation from Amnesty International during 1978. In its published report, the Amnesty International mission was highly critical of Malaysia's laws and of the conditions of detention, which included the use of torture.<sup>79</sup> In rejecting the report, the Malaysian Government also banned it. Three years later, convinced of its more liberal record, the Mahathir Administration permitted a visit of five human rights lawyers from the US, Japan, France, and Britain to make a report on Malaysia's security laws and human rights records. The delegation was led by Sydney Wolinsky, who had taught law at the University of Malaya on an exchange during 1981. The lawyers interviewed top government leaders, including Dr Mahathir and Musa Hitam, and talked with 200 others, including some who were in detention. The lawyers reported that in their meeting with Dr Mahathir, he had argued that 'the security of Malaysia was one of the "human rights" of its people and consequently the rights of the victims of the security situation were more important than those of the "assassins" convicted by the Court or detained without trial'.<sup>80</sup> The activities of the lawyers prompted a protest demonstration by UMNO Youth led by Suhaimi Kamaruddin, in support of the ISA laws and demanding that the human rights lawyers leave Malaysia. When interviewed in Malaysia, the lawyers seemed circumspect about Malaysia's judicial system, but when their report was published, it criticized preventive detention and the ISA, and reported on allegations of torture and bad conditions for detainees. It also revealed that 87 per cent of the detainees were Chinese, and that 52 of them were under sentence of death.<sup>81</sup> In their report, the lawyers concluded that 'the breadth of emergency powers presently authorised seems unnecessary and out of proportion to the actual security threat ...'. The report recommended the repeal of the ESCAR laws, the release of all detainees held under the ISA, the repeal of all mandatory death sentence laws, and the restoration of the Supreme Court as a guardian of fundamental rights.<sup>82</sup> Unfortunately, there were one or two minor errors in the report, and they were seized upon by the government to dismiss the validity of the entire report. With this experience in mind, the government rejected further visits to Malaysia by all international legal or human rights organizations intent on investigating human rights conditions in the country.

The issues of human rights and prerogative justice continued to be raised by a small but dedicated number of Malaysians who objected not only to the draconian character of the security laws, but also to the way they were administered. Most Malaysians, including intellectuals and academics, accepted the principle of some extraordinary measures to deal with threats to security. Even so, those concerned with human rights were fearful that the security laws were being used to stifle dissent, to intimidate the legitimate opposition, and to inhibit the activities of various interest groups pressing for changes in public policy. Over the next several years, there were a number of conferences and seminars devoted to human rights issues and to the legal rights of those charged under the security laws. Periodic representations were made to the government on these matters, but these elicited very little response, if

any. The Malaysian Bar Council held several seminars and made representations to the government regarding the ESCAR laws, especially when the lawyers who were preparing to defend John Berthelsen of the *Asian Wall Street Journal* were arrested under the ISA for violating the Official Secrets Act, because they had documents prepared for his case that were deemed 'Official Secrets'.<sup>83</sup> The Consumers' Association of Penang, the National Union of Journalists, Aliran, the Catholic Research Centre, and the DAP were all active on behalf of human rights issues. Each organization gave a somewhat different emphasis, but the overall thrust of their concerns remained focused primarily on ESCAR, the ISA, and the Official Secrets Act.

Under the auspices of the DAP and under the chairmanship of Tunku Abdul Rahman, a Convention on Human Rights in Malaysia was convened on 2-3 November 1985. The participants were mostly lawyers, human rights activists, and public interest groups. While a number of academics attended the sessions, few were active participants, thus illustrating the limitations imposed by being in government employment. Even so, the issues of human rights were fully aired, and the main papers presented at the sessions were published by the DAP in a volume.<sup>84</sup>

### The Core Support Base

The Mahathir Administration had entered office on a wave of public support and goodwill, generated in part by expectations that it would resolve Malaysia's political conflicts in a more open and civil political style and that many of the abrasive issues of the past could be displaced by emphasis on growth and development objectives beneficial to all sectors of the public. A candid, forthright, and open style, so it was believed, would revitalize democratic processes and lead to a more civil and humane style of government. Perhaps these were unrealistic expectations. And perhaps the government fell victim to its own image-making, raising expectations beyond its capacity to satisfy all sectors of the public. In any event, it is clear that by mid-decade, many sectors of society had become alienated or cynical about the prospects for an 'open civil polity'. Even so, many who were critical remained supporters of the regime, primarily from lack of a viable, more credible alternative. Despite the rising murmurs of discontent, it must be remembered that the government still commanded the strong support of a core constituency of the public and the loyalty of the primary institutional organizations of the state.

Over the years, Malays in government service remained an important component, especially as the public services were expanded. The 1980 Census reports that 321,026 Malays were employed in 'public administration and defence' while 104,666 Malays were employed in 'education services'.<sup>85</sup> How many of these could be counted as active UMNO supporters can only be imagined. Even so, it would be safe to assume that only a minute minority would openly admit any other political affiliation than to UMNO.



In Malaysia, the military and the police have remained non-political in the sense that they have not intervened directly in government affairs, unlike the military in most other South-East Asian states. A number of factors have contributed to the non-intervention of the military in politics. The strong British tradition of civilian supremacy was effectively transmitted to the Malaysian military and police, and this pattern was reinforced for a number of years after independence by the presence of token British and Commonwealth forces under the terms of the Anglo-Malayan Defence Agreement of 1957 and later by the Five Power Defence Arrangements of 1971.<sup>86</sup> The effectiveness of civilian government in Malaysia also meant that there was no temptation presented to military officers to step into a 'power vacuum'.

Despite the tradition of civilian political leadership, the military has always been a political force—either latently or by becoming an important component of public policy implementation. In addition, the top military command has formal links with policy-making processes through representation on the National Security Council, headed by the Prime Minister, and on state security councils. During the period of the 1969 emergency, the military and police were represented on the National Operations Council. The heavy reliance on the police and military for domestic security against threats to civil order has given these branches a high priority in funding. Each year between 1970 and 1985, the military was allocated a sum ranging from 9 per cent to over 16 per cent of total government expenditures.<sup>87</sup> The army increased in size from about 33,000 in 1963 to 50,000 in 1971 and 100,000 by 1983. The navy and air force were also greatly expanded and provided with modern equipment during the 1970s and 1980s.<sup>88</sup>

The non-political traditions of the military and police have meant that there has been no overt participation by police or military officers in party affairs of the component parties in the BN. Instead, the political links tend to be from the Prime Minister to the highest military commanders, usually through the appointment of relatives and trusted associates to the most senior posts in the military command structure. For example, Tunku Abdul Rahman appointed his nephew, Gen. Tunku Osman Jawa, as the first Malayan Chief of Staff; Prime Minister Abdul Razak appointed his wife's cousin, Gen. Ghazali Seth, General Officer Commanding Peninsular Malaysia; and Prime Minister Hussein Onn appointed his cousin and brother-in-law, Gen. Ghazali Seth, Chief of Defence Forces and his brother, Lt.-Gen. Ja'afar Onn, Deputy Chief of Army. Following this precedent, Dr Mahathir, when he became Prime Minister, appointed his brother-in-law, Maj.-Gen. Hashim Mohamed Ali, General Officer Commanding Peninsular Malaysia. With Malays constituting 75 per cent of military officers and 80 per cent of other ranks,<sup>89</sup> the political loyalty of the military to the UMNO political leadership and to the pro-Malay policies of government has never been in doubt. Only when internal disputes arose among Malay élites has the matter of political alignments of the military become less certain. The shake-up in the top military high command at the close of the contest

between the Mahathir Administration and the Malay Rulers was indicative of the government's concern over potentially divided loyalties of some senior military officers during that crisis. The political orientation of the military would no doubt become much more important if a new national emergency were to be declared and the institutions of representative government were to be replaced by some form of martial law or rule by executive decree. The very existence of a strong and reliable military gives it a persistent and latent political impact that far exceeds the visible presence of the military in the inner councils of government.

When UMNO was founded in 1946, the power structure of Malay society from the Malay Rulers down to the village headmen was effectively incorporated into the party. Most Malay civil servants became members of the party and a large proportion of the Malay population in the rural areas became pro forma members of the party. The active core of UMNO tended to come from the state and federal civil services and from Malay schoolteachers, who were more politically mobilized. In this way, the party developed a rural Malay peasant base but with the active leadership derived from traditional Malay aristocratic élites as well as those in the public service and Malay schoolteachers.

The core constituency of UMNO began to change after 1969 and the introduction of the NEP. Large numbers of Malays had benefited substantially from the policies of the NEP and its many programmes designed to raise the economic position and power of the Bumiputras. The system of Malay 'special privileges' and the quota systems to promote Malay/Bumiputra access to power and wealth meant that many Malays had been able to experience a rapid improvement in their economic and political status. A new business and commercial class of Malays emerged, some having petty trading experience, but others, often with some ties to the royal Malay houses, were able to enter business by securing concessions and contracts through their connections with political leaders. In addition to these early business and commercial entrepreneurs, there was also a rapidly expanding group of newly educated Malays who gained university degrees in the country or after study abroad. These educated Malay youth were not quite the Malaysian version of the Young Upwardly-mobile Professionals (Yuppies) of the West, but they were a new breed of what might be called Young Upwardly-mobile Muslim Professionals (Yumpies) that was unique to the Malaysian scene. These were the people who had benefited most from the ethnic preference policies of the NEP and had moved easily and rapidly into well-paying and important jobs in government, in the parastatal Bumiputra corporations, or in private business. These younger Malay professionals had a strong sense of their religious and ethnic identity and they were well represented in UMNO Youth; they also constituted a growing proportion of the regular delegates in UMNO. Their active participation within UMNO made them among the most vocal of the supporters of the regime, even while they were also making demands for more vigorous pursuit of Bumiputra policies. When Anwar Ibrahim was recruited from ABIM into UMNO in 1982, it was the Yumpie element in Malaysian

society that was being given access and priority in the Malaysian political system. And, for the most part, these became among the most outspoken defenders of the political style and policies of the Mahathir Administration, even as they demanded a greater participation in the councils of government.

While the older core constituency of UMNO—the lesser government servants and Malay schoolteachers—remained faithful to the party, their influence within UMNO gradually declined over the years. By contrast, the contingent of older Malay businessmen and entrepreneurs became more important in the 1960s, only to be challenged by the newer professionals who were beneficiaries of the NEP of the post-1969 era. With each new cohort of party activists, the levels of education and political sophistication also rose. Similarly, within the party, tensions increased between the rank and file as the new cohort, with high aspirations and higher levels of education, attempted to leap-frog over older leaders with more experience in politics but also with poorer education and often with less sophisticated styles of leadership. These trends created serious generational conflicts within the political structure of UMNO, which had become the foundation for the political edifice of the BN structure. The UMNO General Assembly had always been a key forum where the performance of the government was subjected to critical public scrutiny. With the ritualization of Parliament and the limitations placed on its capacity to supervise and oversee government in any effective way, the UMNO General Assembly assumed even more significance. The power of this party assembly was most vividly demonstrated in 1981 when there was an open contest for the position of Deputy President of UMNO, and by common understanding and precedent, also for the selection of the Deputy Prime Minister. As an active forum for election, the UMNO General Assembly developed factional (or quasi-party) alignments in support of the alternative candidates. More important, the General Assembly had established the principle that the most important leaders of the country would be responsible to the General Assembly, both for public policy and for the selection of the most important positions of power in the government. Within UMNO, there was a sense of political participation and political freedom to challenge government and hold it accountable—a development that was patently lacking in the formal representative institutions of government and within the governing institutions of all other parties.

The combination of political mobilization within UMNO and the sense of access to real power that was apparent among UMNO élites, gave the party a vitality and imparted competitiveness to the proceedings of the party. It was only a matter of time when the ideals of competitive and representative democracy would come into conflict with the more traditional view that leaders should command loyal followers and create by careful political management a unified and non-contentious body politic. While the Mahathir Administration enjoyed the massive support of its core constituency, these alternative perspectives on the roles of leadership and of political participation were yet to be resolved.

1. *The Star*, 16 July 1982, pp. 12-13.
2. Article 150 of the Malaysian Constitution gives the Yang di-Pertuan Agong, acting on the advice of his ministers, the power to declare a grave emergency, which can suspend civil rights and the operation of some aspects of normal civil government. For studies of the constitutional roles of the Rulers, see: Y.A.M. Raja Tun Azlan Shah, Lord President, 'The Role of Constitutional Rulers: A Malaysian Perspective for the Laity', *Journal of Malaysian and Comparative Law*, 9 (1982), pp. 1-18; Vincent Lowe, 'Symbolic Communication in Malaysian Politics—The Case of the Sultanate', *Southeast Asian Journal of Social Science*, 10, 2 (1982), pp. 71-89.
3. *Far Eastern Economic Review*, 30 June 1983, pp. 26-34.
4. *Far Eastern Economic Review*, 25 August 1983, pp. 20-2; 15 September 1983, p. 25.
5. *New Straits Times*, 10 August 1983, p. 8.
6. *Far Eastern Economic Review*, 13 October 1983, pp. 17-18.
7. Tunku Abdul Rahman, 'As I See It', *The Star*, 17 October 1983, pp. 20-1. See also his columns in *The Star*, 7 November 1983, pp. 24-5; 5 December 1983, pp. 22-3; 19 December 1983, pp. 28-9. Tan Chee Khoo also wrote a critical column on the issue. See: 'Without Fear or Favour', *The Star*, 14 December 1983, pp. 28 and 30.
8. *Far Eastern Economic Review*, 22 December 1983, pp. 16-18.
9. *Far Eastern Economic Review*, 15 December 1983, pp. 14-15.
10. *New Straits Times*, 17 December 1983, pp. 1-2; *Far Eastern Economic Review*, 29 December 1983, pp. 13-14. For an account in Malay which was written while the crisis over the Rulers' powers was still unfolding, see: Zakry Abadi, *Krisis Perlembagaan, Konflik Istana dan Parlimen* (Kuala Lumpur: Penerbitan Gatra Jaya, 1983).
11. *New Straits Times*, 10 January 1984, pp. 1-2.
12. *New Straits Times*, 20 December 1983, p. 4. See also Dr Mahathir's interview in the *New Straits Times*, 17 December 1983, p. 2, and the report to Parliament, *New Straits Times*, 10 January 1984, p. 3.
13. The principle of seniority includes first consideration for states that have not had a Ruler serve as Agong, and then ranking the Rulers by their length of active service as a Ruler.
14. *New Straits Times*, 8 April 1977, pp. 1 and 18.
15. *New Straits Times*, 30 April 1981, pp. 1 and 18.
16. *Far Eastern Economic Review*, 23 February 1984, p. 12.
17. Tan Chee Khoo published an interview with the new King, Sultan Mahmood Iskandar of Johore, in *The Star*, 26 April 1984, pp. 2/1 and 2/8; 27 April 1984, p. 2/5.
18. *The Star*, 2 July 1984, p. 1; 3 July 1984, p. 2.
19. *New Straits Times*, 26 May 1984, pp. 1-3, 12-13, and 17.
20. *New Straits Times*, 26 May 1984, pp. 1-3; *New Sunday Times*, 27 May 1984, pp. 1-3.
21. *New Straits Times*, 21 December 1983, p. 1; *Malaysian Digest*, 31 December 1983, p. 3; *Far Eastern Economic Review*, 12 January 1984, p. 40.
22. *Asian Wall Street Journal*, 10 November 1982, pp. 1 and 4; *Far Eastern Economic Review*, 26 November 1982, pp. 59-66; 13 January 1983, p. 60; 3 March 1983, p. 8.
23. *Far Eastern Economic Review*, 4 August 1983, p. 12.
24. *Far Eastern Economic Review*, 5 May 1983, pp. 89-91; 12 May 1983, p. 18; 7 July 1983, p. 54; 4 August 1983, p. 12; 1 September 1983, p. 16; 22 September 1983, pp. 94-6; 29 September 1983, pp. 145-6; Lim Kit Siang, *Malaysia—Crisis of Identity* (Petaling Jaya: Democratic Action Party, 1986), pp. 252-94, 303-21, 346-57, and 361-6.
25. *Far Eastern Economic Review*, 3 March 1983, p. 8.
26. Lim Kit Siang, *Malaysia—Crisis of Identity*, p. 226.
27. *New Straits Times*, 20 October 1983, p. 1; Aliran, *Issues of the Mahathir Years* (Penang: Aliran, 1988), pp. 102-43; *Far Eastern Economic Review*, 3 November 1983, p. 16.
28. *Far Eastern Economic Review*, 3 November 1983, p. 16; *New Straits Times*, 12 October 1983, p. 1.
29. *New Straits Times*, 13 October 1983, p. 1; 14 October 1983, pp. 1-2; *New Sunday Times*, 16 October 1983, p. 1; *New Straits Times*, 18 October 1983, p. 1; Hassan Karim

- (ed.), *BMF: The People's Black Paper* (Petaling Jaya: INSAN, n.d. [c.1986]), pp. 1-29.
30. Lim Kit Siang, *Malaysia—Crisis of Identity*, p. 270, quoting from *Dewan Rakyat Debates*, 24 October 1983.
31. *Far Eastern Economic Review*, 27 September 1984, pp. 120-1; Lim Kit Siang, *Malaysia—Crisis of Identity*, pp. 327-39.
32. *Far Eastern Economic Review*, 30 January 1986, p. 67.
33. Hassan Abdul Karim, 'BMF—The People's Black Paper', in Jomo K.S. (ed.), *Mahathir's Economic Policies* (Kuala Lumpur: INSAN, 1988), pp. 90-118.
34. The 1980 Census revealed that the Malays constituted 48 per cent of the population of Malaysia. Because of the desire to conceal this and other census data by adjustment of census categories, the Census was delayed for some months before the report was finally made public. See: *Far Eastern Economic Review*, 2 June 1983, p. 42.
35. *Far Eastern Economic Review*, 13 January 1983, pp. 9-10.
36. *New Straits Times*, 31 August 1984, pp. 1-2 and 16; 1 September 1984, pp. 1 and 2; 2 September 1984, p. 14.
37. *Far Eastern Economic Review*, 18 October 1984, pp. 16-18.
38. *The Star*, 6 November 1984, pp. 1 and 3; 8 November 1984, p. 1.
39. *Far Eastern Economic Review*, 22 November 1984, p. 30.
40. Government of Malaysia, *Jabatan Negara, The Threat to Muslim Unity and National Security* (Kuala Lumpur: Jabatan Percetakan Negara, 1984). The Malay version is: *Malaysia, Ancaman kepada Perpaduan Umat Islam dan Keselamatan Negara* (Kuala Lumpur: Jabatan Percetakan Negara, 1984).
41. *New Straits Times*, 29 March 1981, p. 1; *Far Eastern Economic Review*, 2 April 1982, p. 24.
42. *New Straits Times*, 21 November 1985, pp. 1 and 2; Government of Malaysia, *The Memali Incident*, Parliamentary Paper, No. 21 of 1986 (Kuala Lumpur: Jabatan Percetakan Negara, 1986); Simon Barraclough, 'Malaysia in 1985: A Question of Management', *Southeast Asian Affairs*, 1986 (Singapore: Institute of Southeast Asian Studies, 1986), pp. 202-3; *Far Eastern Economic Review*, 5 December 1985, pp. 28-9.
43. *New Sunday Times*, 8 December 1985, p. 2; *New Straits Times*, 12 December 1985, p. 1; 14 December 1985, pp. 1 and 2; 19 December 1985, p. 1.
44. *Far Eastern Economic Review*, 5 December 1985, p. 28; 16 January 1986, p. 14; *New Straits Times*, 4 July 1986, p. 1. The government figures on arrests and releases suggest that there must have been an additional 13 persons arrested after the first group of arrests.
45. Kassim Ahmad, *Hadis: Satu Penilaian Semula* (Petaling Jaya: Media Intelek, 1986).
46. *New Straits Times*, 12 June 1986, p. 8; 19 June 1986, p. 2; 20 June 1986, p. 8; 21 June 1986, p. 1; 26 June 1986, p. 4; 1 August 1986, p. 7.
47. *New Straits Times*, 18 June 1986, p. 2; 21 June 1986, p. 4.
48. *New Straits Times*, 4 June 1986, p. 3; 2 July 1986, p. 5.
49. *New Straits Times*, 17 July 1986, p. 24; *Far Eastern Economic Review*, 17 July 1986, pp. 24-6.
50. *Far Eastern Economic Review*, 5 May 1983, p. 22.
51. *Far Eastern Economic Review*, 22 January 1982, p. 10.
52. *Far Eastern Economic Review*, 3 September 1982, pp. 44-8; 5 May 1983, pp. 21-7; Lim Kit Siang, *Malaysia—Crisis of Identity*, pp. 72-4; Chung Kek Yoong, *Mahathir Administration: Leadership and Change in a Multiracial Society* (Petaling Jaya: Pelanduk Publications, 1987), pp. 42-5.
53. *Far Eastern Economic Review*, 27 September 1984, pp. 23-30; 5 June 1986, p. 75.
54. *Far Eastern Economic Review*, 23 August 1984, pp. 11 and 13-14; Lim Kit Siang, *Malaysia—Crisis of Identity*, pp. 166-7 and 343-4.
55. Lim Kit Siang, *Malaysia—Crisis of Identity*, pp. 167-8.
56. *Far Eastern Economic Review*, 25 July 1985, pp. 32-3.
57. H. J. Koesoemanto, *Asian Universities and Population Policy* (Yogyakarta: Gadjah Mada University Press, 1973), p. 27; *Far Eastern Economic Review*, *Asia 1986 Yearbook* (Hong Kong: Far Eastern Economic Review, 1986), p. 8; *Far Eastern Economic Review*, 25 July 1985, pp. 32-3; Gordon P. Means, 'Long Term Trends in Malaysian Society and Politics', unpublished paper presented at the Sixteenth Annual Conference, Canadian Council for Southeast Asian Studies, Carleton University, 9-11 October 1986.

58. In April 1984, the government revealed the following figures for Bumiputra growth in Peninsular Malaysia: From 1957 to 1960 they comprised 53.18 per cent of the population of Peninsular Malaysia. The figure rose as follows: 1970, 55.99 per cent; 1980, 58.64 per cent; 1985, 59.55 per cent (estimated). The fertility rates by ethnicity were as follows: Malays, 4.5; Chinese, 3.2; Indians, 3.4. By 1985 they were estimated to drop to: Malays, 4.0; Chinese, 2.6; Indians, 2.8. The population of Sabah and Sarawak were omitted from these figures, perhaps because with the inclusion of those states, the Malays were not a majority and the Bumiputra category is more ambiguous. See: Government of Malaysia, *Mid-Term Review of the Fourth Malaysia Plan, 1981-1985* (Kuala Lumpur: Jabatan Peretakan Negara, 1984), pp. 120-2.

59. *Far Eastern Economic Review*, 5 May 1983, pp. 25-7.

60. *Far Eastern Economic Review*, 15 March 1984, p. 18.

61. John A. Lent, *Malaysian Mass Media: Historical and Contemporary Perspectives* (Buffalo, NY: Council on International Studies, State University of New York at Buffalo, 1978), pp. 11-16, 53-7, and 67-9; John A. Lent (ed.), *Newspapers in Asia: Contemporary Trends and Problems* (Hong Kong: Heinemann Asia, 1982), pp. 260-2; *Far Eastern Economic Review*, 10 September 1982, pp. 92-4; 28 February 1985, pp. 21-8.

62. Lent (ed.), *Newspapers in Asia*, pp. 263-4.

63. *New Straits Times*, 9 July 1981, pp. 14 and 19.

64. The full speech of Dr Mahathir to the ASEAN journalists is reproduced in *New Straits Times*, 19 September 1985, pp. 12-13. An abridged edited version appeared in *Far Eastern Economic Review*, 10 October 1985, pp. 26-8.

65. Tan Boon Kean, 'Orwell's Year in the Malaysian Press', *Far Eastern Economic Review*, 20 September 1984, pp. 40-1. Also see: Abdul Razak Ahmad, 'Human Rights—An Overview', in Lim Kit Siang et al., *Human Rights in Malaysia* (Petaling Jaya: DAP Human Rights Committee, n.d. [1986]), pp. 31-40.

66. Tommy Thomas, 'Human Rights and Fundamental Liberties', in Lim Kit Siang et al., *Human Rights in Malaysia* (Petaling Jaya: DAP Human Rights Committee, n.d. [1986]), pp. 66-84; Tan Boon Kean, op. cit., pp. 40-1.

67. John A. Lent, 'Human Rights in Malaysia: A 1986 Update', unpublished paper presented at Association for Asian Studies, Chicago, Ill., 22 March 1986, pp. 16-17.

68. *Far Eastern Economic Review*, 4 September 1986, p. 13. The article which apparently attracted the ire of Dr Mahathir was in the *Asian Wall Street Journal*, 30 April 1986, p. 16.

69. See: *New Straits Times*, 21 May 1986, p. 8.

70. *Far Eastern Economic Review*, 27 November 1986, pp. 22-4.

71. Abdul Razak Ahmad, op. cit., p. 36.

72. L. A. Sheridan and H. E. Groves, *The Constitution of Malaysia*, 4th ed. (Singapore: Malayan Law Journal, 1987), pp. 41-81.

73. Tun Mohamed Suffian, H. P. Lee, and F. A. Trindade (eds.), *The Constitution of Malaysia, Its Development: 1957-1977* (Kuala Lumpur: Oxford University Press, 1978), p. 332.

74. Lim Kit Siang, 'Human Rights—An Overview', in Lim Kit Siang et al., *Human Rights in Malaysia* (Petaling Jaya: DAP Human Rights Committee, n.d. [1986]), pp. 18-26.

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76. John A. Lent, 'Human Rights in Malaysia: A 1986 Update'; Tommy Thomas, 'Erosion of Fundamental Liberties—Parliament's Responsibility', and Karpal Singh, 'Human Rights and Fundamental Liberties', both in Lim Kit Siang et al., *Human Rights in Malaysia*, pp. 66-84 and 42-59 respectively; Awther Singh, *The Emergency Laws in Malaysia* (Singapore: Quins, 1981), pp. 1-78 and 88-118; H. P. Lee, 'Emergency Powers in Malaysia', in F. A. Trindade and H. P. Lee (eds.), *The Constitution of Malaysia, Further Perspectives and Developments* (Singapore: Oxford University Press, 1986), pp. 135-56.

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78. *Far Eastern Economic Review*, 5 April 1984, pp. 31-2; Karpal Singh, 'Human Rights and Fundamental Liberties', pp. 51-2. The speech by Tun Mohamed Salleh Abas was delivered on 19 August 1985 in Penang. In his speech, he elaborated on the doctrine of 'judicial restraint' which he had earlier espoused in public statements. This doctrine was reinforced by the Constitution (Amendment) Act, 1981 which effectively limited the role of the judiciary to act as a guardian of basic fundamental rights.

79. Amnesty International, *Report of an Amnesty International Mission to the Federation of Malaysia, 18 November-30 November, 1978* (London: Amnesty International, 1979).

80. *Report of the International Mission of Lawyers to Malaysia* (London: Marram Books, 1983), pp. 9-10.

81. During June 1982, Musa Hitam revealed that there were 394 detainees held under preventive detention orders, whereas there had been 726 released between 1978 and July 1981, and 540 were in detention when the Mahathir Administration took office. *Far Eastern Economic Review*, 2 July 1982, pp. 17-18; 13 August 1982, p. 12; 13 January 1982, pp. 8-9.

82. *Report of the International Mission of Lawyers to Malaysia*, pp. 61-3.

83. *Far Eastern Economic Review*, 13 November 1986, pp. 13 and 16-17.

84. Lim Kit Siang et al., *Human Rights in Malaysia*.

85. Government of Malaysia, Department of Statistics, *1980 Population and Housing Census of Malaysia, General Report of the Population Census, Vol. 2* (Kuala Lumpur: Department of Statistics, 1984), p. 613. For a general survey of the role of the higher civil service, see: Mavis Puthuchear, 'The Administrative Elite', in Zakaria Haji Ahmad (ed.), *Government and Politics of Malaysia* (Singapore: Oxford University Press, 1987), pp. 94-110; Khasnor Johan, *The Emergence of the Modern Malay Administrative Elite* (Singapore: Oxford University Press, 1984).

86. Zakaria Haji Ahmad, 'The Military and Development in Malaysia and Brunei, with a Short Survey on Singapore', in J. Soedjati Djiwandono and Yong Mun Cheong (eds.), *Soldiers and Stability in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1988), p. 235.

87. *Ibid.*, p. 241.

88. *Far Eastern Economic Review*, 20 October 1983, pp. 46-52.

89. *Ibid.*, p. 47; K. Das, *The Musa Dilemma* (Kuala Lumpur: K. Das, 1986), p. 91. See also: Zakaria Haji Ahmad, 'Malaysia', in Zakaria Haji Ahmad and Harold Crouch (eds.), *Military-Civilian Relations in South-East Asia* (Singapore: Oxford University Press, 1985), pp. 118-35; Chandran Jeshurun, 'Development and Civil-Military Relations in Malaysia: The Evolution of the Officer Corps', in J. Soedjati Djiwandono and Yong Mun Cheong (eds.), *Soldiers and Stability in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1988), pp. 255-78.

## The Ambiguous Mandate

THE pattern of politics in Malaysia, as in many other countries, is shaped by the electoral cycle. Upon renewal of the mandate, open political campaigning for public support gives way to a cycle of political deference to the new regime, which becomes preoccupied with translating election promises into policy and with the distribution of patronage and the rewards of office. Over time, the accumulation of new issues and grievances culminates in a flurry of renewed party activity designed to reconstruct political coalitions and to mobilize public support for the anticipated election campaign.

During 1985 Prime Minister Dr Mahathir Mohamad had entered his fifth year in office, and it had been over three years since he had won a decisive mandate for his leadership of the government. While the Malaysian Constitution provides for elections at least every five years, most governments have not waited until the final year to call an election. For this reason, the third year of a term of office is usually when 'election fever' tends to rise and all parties undergo preparations for their participation in elections. Although the Prime Minister has a wide range of discretion in calling an election, frequently events beyond his control shape the options and create the conditions for likely elections. In such a case, most politicians can anticipate an election, even when the date is carefully concealed by the Prime Minister until the last possible moment. During 1984, political instability in Sabah set off a chain of events which were not directly related to national politics, but which had important consequences for political alignments and campaign strategies at the national level. These events were also signals in the wind concerning trends and issues for the forthcoming election.

### Political Skirmish in Sabah

At the periphery of the political system, Sabah has always been a problem for both state and local politicians. This has been primarily because the cultural configurations in the state and the basis of the state's economy make it very difficult to replicate national public policies and political alignments at the state level.

After federal intervention in 1976 to oust Tun Mustapha Harun for pursuing secessionist activities, the state government in Sabah remained



firmly under the control of Harris Salleh, who constructed a multi-ethnic coalition under the banner of the Berjaya party.<sup>1</sup> It gained fairly wide popular support through emphasis on ending the excessive waste and corruption of the Mustapha era and by stressing widespread economic development projects in co-operation with the Federal Government. In its first term of office, Berjaya was very effective in projecting a positive image of an efficient government dedicated to economic development and improved social services. The government provided all villages with television sets, some solar-powered, so that government accomplishments, projects, and ministerial pronouncements would reach the widest possible audience.

In the Sabah state election of March 1981, both Berjaya and USNO were members of the BN, the latter having been readmitted in 1978. There had been some moves by USNO to recoup its losses by merging with UMNO, but such a merger never materialized due to political differences between the two. Because Berjaya and USNO were competitors at the state level, yet within the BN at the federal level, federal authorities announced their 'neutrality' for the 1981 state election. Under Mustapha's leadership, USNO attempted to create an opposition front to challenge Berjaya's control of the state government. Linked in opposition by a limited election agreement were three opposition parties: USNO, claiming to represent Muslim and Malay/Bajau interests; Pasok Nunuk Ragang, claiming to represent Kadazans; and the Sabah Chinese Consolidated Party (SCCP), claiming to represent Chinese. The DAP from Peninsular Malaysia also fielded three candidates in predominantly Chinese constituencies. With a carefully balanced list of candidates, Berjaya successfully defended its multi-ethnic image, assisted by a judicious distribution of projects and other benefits just prior to the election. Over 60 per cent of the vote went to Berjaya, which won 53 seats, with USNO gaining 3 and the SCCP only one. All other parties failed to gain any seat.<sup>2</sup>

Over the next several years, the Berjaya government of Harris Salleh perfected its techniques of retaining power through emphasis on development projects, which tended to be distributed by political patriarchs and through patronage systems linked to those in government. Tremendous sums of money were invested in industrial sites, particularly at Labuan but also at Kota Kinabalu and a few other sites. Among the more controversial was a shipyard designed to build submarines, but that project collapsed when no submarine buyers could be found. More successful were the large investments in timber-processing industries, in massive gas and oil facilities, and in the joint venture with a Japanese firm operating the copper mine at Mamut. Less successful were large housing and property development projects. Through the government's Bumiputra Participation Unit of the Sabah Development Bank, large sums of money were loaned to Sabahans, as Bumiputras, for a wide variety of development proposals and schemes. Many of the larger loans were issued by the Sabah Development Bank to government ministers or to Berjaya party officials under very lax financial conditions. By 1985 the

recession had hit the Sabah economy, creating losses from poorly planned development projects. The default rate of the Bumiputra loans rose, with over half of the loans being delinquent. Although the public was not informed, by 1985 the Sabah Government had amassed a foreign debt of M\$2.7 billion.<sup>3</sup>

Despite these problems, the issue which exposed the weakness of the Harris Salleh government was not economic mismanagement but rather cultural-ethnic policies. The Berjaya government pursued very strong 'integrationist' policies in line with federal objectives, seeking to emphasize Malay as the National Language and Malay-Muslim culture as the core basis for national integration. As such, indigenous Sabah cultures and languages were de-emphasized in an effort to follow the lead of Kuala Lumpur. Over television and radio, less and less time was given to native languages, and the symbols of indigenous Sabah cultural identities were being submerged in programmes to 'make Sabahans into Malaysians'. For the 1980 Census, a political decision was made to abolish all indigenous tribal identifications; these were replaced by the category 'Pribumi',<sup>4</sup> so as to blur Sabah cultural and tribal identities. Even illegal immigrants from the Philippines, Indonesia, and Brunei were classified with the indigenous Sabahans as 'Pribumi'. Perhaps the most abrasive aspect of policy involved the aggressive programme sponsored by the state government to convert non-Muslim natives to Islam. In the pre-war era, large numbers of Kadazans had become Catholics through the efforts of Catholic missionaries, who established excellent schools in Kadazan areas. As a result, the Catholic Church became an important component of Kadazan social structure and identity. When the state government expelled missionaries and sponsored aggressive Islamic proselytizing, it created resentment among Kadazans, which was a contributing factor to the loss of public support for the Mustapha regime in 1976. Yet these same programmes of Islamic conversion were continued and intensified under the Harris regime. During the years 1970-5, the Mustapha government claimed to have converted 24,000 to Islam. In the period 1976-85, the Berjaya government under Harris Salleh claimed to have converted an additional 32,112 to Islam. This policy was pursued despite the earlier guarantees incorporated in the '20 points' and the terms of Sabah's affiliation with the Federation of Malaysia that Islam would not become the official religion in Sabah.<sup>5</sup> This condition had been revoked in 1973 when, under pressure from the Federal Government, the state adopted Islam as Sabah's 'official religion'. The Islamic conversion campaign was ostensibly an implementation of that decision, even though other states in Malaysia, where Islam was the official religion, avoided state-sponsored mass conversions of non-Muslims.

Within Sabah, the grievances over cultural and religious policies were most felt by the Kadazans, the largest ethnic community in the state, constituting some 30 per cent of the indigenous population. Although Donald Stephens had mobilized Kadazans for political action in the two decades after the war, his conciliatory political tactics, merging his Kadazan-based party into the Muslim-oriented USNO in 1967 and his

subsequent conversion to Islam and name change to Tun Mohamed Fuad Stephens in 1974, were both disappointing and perplexing to his supporters. When Berjaya was formed to dislodge Mustapha, Fuad Stephens played a lead role and was picked as Chief Minister. His sudden death in 1976 and the accession to power of Harris Salleh, supported by a multi-ethnic coalition, raised Kadazan hopes of more tolerant and pluralist cultural policies. When these hopes were dashed, the issue of political tactics once again was debated by Kadazans. Within this environment, new political leadership of the Kadazan community began to emerge. As much by accident as by design, Joseph Pairin Kitingan became the spokesman for, and leader of, a resurgent Kadazan political movement. Born in 1940, the son of a police sergeant, he attended a Catholic school and after a short period as a clerk in the Education Department, he obtained a Colombo Plan scholarship to study law at Adelaide University in the late 1960s. Upon his return, he joined Berjaya as it was being formed, and a year later, was selected as a party vice-president. In the state election of 1976, he was elected to the Sabah Legislative Assembly to represent Tambunan in the heart of the Kadazan area. By 1980 he had joined the Cabinet, first as Minister for Local Government and Housing, and then in two other ministries.<sup>6</sup> Within the Berjaya government, Pairin was persistent in raising issues of concern to the Kadazans: the survival of the Kadazan language and culture; the aggressive tactics of 'unqualified' Muslim missionaries; the uncontrolled illegal immigrants to Sabah from the Philippines and Indonesia; and discrimination against Kadazans in the distribution of government benefits and services. The Harris Salleh government was more sensitive to a militant Islamic faction within Berjaya that had been recruited from USNO and was espousing various 'Islamic' causes. Because of this and persistent pressure from Kuala Lumpur, including Dr Mahathir, seeking to increase the pace of Islamization in Sabah,<sup>7</sup> these questions raised by Pairin were not met by argument, but by hostility. In June 1982, Harris asked for Pairin's resignation from the Cabinet. He remained in Berjaya but became an ordinary member of the Legislative Assembly. Shortly afterwards, during a Berjaya Congress, Pairin raised the question from the floor of unqualified Muslim missionaries and asked whether Christian missionaries could receive state aid as was being provided to Muslim missionaries. In a fit of anger, Harris ordered Pairin out of the meeting and later took action to expel him from Berjaya.<sup>8</sup> In response, Pairin decided to 'cross the floor' as an Independent, but was blocked when Harris submitted Pairin's undated letter of resignation to the Speaker of the Sabah Assembly. Similar letters of resignation had been required of all candidates who were nominated to the Berjaya ticket. With no other choice, Pairin had to face a by-election in his home constituency of Tambunan.

Meanwhile, the Kadazan community were showing their appreciation of Pairin's efforts to speak to their concerns. Pairin had earlier been elected President of the Kadazan Cultural Association, which had 100,000 members.<sup>9</sup> Shortly after being dropped from the Cabinet, he was

selected as the Huguang Siou (Paramount Chief) of the Kadazans. This was a position last held by Peter Mojuntin, but vacant since his death in the air crash along with Fuad Stephens, the Huguang Siou before Mojuntin. Although exercising no legal powers, the position commanded the respect and support of most Kadazans. Later, the title also proved a liability in making it difficult for Pairin to claim also to represent other communities in the Sabah political environment. But, for the short term, these positions of leadership of Kadazan organizations gave him a boost in political fortunes just as he was being subject to discipline by the ruling powers of the Berjaya government.

In the by-election in Tambunan, Berjaya nominated as its standard-bearer Roger Ongkili, the brother of Berjaya Vice-President James Ongkili. Both Pairin and Ongkili were Kadazan and had deep roots in the community. Indeed, the two were related, Pairin being the uncle of Roger Ongkili. The primary difference between the two candidates was that Roger Ongkili was affiliated with the Berjaya government and with the political strategy of conciliation and quiet bargaining for political concessions, while Pairin had demonstrated his willingness to speak openly and publicly on matters of central concern to the Kadazan community. The by-election was delayed for several months in a legal dispute over the undated letter of resignation used to force the election. When the court accepted the validity of the resignation letter, the by-election was held on 29 December 1984, with Pairin emerging the victor by the overwhelming vote of 3,685 to 637.<sup>10</sup>

Obviously angered by the results of the by-election, Chief Minister Harris Salleh, through a government spokesman, announced that all development in Tambunan would be frozen and that its district status was being revoked. Harris firmly defended the principle that Tambunan should be punished for its failure to support the government. For two weeks this issue dominated press coverage from Sabah, finally prompting Dr Mahathir to intervene and reverse the punitive measures against Tambunan. During this controversy, Mark Koding, a Kadazan leader, resigned from Berjaya in protest and joined a small but growing number of public figures determined to form a new political party to challenge the often arbitrary and manipulative tactics of the Berjaya government under Harris Salleh.<sup>11</sup>

Within a few weeks of the by-election victory, a new party was being formed. Called Parti Bersatu Sabah (PBS, United Sabah Party), it pledged to support the Rukunegara, the NEP, and parliamentary democracy. Nevertheless, the attempt to register the party met with considerable delay. Sensing that this new party would capitalize on grievances held by non-Muslim native peoples, Harris Salleh decided to hold a snap election before the new party could become effectively organized. This decision was approved by Dr Mahathir, even though he had earlier maintained that the election in Sabah should be synchronized with those of Peninsular Malaysia. When the snap election was announced and the Legislative Assembly dissolved on 15 March, PBS had still not been registered as a legal party. Fearing that they might not secure official registration in time

to contest the election, the PBS leaders made an agreement with a small Kadazan-based party, Pasok (Pertubuhan Kebangsaan Pasok Ragang Bersatu), whereby PBS candidates could stand under the Pasok label. Perhaps because of this move, PBS was finally registered just before the nomination date for the state election set for 20 and 21 April 1985. Immediately following the party registration, the PBS leaders and their followers resigned from Pasok, and the new party began functioning as a legal and independent organization for its first electoral test.

For the 1985 Sabah state election, the main contenders were Berjaya, representing the government in power and holding 44 of the 48 seats in the Sabah Legislative Assembly; USNO, representing the militantly Muslim party still led by Mustapha Harun, who had been Chief Minister for nine turbulent and controversial years, but holding only 3 seats in the preceding assembly; and PBS, the Kadazan-based party that had been legally formed for less than a month. Among the minor parties were Bersepadu, attracting Brunei Malays; Pasok, a narrowly Kadazan-based party; the SCCP, claiming to represent Chinese interests; Bersih, a minor regional party; and the DAP, a major opposition party in Peninsular Malaysia, but finding it difficult to establish a base of support in Sabah.

Although the Berjaya government had claimed to be a multiracial coalition, it had always retained the elements of a pro-federal and pro-Islamic slant. Because of the success of PBS in making an appeal to the non-Muslim native voters, Harris Salleh made an even more open appeal to Muslims for support as the protector of Muslim supremacy. This tendency was accelerated as the PBS was able to extend its appeal beyond the Kadazan community to Muruts, other natives, to Chinese, and to many others who, for various reasons, were dissatisfied with the Berjaya regime. Two 'silent issues' permeated the campaign. The first involved Labuan, and the second, immigrants.

At a BN meeting in 1983, Dr Mahathir had suggested that Labuan be made a Federal Territory. After only a moment's consultation with an aide, Harris Salleh impulsively agreed, and only later brought the matter up with the Sabah Cabinet for approval. USNO objected vehemently to the move, and, as a result, that party was expelled from the BN for the second time, the first having been over Mustapha's alleged secessionist moves. When the decision to make Labuan a Federal Territory was announced, the argument was made that any secessionist activities in the area would be pre-empted by the federal presence. Furthermore, Sabah would save some \$30 million to \$40 million per year in development expenditures. The public explanations avoided some important aspects of the transfer. The Federal Government gained full control of a strategic island that was being used to project Malaysian claims to some of the uninhabited reefs known as the Spratly Islands. Sabah lost a small territory but it was the location of the largest state investments in development projects with many new industries and excellent port facilities. Because of its location in the midst of rich oil-producing fields, the state also lost a share of the 5 per cent of oil revenues paid to littoral states. When Selangor surrendered territory for the national capital, it received

financial compensation. Yet Sabah surrendered Labuan with no such compensation. Whether the cession of Labuan was beneficial to Sabah became a matter of concern to Sabah voters. For many Sabahans, the transfer of Labuan to federal control on 16 April 1984 merely confirmed the view that the Berjaya government was so dependent on federal support that it was unable to withstand any pressure from Kuala Lumpur, thus confirming the accusation that it had lost even a minimal capacity to defend state interests.<sup>12</sup> This issue became the topic of many of the 'off-the-record' *ceramah* staged by opposition parties during the election campaign, particularly by USNO and PBS.

Many in Sabah were also becoming increasingly concerned about the large influx of 'refugees' and immigrants who were coming to the state primarily from the Philippines and Indonesia. During the Mustapha era, this wave of immigration was encouraged in a bid to increase political support for USNO, perhaps in anticipation of secessionist moves. During the Berjaya government, large numbers of immigrants were attracted by a booming economy. Immigration was both tolerated and covertly encouraged, on the assumption that the immigrants would bring Muslims into a majority in the state. Police registration of aliens in 1985 revealed that they numbered 280,000, but because of additional illegal unregistered aliens, the figure was obviously much higher. About 200,000 of the registered aliens were Filipino and about 70,000 were Indonesian. With a total Sabah population of just over one million, the existence of some 300,000 or more immigrants was a matter of grave concern and importance to most Sabahans. The political calculation of Harris Salleh is revealed in his speech after his party's by-election loss at Tambunan. He stated: 'In 1967 Muslim voters formed 37 per cent of the total electorate. Today they comprise over 52 per cent. Therefore the scales will tilt in favour of the Muslim communities if anyone plays the politics of race and religion.'<sup>13</sup> Later he stated, 'Inevitably the Muslims will eventually dominate all other races in Sabah politically because they will have the numbers when many more Filipino immigrants are given IC cards and register to vote. Then the Muslims will not forget.'<sup>14</sup> Harris seemed oblivious to the possibility that many Sabah Muslims also might not like the immigrants, who competed with them for jobs and who were often lawless. Many Filipino immigrants had links with the Moro Liberation Front and retained their firearms while in Sabah. Even though possession of unregistered firearms is an offence carrying a mandatory death sentence under the ESCAR, police authorities looked the other way and did not charge Filipino immigrants who might have been charged with violation of those regulations. The political and social issues created by the large immigrant communities were of greater concern to non-Muslims, but because these immigrant communities also generated much friction with other locals, many Sabah Muslims had mixed feelings about the encroachments of these new settlers.

During the campaign, Berjaya relied heavily on the federal image and on the support of federal leaders. The Berjaya symbol was abandoned in favour of the BN symbol—the *dacing* or beam scale. Federal ministers

flew over to address the large rallies staged by Berjaya. At a rally of 20,000 in Kota Kinabalu, Dr Mahathir pledged that the Federal Government would 'sink or swim with Berjaya'. He went on to warn, 'Berjaya should continue to rule Sabah. If any other party rules there will be no support from the Barisan Nasional government.'<sup>15</sup> Similar messages were conveyed by other federal ministers, including Musa Hitam and Tengku Razaleigh Hamzah. Much of the campaign effort was devoted to mobilizing Islamic support as a counter to the USNO claim that only it could protect the interests of the Muslim community. In making that point, the Berjaya campaign stressed its Islamic credentials and also confirmed the criticisms of PBS that Berjaya had become too committed to programmes of Islamic conversion and Islamic preference, but was not willing to defend legitimate rights and interests of other communities representing the rich cultural diversity within Sabah.

The PBS campaign was mostly conducted by means of small *ceramah* meetings, because police permission was not given for larger rallies. By this method, the campaign was conducted largely beyond close police supervision. The Catholic Church became a centre for party activities in Christian areas. Great efforts were made to extend party support beyond the Kadazan community. The party gained a strong following among Muruts and Chinese who were increasingly fearful of the rising fervour of Islamic extremism.

On the eve of the election, Harris Salleh was confident of victory, but anticipating a smaller majority than the 43 seats Berjaya had won in 1981. The Police Special Branch predicted that Berjaya would win between 32 and 36 seats,<sup>16</sup> but it is doubtful that they provided any details of their polling methods. When the votes were counted, to the surprise of most observers, Berjaya suffered a stunning defeat. Harris Salleh and all the cabinet ministers lost their seats and Berjaya was able to hold on to only 6 seats. USNO won 16 seats, 13 more than in 1981, but PBS emerged the majority winner with 25 seats. Pasok had also gained one seat, with its elected member immediately joining PBS to swell its number to 26.<sup>17</sup>

At the height of the agony of defeat, Harris Salleh conceived of a scheme to deny his arch-rival and critic, Joseph Pairin Kitingan, of the fruits of victory. Under the Sabah Constitution, as a relic from the colonial era, the Chief Minister had the power to appoint six non-elected assemblymen. Berjaya, with its 6 elected members, would support Tun Mustapha for Chief Minister, who with USNO's 16 elected members, and the 6 appointed members would constitute a majority of 28 in the 48-member Assembly. By this move, Berjaya would also have the power to force a new election at any favourable moment so as to recoup its losses. Because Dr Mahathir was on a state visit to Norway, Harris phoned Musa Hitam at 2.00 a.m. on election night to explain his scheme, but Musa rejected it. None the less, the plan proceeded, this time with Mustapha as the primary actor. After receiving Harris's offer of coalition support, Mustapha led a group of his supporters into the grounds of the residence of the Governor, Adnan Roberts, at about 3.00 a.m. on election night. Mustapha's spokesman argued that Mustapha deserved to be

installed as Chief Minister because he headed a coalition supported by over half of the voters and having the blessing of Kuala Lumpur, which wanted a Muslim as Chief Minister. The Governor was warned that he would be removed if Mustapha was not immediately sworn in as Chief Minister. Ignoring his own legal advisers who recommended against appointing Mustapha, Adnan Roberts, early in the morning, and without a judge as witness, administered the oath of office to Mustapha as the new Chief Minister and provided him with a letter of appointment. When the PBS leaders found out what had happened, they were furious and contacted various federal leaders for redress. Musa Hitam had already learned of the dawn coup attempt by Mustapha and was already taking action to rectify the misjudgement of Adnan Roberts. The deception in the arguments and the coercive threats of Mustapha's supporters were made the basis for revoking Mustapha's appointment. At 8.15 p.m. the next evening, Joseph Pairin Kitingan was installed Chief Minister in a ceremony properly witnessed and duly announced.<sup>18</sup>

The new PBS state administration began with high hopes but serious liabilities. Mustapha immediately filed a suit in court, claiming to be the Chief Minister since the Governor has no constitutional power to revoke an appointment once given. This suit challenged the legal validity of all government actions and remained an impediment over decisive government action for almost a year, until the court finally rejected Mustapha's claim on the basis that the original appointment was invalid primarily because of fraudulent deception and duress.<sup>19</sup> The other major impediment confronting Pairin's government was the strained relations with Kuala Lumpur that persisted despite the efforts by PBS to be admitted into the BN and to secure from Kuala Lumpur some recognition of validity for the new state government. Even with the six new PBS nominees that Pairin had the power to appoint, the government remained under siege from its critics, both in Sabah and in Peninsular Malaysia.

Dr Mahathir, when he returned from abroad, backed the decisions of Musa Hitam which had permitted Pairin to be installed as Chief Minister. Yet he also made it plain that he was disturbed about the results of the election. On learning of the PBS victory, he is reported to have said, 'I tore out my hair ... I was disappointed.'<sup>20</sup> He was especially concerned that the new government was not 'multi-racial', as Berjaya had claimed to be. While the votes had shown that PBS had won with the core support of the non-Muslim Sabah natives, they also revealed massive support by the Chinese and even substantial Muslim support in some constituencies. The principal theme of the PBS campaign had been 'to keep Sabah's 30 ethnic groups from being deprived at the expense of others'. This had struck a responsive note that extended far beyond the Kadazan community. In support of its court case, USNO walked out of the first meeting of the Sabah Assembly and claimed that the government was a 'Catholic government' and that Muslims were being discriminated against. The same charges were made by Harris Salleh and were echoed by Anwar Ibrahim, speaking for UMNO Youth. These complaints were discussed by the BN in July, and they were used to support the position



that the PBS application to join the BN should be held in abeyance until the new government had proven that it would be 'fair to Malays'. The argument was made that 'we cannot allow Muslims to be ruled by non-Muslims'.<sup>21</sup> Pairin did appoint Muslims, both to the Assembly and to other important positions, but his appointees were accused of not being 'true leaders' or of being heretical Muslims. When he persuaded some Muslims who had been in the Berjaya government to join the PBS government, he was then accused of 'raiding' the other parties.

The first test of public support of the PBS government came in October 1985 when Harris Salleh decided to resign as President of Berjaya to make way for his chosen successor, Mohamed Noor Mansoor. He also resigned his parliamentary seat, thus forcing a by-election, which was promptly won by the PBS candidate, Kadoh Agundong, a Murut who had earlier defeated Harris in the 1985 state election. When Pairin persuaded three of the six Berjaya assemblymen to join his government, by-elections were forced through the use of undated letters of resignation. USNO also surrendered one seat to allow the new Berjaya President, Mohamed Noor Mansor, to secure a seat in the Assembly. As a consequence of these moves, there were four state by-elections in January 1986, with three of the constituencies being predominantly Muslim and the fourth being predominantly Chinese. Two of the seats were won by PBS, while USNO took the other two, thus proving that PBS had the capacity to win in Muslim areas.<sup>22</sup>

It required no great political acumen for the opponents of the PBS government to realize that it would take some time before it could be defeated at the polls. Consequently, a new strategy was devised, designed to induce the declaration of emergency rule by the Federal Government, or at the very least, the imposition of more effective sanctions by Kuala Lumpur to end the one-party PBS regime of the Sabah Government. Toward this objective, various politicians from USNO and Berjaya, including Harris Salleh, joined together to organize demonstrations and incidents to challenge the authority of the Pairin government. At the same time, efforts were made to undermine the political support of the PBS government by inducing defections. Although the number of elected assemblymen supporting the government had risen to 30 with the earlier defections from Berjaya, the by-elections of January 1986 had reduced the number to 28. Under continuous pressure from the federal authorities, some six additional PBS members were induced to defect in mid-February, perhaps with the promise of money or favourable appointments. Upon hearing of the potential erosion of his support in the assembly, Pairin decided to dissolve the Sabah Assembly, and the proclamation was signed by the Governor, Adnan Roberts, on 24 February. He also withdrew the PBS application for admission to the BN. Rather than wait for the gradual dismemberment of his party by the tactics of the opposition, he decided to seek a new mandate. This action surprised his critics and made irrelevant the attempts by the opposition to buy over members of his government. USNO and Mustapha sought an injunction against the dissolution pending the outcome of the case claiming that

Mustapha had all along been the legal Chief Minister since the disputed appointment in April 1985. With the testimony and arguments in that case nearing an end, it was clear that a momentous court judgment would shortly be made. To call a new election, would pre-empt that judgment. The Federal Government, too, was upset by the surprise calling of a fresh election, just when federal pressure was appearing to have the effect of bringing the PBS government to its knees. Behind the scenes, the federal authorities were active in trying to form a Sabah coalition that could challenge PBS.

In view of these developments, some opposition politicians decided to create disturbances that would justify the declaration of an emergency by the Federal Government, as had happened in the case of Kelantan in 1978. Both the tactics and the principal actors were not too different from what had been staged in Kota Kinabalu in 1976; only this time, key USNO politicians were joined by some disgruntled Berjaya politicians, including Harris Salleh, who resigned his membership in Berjaya to join USNO. Riots and bombings were staged in Kota Kinabalu as some 2,000 to 3,000 demonstrators camped at the state mosque, hoping to use it as a sanctuary. When the police arrived, most of those detained were unemployed Filipinos who, it was later learned, were being paid M\$10 per day to stage demonstrations. Foreign correspondents reported the rumour that Harris Salleh was one of the mysterious figures helping to finance the campaign.<sup>23</sup> Some of those associated with the campaign pleaded for the declaration of an emergency, but this was difficult for Dr Mahathir to do, since a Malaysian election was on the horizon, and it would prove a liability if he were to react rashly to what most Malaysians viewed as an engineered emergency situation. Chief Minister Pairin Kitingan remained calm, and Dr Mahathir promised that there would be no declaration of an emergency. Instead, Dr Mahathir put forth his plan to solve the 'crisis'.

After a series of talks, first between Anwar Ibrahim and Pairin and then between Dr Mahathir and Pairin, Dr Mahathir drafted what he called the 'Sabah Plan'. It provided for the cancellation of the state election and the formation of a coalition government in Sabah, with Pairin Kitingan remaining as Chief Minister, but the positions of power in the government distributed according to an agreement. There would be three Deputy Ministers, two from PBS and one from USNO; a Berjaya member would be appointed a federal Deputy Minister; both USNO and PBS would be admitted to the BN and the Sabah BN would be chaired by Dr Mahathir; at the next general election, the three parties would all contest under the BN symbol and would not contest against each other, but have seats allocated as follows: PBS 28, USNO 16, Berjaya 4. In discussions on this 'plan', PBS leaders objected to non-competitive managed elections and argued that the distribution of seats would prevent their party from widening its base and force it, instead, to represent only one ethnic community.<sup>24</sup> They offered a counter proposal, but the new Deputy Prime Minister, Ghafar Baba, called to warn PBS leaders that if the 'Sabah Plan' was not accepted as formulated, the full

weight of the BN would be turned against the PBS government. The implication was that emergency rule would likely be declared. This ultimatum by Ghafar Baba was reportedly the decisive factor which convinced the PBS leaders to reject further negotiations over the 'Sabah Plan'.<sup>25</sup>

By this time, the court had ruled on the applications for an injunction to block the pending Sabah election. The High Court ruled that the dissolution of the Sabah Assembly was valid. It seems that a legislative assembly is like Humpty Dumpty—once it has 'fallen', 'all the King's horses and all the King's men cannot put Humpty Dumpty together again'. Without other options, all parties to the unfolding contest had to await the decisions of the electorate with the polling set by the Election Commission for 5 and 6 May 1986, just slightly over a year since the previous state election.

For its second state-wide campaign, PBS was better organized. It had confidence in its base of support and it used its incumbency to good advantage. It also could capitalize on the unfair harassments of its critics. At the *ceramah*, the party displayed video shots of Berjaya and USNO leaders at the head of crowds that later turned to violence and arson. The PBS claim to be a multiracial party was stressed and extra efforts were made to bring Muslims into the party in a visible way. These efforts appear to have had some effect, since after the vote was cast, PBS had been returned with an even greater margin of majority, winning 34 seats, to 12 for USNO and only 1 for Berjaya. With 6 appointed seats, this gave the PBS a majority of 40 out of 54 seats in the Sabah Legislative Assembly to begin its second term of office. It had also won over 53 per cent of the votes and had captured a number of Muslim majority constituencies.

Immediately after the election, Pairin stated, 'I hope that PBS will no longer be accused of representing only one community or race.' When asked about the possibility of a coalition government, he replied, 'Why should we have a coalition of parties? We are a coalition of races.'<sup>26</sup>

TABLE 6.1  
Sabah: State Assembly Elections, 1981–1986

	1981		1985		1986	
	Elected	% Vote	Elected	% Vote	Elected	% Vote
Berjaya	43	61.9	6	29.9	1	17.3
PBS	—	—	25	37.0	34	53.2
USNO	3	20.3	16	26.4	12	20.1
Pasok	0	7.4	1	2.1	0	
SCCP	1		—	—	1	

Sources: Bala Chandran, *The Third Mandate*, 2nd ed. (Kuala Lumpur: Bala Chandran, 1986), pp. 194–234; Tan Chee Khoo, *Sabah: A Triumph for Democracy* (Petaling Jaya: Pelanduk Publications, 1986), p. 198; *Far Eastern Economic Review*, 6 June 1985, pp. 14–15; *New Straits Times*, 30 March 1981, p. 1; K. Ramanathan Kalimuthu, 'The Sabah State Elections of April 1985', *Asian Survey*, 26, 7 (July 1986), p. 829.

Within a very short time, PBS was admitted without fanfare into the BN, with both the PBS leaders and the leaders of the BN showing each other the mutual respect that reflected political realities and a recognition of their limited capacities to project political power into the other's home territory and legal jurisdiction.

### Sarawak Politics, 1983-1987

Sarawak, like Sabah, began its cycle of political activity before Peninsular Malaysia. Sarawak had held a state election in 1979, but because of instability in the ruling coalition, a new election was put off to the last moment possible at the very end of 1983. Nevertheless, before this state election, there were a number of important political developments that set the stage for a protracted political struggle which remained largely unresolved until 1987.

The political environment in Sarawak was similar in many respects to that of Sabah. Yet political alignments and the constellation of parties had evolved quite differently. The economy of Sarawak, like Sabah, was dominated by the extractive industries of oil, gas, and timber. Most of the wealth had accumulated in the coastal towns, but much of the depletion of timber resources adversely affected the interior areas. Lucrative timber licences which were issued by the state government became an important instrument of political power jealously controlled by the Chief Minister. Since the licences were worth many millions of ringgit, they could be distributed to reward political supporters and be used to build a stable coalition at the state level, often including those politicians who claimed to represent the interests of interior native peoples. Similarly, the large hydroelectric projects that were built or being planned involved the flooding of large tracts of upland forest and the relocation of people from the interior areas where the native non-Muslim peoples were concentrated. Thus, basic economic conflicts arose over land policies, over the distribution of new jobs and wealth from

TABLE 6.2  
Sarawak: Population by Ethnicity and Religion, 1980

<i>Ethnicity</i>	<i>Per Cent</i>	<i>Religious Affiliation</i>	<i>Per Cent</i>
Malay/Melanau	25.8	Muslim	26.3
Dayak: Iban/Bidayuh/ Other indigenous	43.8	Christian	28.5
Chinese	29.2	Buddhist/Confucian/ Tao/Chinese religion	16.4
Others	1.2	Tribal folk religion	14.8
		Others/Hindu	2.2
		No religion	11.8
Total	100.0		100.0

Source: Calculated from: Government of Malaysia, Department of Statistics, *1980 Population and Housing Census of Malaysia*, Population Report, Sarawak, Part I (Kuala Lumpur: Department of Statistics, 1984), pp. 66 and 228.

development projects, and over the provision of government services between coastal areas, with their urban centres, and the highland interior areas of the state. These geo-political tensions were intensified by ethnic and religious differences.

As the grievances of the interior natives gradually accumulated, some of their leaders began to explore political strategies that would translate their plurality as an ethnic community into more substantial power. The indigenous native peoples had proven to be very difficult to mobilize for political action because of tribal divisions, geographic isolation, and old factional rivalries. After years of ineffective political action, a new generation of interior native leaders sought to forge a wider sense of community extending beyond the individual tribes to embrace all interior natives. The older and more general term 'Dayak' was revived to denote all non-Malay indigenous tribal communities. Together, the Dayak grouping constituted the largest ethnic community. Even so, they had not been able to translate their near majority of numbers into dominant political power because of the character of the party system and the judicious use of federal power and patronage to assure the dominant position within the state of the Malay/Melanau community. Occasionally, there had been rumblings of 'Dayak power', which created tensions and instability within Sarawak as well as anxiety in Kuala Lumpur among those who believed that state governments should replicate, so far as possible, national political alignments.<sup>27</sup>

The character of the Sarawak party system, while reflecting ethnic differences, none the less muted ethnic mobilization. While all parties had a communal core of supporters, none was ethnically exclusive. All major parties attempted to create some form of multi-ethnic coalition bridging at least two ethnic communities. In this configuration, the Dayaks became the common recruited group for all major parties. As a consequence, Dayaks were given limited access and token representation in most parties, but they never acquired positions of dominance and real authority. Thus, for example, Partai Pesaka Bumiputera Bersatu (PBB) represented the Muslim Malay-Melanau community, but also displayed token representation of Bidayus and some other Dayaks. Similarly, the primary Chinese party, Sarawak United People's Party (SUPP), recruited substantial Bidayuh and some Iban following. The Sarawak National Party (SNAP) claimed to be the primary spokesman for Iban interests. Yet, some of its top leaders and most of its financial supporters were Chinese who were successful in forging a Chinese-Dayak coalition as the basis for the party. With this sort of party system, there was continuous competition between parties for shifting and transient supporters as well as endemic internal factional struggles for power within all major parties.

During the 1960s and early 1970s, from the perspective of federal authorities, the 'bad boy' of Sarawak politics had been SNAP which, in its early days, espoused state autonomy. In 1965, under SNAP Chief Minister Stephen Kalong Ningkan, federal-state differences had provoked the Federal Government into proclaiming a state of emergency to depose the SNAP-led Sarawak ruling coalition. The fortunes of SNAP revived in

1974 when the party won 43 per cent of the vote and 18 Legislative Assembly seats. Even though SNAP President James Wong was detained without trial for 17 months under the ISA,<sup>28</sup> this action did not prevent SNAP from later joining the BN in 1976 at both state and federal levels.<sup>29</sup> After SNAP joined the BN, the ruling coalition consisted of three parties, with the balance remaining remarkably stable from election to election.

When elections were held, seats on the BN ticket were divided according to past performances. Unlike Peninsular Malaysia, the BN parties also contested against each other, either openly or through surrogate 'independents' who, if they won, could expand a party's claim to a constituency. A few minor parties and, after 1974, the presence of the DAP from Peninsular Malaysia added to the competition but did not upset the basic balance of power so deftly maintained by Chief Minister Abdul Rahman Ya'akub of the PBB.

Leading up to the state election in 1979, there had been periodic rumblings of discontent with the distribution of power, particularly among natives who believed that they were being short-changed in the political process. The first moves to challenge the balance took place as intra-party disputes within SNAP, the party that claimed to be the primary political vehicle for native peoples. At the SNAP party congress in 1981, Leo Moggie (an Iban) unsuccessfully challenged the incumbent, James Wong (a Chinese), for the presidency of SNAP.<sup>30</sup> Two years later, in a bitter battle, he tried again, arguing that Dayaks should be the leaders of a Dayak party. James Wong defended the multiracial character of SNAP, and retained his position as leader of the party. At the party congress, a prominent SNAP politician, Daniel Tajem, was expelled from the party for campaigning against BN candidates in the 1982 parliamentary election. In protest against this action, Leo Moggie resigned from SNAP. By September 1983, the two former SNAP leaders launched a new party called Parti Bangsa Dayak Sarawak (PBDS, Dayak Ethnic Party of Sarawak), which appealed for support on the basis of exclusive Dayak identity. Attracted by the new party, many Dayaks in SNAP who had been elected or appointed to both federal and state positions transferred their membership to PBDS.<sup>31</sup> Because of the ethnic appeal of PBDS for Dayak political mobilization, other parties that had recruited peripheral Dayak support were also affected. As a consequence, the PBDS represented a challenge to the existing political calculus of the entire Sarawak party system.

With the formation of PBDS, the question remained whether there would be a realignment in Sarawak politics. The real test came in the state election of 1983. When the votes were counted, it was apparent that PBDS had not upset the political base of either PBB or of SUPP, but it had rather split the support base that had been previously cultivated by SNAP. Where SNAP had won 16 seats in 1979, it now took only 8, whereas PBDS won 6, which, together, represented a net loss of 2 seats. Their competition against each other had been detrimental to both and it had not enhanced the political position of the indigenous Sarawak tribal

peoples. The number of Dayak voters was on the increase, however, and if some political accommodations were made between the leaders of SNAP and PBDS, it was apparent that they could have a greater impact on the distribution of power at the state level and also on public policy issues of concern to the interior natives.

During the internal crisis within SNAP, the Sarawak BN leaders from other parties avoided becoming involved in the dispute. Indeed, conflicts among the Dayaks could only enhance the power of the other parties. When Daniel Tajem was expelled from SNAP, he retained his position in the Cabinet in what was called the 'BN Plus' arrangement. Similarly, after the 1983 election, the new PBDS party was quickly welcomed as a new member of both the state and the federal BN and the PBDS leaders retained approximately the same positions in government that they had held before their exit from SNAP. As a result, the primary competition between SNAP and PBDS was over the issue of which party could be more effective in representing the interests of the Dayak communities.

These shifting alignments were also reflected in the internal politics of PBB, the Malay/Melanau party that headed the BN in Sarawak. Since 1970, the leader of the PBB had been Abdul Rahman Ya'akub, who was also the Chief Minister of the BN government in Sarawak. In 1981 he was elevated to the post of Governor, with the new Chief Minister being Abdul Taib Mahmud, his nephew but his junior by only a few years. Being the senior and the surrogate guardian of Taib after the death of Taib's father, Rahman Ya'akub expected both deference and substantial political power as leader of the PBB, which he had led for over a decade. Nevertheless, Taib tried to establish his own leadership of the party. As Chief Minister, Taib made policy decisions and distributed patronage and government benefits as he deemed appropriate, often going against the 'advice' freely offered by his uncle, the Governor. Within a short period, an intense personal and factional rivalry developed between the two. At stake was not only the control of PBB, the keystone party in the BN, but also control of the state government with its tremendous powers of patronage. The struggle involved public accusations, coup plots and counter-plots in a web of intrigues and under-cover machinations that some claim to be all too characteristic of the Sarawak Malay/Melanau communities. Despite the factional rivalries within PBB, the party did not fracture and Abdul-Taib Mahmud survived as Chief Minister and leader of the Sarawak BN, largely because of strong and substantive support for his government from the authorities in Kuala Lumpur.

Under Taib Mahmud's leadership, the PBB moved away from its earlier stance of being the assertive defender of Malay ethnic interests and its emphasis on a militant Islamic political idiom. The party's defence of Malay/Melanau identity was not abandoned, but policy was muted in an effort to extend its appeal, especially to Bidayuhs (formerly called Land Dayaks), some of whom had become Muslims. Partly in response to the rising Dayak political consciousness, Taib stressed that the PBB was a multi-ethnic party which included native peoples. To retain even the semblance of a multi-ethnic appeal required a de-emphasis on some of

the symbolic aspects of both Malay ethnicity and Islam. For a while in 1985, it appeared that the PBB might split with the possible formation of a Bidayuh party by dissident PBB native members.<sup>32</sup> The policy shifts initiated by Taib may have been a deciding factor which dissuaded dissidents within the party from breaking away to form a new party to espouse more exclusive Bidayuh interests.

During 1984 and 1985 there were rumblings of discontent within the Sarawak BN over the decisions and leadership style of Chief Minister Taib Mahmud. Many issues were involved, but the most contentious was the way timber licences were being distributed as well as being revoked. The previous Chief Minister, Rahman Ya'akub, had awarded concessions to friends, relatives, and political allies. This practice continued when Abdul Taib became Chief Minister. The total value of these concessions was never revealed but may have approached M\$30 billion. Part of the discontent with the 'leadership style' of Taib undoubtedly involved disagreements over the distribution of benefits from this vast resource. In addition, policy decisions tended to be made unilaterally by Taib, and when Dayaks asked for beneficial policies or programmes to uplift their community, he would state that 'we cannot afford to entertain those championing a particular community', claiming, instead, to pursue 'multi-racialism and the politics of development'.<sup>33</sup> For the Dayak leaders, this was not an adequate response. They expected some form of 'affirmative action' to raise the economic and social position of the interior natives, along some of the same lines that were used by the NEP to benefit the Malays of Peninsular Malaysia. Furthermore, many state policies, especially regarding the distribution of timber licences, were viewed by Dayaks as interfering with native land rights. Because there was no effective consultative forum within the Sarawak BN to air these issues and because of the often arbitrary and apparently hostile attitude of Taib to representations from Dayak leaders, there developed a chasm of suspicion and distrust between the Chief Minister and especially those who were elected under the PBDS banner. In addition, he had succeeded in alienating some legislative assemblymen from among all the parties in the BN coalition. The distribution of patronage can make allies, but it also can make enemies among those who feel slighted.

These undercurrents of conflict and factionalism were compounded by the bitter rivalry that had earlier developed between Taib and his uncle, Rahman Ya'akub. The feud continued through most of the latter's tenure as Governor of Sarawak. At one point in the dispute, Rahman Ya'akub even sent a letter to Taib asking him to step down 'honourably', but Taib retained the support of federal leaders.<sup>34</sup> Although Rahman Ya'akub wanted a second term as Governor, he was forced to retire when his term expired in April 1985; the new appointee was Ahmad Zaidi Adruce, a less commanding political figure and much more willing to play a non-political role as Governor.

In retirement, Rahman Ya'akub attempted a political come-back by exploiting the undercurrent of opposition to the leadership style of Taib. The Sarawak BN had contested the federal election in 1986 with no



TABLE 6.3  
Sarawak: Council Negri Elections, 1974-1987

	1974			1979			1983			1987		
	State Seats	Percentage of Vote		State Seats	Percentage of Vote		State Seats	Percentage of Vote		State Seats	Percentage of Vote	
Barisan Nasional	30	55.6		45	59.5		45	58.7		28	55.2	
PBB	(18)			(18)			(19)			(14)	21.2	
SUPP	(12)			(11)			(12)			(11)	25.9	
SNAP	18	42.9		(16)			(8)			(3)	8.0	
PBDS	—			—			6	8.1		15	17.6	
DAP	—			—			0	8.3		0	11.4	
Pajar	—			0			—			—		
Sapo	—			0			—			—		
Permas	—			0			—			5	14.2	
Bersatu	—			—			0			0	0.02	
Independents	0	1.2		3			3 <sup>1</sup>			0		

Sources: Malaysia Information Services, 'Results of 1974 General Election in Sarawak State', mimeo. (Sarawak, 1974); *New Straits Times*, 24 September 1979, p. 6; *The Star*, 4 January 1984, p. 1; *Anaizack*, 15 February 1985, p. 16; Yu Loon Ching, *Sarawak: The Plot that Failed* (Singapore: Summer Times Publishing, 1987), pp. 92, 112-15.

Note: Numbers in parentheses indicate seats elected as member of the Barisan Nasional. The Barisan Nasional percentage includes totals of all BN parties even when contesting against each other.  
<sup>1</sup>Two of the three independents later joined PBDS.

major disputes and succeeded in winning 21 of the 24 federal seats allocated to Sarawak. Yet, the underlying factionalism within all parties in the BN broke into the open in March, when 28 State Council Negri members convened at the Ming Court Hotel in Kuala Lumpur and issued a call for Taib either to resign or to face a 'no confidence motion' in the State Assembly. Calling themselves 'Bersatu' (United Group), they included all 8 PBDS members, 8 from PBB, 5 from SNAP, 4 from SUPP, and 3 independents.<sup>35</sup> Later, allegations were made that Rahman Ya'akub had invited the dissidents to Kuala Lumpur and perhaps had paid for the air tickets and hotel accommodation, and offered to be the alternative candidate to replace Taib as Chief Minister. The next day, Taib revoked twenty-five timber concessions held by those involved with the Bersatu faction.

These concessions were estimated to be worth M\$22.5 billion and involved about 3 million acres of forest land.<sup>36</sup> In addition, he ordered state statutory bodies to withdraw a total of M\$150 million from Sarawak Bank Utama, of which Rahman Ya'akub was the majority shareholder. Taib explained that these actions were to stop money from flowing to those supporting the opposition. In the following days, both parties revealed the seamier sides of the timber licence award system, and it became clear that practically all state assemblymen were in some way beneficiaries, although not all to the same extent.

While the Bersatu faction commanded a nominal majority of the Assembly, they could not convene a meeting of the Sarawak Council Negri. Taib immediately dissolved the assembly and called for a new election, two years earlier than required. The issue then became one of who would contest what seats and under what party label. With federal support, Taib insisted that the rebels not be nominated under the BN ticket. Each BN member party was told by Dr Mahathir that they would only contest the seats held at dissolution and all would use the symbol of the BN—the *dacing*. With these conditions, the PBDS decided to opt out of the BN and the faction in PBB supporting Rahman Ya'akub decided to form a new party called Persatuan Rakyat Malaysia Sarawak (Permas). Some of the dissidents from other parties shifted parties, but in the election, the primary line-up was the BN, consisting of the stalwarts from PBB, SUPP, and SNAP, versus the newly defined opposition: PBDS and the fledgeling Permas, now led by the venerable and wily Sarawak-Malay politician, Rahman Ya'akub. During the campaign, Dr Mahathir came to Sarawak to lend the full support of the Federal Government to the Sarawak BN administration of Abdul Taib.<sup>37</sup>

Even before the vote was counted, there was anguish among some Dayak politicians, who realized that no matter how things turned out, they would most likely be denied a proportionate share of power and a say in the formation of state policies. Even so, they hoped that some realignment would take place as a result of a new sense of political purpose among the Dayaks. After a short, intense, and often bitter campaign, the voters went to the polls on 15 and 16 April. When the votes were counted, the BN was returned, but with a reduced majority of

28 out of 48 seats. In the opposition was PBDS with 15 seats, and Permas with 5 seats. Among the defeated candidates was Abdul Rahman Ya'akub as well as Daniel Tajem, Deputy President of PBDS. Although the Dayaks remained on the periphery of the political system, the election also revealed their potential power at the polls. It was apparent that Chief Minister Taib had retained power but with a weakened mandate and the prospect that the ethnic factional alignments might easily turn against his government.<sup>38</sup> Many of the Dayaks were inspired by the rise to power of the PBS in Sabah, but they did not have sophisticated leaders who were adept at building stable alliances and a base of support that extended beyond their own beleaguered community. No doubt, in time this would occur.

### The Economic Recession

For the federal authorities, political set-backs or surprises in the two states of Sabah and Sarawak were minor concerns compared to the problems posed by a downturn in the world's economy. For three decades Malaysia had experienced a dramatic growth of its economy, with an average increase in per capita GNP of 6.5 per cent between 1960 and 1970 and 7.9 per cent between 1970 and 1978. This economic vitality was led by petroleum and liquefied natural gas, which together accounted for 29.6 per cent of exports in 1985 and provided approximately 26 per cent of all government revenues.

Over the previous decade, palm-oil had expanded to account for 10.4 per cent of exports, to surpass Malaysia's traditional export commodities of rubber (which had fallen to 7.5 per cent) and tin (which had collapsed to a mere 4.2 per cent) as the mainstay of the Malaysian economy. Malaysia's NEP had been largely funded by the revenues derived from foreign oil sales. The expanding economy provided the resources to cushion the ethnic conflicts and grievances that had plagued the country since its independence. These favourable circumstances changed in 1984 as Malaysia began to feel the impact of the world economic recession. Oil prices dropped from US\$34 per barrel in 1982 to US\$15 per barrel in 1986. The tin market had also collapsed in 1984 with the failure of the International Tin Agreement (ITA) to sustain minimum prices. The prices fell from M\$30.15/kg in October 1983 to a low of M\$14.03/kg in October 1986. The drop in price resulted in the closure of 314 of the 488 tin mines in Malaysia within the period of one year. The government had contributed to the collapse of the tin price through its secret effort to establish a tin cartel through a company called MAMINCO, which invested in tin to support a floor price. When this effort failed, the company lost M\$600 million in funds that ultimately came from the federal treasury. The resulting oversupply caused the collapse of the price of tin on world markets to record lows. Similarly, rubber prices fell from M\$2.60/kg in 1984 to below M\$1.80/kg in 1986, a nine-year low. The depressed rubber prices occurred in spite of the actions of the signatories to the International Rubber Agreement to

protect a minimum price for that commodity. A similar fate befell palm-oil, which had a price of M\$1,600/tonne in April 1984 but fell to less than M\$650/tonne by November 1985.<sup>39</sup> The government had learned the hard way that commodity cartels provided little protection in the event of depressed world markets.

The drastic losses in foreign exchange resulted in a decline in real economic growth of 8.1 per cent for 1986 and a drop in per capita GNP from M\$4,937 in 1984 to M\$4,327 in 1986. The lower earnings led to a rapid rise in external debt to over M\$50 billion, and severe problems of debt-servicing payments. In 1985 the public debt increased to M\$62.4 billion or about 86 per cent of the nation's GNP.<sup>40</sup> In these circumstances, the government had to devise policies to cut government expenditures, to attract greater foreign investment, and to manage at the same time escalating ethnic demands with fewer resources and benefits to distribute.

As foreign investments dwindled, the government responded to the criticism of investors and United Nations consultants concerning the economic costs of the NEP. While on a visit to Australia to promote investment in Malaysia, Dr Mahathir stated that the NEP 'will be held in abeyance, more or less, except in areas where there is growth'.<sup>41</sup> This policy shift was very limited and temporary and appeared to apply mainly to the provisions of the Industrial Coordination Act which provided for Bumiputra participation in foreign commercial ventures in Malaysia. Certainly there was no hint that the entire edifice of Malay privileges and quotas was to be abandoned or gradually dismantled. The only changes were those minimal conditions deemed necessary to attract foreign investment and to allow 'market forces' to operate. To promote foreign investment, some categories of investors were exempted from the 70 per cent local equity requirement of the NEP. Some companies manufacturing products not produced locally were allowed 100 per cent foreign ownership and permanently exempted from the requirement to restructure their equity to local or Bumiputra investors.<sup>42</sup>

In other areas, the government initiated a policy of constraint as it attempted to meet the problem of falling revenues, the rising deficit in balance of payments, the decline in export earnings, increased unemployment, and the decline in domestic savings. Government operating expenditure was scaled down by 6 per cent and development expenditure was cut by 25 per cent for the 1986 budget. The military budget allocations were slashed by 37 per cent. Efforts were made to stimulate exports with tax incentives and an Industrial Master Plan was released which was expected to promote the expansion of the manufacturing sector of the economy, including mining and petroleum.<sup>43</sup> Because the recession was imposed on Malaysia by the world economy, there were limited options for policy-makers. Political leaders called on the public for sacrifice, restraint, and understanding, while belt-tightening measures were employed to cut back on government expenditures. Confident of its ability to balance economic and political demands, the government expected to weather the economic downturn with minimal loss of public confidence and public support. As the time for new elections approached,

political issues once again assumed primacy over questions of economic strategies and fiscal management.

### UMNO Politics

Being the dominant party within the ruling BN coalition, the United Malays National Organization had become the most important representative forum for the interaction between the top leadership and the primary support base for the government. Some of the most important pre-election manoeuvres took place at the UMNO General Assembly in May 1984. Tengku Razaleigh once again decided to contest for Deputy President, as he had done in 1981. At that time he had lost to Musa Hitam by a vote of 722 to 517, but he obviously thought his chances had improved in the intervening years. Although the campaign remained civil, it did involve a major effort and considerable expenditure of money by both candidates. This time, Dr Mahathir left no doubt that he favoured the incumbent. Again Musa emerged the victor by 744 to 501, a vote that was remarkably similar to the earlier 1981 contest.

In the Cabinet reshuffle following the UMNO election, Tengku Razaleigh was moved from Finance to Trade and Industry. A long-time businessman ally of Dr Mahathir from his home state of Kedah, Daim Zainuddin, was made Finance Minister even though he was a virtual novice to politics and relatively unknown. Anwar Ibrahim was moved from Culture, Youth and Sports to Agriculture, and Abdullah Badawi became Minister of Education. Musa Hitam continued in Home Affairs, and Dr Mahathir retained two portfolios, Prime Minister and Defence. The net result of these changes was that Tengku Razaleigh had been moved laterally to a less important post while the other key posts were filled by men closely affiliated with Dr Mahathir. Musa Hitam's position had not changed, but he was now surrounded by those elevated by prime ministerial appointment.<sup>44</sup>

The next year at the UMNO General Assembly in September 1985, there was no major election, but there was the usual opportunity for interchange between UMNO leaders and delegates. Prime Minister Mahathir Mohamad in his speech to the delegates stressed the main theme of UMNO unity and a dedication to 'the Malay struggle', following which he received the complete support of the delegates for his leadership. Indirect warnings about involvement in politics by the Malay Rulers gave hints that the 1983 constitutional crisis over the role of the Monarchy might still be simmering behind the scenes. Rumours of a rift between Dr Mahathir and Musa Hitam were denied by both men.<sup>45</sup> Yet, five months later, on 27 February 1986, Musa suddenly submitted his resignation as Deputy Prime Minister. Having been originally elected by a free vote of UMNO, Musa was viewed as having some independence from Dr Mahathir. It was common knowledge that Dr Mahathir and Musa had disagreed over a number of policies, including the 'Look East' Policy, some of the high-cost investments in prestige projects, some aspects of Islamization, and, more recently, the way Musa had handled

the Memali incident and the Sabah crisis during Dr Mahathir's absence. Despite these differences, the deciding factor may have been Musa Hitam's indiscretion in making some confidential criticisms of Dr Mahathir; the comments could easily have been distorted and reported back through the rumour circuit to Dr Mahathir. Copies of Musa's confidential resignation letter were first circulated privately to members of the UMNO Supreme Council and then as a 'flying letter'—a technique often used in Malaysia to circumvent a cautious and controlled press. In the letter, Musa explained that Dr Mahathir during a Cabinet meeting had referred to those 'who could not wait to step into his shoes' and who 'had slandered him as corrupt, a dictator, and among the richest men in the world'.<sup>46</sup> When Musa asked whom he had in mind, Dr Mahathir named Musa. In his defence, Musa said that he had always considered Dr Mahathir as a brother but under the circumstances, he had little choice but to resign. He also explained that he was tired of 'money politics' and the abuse of power in UMNO. This appeared to be an oblique reference to the growing influence of 'money brokers' and the web of political patronage centralized in the hands of Prime Minister Mahathir. Musa also objected to the centralization of policy around a small 'kitchen cabinet' composed of Finance Minister Daim Zainuddin, Agriculture Minister Anwar Ibrahim, and Minister of National and Rural Development Sanusi Junid.

Because of the widespread support for Musa Hitam within UMNO, his resignation came as a shock and prompted a number of prominent UMNO politicians to explore some form of reconciliation strategy. After announcing his resignation decision, Musa left almost immediately for Jeddah on an *umrah*<sup>47</sup> pilgrimage, after which he continued on to England. Following an emergency meeting of the UMNO Supreme Council on 28 February, a delegation of four chief ministers flew to London for discussions with Musa, during which they persuaded him to retain his post as Deputy President of UMNO and his seat in Parliament. By keeping his parliamentary seat and his party post, he retained the leadership of a bloc of supporters of UMNO. He thus remained active in UMNO politics but in a passive political stance, which would enable him to make some decisive moves later when the political scene had stabilized and when he could assess his political options. From the discussions, it was clear that he retained a substantial following, not only at the grass-roots level from his home state of Johore, but also among a number of prominent UMNO political leaders. Those who were closely allied to Musa Hitam during this crisis over his tenure as Deputy Prime Minister included such élites as Federal Territories Minister Shahrir Abdul Samad, Deputy Trade and Industry Minister Muhyiddin Yassin, Johore Menteri Besar Abdul Ajib Ahmad, Regional Development Minister Adib Adam, and Education Minister Abdullah Badawi.<sup>48</sup> Few believed that Musa Hitam would fade away, regardless of his differences with Dr Mahathir. Rather, the speculation was on questions of whether Musa had overplayed his political hand and what his next moves would be to recoup his political losses.

Although press reports speculated that Musa Hitam might make a bold move to challenge Dr Mahathir's leadership, for the time being he kept a low political profile. Prime Minister Mahathir appointed UMNO Vice-President Ghafar Baba as the new Deputy Prime Minister and moved his frequently promoted protégé, Anwar Ibrahim, from Agriculture to Education.<sup>49</sup> By these appointments, Dr Mahathir further consolidated power in the hands of those who were immediately dependent upon him for political support.

### MCA Politics

Within the BN, a recurring problem had been the political instability within the Malaysian Chinese Association. Part of the conflict was derived from the fact that the top élites were drawn from the English-educated, often with rather poor abilities to communicate with the rank and file in Chinese. As well, the higher leaders enjoyed the benefits of holding government positions, which meant also that they had to defend government policies largely unmindful of Chinese interests. Because the MCA leaders were relatively powerless in shaping policy, they were often subject to competition from aspiring middle-level leaders who could easily generate a following at the grass-roots level by articulating some of the accumulated grievances of the Chinese community. In such an environment, the top leaders of the MCA had acquired more and more arbitrary powers within the party to suppress dissident movements, including the application of party discipline and the summary powers of expulsion.

When Tan Siew Sin retired in 1974, his place was filled by Lee San Choon, who was elected the following year as President. In 1979, Lee San Choon was challenged by Michael Chen, who failed in his bid to oust the incumbent by a vote of 901 to 686. Following this contest, sixty-one of Michael Chen's principal supporters were expelled from the party; he himself lost his cabinet post and left the MCA to join Gerakan. After the departure of Michael Chen from the party, the dominant faction supporting Lee San Choon split into two factions, one headed by Neo Yee Pan and the other by Tan Koon Swan.<sup>50</sup>

The competition between these two factions may have contributed to the decision of Lee San Choon to retire in March 1983.<sup>51</sup> Ruling out an election as too divisive, Lee San Choon appointed Neo Yee Pan as Acting Deputy President of the MCA, even though most observers noted that Tan Koon Swan probably had more support from MCA delegates. What followed was a bitter and sometimes vicious two-year contest between the two factions for control of the party. The controversy involved not only political representation in the Cabinet and the BN councils, but also control of a large portfolio of investments managed by the MCA.

Neo Yee Pan represented the archetype of a party bureaucrat. He acquired a doctorate at the University of Saskatchewan and upon his return became a physics lecturer at the University of Malaya. In 1968 he joined the MCA, just before its disastrous performance in 1969. As

the party gradually recovered, he worked his way up the hierarchy, winning the Muar parliamentary seat in 1974, which he successfully defended in 1978. By 1977 he had become an MCA Vice-President and in 1979 he was made Minister of Housing and Local Government and later Deputy Finance Minister. In September 1982, with the support of Lee San Choon, he was appointed Acting Deputy President by a decision of the MCA Central Committee. His rise in the party was largely due to the fact that he was sponsored from above and promoted through the mechanisms of bureaucratic selection. He argued that the party needed professional politicians who could work quietly behind the scenes to protect the interests of the Chinese, rather than flamboyant politicians who combined business interests with politics and perpetuated the image that the MCA was a towkay party.

In contrast, Tan Koon Swan was a self-made millionaire businessman who was recruited to the party about 1977 by Lee San Choon and made managing director of Multi-Purpose Holdings Berhad (MPHB), the primary investment and business management arm of the MCA. Although Tan Koon Swan won the Raub parliamentary seat in 1978 and later defeated the venerable DAP leader, V. David, in the Damansara parliamentary constituency in 1982, Tan's primary appeal derived from his dramatic successes in building MPHB into a major financial and commercial empire with over 250,000 Chinese investors, mostly MCA members. Multi-Purpose Holdings had been formed to channel the savings of MCA members into growth sectors of the economy as a strategy to increase the Chinese political-economic leverage in public affairs. Under Tan Koon Swan's leadership the MPHB portfolio rapidly expanded in value, becoming the primary owner of major corporations operating in Malaysia and abroad. This holding company facilitated Chinese participation in nearly all sectors of the Malaysian economy.<sup>52</sup>

For the ordinary MCA member, Tan Koon Swan had the practical Chinese response to the NEP that, while aiding the Malays, was also viewed as threatening the economic position of the Chinese. In addition, Tan Koon Swan exhibited an aura of confidence and quiet charisma that appealed to rank-and-file members. The prolonged dispute between these two factions involved both personality, political style, and substantive issues. The fact that Neo Yee Pan had never been elected to the position of MCA President was probably the initial reason for a challenge to his leadership. As the dispute between the two factions began to escalate, Neo used the power of the presidency to expel Tan Koon Swan and thirteen of his primary supporters from the party. The Tan faction responded with a petition for an Extraordinary General Meeting (EGM) of the MCA supported by over one-third of the Central Committee members, as required by the MCA Constitution. Neo argued that the petition required the approval of the party Secretary-General, which was denied. The Tan faction claimed to have discovered massive padding of membership by illegal registration of 'phantom' members based on the identity card numbers of non-Chinese. After extensive investigations, the Tan faction alleged that there were as many as 120,000 'phantom'



members being used to support the Neo faction, because for each 100 members, a division was entitled to one delegate at the MCA Assembly. When any members of the MCA indicated their support for an EGM, or openly supported the Tan faction, expulsion orders were promptly issued by the Neo faction. By mid-1984, evidence presented in court revealed that 189 branches, 42 divisions, and 99,000 members of the MCA had been suspended with disciplinary orders.<sup>53</sup> The real contest, however, was for public support, especially within Chinese constituencies. From newspaper polls and from many other indications, the Tan faction was much more successful in creating a positive public image.

After several unsuccessful efforts at mediation between the factions, the Tan faction organized their own Extraordinary General Meeting on 6 May 1984, legitimized by a petition signed by 1,640 out of the 2,526 delegates to the previous MCA General Assembly. Because the EGM was not recognized as legal by the incumbent Neo faction, the issue of which faction was 'legal' then went before the Courts, which became embroiled in an extremely complicated series of suits and injunctions, followed by counter-suits and injunctions.<sup>54</sup>

During the later stages of the protracted struggle, the MCA was threatened by UMNO leaders with expulsion from the BN. Both Musa Hitam and Dr Mahathir made unsuccessful attempts to resolve the dispute. To put pressure on the contestants, Neo Yee Pan was temporarily dropped from the Federal Cabinet pending a resolution of the conflict. Eventually, through the intervention of Ghafar Baba, the two factions agreed to have an independent auditor examine the 'phantom' membership issue, and to restore the membership of all suspended members. Finally, at the regular MCA General Assembly in November 1985, all outstanding issues were placed before the delegates. Tan Koon Swan and his faction emerged the victor, wresting control of the MCA from Dr Neo's faction by the vote of 2,715 to 809.<sup>55</sup>

The decisive victory of Tan Koon Swan at the MCA General Assembly appeared to stabilize the MCA as a viable partner in the BN coalition. It was not long, however, before another controversy erupted over Tan Koon Swan's activities as Managing Director of Multi-Purpose Holdings, which in turn controlled a network of allied companies in most sectors of the economy. Rumours circulated about his involvement in shady and speculative stock-market manoeuvres. With large numbers of Chinese in the MCA holding MPH shares, any mismanagement or major losses would reflect on Tan Koon Swan's political leadership. Within a week of his election as MCA President, the Pan-Electric Company collapsed, unable to repay S\$75 million in credit, with Tan Koon Swan holding a controlling stake. Pan-Electric's stock was suspended and both the Singapore and Kuala Lumpur Stock Exchanges were closed for four days to prevent a domino effect of bankruptcies and to enable the Government of Singapore to intervene to organize a rescue package.

Apparently, too many investors had engaged in rather reckless 'forward dealings'. These had been successful so long as the stock-market had remained buoyant, but with the recession, and the over-extension of

credit, a large network of interlocking companies was on the brink of receivership. While in Singapore to deal with the Pan-Electric collapse, Tan Koon Swan was arrested and charged with criminal breach of trust. The Monetary Authority of Singapore was reported to have discovered that there were outstanding about S\$600 million of forward contracts, with around S\$350 million at risk of default. Tan Koon Swan posted bail of S\$40 million (US\$18.7 million), and returned for a trial that was interrupted by legal manoeuvres and attempts to untangle the web of his complex financial dealings. Losses of S\$150 million were sustained in his stock manoeuvres, while MPH reported M\$200 million in losses for 1985. Eventually, Tan Koon Swan pleaded guilty; he was sentenced to two years' imprisonment and a fine of S\$500,000. As a result of his sentence he resigned from the MCA, and the office of MCA President was assumed by Deputy President Ling Liong Sik, who was by then Minister of Transport in the post-1986 election BN government.<sup>56</sup> The storm surrounding Tan Koon Swan's business dealings most certainly weakened the party during the 1986 election campaign.

### Other Barisan Nasional Parties

Holding five seats in Parliament and a member of the BN coalition, Gerakan Rakyat Malaysia claimed to be a non-communal party, but also contested the claim of the MCA to be the primary spokesman for Chinese interests in the BN. While both Gerakan and the MCA were members of the BN, they also were bitter rivals for the same large Chinese constituency in Penang as well as in other centres of Chinese concentration, such as Ipoh, Kuala Lumpur, and Malacca. In 1985 Gerakan and the MCA had held talks which explored the possibility of merger between the two BN partners, but the extended leadership crisis in the MCA and old rivalries proved to be insurmountable obstacles. When dissidents were disciplined in either party, they often emerged again in the other party as activists or even leaders. While the MCA was in the throes of its factional crisis, Gerakan President Dr Lim Keng Yaik proposed that it take over the MCA role within the BN. Paradoxically, it also had experienced a less damaging leadership struggle with a faction led by Michael Chen, who had previously left the MCA and was disappointed not to have been made a Vice-President of Gerakan.<sup>57</sup> The factional disputes of both parties were interlinked, which also precluded a merger or even close co-operation to maximize the political representation of the Chinese and the non-Malay constituencies. As the 1986 election approached, each party agreed to defend its traditional constituencies, despite the turmoil which had characterized internal politics in both parties.

Representing the Indian ethnic component of Malaysia's population in the BN, the Malaysian Indian Congress had, for some time, chafed at being such a junior partner as to be almost ignored. On a pattern similar to that of the MCA's Multi-Purpose Holdings, the MIC formed Maika Holdings to promote Indian investment and to strengthen the economic

power of the Indian community.<sup>58</sup> MIC President Samy Vellu, on behalf of Maika Holdings, approached the Indian Government to purchase the Indian shares of the United Asian Bank, which had been incorporated in Malaysia. These moves to increase the economic power of the MIC generated strong criticism from some UMNO activists, who viewed such moves as evidence of the split loyalty of Malaysian Indians.

For leaders of the MIC, their primary objective was to secure better treatment for Indians, suffering from poverty and lack of opportunity, especially in comparison to the Malays. The leaders determined, therefore, to become more vocal in espousing Indian causes and drawing attention to the grievances of a largely forgotten minority.<sup>59</sup> At the MIC Annual Congress, President Samy Vellu criticized government policy and the NEP for discriminating against Indians and not giving the Indians their fair share, thus violating the unwritten rule of the BN that member parties not make public criticism of the government.

In response, Dr Mahathir stated, 'Unfortunately, I can say yes, but nothing will happen.' This was interpreted by the press as both a rebuke and a conundrum. Thereafter, Samy Vellu promised to 'present the case in a more acceptable forum', meaning through cabinet channels.<sup>60</sup>

### The Opposition

Partai Islam Se Malaysia was viewed by the government as its most dangerous opposition, primarily because both PAS and UMNO competed for the Malay vote with both resorting to similar religious and ethnic appeals. PAS had a dedicated following in areas where Malay majorities were overwhelming, particularly in the eastern and northern Malay states of Kelantan, Trengganu, Kedah, and Perlis. After years of PAS-UMNO contests for power in these states, PAS was finally admitted as a member of the BN coalition in the years between 1972 and 1977; later, it withdrew from the BN when the earlier PAS leader, Datuk Mohamed Asri bin Haji Muda, was ousted by a more militant faction led by Haji Yusof Rawa, who espoused a more uncompromising position on Islamic issues.

In the 1982 election, PAS had won 5 parliamentary seats and garnered about 16 per cent of the vote. PAS had accused the government of not upholding Islamic principles and, at the village level, challenged the authority of government-appointed *imam* with their own orthodox and ostentatiously devout PAS *imam*. As a consequence, many Malay villages were torn by the contest for power and legitimacy between PAS and UMNO. The Memali incident, described earlier, was the most violent example of the grass-roots conflicts within Malay society between those who supported UMNO and those who were attracted to the 'extremist' doctrines of some PAS activists.<sup>61</sup>

Both because of its doctrines and its political appeal, PAS was subject to the restrictions of the ISA laws as well as other regulations, thereby severely limiting its political activities. In 1984 its legal adviser, Haji Suhaimi Said, was arrested under the ISA for distributing subversive

documents concerning a violent incident at Lubok Merbau. After the Memali crisis, many of those involved were also detained under the ISA. Following its departure from the Barisan Nasional, PAS re-established its political base in Trengganu. In order to expand its appeal to other states, PAS leaders realized that the party needed to build some coalitions beyond its narrow rural-Malay base of support. Accordingly, some negotiations were opened, initially with Muslim Chinese, stressing the 'universalism of Islam'. At the 1985 PAS Muktamar (annual meeting), President Haji Yusof Rawa asserted that ethno-centrism, communalism, and nationalism were 'Western secular' ideas inconsistent with Islam. There was even a hint that Malay special privileges would be reconsidered if PAS came to power, provided that they were replaced by genuine Shariah law.<sup>62</sup> The government responded to these PAS overtures to other communities for a re-evaluation of the political agenda as being both subversive and seditious. By raising the issue of Malay special rights, as some PAS activists had earlier raised the issue of the role of monarchs in an Islamic state, PAS was accused of contravention of the laws banning public discussion of constitutionally defined 'sensitive issues'.

In spite of these government threats and the restrictions on the political activities of PAS, UMNO and PAS remained locked in an ideological and propaganda war for Malay political support. UMNO relied on the public media, while PAS relied on video- and sound-tape cassettes and the persuasive power of its activists in small face-to-face meetings conducted in Malay villages largely beyond the purview of the local police. Utilizing these tactics, PAS leaders were confident that the party could improve its performance in the next federal election.<sup>63</sup>

The Democratic Action Party was the largest opposition party, having gained 9 parliamentary seats, 6 from Peninsular Malaysia and 3 from the Borneo states, in the 1982 election. Just as PAS was the core of the Malay opposition to the government, the DAP was the opposition spokesman for non-Malay interests. Over the years, DAP politicians have skirted close to the limits placed by the government on raising in public 'sensitive issues' which are deemed to be likely to lead to ethnic hostilities. As a result, the DAP has tended to concentrate on holding the government's performances up against its stated promises and goals. In the 1970s, one of its party officials and two Members of Parliament had been detained under the ISA. A more cautious attitude prevailed on both sides in the 1980s. On several occasions, the DAP utilized the courts to challenge the government, but was not particularly successful in this tactic. From the government's perception, the DAP was an 'irresponsible' opposition. The threat from the DAP came not only from its tireless effort to expose discrimination against non-Malays, but also from its tenacious pursuit of government mismanagement and its revelations of official corruption. As some government-funded public corporations failed to meet their targets or lost large sums of money under highly dubious circumstances, the DAP was persistent and strident in its criticisms. Although the DAP could not encroach upon the core support of the government, which was based on a Malay electorate, it had mobilized

substantial non-Malay support to become the largest opposition party. By 1982 it was also successful in expanding its operations to Sarawak and Sabah, being the only Peninsular Malaysian party to do so. From this perspective, the DAP was viewed as a formidable opponent of the BN, particularly for its Chinese-based parties—the MCA and Gerakan.

In anticipation of forthcoming elections, two new parties appeared on the Malaysian political scene. The Socialist Democratic Party (SDP) was founded by the former leader of the DAP in Penang, Yeap Ghim Guan, following an intra-party factional dispute. The SDP claimed to follow a multiracial perspective but appealed primarily to Chinese constituents. When the former Assistant Secretary-General of the DAP, Fan Yew Teng, returned to Malaysia from a period of self-imposed exile in England, he joined the SDP and by 1986 became its President. He had been a DAP Member of Parliament and was noted for being an outspoken human rights activist. In 1985 he organized a protest outside Pudu Prison over the mandatory death penalties imposed on firearms offenders. These protests resulted in his arrest along with those of eight others. Later, in June 1986, Fan Yew Teng was again charged, this time under the ISA, for publishing an inflammatory article entitled 'Trojan Donkeys in Malaysia'. While he remained in detention, the party prepared to challenge the government at the forthcoming polls. After the Neo Yee Pan faction of the MCA was defeated by Tan Koon Swan, a substantial number of disaffected MCA members transferred their membership to the SDP, including one MCA Member of Parliament. Despite much fanfare and ambitious plans, the SDP remained largely confined to pockets of supporters in Penang, Perak, and Selangor, even though it had attracted a significant number of dissidents from among the older established parties.<sup>64</sup>

The other new party was Parti Nasionalis Malaysia (Nasma), which was founded with the objective of providing a non-communal party that would bring together middle-class liberal élites with the backing of labour unions. The party was given an initial boost when Ahmad Nor, the former President of CUEPACS (Congress of Unions of Employees in the Public and Civil Service), the union representing government civil servants, joined Nasma. The party anticipated that Malaysia's labour unions might generate support for the party. Following a rather pathetic start, Ahmad Nor decided to transfer his membership to the new SDP and there was no significant grass-roots support generated for Nasma. By the time of the 1986 election, it was led by Raja Nasron Raja Ishak, a former UMNO official who had been chairman of the Malay Chamber of Commerce. His leadership belied the party's initial image of becoming a vehicle for trade union political activists.<sup>65</sup>

### The 1986 Election

Despite major problems with a faltering economy, the government was taking decisive remedial actions and it remained confident that its base of public support remained intact. Besides the sluggish economy, other

issues had emerged on the public agenda. The series of scandals and massive loss of public funds associated with the investments and operations of Bumiputra financial institutions had tarnished the government's self-proclaimed image as being 'clean, efficient and trustworthy'. Of greater concern were ethnic tensions, which had intensified over the future direction of policy after the 1990 target date for achieving the ethnic restructuring goals of the NEP. Although the NEP target of securing 30 per cent of share capital and jobs in the modern sector of the economy for Malays was within reach in many sectors, the issue of the continuation or expansion of Malay ethnic privileges had become extremely contentious. In anticipation of a major review of NEP policies, the political demands of ethnically mobilized constituencies were becoming intensified. Many assumed that there would be a crisis in ethnic relations when these NEP policies were to be reviewed and new policies devised for the post-1990 period. This fundamental issue was further complicated by the impact of the economic slow-down after 1983, which gave the government fewer resources for allocation to the economic restructuring objectives of the NEP.

As critics of government policy become more vocal, the Mahathir regime resorted to the use of more coercive measures to stifle dissent and intimidate opponents. Increasingly, the processes of public policy-making and evaluation had been centralized and cloaked in secrecy, while many, even within Dr Mahathir's own party, were becoming critical of his leadership style as well as some of the policies that appeared to emerge largely from his own inspiration, rather than from a process of extensive consultations with élites and power brokers in the ruling coalition.

Many of these issues would remain, regardless when an election would be called. On the more important matter of the economy, there was no assurance that there would be substantial improvement if an election were to be postponed until 1987. The very contentious issue of what would replace the NEP after 1990 could more easily be side-stepped with an earlier election. Given these considerations, Dr Mahathir decided to renew the government mandate in 1986, one year before his government's term of office expired in April 1987. Sensing that an election was on the horizon, all Malaysian political parties began preparations to face the electorate. In addition, the problems of deciding upon candidates and making coalition agreements between parties, both for the government coalition and the opposition parties, intensified political activity and heightened conflicts within most parties and political groupings.

The Barisan Nasional had the usual internal conflicts over the allocation of seats among member parties. As a by-product of the Kelantan crisis of 1978, a number of moderates led by Mohamed Asri Haji Muda, the former President of PAS, left that party to form a party called Hamim (Hisbul Muslimin). Just before the 1986 election, Hamim was admitted into the BN as an important symbolic counter to PAS. Berjasa, the other Kelantan party that had earlier been sponsored by the BN, bitterly opposed Hamim's admission to the BN and in protest withdrew from the Barisan coalition.

Based in Ipoh, the People's Progressive Party had suffered a decline in its fortunes over the years. Even though it was given no parliamentary seats to contest, it had to swallow its pride and decided to stay in the BN with a minimal representation and role.

Because the number of seats in Parliament had been increased by 17, all the major BN parties were given more seats to contest than in the previous election. Even so, many intra-BN disputes erupted over the nomination of candidates and the allocation of constituencies. In the end, all decisions on seat allocation were left to Dr Mahathir for final resolution.

### *The 1986 Election Campaign*

Parliament was dissolved on 18 July, and nomination day was set for 24 July, with voting set for 2 and 3 August 1986. While the campaign period was only nine days, most parties had begun canvassing earlier in anticipation of the election. The short period for campaigning and the restrictions on large public meetings meant that the BN, with its extensive organization, its control of the media, and its massive funding, could bring its message to the voters more effectively than any of the opposition parties.

The biggest problem facing the opposition was whether it would be possible to form a united front to maximize their potential in Malaysia's single-member-constituency system. PAS decided to make the establishment of an Islamic state its primary plank, claiming that nationalism and ethnic divisions were contrary to Islam's 'universalism'. It also attempted to widen its appeal by forming a Chinese Consultative Committee (CCC). This Committee was promised that PAS would abolish Malay special rights, and, to prove its sincerity in appealing for non-Malay support, some Chinese and Indian Muslims were selected as PAS candidates. With this shift in strategy, PAS hoped both to expand its appeal and to forge an Opposition Front with non-Malay parties. Any agreement among opposition parties to form such a front, however, would first need to confront major policy differences and contradictory political objectives.

Eventually, a minimal 'front' was forged with three minor, ostensibly 'multi-ethnic' opposition parties—the SDP, PSRM, and Nasma. The agreement avoided policy matters but divided constituencies to avoid opposition parties contesting against one another. The DAP refused to join in any opposition front unless PAS first abandoned its goal of an Islamic state, which, of course, PAS refused to do.<sup>66</sup>

Campaigning as the primary opposition party and without obvious coalition alignments, the DAP attacked the division made in public policy between Bumiputra and non-Bumiputra. It called for the termination of the NEP in 1990 and its system of Bumiputra quotas. In the area of education, it promised to fight for the repeal of Section 21(2) of the Education Act which provided for conversion of vernacular Chinese and Tamil schools to Malay as the medium of instruction. In other areas, it called for multi-culturalism that would reflect the cultural diversity of the

country and asked for more universities and university admissions for non-Malays. In addition, it demanded deportation of illegal immigrants and parliamentary redelineation to eliminate gross disparities in constituencies on the basis of ethnicity. As such, the party was making a direct challenge to the system of Malay preferences and privileges by invoking the ideals of equality, democracy, and human rights.<sup>67</sup>

The BN depicted the Opposition Front as an unholy alliance of extremists seeking contradictory objectives. In particular, the BN attempted to draw out the meaning and implication of an 'Islamic state'. Various PAS candidates and party leaders were pressed for explanation. Eventually some PAS leaders acknowledged that in an Islamic state, neither non-Muslims nor women would be allowed to vote. Embarrassed by the PAS stand, state branches of the SDP disavowed the opposition pact and defections occurred from the CCC.<sup>68</sup> Clearly, PAS had lost its rather naive expectation of winning significant non-Malay support while it also had made itself vulnerable to the criticism that it had abandoned 'the Malay struggle'.

Claiming to provide 'unity, prosperity and harmony', the BN stated that it needed a two-thirds majority in Parliament to ensure stability in Malaysia's multi-ethnic setting. The argument was made that the Constitution might need to be amended in any emergency without the threat of partisan veto. The BN manifesto emphasized moderation, intercommunal consultation, and benefits for all communities. It condemned 'extremists' but there were only general statements about policy issues. Instead, the emphasis was upon peace, stability, national unity, and 'balanced economic development'. The very generality of the manifesto allowed component BN parties to give their own emphasis and interpretation to the BN election platform. Indeed, the MCA went one step further, issuing its own supplement to the manifesto, providing a list of the concessions it had achieved while a member of the government and declaring that the BN had tentatively agreed to amend the controversial Section 21(2) of the Education Act of 1961 to assure the continuation of vernacular Chinese- and Tamil-medium education classes.<sup>69</sup> This MCA announcement was designed to demonstrate to its Chinese constituents that the MCA could produce results, while the DAP could only formulate grandiose demands and pompous pronouncements.

On nearly all other issues, the voters were asked by the BN leaders to support past policies and the incumbent government team, rather than asking for a mandate for clearly defined future policy options. Indeed, informed voters were well aware of fundamental differences within the ruling coalition over the direction of future policies, particularly after the 1990 target date for the NEP. Paradoxically, in order to participate effectively in the process of future policy formulation, each ethnic community was being asked to remain 'unified' in its electoral support for the BN so as to strengthen the hand of their respective communal representatives in those future intra-BN negotiations. In effect, the BN was presenting to the voters a choice, not of policy, but of personnel and of process.



TABLE 6.4  
Malaysia: State and Parliamentary Elections, 1986

Party	Parliamentary Seats, 1986	Percentage of Vote, Parliament, 1986	State Assembly Seats, 1986	Percentage of Vote, Parliament, 1982	Parliamentary Seats, 1982
Barisan Nasional	148	55.77	299	60.5	132
UMNO	(83)	(31.06)	(235)		(70)
MCA	(17)	(12.42)	(44)		(24)
MIC	(6)	(2.21)	(12)		(4)
Gerakan	(5)	(3.51)	(13)		(5)
Hamim	(1)	(0.63)	(0)		—
BN Sarawak	(21)	(4.22)			(19)
BN Sabah	(15)	(2.13)			(10)
PAS	1	15.3	15	14.5	5
DAP	24	20.33	37	19.6	9
Nasma	0	0.22	0	—	—
SDP	0	0.95	0	—	0
Berjaya	0	0.43			
Independents	4	3.09	0	5.5	8
Total Opposition	29	44.23	52	39.5	22
Total	177		351		154

Sources: *The Malay Mail*, 5 August 1986, pp. 2-8; *New Straits Times*, 4 August 1986, pp. one-twelve; 5 August 1986, pp. seven-eighteen; National Union of Journalists, *Malaysia, 1986 Malaysian Parliamentary & State Elections Held on August 2nd & 3rd 1986, Including Analysis of 1984 Delimitation Exercise* (Petaling Jaya: Office Automation, 1986).

Note: State elections in Sabah and Sarawak were not held because of the earlier state elections.

When the votes were finally counted on 3 August, the BN had won its two-thirds majority and much more, although its proportion of the popular vote had dropped from 60.4 per cent in 1982 to 55.8 per cent in 1986. Even so, it had captured 83 per cent of the parliamentary seats. But this victory was somewhat tarnished by the DAP, which gained the biggest proportionate increase in seats. With its appeal targeted at non-Malay constituencies, it had increased its parliamentary representation from 9 to 24, of which 5 were won in the Borneo states. In Peninsular Malaysia, DAP gains were largely at the expense of BN seats contested by MCA candidates. The disarray of the MCA in the aftermath of its protracted factional struggle may have contributed to the improved showing of the DAP, although Gerakan seats had also proved vulnerable to the DAP assault. With an increase in the total number of voters of 13.7 per cent, all major parties, except the MCA, increased the number of votes cast for their candidates. The percentage increase for UMNO was 10.18, for the DAP it was 22.7, and for PAS it was 16.91, but the MCA defied the trend, experiencing a decrease of 13.11 per cent.<sup>70</sup> The most dramatic and surprising results involved PAS, which captured only one parliamentary seat, even though its percentage of the total vote dropped by only 0.8 per cent from its 1982 showing. Many of the PAS losses were by narrow margins, which made its dismal performance all the more disappointing to its militant supporters.

For the BN, the results were celebrated as a decisive victory and a renewal of its mandate for five more years. The policy content of that mandate had not been defined or endorsed by the election. Indeed, major factional divisions had appeared in all major constituent BN parties and the policy outlines for the next decade had not yet appeared on the public agenda. As such, the government's mandate was both impressive and ambiguous.

### Post-election Politics and Policies

A post-election crisis emerged in Penang, which had a party distribution of: UMNO 12, Gerakan 9, MCA 2, and DAP 10. Having the largest bloc of seats in the State Assembly, UMNO demanded that it control the Chief Minister's post, even though the state is overwhelmingly Chinese. In response, the Gerakan leader and former Chief Minister, Dr Lim Chong Eu, threatened to join the opposition DAP to control the state. After much give and take, Dr Lim Chong Eu became Chief Minister and Penang remained the only state in Malaysia with a Chinese Chief Minister. Any other arrangement would have created a racially explosive atmosphere.<sup>71</sup>

Within the BN, UMNO (with Hamim) had won all but one of the 84 seats it contested. The MIC won all 6 of its contested seats, but the MCA won only 17 of the 32 seats assigned to it, while Gerakan won 5 of the 9 seats it defended.<sup>72</sup> Thus, the net effect of the election was to reduce the credibility of the Chinese component in the BN just at a time when some Malays were discussing the merits of asserting Malay dominance by

unilateral actions and by forming a completely Malay-controlled government. In the Parliament of 177 members, UMNO (with its ally, Hamim) commanded 83 seats. Adding to this the Malay-based component parties from Sabah and Sarawak, the Malay component was sufficient to command a bare working majority.

The idea of Malay dominance was forcefully espoused by Abdullah Ahmad in a speech in Singapore. It created a storm of protest among non-Malays for its forthright espousal of permanent supremacy for Malays and the relegation of non-Malays to an inferior status.<sup>73</sup> Although practical political considerations of public support and legitimacy ruled out such a rash move by any responsible politicians, these election results emboldened some Malay radicals and militant chauvinists to intensify their demands and to take a harder line in the internal politics of the Barisan Nasional. From this perspective, the election results made the task of the MCA and Gerakan leaders that much more difficult, just at a time when the non-Malay public was becoming more vocal in its criticisms of government policies and performance and was also doubting the capacity of the non-Malay BN leaders to protect the vital interests of the communities that they claimed to represent. The key issues on the public agenda, which had not been addressed during the election, would now have to be worked out within a party that had become much less representative of the cultural and ethnic diversity of the country. With a government divided internally and facing more strident criticisms from the opposition, political anxieties were increasing as potential combatants manoeuvred for political advantage.

Few changes were made in the Cabinet following the election. There were no changes in the four key cabinet posts of Finance, Trade and Industry, Education, and Defence, while Dr Mahathir continued to hold the portfolio of Home Affairs in addition to being Prime Minister. The close allies of Musa Hitam were eased into less important posts, while Dr Mahathir's supporters and trusted lieutenants were rewarded by being placed in most critical policy-making positions.<sup>74</sup> The government appeared to assume that its election victory had confirmed public acceptance of all existing policies, so few changes were required. Yet, there was a general awareness that a serious challenge to the government might be mounted, not at national polls, but within the political structure of a more self-confident and independent UMNO which was becoming more factionalized and more difficult to lead. For the moment, Dr Mahathir stressed the themes of party unity, Malay unity, and Islamic unity, thereby confirming his claim to be the sole legitimate leader and spokesman for all three emotive-symbolic communities.

Because the election confirmed the dominant power of UMNO, some party officials openly warned non-Malays that the Malaysian political system is founded on Malay dominance, and that those who challenge the special rights of the Malays and Malay privileges are 'playing with fire'.<sup>75</sup> Dr Mahathir both played to and acknowledged these sentiments in a speech to the UMNO General Assembly in October 1986 when he stated: 'We do not wish to rob other people of their rights. But let no one try to

rob us of our rights.<sup>76</sup> When Parliament convened, the King's speech from the throne voiced the usual pious warning against racial sentiments in the discussion of issues. Yet, it was not long after the Parliamentary sessions got underway that the DAP raised its objections to the division of Malaysians into 'first class and second class citizens'. As the debate intensified between those defending and those opposing Malay special rights, some UMNO members began referring to non-Malays as *orang pendatang* (immigrants or foreigners). When the DAP began asking parliamentary questions on the current status of ethnic target goals of the NEP, the Standing Orders of Parliament were amended to disallow questions seeking information on racial distribution in any economic or employment categories.<sup>77</sup> Apparently, even the issue of whether the NEP had or had not reached its 1990 target goals was deemed to be a matter of secrecy and 'national security'. Malay politicians seemed more determined than ever to have an extension of Malay rights and privileges under the NEP, while the DAP and many non-Malays argued that most of the NEP targets had been met, and that the NEP should be considered a remedial 'affirmative action' programme, subject to revision and gradual conversion to more equalitarian policies. Many observers believed that political differences over this fundamental issue was likely to reach crisis proportions sometime before the 1990 NEP target date.

1. See: *supra*, pp. 40-5; Paul Raffaele, *Harris Salleh of Sabah* (Hong Kong: Condor Publishing, 1986), pp. 228-83.

2. *Far Eastern Economic Review*, 13 March 1981, pp. 15-16; 3 April 1981, pp. 12-13.

3. Bala Chandran, *The Third Mandate*, 2nd ed. (Kuala Lumpur: Bala Chandran, 1986), pp. 63-74.

4. Government of Malaysia, Department of Statistics, *1980 Population and Housing Census of Malaysia, General Report of the Population Census*, Vol. 2 (Kuala Lumpur: Department of Statistics, 1983), p. 16. For 'ethnicity' the 1980 Census uses only four categories: Pribumi, Chinese, Indian, and Others. The category 'Pribumi' includes not only all indigenous peoples of Sabah, but also Malays from Peninsular Malaysia, and immigrants from the Philippines, Brunei, and Indonesia. In the detailed breakdown of ethnicity, there are about 15 sub-categories for 'Chinese' and 'Indian', and 'Others', but only one aggregate category for 'Pribumi'.

5. *Far Eastern Economic Review*, 21 March 1985, pp. 54-5.

6. Bala Chandran, *The Third Mandate*, pp. 114-17; Raffaele, *op. cit.*, pp. 321-2.

7. *Ibid.*, pp. 321-5.

8. *Ibid.*, p. 324; Bala Chandran, *The Third Mandate*, pp. 112-13.

9. Raffaele, *op. cit.*, p. 330.

10. Tan Chee Khoo, *Sabah: A Triumph for Democracy* (Petaling Jaya: Pelanduk Publications, 1986), pp. 1-9.

11. *Ibid.*, pp. 7-9; Raffaele, *op. cit.*, pp. 332-4.

12. *Far Eastern Economic Review*, 26 April 1984, p. 15; 3 May 1984, p. 12; Raffaele, *op. cit.*, pp. 325-6.

13. Bill Campbell (ed.), *Sabah under Harris, A Collection of Speeches* (Kuala Lumpur: Penerbit Warisan, 1986), p. 513.

14. Raffaele, *op. cit.*, p. 383.

15. *Ibid.*, p. 367.

16. *Ibid.*, pp. 338-9.
17. *New Straits Times*, 22 April 1985, pp. 1-2; K. Ramanathan Kalimuthu, 'The Sabah State Elections of April 1985', *Asian Survey*, 26, 7 (July 1986), pp. 815-37.
18. Bala Chandran, *The Third Mandate*, pp. 29-55; Tan Chee Khoo, *Sabah: A Triumph for Democracy*, pp. 52-72; *Far Eastern Economic Review*, 2 May 1985, pp. 10-11.
19. For a summary of the Court's judgment, see: *Far Eastern Economic Review*, 24 April 1986, p. 13; *New Straits Times*, 16 April 1986, pp. 1-2.
20. *Far Eastern Economic Review*, 9 May 1985, p. 20.
21. *Far Eastern Economic Review*, 15 August 1985, pp. 30-1.
22. Bala Chandran, *The Third Mandate*, pp. 146-53; Tan Chee Khoo, *Sabah: A Triumph for Democracy*, pp. 130-47; *Far Eastern Economic Review*, 21 November 1985, pp. 16-17; 13 March 1986, pp. 36-7.
23. *Far Eastern Economic Review*, 27 March 1986, pp. 14-15.
24. From photocopy of letter from Joseph Pairin Kitingan to Dr Mahathir Mohamad, Kota Kinabalu, 29 March 1986, 6 pp.
25. *Far Eastern Economic Review*, 10 April 1986, pp. 13-15.
26. *Far Eastern Economic Review*, 15 May 1986, pp. 14-15.
27. For accounts of the earlier period in Sarawak politics, see: Michael B. Leigh, *The Rising Moon: Political Change in Sarawak* (Kuala Lumpur: Antara Book Co., 1988); Margaret Clark Roff, *The Politics of Belonging: Political Change in Sabah and Sarawak* (Kuala Lumpur: Oxford University Press, 1974); Bruce Ross-Larson, *The Politics of Federalism: Syed Kechik in East Malaysia* (Singapore: Bruce Ross-Larson, 1976); Sanib Said, *Malay Politics in Sarawak, 1946-1966: The Search for Unity and Political Ascendancy* (Singapore: Oxford University Press, 1985); Peter Searle, *Politics in Sarawak, 1970-1976: The Iban Perspective* (Singapore: Oxford University Press, 1983).
28. James Wong was detained allegedly for discussing with some Brunei officials the status of the disputed territory of Limbang, the territory in Sarawak which he represented, but this was vigorously denied by James Wong. His account of the detention is given in his book: James Wong Kim Min, *The Price of Loyalty* (Singapore: Summer Times Publishing, 1983).
29. *Supra*, pp. 38-40 and 64-6.
30. *New Straits Times*, 7 December 1981, p. 6.
31. *New Straits Times*, 15 September 1983, p. 2.
32. *Asiatweek*, 8 February 1985, pp. 18-19; 15 February 1985, pp. 16-17.
33. These quotes are taken from Taib Mahmud during the campaign. Similar statements had been made by Taib when he was approached by Dayak leaders pleading for special projects for their constituents. See: *People's Mirror*, 8 April 1987, quoted in Yu Loon Ching, *Sarawak: The Plot that Failed* (Singapore: Summer Times Publishing, 1987), p. 61.
34. *Asiatweek*, 8 February 1985, pp. 18-19.
35. *New Straits Times*, 11 March 1987, p. 1; 12 March 1987, pp. 1, 2, and 3; 13 March 1987, pp. 1-2.
36. *New Sunday Times*, 29 March 1987, p. 12; *New Straits Times*, 10 April 1987, pp. 1 and 2; *New Sunday Times*, 12 April 1987, pp. 8 and 12.
37. *New Straits Times*, 15 April 1987, p. 1; Yu Loon Ching, *op. cit.*, pp. 40-98.
38. *New Straits Times*, 17 April 1987, pp. 1 and 3; 18 April 1987, pp. 1, 2, 3, and 8; *Far Eastern Economic Review*, 16 April 1987, p. 13; 30 April 1987, pp. 11 and 14.
39. Government of Malaysia, Bank Negara Malaysia, *Annual Report 1985* (Kuala Lumpur: Bank Negara Malaysia, 1986), pp. 165 and 167; *Far Eastern Economic Review*, 18 December 1986, p. 124; 27 October 1986, p. 92; *Far Eastern Economic Review*, *Asia 1986 Yearbook* (Hong Kong: Far Eastern Economic Review, 1986), p. 190; Diane K. Mauzy, 'Malaysia in 1986: The Ups and Downs of Stock Market Politics', *Asian Survey*, 27, 2 (February 1987), p. 233. The following sections on the 1986 election comprise a revised and expanded account based in part on the following: Gordon P. Means, 'The Politics of Ethnicity in Malaysia', *Current History*, 86, 519 (April 1987), pp. 168-71 and 182-3.
40. *Far Eastern Economic Review*, 15 January 1987, p. 64; Government of Malaysia, Bank Negara Malaysia, *Annual Report 1985*, pp. 2 and 123.

41. Kenneth James, 'The Malaysian Economy: The Shadow of 1990', *Southeast Asian Affairs*, 1986 (Singapore: Institute of Southeast Asian Studies, 1986), pp. 208-22; *Far Eastern Economic Review*, 17 April 1986, p. 127.
42. Mohamed Ariff, 'Malaysia in a Recessionary Setting: An Overview', *Southeast Asian Affairs*, 1987 (Singapore: Institute of Southeast Asian Studies, 1987), pp. 213-14.
43. Ibid., pp. 206-14; James, 'The Malaysian Economy: The Shadow of 1990', pp. 214-18.
44. Zakaria Haji Ahmad, 'Malaysia in 1984: No More Free Lunches?', *Asian Survey*, 25, 2 (February 1985), pp. 206-9. For an account of the Musa-Razaleigh contest in 1981, see Bruce Gale, *Musa Hitam: A Political Biography* (Petaling Jaya: Eastern Universities Press, 1982), pp. 107-25; Ranjit Gill, *Razaleigh: An Unending Quest* (Petaling Jaya: Pelanduk Publications, 1986), pp. 160-7.
45. *Far Eastern Economic Review*, 10 October 1985, p. 15; 13 March 1986, pp. 10-12; Mauzy, 'Malaysia in 1986', pp. 233-5.
46. Chung Kek Yoong, *Mahathir Administration: Leadership and Change in a Multi-racial Society* (Petaling Jaya: Pelanduk Publications, 1987), p. 66; *New Straits Times*, 1 March 1986, p. 1; *Far Eastern Economic Review*, 13 March 1986, p. 10.
47. The *umrah* pilgrimage is considered to be a minor pilgrimage. Most Malay politicians go on a pilgrimage prior to an election campaign. The decision by Musa Hitam to make a pilgrimage at the height of the controversy over his resignation can be interpreted as a means to demonstrate his Islamic religious purity and sincerity of motives. It also allowed Musa Hitam a graceful exit from a rather awkward situation that depended more on the reaction of other Malay elites than upon his own assertion of political claims.
48. *Far Eastern Economic Review*, 13 March 1986, p. 10; 20 March 1986, p. 18; 27 March 1986, p. 16.
49. *Far Eastern Economic Review*, 22 May 1986, p. 25; K. Das, *The Musa Dilemma* (Kuala Lumpur: K. Das, 1986).
50. Ho Kin Chai, *Malaysian Chinese Association: Leadership under Siege* (Kuala Lumpur: Ho Kin Chai, 1984), pp. 22-6.
51. Ibid., pp. 26-7; Lao Zhong, *The Struggle for the MCA* (Petaling Jaya: Pelanduk Publications, 1984), pp. 18-21.
52. Ho Kin Chai, op. cit., pp. 146-3; Bruce Gale, *Politics and Business: A Study of Multi-Purpose Holdings, Berhad* (Petaling Jaya: Eastern Universities Press, 1985).
53. Lao Zhong, op. cit., p. 234.
54. Ibid., pp. 167-243; Ho Kin Chai, op. cit., pp. 116-43.
55. *Far Eastern Economic Review*, 5 December 1985, pp. 26-7; Simon Barraclough, 'Malaysia in 1985: A Question of Management', *Southeast Asian Affairs*, 1986 (Singapore: Institute of Southeast Asian Studies, 1986), pp. 192-3.
56. *Far Eastern Economic Review*, 5 December 1985, p. 100; 30 January 1986, p. 10; 6 February 1986, pp. 12-17; 4 September 1986, pp. 48-9; 11 September 1986, pp. 21-3.
57. Barraclough, 'Malaysia in 1985', p. 193.
58. *Far Eastern Economic Review*, 15 August 1985, p. 62.
59. Barraclough, 'Malaysia in 1985', p. 194.
60. *Far Eastern Economic Review*, 11 July 1985, pp. 27-8; 1 August 1985, p. 14.
61. See: Government of Malaysia, Dewan Negara, *The Threat to Muslim Unity and National Security* (Kuala Lumpur: Jabatan Percetakan Negara, 1984); Government of Malaysia, *The Memali Incident*, Parliamentary Paper, No. 21 of 1986 (Kuala Lumpur: Jabatan Percetakan Negara, 1986).
62. *Far Eastern Economic Review*, 25 April 1985, p. 18.
63. Barraclough, 'Malaysia in 1985', pp. 196-7; S. Sothi Rachagan, 'The 1986 Parliamentary Elections in Peninsular Malaysia', *Southeast Asian Affairs*, 1987 (Singapore: Institute of Southeast Asian Studies, 1987), pp. 228-9; *New Straits Times*, 2 July 1986, p. 5.
64. Barraclough, 'Malaysia in 1985', pp. 191-2 and 200; Rachagan, 'The 1986 Parliamentary Elections in Peninsular Malaysia', pp. 223-4; Chung Kek Yoong, *Mahathir Administration*, pp. 74-5; *New Straits Times*, 19 June 1986, p. 3.
65. Rachagan, 'The 1986 Parliamentary Elections in Peninsular Malaysia', p. 228;

Chung Kek Yoong, *Mahathir Administration*, pp. 99-100.

66. *New Straits Times*, 1 July 1986, p. 10; 7 July 1986, p. 2; 11 July 1986, pp. 1 and 2.

67. Rachagan, 'The 1986 Parliamentary Elections in Peninsular Malaysia', pp. 230-1.

68. *New Straits Times*, 25 July 1986, p. 8; 29 July 1986, p. 2; 30 July 1986, p. 8.

69. National Union of Journalists, Malaysia, *1986 Malaysian Parliamentary & State Elections Held on August 2nd & 3rd 1986, Including Analysis of 1984 Electoral Delineation* (Petaling Jaya: Office Automation, 1986), Table ER20.

70. *Far Eastern Economic Review*, 21 August 1986, pp. 13-14.

71. Rachagan, 'The 1986 Parliamentary Elections in Peninsular Malaysia', pp. 231-5.

72. Abdullah Ahmad had been detained under the ISA in 1976 for 'Communist leanings' and for working with the Russians. He was released after a televised confession, during which he professed to be concerned about domination from China. His speech was interpreted by some as being a tactic to revive his standing in UMNO just before the annual UMNO General Assembly. For a report on the speech and a rebuttal of its arguments, see: K. Das (ed.), *Malay Dominance?: The Abdullah Rubric* (Kuala Lumpur: K. Das Ink, 1987).

73. Mohamed Ariff, 'Malaysia in a Recessionary Setting', p. 200; *Far Eastern Economic Review*, 21 August 1986, pp. 13-14.

74. *Far Eastern Economic Review*, 25 September 1986, pp. 14-15.

75. *Far Eastern Economic Review*, 2 October 1986, pp. 46-7.

76. *Sunday Star*, 16 November 1986, p. 6; *Far Eastern Economic Review*, 23 October 1986, pp. 19-21.

## Fracture at the Centre

THE general election in 1986 was held at the period when the recession was most severe. That this was so could not have been known by the government when Dr Mahathir decided to call an election. Some of the bad economic news was delayed until after the election, when Finance Minister Daim Zainuddin presented the 1987 budget estimates to Parliament in October 1986. At that time, he revealed that per capita income had declined by 15.7 per cent in 1986 and that the country was in the midst of a severe economic crisis with falling revenues and a rising debt burden.<sup>1</sup> In most countries, an economic downturn will produce a dramatic loss of electoral support for the government in power. That this did not happen in 1986 is a testimony to the salience of other issues and to the fact that the critics of the government were found both in the opposition and within the government's own coalition.

Because much of the election was fought on the issue of access to forthcoming decision-making, many key issues had been postponed, heightening anticipation of what might follow from unspecified future policy-making processes. The critics and dissidents remained scattered through the political spectrum, based on various and diverse grievances and without unified leadership. The most vocal critics were those associated with organizations that had very small membership but a high public profile by their focus on broader issues of social equity, public benefits, and other 'public interest' issues. Perhaps because the election in 1986 had been relatively 'issueless', in the immediate wake of the election, these public interest groups became more vocal, reflecting some of the rising sense of frustration and alienation that could be discerned within important sectors of the public.

For the government, the activities of these interest groups proved distressing because they brought to public attention many of the more sensitive issues that were assumed to be appropriate only for resolution through 'off-the-record' intra-Barisan negotiation. Furthermore, these interest groups, by their highly visible attention-getting tactics, were seeking to reshape a public agenda that the government wished to manage and define according to its own priorities and timetable. For various reasons, political attention immediately after the election shifted to the activities and demands of a few highly visible and articulate public interest groups.



### Public Interest Groups

Perhaps because of the government's decisive win at the polls, Dr Mahathir Mohamad decided in late 1986 to mount an attack on interest groups that were deemed to be 'negative' and only finding fault with the policies of the government. To that end, Federal Territory Minister Abu Hassan Omar announced that five non-governmental organizations and two political parties were 'thorns in the flesh' of the country. He specifically named as 'enemies' of the state: Aliran, the Consumers' Association of Penang (CAP), the Environmental Protection Society of Malaysia (EPSM), the Selangor Graduates Society, and the Malaysian Bar Council, along with the two main opposition parties, the DAP and PAS. He challenged the named interest groups to register as political parties and face the voters,<sup>2</sup> with the implication being that their criticisms were illegitimate unless they could demonstrate popular support at the polls. Altogether, there were about twenty registered interest groups, but it was these five named organizations which drew the most scathing comments. A few days later, at a political rally, Dr Mahathir himself joined the attack, hitting out at 'intellectual élites' who had become 'tools of foreign powers' and who used their organizations to subvert democracy by using tactics which he concluded could generate 'a terrorist group.... To me they are saboteurs.'<sup>3</sup> By implication, Dr Mahathir equated his government's mandate with 'democracy', while base, self-serving, and anti-national motives were attributed to his critics. He did not, however, address the substance of their criticisms. It was apparent that he was most disturbed over the recent involvement of public interest groups in the campaign to oppose the newly proposed Official Secrets Act and other measures designed to stifle dissent and impose controls over the foreign news media. His antipathy towards these interest groups apparently also derived from their earlier involvement in protests and criticisms of the government over the huge losses in the BMF and other bank scandals, over allegations of corruption and impropriety in the awarding of government contracts, over government efforts to check the independence of the judiciary, and over resource development and environmental issues. A brief review of some of these issues will provide some indication why they emerged on Dr Mahathir's 'enemies list'.

The one issue which united all the public interest groups was the Societies Act of 1966 and its subsequent amendments, first in 1981 and then its more draconian amendments in 1983.<sup>4</sup> Following that dispute, all public interest societies kept a constant watch on what they took to be moves to stifle public criticism and dissent and to impose censorship or press controls, either directly or through the 'self-censorship' mechanism imposed by BN parties buying control of all major daily papers. Among the persistent critics of government policy on these issues was Aliran, under the leadership of the political scientist and former academic, Chandra Muzaffar, who edited the monthly magazine, *Aliran Monthly*. Within this journal, critical comments were published on most public

issues, concentrating on issues of corruption, human rights, democracy, freedom of speech, and the role of an independent judiciary. Aliran published a number of reports and books on public policy issues,<sup>5</sup> which, in both volume and quality, were impressive, considering its small staff and budget. Its trenchant comments and critical reports were read primarily by Western-educated middle-class urban élites, so that its influence far exceeded its meagre readership, which must also have included Dr Mahathir, since it elicited from him such scathing responses to its criticisms.

Prior to 1983, environmental issues were of concern to only a few score of Malaysians, who first noticed the degradation of rivers and water supplies, largely from tin mining, rubber, and palm-oil processing effluents and untreated sewage. The Consumers' Association of Penang had sponsored several conferences and seminars on environmental issues beginning as early as 1978,<sup>6</sup> but it was not until the factory operated by Asian Rare Earth (ARE) began functioning that environmental issues attracted wide public attention. Owned jointly by Mitsubishi Chemicals and Malaysian investors, including the Islamic Pilgrims Management and Fund Board as a major Bumiputra shareholder, ARE began operations in 1982 processing rare elements from tin tailings to produce thorium hydroxide, in the course of which radioactive waste products are generated. Initial plans called for the radioactive waste to be dumped near Parit, a Malay village, but the site was moved near Papan, a Chinese settlement, by the time production started. The waste products were deposited in a rapidly cracking cement-lined trench not far from a river tributary. When this was discovered, sixteen organizations joined to form the Papan Support Group, and the Perak Anti-Radioactive Committee (PARC), which together sponsored radiation measurements, a nationwide petition, and eventually public demonstrations against the unsafe dump site. In response, the dump site was moved to a new location near Bukit Merah, another Chinese village. In October 1985, a court injunction was secured suspending production pending proper safety measures. As a consequence, ARE reported losses of M\$7 million in 1986. When the Malaysian Atomic Energy Licensing Board issued a new licence to ARE in February 1987, demonstrations by 10,000 nearby residents ensued. The DAP and the EPSM were both involved in the protests, while the MCA was placed in an awkward position between its support for the government and its need to defend the interests of its Chinese constituents. With a half-life of 10 million years, the finished product, thorium hydroxide, was exported to Japan, the United States, and Canada. Because it had a potential as nuclear fuel, some proposed long-term storage of part of the output in Malaysia. What remained uncertain was whether the dump site, which was re-opened, would become a temporary storage facility or a permanent disposal site. The protest leaders pursued further court action seeking injunctions against the operations of ARE but the issues remained unresolved and entangled with complicated court manoeuvres well into 1988. The Malaysian Cabinet approved the continued production of ARE but also promised to monitor the safety and

environmental issues posed by its operations.<sup>7</sup>

By mid-1987, environmental issues combined with concern over native land rights to focus public attention on logging and development issues, particularly in Sarawak. The system of timber concessions awarded on a patronage basis by the Sarawak state government had produced large profits and millionaire status for a number of well-connected state business men and politicians. The timber policies had also resulted in the logging of about 30 per cent of the state's forest in the period 1962-85, and, while creating local employment, also generated substantial opposition from many upland natives. Added to the threat to the traditional system of swidden agriculture of upland natives was the federal-sponsored Bakun Project which proposed to construct a 200-foot-high dam on the upper Rejang River. The dam would flood 69 000 hectares of land and force the relocation of over 5,000 tribal natives. The dam would produce 2 400 MW of power which was to be transmitted to Peninsular Malaysia via an undersea power cable based on untested technology. The total project was expected to cost about M\$10 billion. Besides Bakun, some 51 other possible power generation sites were to be investigated for future power generation.<sup>8</sup>

The problems of the upland Sarawak natives were taken up by several of the public interest groups, including Sahabat Alam Malaysia (Friends of the Earth Malaysia) and Aliran.<sup>9</sup> At about the same time, a Swiss amateur ethnologist and photographer, Bruno Manser, was living among the Penans of Sarawak and writing articles for European journals, depicting the life and the problems faced by these semi-nomadic people. When Penans and Ibans began protesting logging operations in their area and threatening to barricade logging roads, the government blamed him for inciting the natives. With the help of his Penan hosts, he eluded police sent to arrest him. Eventually, after several years of eluding the police, he must have left the country undetected.<sup>10</sup> In June 1987 a delegation of native representatives and chiefs from Sarawak appeared in Kuala Lumpur to plead their case for protecting their native land rights against the logging concessions. At first, these questions were treated merely as a police matter, but later the delegation was received by top political leaders, including Dr Mahathir. While the Sarawak native delegation received a sympathetic hearing at public meetings in Kuala Lumpur and Penang, they were criticized by a number of prominent Sarawak politicians who were known to be the holders of vast state logging concessions. Eventually, Dr Mahathir stated that the Penans were themselves responsible for destroying the rain forest because of their shifting cultivation practices.<sup>11</sup>

For several years, the government had assumed a hostile stance towards the operations of the foreign press in Malaysia. The government proceeded on the assumption that the foreign press should respect the Malaysian 'national interest' as defined by the government and therefore news reports should not be biased against the government and not contain any 'unauthorized' information concerning government activities or policies. When the foreign press refused to accede to these unwritten

assumptions about their role, a series of restrictions and harassments were placed on their activities. From 1 May 1984, the Malaysian news agency, Bernama, was made the sole domestic distributor from all foreign news agencies and the sole wire transmitter of news from reporters in Malaysia to their foreign news desks. When the *Far Eastern Economic Review* gave full coverage to the BMF scandals, the copies of the *Review* sent to Malaysia for local distribution were delayed in the post by about a month. When the *Asian Wall Street Journal* (AWSJ) exposed some aspects of the BMF scandal and later published a report on the personal financial transactions of Finance Minister Daim Zainuddin suggesting that there was a conflict of interest involving awards of government contracts and sales of shares,<sup>12</sup> the government viewed the reports as malicious and irresponsible. In September, new government rules were issued, requiring government ministers to make limited divestment of their business interests. Pursuing its earlier allegations, the AWSJ published another in a series of articles on government financial transactions, revealing that Daim Zainuddin would profit from the forthcoming sale of his shares in United Malayan Banking Corporation to the state trading corporation, Pernas.<sup>13</sup> The government responded by immediately banning the AWSJ and revoking the work permits of its two correspondents, John Berthelsen and Raphael Pura. Dr Mahathir reacted angrily to these allegations and responded by making his counter-allegations about the Western 'Zionist press'.<sup>14</sup> The AWSJ sought redress in the Malaysian court, which, in a judgment issued on 3 November, voided on procedural grounds the government's decision revoking work permits for the AWSJ correspondents because no opportunities were given to the accused to be heard. Just before the decision, the government arrested two lawyers representing the AWSJ, charging them with having documents protected by the Official Secrets Act.<sup>15</sup> The combination of these events generated great concern among the Bar Council, the National Union of Journalists, and most of the public interest groups concerned with democratic principles and a free press.

In response to the court order, the government finally rescinded its ban on the AWSJ and permitted its two correspondents to return with authorized work permits. Perhaps in reaction to this set-back in the courts, the government proposed new amendments to the Official Secrets Act which extended protective 'secret' status to most government documents not officially released to the public and provided for mandatory minimum imprisonment for one year for anyone found to be in possession of information covered by the Official Secrets Act. When these amendments were presented to Parliament, 2,000 journalists staged a protest demonstration, the National Union of Journalists presented a petition of protest with 36,000 signatures, and various public interest organizations joined to sponsor a Freedom of Information Movement led by the former Auditor-General, Ahmad Noordin Zakaria. The latter organization sponsored a public protest rally against the Official Secrets Act, while the Malaysian Bar Council President, Param Kumaraswamy, voiced dismay over the extent of the Act's coverage and its removal of judicial discretion

to examine whether a document qualified for the 'secret' label. Both Tunku Abdul Rahman and Hussein Onn joined the protestors, openly expressing their objections to the new amendments to the Official Secrets Act. These protests were to no avail, since the government proceeded with its proposed Official Secrets Act amendments which, on 5 December 1986, were passed by Parliament by a vote of 131 to 21.<sup>16</sup>

On the issues of human rights and democratic constitutional government, the public interest groups were a constant source of criticism and annoyance to the government. On such issues, there was close co-ordination and usually joint sponsorship of events, frequently involving Aliran, the Consumers' Association of Penang, Sahabat Alam Malaysia, the Malaysian Bar Council, and various Christian religious organizations, such as the Malaysian Council of Churches and the Catholic Research Centre. The fact that the DAP usually played a highly visible role in the various seminars and conferences considering such issues only served to identify these interest groups with what the government considered to be implacable hard-line critics of the regime. The major seminars on human rights and democratic constitutionalism included the 1981 Seminar on 'Rural Development and Human Rights in South East Asia'<sup>17</sup> held in Penang, the 'Conference on Human Rights in Malaysia' held in Kuala Lumpur in November 1985,<sup>18</sup> and the August 1987 conference sponsored by Aliran in Kuala Lumpur entitled 'Reflections on the Malaysian Constitution: 30 Years after Independence'. This last conference attracted scathing criticism from Dr Mahathir, who depicted the participants as frustrated intellectuals attempting to seize power and presuming 'to make policies for the government'. Echoing Dr Mahathir, Anwar Ibrahim called those who organized the conference 'arrogant intellectuals' wanting to 'force their views down the government's throat'.<sup>19</sup>

Earlier, on 21 July, Dr Mahathir had delivered a speech at Chatham House in London during which he explained his views on democracy and individual rights. In that speech, and in response to questions that followed, he stated: '... democracy has a distressing tendency to get out of control. ... Democracy has come to mean individual rights. This is not what democracy is. Democracy is the will of the majority. ... Democracy must mean the will of the majority, and it is expressed through the vote.' He went on to explain that once the choice has been made, it ill behoves some to presume to tell their leaders what to do and how to run the country, especially when such pressure all too often arises from the narrowest sectarian interests in complete disregard of the greater good of the nation as a whole. He continued, 'The individual hasn't the right to do what he likes if it hurts the majority.'<sup>20</sup>

This concept of the 'blank cheque' mandate for executive prerogative presumably deriving from popular elections and residing exclusively with the Office of the Prime Minister was one of the issues discussed and vigorously opposed by most interest groups and participants at the various conferences on human rights and constitutional reform. In reaction to the conferences, the government seemed most disturbed by the active participation of Tunku Abdul Rahman in both the conference on

human rights in 1985 and again in the conference on the Constitution in 1987. The substantive criticisms of the papers presented could be ignored, but the criticisms of Malaysia's founder were more difficult to dismiss. By 1987, the political situation had changed such that Dr Mahathir was much more uncertain of the support base for his government. Reflecting his insecurity, he reacted even more testily than before to public criticisms, especially those emanating from Tunku Abdul Rahman, who remained highly revered among large segments of the public.

### The Battle for UMNO

Not all the critics of Dr Mahathir and his government were members of public interest groups or members of opposition parties. The rules of Malaysian politics prevented members of the BN from voicing criticisms or making demands upon the government in any public forum. Yet, such rules did not apply to the internal politics of the parties that comprised the BN. Over the years, all the major component parties within the BN had experienced rather severe internal factional disputes, many of which erupted into public view through the media. For the most part, UMNO had remained free of extreme factionalism, partly because of the strong leadership exercised by successive Prime Ministers and partly because of the extensive patronage available to placate the recurring factionalism which surfaced periodically. Because UMNO had become the centre of substantive power supporting the government, the factional divisions also reflected important policy implications which required more than mere distribution of patronage benefits to resolve. The open and fairly democratic procedures of UMNO had gradually transformed it into the country's most powerful political forum, and also one that was much more difficult to manipulate and manage by its incumbent leaders.

With the accession to power of Dr Mahathir, the role of UMNO had been enhanced, particularly by the free vote at the UMNO General Assembly for the election of the Deputy President to serve with Dr Mahathir in 1981. The spirited contest between Musa Hitam and Tengku Razaleigh Hamzah in that contest was repeated in 1984 with Musa Hitam emerging the victor both times by a very small margin. The political mobilization for those contests had revealed some of the factional alignments within UMNO—alignments that were to become more defined and better organized as the party struggled with more substantive issues of policy, patronage, and the political fortunes of those principal leaders who commanded a substantial and stable coterie of party supporters.

When Musa Hitam was accused of disloyalty by Dr Mahathir, precipitating Musa's resignation as Deputy Prime Minister in February 1986, it was clear that there would be some long-term repercussions within UMNO. Musa enjoyed the support of a large segment of UMNO delegates and he retained his post as Deputy President of UMNO. His expulsion from the Cabinet and the selection of Ghafar Baba as his replacement as Deputy Prime Minister had been the product of

Dr Mahathir's autonomous decision, not that of the UMNO Supreme Council or of the party General Assembly. With a party that was becoming more assertive in matters of policy and the selection of key government leaders, the relative role of the Prime Minister and the party was somewhat ambiguous and required the skill and tact of a Malay-style negotiated agreement. Instead, Dr Mahathir was seen as acting bluntly and somewhat arbitrarily, in violation of Malay political norms, with his open and semi-public confrontation against a dynamic and popular leader. Over time, perceived personal slights and resentments only served to harden factional alignments and encourage critics within the party to mount an open contest against incumbent leaders of the government.

A similar pattern had contributed to the formation of a faction of discontent around the leadership of Tengku Razaleigh. In 1981, Tengku Razaleigh had been the most senior UMNO Vice-President, but his seniority had not been sufficient to secure his elevation to the position of Deputy President of UMNO because Hussein Onn had instead indicated his support for Musa Hitam. Although Tengku Razaleigh was brought into the Cabinet as Finance Minister in the early years of the Mahathir Administration, he was replaced by Daim Zainuddin in 1984 and moved to the less important Ministry of Trade and Industry. Tengku Razaleigh's autonomy and willingness to contest against those UMNO leaders, 'selected' by co-optation from above, meant that Dr Mahathir treated him with a mixture of suspicion and as the object of not-too-subtle strategies of confinement. Party rules had been changed to prohibit national leaders from retaining leadership of their state UMNO organization. As a result, Tengku Razaleigh had been forced to abandon his post as leader of Kelantan UMNO, although he retained his position as chairman of his home division in Gua Musang. After failing in his earlier effort to become Deputy President of UMNO, he held no high party office to use as a base for his appeal for party support. Even so, Tengku Razaleigh commanded widespread popular support within UMNO, not only in his home state of Kelantan but also in Trengganu, Perak, Penang, and even Johore.<sup>21</sup>

The UMNO General Assembly of April 1987 was acknowledged to be the crucial testing ground for both incumbents and challengers for the leadership of the Malay community. At stake were all the top offices of UMNO, including the 25 seats on the Supreme Council. Well before the annual meeting, there was much speculation concerning who would contest for which positions and whether there would be some factional coalitions to enhance chances of victory. Most of the speculation focused on the activities of Musa Hitam and Tengku Razaleigh, but the actions and statements of Dr Mahathir and Ghafar Baba were also carefully scrutinized to discover clues as to their political intentions and strategies. The first overt moves came in early December 1986, when aides to Musa Hitam met representatives of Tengku Razaleigh in order to reach an unwritten understanding for an alliance or coalition. It was agreed that Tengku Razaleigh would contest for the UMNO Presidency against Dr Mahathir and Musa Hitam would contest for the Deputy Presidency

against the presumed candidacy of Ghafar Baba. The tacit agreement was publicly symbolized by reciprocal invitations to each other's home constituency—first Musa visited Gua Musang in Kelantan to receive a 'hero's welcome' as Tengku Razaleigh's guest, and then Tengku Razaleigh appeared as the humble but honoured hero-guest at Segamat in Johore. No formal pact was signed, partly because it violated UMNO rules against election agreements, but also because such a formality was viewed as counter to the Malay political culture of honouring verbal understandings between men of power and prestige. Besides, without a formal agreement, co-operation could be cloaked in the Malay norms of reciprocity and freely offered mutual assistance.

Well before candidates declared their intention to contest specific party positions, both the challengers and the incumbents had begun well-coordinated and costly campaigns to align support from among the approximately 1,500 delegates to be selected for the UMNO General Assembly. Because the delegates were also to be chosen, the campaign concentrated on the support of ordinary UMNO members who were to choose the delegates and who could instruct them prior to their participation in the crucial elections scheduled for 24 April at the UMNO General Assembly. Although initially avoiding an appearance of concern or active participation in the fray, Dr Mahathir revealed his mounting anxiety by the extraordinary efforts made to induce his supporters from among holders of high government office to publicly declare their support for him. In an unprecedented move, he was able to secure the public pledge of support from all Malay state Chief Ministers who were especially dependent on him for federal patronage, for favourable state budget allocations, and for tacit federal confirmation of their positions as Chief Ministers. Clearly, battle preparations had begun for both factions, even though the UMNO General Assembly was not due to be convened for more than a month.<sup>22</sup>

At the start of the formal campaign, Tengku Razaleigh and Musa Hitam jointly announced their candidacy: Tengku Razaleigh contesting for UMNO President; and Musa Hitam seeking re-election as Deputy President. Some speculated that Musa might have a better chance of defeating Ghafar Baba than Tengku Razaleigh would have of defeating Dr Mahathir for the top leadership of UMNO—and, by implication, also for the office of Prime Minister. Interpolating from past contests, Musa was assumed to have slightly more grass-roots support within UMNO than Tengku Razaleigh, and Ghafar Baba, while popular, was seen as a rather 'old-style' Malay leader who was also vulnerable because of large personal debts arising from his involvement in a number of bad business ventures. It remained unclear what the coalition might do to their individual support and what resources and tactics Dr Mahathir and Ghafar Baba might be able to mobilize to ward off the challenge being mounted by the Razaleigh-Musa team.

As the contest intensified within the Malay community, the press dubbed the two factions 'Team A' and 'Team B', suggesting that there was not much difference between the factions concerning ideology or



public policy issues. Even so, the two factions did stress different issues and made rather personal charges and counter-charges. Team B was on the attack, while Team A defended its achievements and promised more benefits to the Malay community. Team B charged that only some Malays benefited from the NEP, claiming that the most favoured were those who were close to the Prime Minister. Team B stressed the growth of corruption at high levels, concentrating much attention on the activities of Finance Minister Daim Zainuddin, who was alleged to have benefited from government decisions favouring corporations in which he held large blocks of shares. For a while, the revelations about Daim Zainuddin were so intense and persistent that the press speculated he might be sacrificed to Dr Mahathir's critics. Yet Dr Mahathir remained a staunch supporter of his long-time friend and confidant and made no concessions to his critics in this regard. Among the most often repeated themes of Team B was its criticism of Dr Mahathir's 'personal style of leadership'. This rather ambiguous charge referred to his failure to consult widely enough among UMNO and BN leaders and his reliance on a small coterie of confidants who were increasingly influential. Dr Mahathir was also accused of dictatorial and unilateral actions and of failure to take action against corruption and fraud within his government. In addition, his critics alleged that Dr Mahathir often acted without proper expert advice, especially in formulating complex economic plans, and in promoting plans for costly prestige projects. In defence of Dr Mahathir, his supporters argued that great economic progress had been made under Dr Mahathir's leadership and that the NEP had been mostly successful in achieving its target objectives. He had, it was argued, been forced to take some difficult decisions that were not popular among the non-Malays, and that he suffered loss of popularity as a result. Furthermore, the economic problems of the country were largely due to the world economic recession beyond his control.

In effect, both Team A and Team B were promising the Malay community that they would receive more benefits by giving support to one faction or the other. The non-Malay communities viewed the spectacle of factional conflict within the Malay community with a mixture of trepidation and hope. On the one hand, the factional split within UMNO opened new opportunities for new forms of cross-ethnic political alliances. On the other hand, the competition between the two UMNO factions had stimulated a campaign of Malay ethnic outbidding that many non-Malays feared could only result in more repressive or discriminatory policies directed against non-Malays. The political norms of detachment and non-interference in the political affairs of other communities meant that the non-Malay public watched the unfolding campaign between Team A and Team B with a mixture of avid fascination and mute anxiety.<sup>23</sup>

As the campaign intensified, Dr Mahathir abandoned his aloof strategy and entered the political fray with a vigorous personal campaign, contacting delegates and presenting himself directly to the Malay constituency through mass rallies. At the forefront of the campaign was Anwar Ibrahim, who decided to abandon his party post as UMNO Youth

President to contest for one of the UMNO Vice-President positions. Against his accusers, Dr Mahathir denied any wrongdoing or impropriety. He suggested that those who were challenging his leadership were breaking party tradition, fracturing Malay unity, and being motivated by personal power and greed that was detrimental to the interests of the Malay community. Anwar Ibrahim assumed a somewhat more aggressive role in the campaign, first attempting to arrange some *rapprochement* between UMNO and PAS leaders, to smother the challenge within UMNO. When political coalition talks promoted by Anwar failed to produce a new alignment, Anwar, in his campaign, stressed his Islamic credentials and promised 'to support Islamic resurgence and to oppose those who oppose it'.<sup>24</sup> Dr Mahathir also stressed the promotion of 'Islamic values' and the intensification of the government's efforts to approximate the Islamic model of government, presumably within the constraints imposed by Malaysia's multi-ethnic society. Because Tengku Razaleigh and Musa Hitam did not match this stress on Islamic symbolic issues, many observers concluded that Team B would move more cautiously in responding to Islamic fundamentalist demands, especially when demands cloaked in an Islamic idiom were viewed by non-Malays as threatening those basic rights guaranteed in the Constitution or else were policy proposals violating internationally accepted norms of democratic and human rights. For this reason, both Malays and non-Malays viewed Team B as being somewhat more amenable to intercommunal cooperation and accommodation. In contrast, the Team A strategy appeared to be exploiting Malay religious and communal exclusivity to create an upsurge of Malay support for the incumbent leaders of UMNO.

In addition to the mass rallies and eloquent speeches of the candidates, a subterranean campaign was waged based on *surat layang* (flying letters) passed from hand to hand, which included leaked government documents, allegations of corruption, favouritism and impropriety. Many irregular publications, books, and tape recordings were sponsored by both factions in an effort to sway Malay voters and uncommitted UMNO members. The underground campaign was often intensely partisan, vitriolic, and personal, creating bitterness among candidates, thus intensifying the factional divisions within UMNO. As part of this underground campaign, some of the 'dirty linen' of earlier behind-the-scenes politics was unofficially but effectively distributed and displayed for public scrutiny and evaluation.

As the campaign reached its final stages, the momentum appeared to be with the Team B faction. A number of important government ministers had become tacitly affiliated with Team B, including Foreign Minister Rais Yatim, Welfare Services Minister Shahrir Abdul Samad, Deputy Primary Industries Minister Radzi Sheikh Ahmad, Deputy Energy, Telecommunication and Posts Minister Zainal Abidin Zin, and a number of former ministers and chief ministers who had held office in previous administrations.<sup>25</sup> At all levels of the party, the factional split was evident and the turnout at rallies suggested that the contest would be close, but that a victory for the challengers seemed imminent. It was apparent that

the support for a change of leadership was extremely strong, yet the incumbents were also well entrenched and extremely bitter over the challenge to the established power structure of UMNO. The intensity of feelings meant that very few Malay politicians could remain neutral in their alignment with either Team A or Team B.

When the delegates assembled in Kuala Lumpur for the UMNO General Assembly, there was much excitement in anticipation of momentous events climaxed by the vote scheduled for 24 April. A rally the previous night by Tengku Razaleigh and Musa Hitam at the Regent Hotel had attracted a crowd of 10,000 obviously enthusiastic supporters. When the UMNO Assembly began, after initial formalities Dr Mahathir gave his presidential address with the delegates expected to vote shortly after in the period before lunch. Dr Mahathir's speech received enthusiastic response from his supporters, but the momentum still appeared to be with Team B. Because the keys to the ballot boxes had been jumbled, the voting was delayed and could not be completed before lunch. Only about 60 per cent of the delegates had voted before the lunch break, but straw exit polls had placed Tengku Razaleigh slightly ahead. Those who had not voted were transported by bus to the Putra World Trade Centre where they were actively lobbied by Team A campaign managers. Subsequently, those committed to Team B alleged that enormous sums of money were promised to delegates at lunch for their votes in support of Team A. These allegations were never substantiated with firm evidence or presented in court, but they remain part of frequently repeated oral accounts by some who were active participants in the drama. After the delegates returned to the Assembly, voting was resumed and was completed by 4.30 p.m. The first counting of the ballots was completed at about 10.00 p.m., but a recount was ordered. Word spread that the unofficial winner was Tengku Razaleigh. Less than an hour later, the official result was announced: Dr Mahathir had won 761 to 718 over Tengku Razaleigh, with a 43-vote margin, and Ghafar Baba had defeated Musa Hitam with a vote of 739 to 699 and a 40-vote margin. Two of the three elected vice-presidents were members of Team A: Wan Mokhtar Ahmad and Anwar Ibrahim. Abdullah Ahmad Badawi, identified with Team B, collected the second largest number of votes cast for vice-president. Sixteen of the 25 Supreme Council seats went to Team A, while Team B secured 9 seats.<sup>26</sup>

The announcement of the official results came as a shock to those associated with Team B, some of whom after the last Tengku Razaleigh rally had predicted a victory margin of 65-35 for their faction. In their disappointment, many of the avid Team B supporters suspected some form of skulduggery had robbed them of their victory.

Although many of the UMNO delegates urged some form of reconciliation between the two factions after the vote, Dr Mahathir in closing the Assembly two days later rejected such advice, stating in his speech, 'We must be aware that if we win, we get something and that if we lose, we will not get it.'<sup>27</sup> In his speech, Dr Mahathir implied that those associated with Team B had violated their oaths of cabinet secrecy and

support to the government and the Constitution; he further hinted that there would be repercussions. Tengku Razaleigh and Foreign Minister Rais Yatim submitted their resignations from the government, but many other Team B supporters in the government waited to see whether they would get a letter from Dr Mahathir asking for their resignation. In 1985 Dr Mahathir had warned the MCA in their factional dispute that 'winners should not take all, while those defeated should not lose all. After all, even losers have their supporters and they have the right to their views.' Tengku Razaleigh pledged his support to the elected leadership of Dr Mahathir provided that there was no 'witch hunt'. Before submitting his own resignation, Tengku Razaleigh had warned, 'if there is a witch-hunt, members will not forget and forgive. This will destroy the party.'<sup>28</sup>

Despite his own previous advice to others and the cautions given by many party leaders, Dr Mahathir was in no mood for reconciliation or compromise. Very promptly the Cabinet was purged of all Team B supporters, and shortly afterwards, the purges continued within the party and at the lower levels of both state and federal governments. The purges from the Cabinet were announced hours before Dr Mahathir left for an extended personal visit to the United States, where he attended his son's graduation from the University of Tulsa, and later continued on to Japan to visit his daughter and grandchild. Most of the purged positions were not filled for some time, giving the impression that the purges were made with undue haste and with considerable malice. Welfare Minister Shahrir Abdul Samad, who was one of the expelled ministers, explained Dr Mahathir's behaviour as a question of ego and professional training. 'He will not think of negotiating his way out of a problem the way his predecessors, with their legal backgrounds, would have done. The medical solution is to cut out the cancer.'<sup>29</sup>

In the cabinet reshuffle following the UMNO General Assembly, Dr Mahathir's most loyal and uncritical supporters were rewarded. His own powers were also increased, since he appointed as Foreign Minister, Abu Hassan Omar, who was relatively unknown, and abolished the Federal Territory Ministry. This was interpreted as evidence of his determination to exercise more control over foreign affairs and to assume direct responsibility for the increasingly controversial demand for the return of Labuan to the state of Sabah. In addition to the Home Affairs Ministry, which he headed, he also assumed the portfolio of the Justice Ministry, just at a time when legal issues were assuming more political importance for the future of his government.<sup>30</sup> The cumulative effect of Dr Mahathir's actions immediately after his narrow victory only added fuel to the charges made by his critics that his leadership style centralized power, avoided consultation and consent, and did not promote public confidence in the government.

The ill will created by the UMNO election campaign, the closeness of the contest, the questionable validity of the election results, and the subsequent purges from government and higher party positions of Team B supporters, all contributed to a determination of some in the defeated faction to challenge the outcome of the election. Collecting evidence of

fraud and the participation of delegates from unregistered branches, 12 UMNO members filed suit in the High Court on 25 June 1987 seeking to obtain a court order voiding the results of the UMNO election. In the suit, the plaintiffs alleged that 78 of the 1,479 UMNO delegates were illegal and that other illegalities were committed in the conduct of the voting, following which the documents were 'tampered with'. Since a change of only 22 votes would have produced a different result, they sought an order calling for a new election.<sup>31</sup> Although Tengku Razaleigh was not one of the plaintiffs, it was widely believed that the suit was brought on behalf of Team B. It was supposed that Tengku Razaleigh was funding the costs of the suit and that the legal manoeuvres of the plaintiffs were co-ordinated and directed by him and his close political associates. Whether Musa Hitam was also tacitly associated with the suit was a matter of much speculation, but there was also considerable uncertainty in the daily rumours that circulated among elite circles during the course of the extended court deliberations and legal manoeuvres.

Because the stakes were so high, the court case by these UMNO members against the incumbent officers of UMNO created a mood of intensified anxiety and uncertainty, even though on the surface there was little public reference to the possible consequences of any likely court decision on the case. In the early stages of the case, the court attempted to secure some negotiated settlement of the dispute. All efforts by the judge to promote an out-of-court settlement failed, because the incumbent UMNO leaders (as the defendants) were unwilling to make any concessions regarding the validity of the election, and the plaintiffs were unwilling to abandon their suit without some guarantee that supporters of Team B would not be purged from the party and from lesser government positions by the incumbents. As the months rolled by in the presentation of evidence to the court and the elaborate legal moves made by both sides, it became apparent that the court would ultimately be faced with no option but to make an authoritative legal pronouncement on all the issues raised by the suit. When that final judgment would come was recognized by both sides as a time of potential political crisis.

### **The Rising Tensions of Politics**

While the Team B court case slowly made its way through the legal maze, political and ethnic tensions gradually increased. Some important issues had not been resolved prior to the general election, and the divisions within UMNO heightened competition among both UMNO factions, promoting more belligerent expressions of Malay exclusivity in matters of public policy. Furthermore, promises and hints of concessions to non-Malays made prior to the general election had apparently been forgotten or revoked, thus generating substantial political mobilization among some non-Malays to secure what they viewed as either being promised or what was implicitly rightfully theirs by virtue of earlier commitments or from basic principles of equity and fair play.

Early in 1987, a complicated issue arose which had the effect of pitting the MCA against UMNO in Cabinet deliberations. As part of the MCA strategy to increase Chinese investment in the economy, the party had promoted the formation of Deposit Taking Co-operatives (DTCs) where Chinese could place their savings. The money so collected could then be invested in the many business ventures and money-making schemes that were being promoted through the party's corporate empire being managed by Multi-Purpose Holdings Bhd. Unfortunately, in 1986, with the downturn in the economy, many banks suffered losses, and two major banks, United Asian Bank and Perwira Habib Bank Malaysia, were forced into insolvency and were rescued by the central bank, Bank Negara.<sup>32</sup> With the massive financial losses and fraud associated with Tan Koon Swan's buccaneering style of business and financial management, MPH B had to be reorganized, with depositors receiving only about M\$0.41 for every ringgit invested.<sup>33</sup> To make matters worse, the Deposit Taking Co-operatives sponsored by the MCA had also lost massive sums of money. One week after the 1986 election, 23 DTCs were suspended for insolvency, and by early 1987, 35 DTCs had their deposits frozen. Altogether about M\$3.6 billion had been lost by DTCs by April 1987 through a combination of bad investment decisions, the unanticipated downturn in the world economy, criminal fraud, and outright theft by some DTC officials.<sup>34</sup>

Because of the involvement of the MCA with the DTCs and the fact that the depositors were rank-and-file Malaysian Chinese, most of them of meagre means, the party was insistent that the government provide some bail-out to save the petty investments made by many thousands of its supporters. The MCA leaders argued that the government had rescued Bank Bumiputra and Bumiputra Malaysia Finance when they lost over M\$2.5 billion in the Hong Kong property market. Similarly, in 1987, Perwira Habib Bank, a Bumiputra firm, had also been rescued by government intervention and some ten years earlier, Bank Rakyat had been saved when M\$150 million was lost in fraud and scandal. The same provisions of government guarantee to depositors, they argued, should apply to the Chinese financial institutions as had been provided for the Bumiputra institutions which had suffered financial difficulties.

In May, the MCA proposed to the Cabinet a ringgit-for-ringgit rescue scheme which would involve M\$1.4 billion in government loans to the co-operatives to secure the funds of the 588,000 depositors, almost all of whom were MCA members. Implied in the proposal was the understanding that the MCA would then be in a position to deliver Chinese votes to the BN. The MCA proposal generated opposition, especially from UMNO Youth, some of whom openly invited the MCA to leave the BN.<sup>35</sup> Within the Cabinet, Anwar Ibrahim took a hard line against the MCA plan, while MCA President Ling Liong Sik remained adamant that something had to be done to rescue the DTCs or the MCA would be forced to reassess its role in the BN. Agreement was first reached on the broad outlines of a rescue package which provided for depositors to be guaranteed some refunds by 1990 but without a massive injection of

government funds. The existing assets were to be refinanced in such a way that funds would be recovered gradually as the stock assets being held by the DTCs also recovered their value. At the heart of the refinancing scheme was the recently reorganized MPH, which remained the mainstay in the MCA corporate structure. The government calculated that depositors would eventually receive a return of M\$0.62 on the ringgit, with the possibility that recovering assets would permit an eventual return of M\$0.92. The government extended concessionary soft loans and tax credits and arranged reorganization of the 13 DTCs with the biggest deficits so as to permit a payout of 50 per cent of deposits but with incentives offered to depositors to keep their investments with the DTCs in expectation of greater returns later.<sup>36</sup> Although the DTC rescue package was finally approved by the Cabinet only in February 1988, in time for the first payments before the Chinese New Year, the abrasive rhetoric and the militant stand taken by the principals on each side had greatly intensified political tensions both within the ruling coalition and among the general public.

During July and August of 1987 another contentious issue was added to the agenda of the government. This involved the implementation of the pre-election promise made by the BN to the MCA concerning the status of Chinese-medium primary schools. During the 1986 election, the government had promised to repeal Section 21(2) of the Education Act of 1961 which gave the Minister of Education the power to convert vernacular Chinese and Tamil schools into the Malay medium of instruction by prerogative decree. Not only was this promise not implemented, but from the public pronouncements of Education Minister Anwar Ibrahim, it was apparent that he firmly opposed any repeal of his prerogative powers over the perpetuation of Chinese and Tamil vernacular schools. This issue remained unresolved, when another related dispute arose.

Allegedly because of a shortage of Mandarin-trained teachers, the Department of Education promoted more than 100 Chinese teachers who had no Mandarin training to be headmasters and administrators in Chinese schools. Many Chinese viewed this move as a violation of the 1986 election manifesto pledge and as the first move in a ploy to undermine or possibly eliminate Chinese-medium primary schools. At the MCA Annual Assembly in July 1987, party president Ling Liong Sik had promised that the MCA would take a strong stand 'to ensure the protection of minority rights'. He indicated that there would be a more vigorous defence of Chinese rights by the MCA and went on to criticize the actions of some leaders of the BN. With Dr Mahathir present on the platform at his side, he stated:

In a multi-racial country, all must always remember that democracy is not just majority rule. Democracy also ensures protection of minority rights and interests. . . . The creeping arrogance of power and the never-ending quest for power has made some of our political leaders and civil servants strive to be racial heroes in their own communities. . . . It is so easy to play to the gallery.<sup>37</sup>

At the conference, Deputy President Lee Kim Sai announced that the MCA would not support government policies any longer if it had not been consulted during their formulation. He also suggested that policy decisions were made by a small group in the government and that the number involved was getting smaller. This stance by the MCA provoked an angry reaction from the leader of UMNO Youth, Najib Razak, who declared that UMNO would not compromise its principles on issues affecting the dominance of Malays in politics and economics, because otherwise 'the survival of the Malays will be at stake'.<sup>38</sup> Despite the intensity of such reactions, the MCA leaders proclaimed their determination to pursue a more assertive role within the BN. When the issue of the future of Chinese education appeared to be on the line, they could not easily alter their public stance and attempt a low-key strategy to resolve the issues. Earlier experience had shown that such a strategy rarely produced acceptable results which could be defended to their constituents.

As the dispute over the promotion of Chinese teachers intensified, MCA President Ling Liong Sik announced that the controversial promotions were counter to the 'solemn promise' made in the 1986 election manifesto of the BN. An MCA delegation asked to discuss the issues with Education Minister Anwar Ibrahim. Before the meeting took place, Anwar Ibrahim added insult to injury by announcing to the Malacca UMNO convention that he would not alter his decision. When the discussions with the MCA did occur, the MCA submitted a memo protesting his earlier pre-emptive announcement, while at the same time UMNO Youth issued a warning to the MCA not to pursue the issue of Chinese education any further.<sup>39</sup> Rather than dialogue and negotiation, there was instead an exchange of warnings and ominous threats.

After failing to secure any redress on the issue, the MCA, Gerakan, and DAP, as well as some other organizations, formed the National Joint Action Committee on Chinese Schools and issued a statement of objectives regarding the issue of non-Chinese-educated school administrators, and calling for a public rally to highlight the demands.<sup>40</sup> Representing the MCA, Labour Minister Lee Kim Sai joined in the public rally along with representatives from Gerakan, SDP, PSRM, DAP, and some 15 Chinese education and teachers' associations. The rally attracted about 2,000 participants, who heard speeches demanding the withdrawal of the promotions of non-Mandarin trained teachers. Other education policies were also criticized, including government restrictions on non-Muslim students at universities, and proposals made by some Malay politicians to terminate government support for the predominantly Chinese Tunku Abdul Rahman College. At the rally, Lee promised that the MCA 'would not sell off Chinese rights'. Because of Lee Kim Sai's public association with the opposition and his vigorous defence of Chinese demands, UMNO militants, for the third time in a year, demanded his resignation from the government. The MCA viewed such demands as abrasively inappropriate interference in their internal affairs.<sup>41</sup> The rally had intensified political rhetoric and heightened the sense of impending crisis.



The court case between Team A and Team B was not the only case pending which had political significance. After a period of extensive negotiations, the government awarded a contract with construction costs of M\$3.4 billion and overall costs estimated at M\$4.7 billion for building and operating a north-south toll highway to run from Johore Bahru to the Kedah-Thai border. The contract was awarded to United Engineers (Malaysia) (UEM) as part of the government's privatization policy. The government was to provide M\$150 million per year as a support loan, while the remainder of the construction costs were to be acquired from borrowings on the open market. UEM was to operate the highway and collect the tolls for a concession period of 25 years. As a consequence, recovery of the investment and profits depended on future traffic volume and the rate of the tolls to be charged. Alternative projections of traffic volume combined with government guarantees of minimum financial returns made the project an easy target of criticism for being too generous to UEM, both because projected profits appeared to be enormous, and because the government was underwriting too much of the costs and the risks.<sup>42</sup>

Political controversy over this project greatly escalated when critics of the government charged that the contract was awarded in an improper manner, involving conflict of interest and outright corruption. The controlling stockholder of UEM was a Malaysian company called Hatibudi, which was owned by UMNO and considered to be the primary investment arm of UMNO Youth, and was alleged to be under the control of Finance Minister Daim Zainuddin. During the contest for the leadership of UMNO, Musa Hitam had accused Dr Mahathir and Daim of corruption in the award of the contract. Critics alleged that those who awarded the North-South Highway contract were also shareholders and officers in the company which was awarded the government's largest-ever contract. Opposition MPs questioned the government about the terms of the contract, raising issues of impropriety and questioning the long-term costs and benefits to the public. Because many people would be affected by the proposed road tolls, there was a mounting chorus of protests over the plans for the North-South Highway. In response to criticism, the first signing of the contract was postponed in April, just prior to the UMNO Assembly. Yet, after Dr Mahathir's narrow victory over his Team B challengers, a revised contract was finally signed with UEM in May 1987.<sup>43</sup>

The controversy became more complicated in July 1987 when Lim Kit Siang, leader of the DAP, filed suit in court seeking to block the implementation of the contract on the grounds of conflict of interest in the award of the contract and corruption on the part of those associated with the project. The government was furious with this legal move. The project had been given high priority, but it could not proceed so long as the case was pending before the courts.<sup>44</sup> The critics of the project were given added support when Tunku Abdul Rahman opposed the way the North-South Highway contract was awarded. In his weekly column in *The Star*, he stated: 'As one of the founders of UMNO, I consider it

improper and irregular for a leading political party to make use of its power to amass wealth at the expense of other business ventures.<sup>45</sup> Although there was no public evidence of Dr Mahathir's anger with Lim Kit Siang's legal moves against the government and Tunku Abdul Rahman's accusations of abuse of power and impropriety, it is not difficult to imagine his probable reactions.

### The Crisis and Detentions of 1987

Against the backdrop of these escalating political disputes, the next sequence of dramatic events unfolded. In response to the public rally by Chinese associations to protest the promotion of non-Mandarin trained headmasters and administrators, UMNO Youth, very likely encouraged by Anwar Ibrahim, determined to stage a massive rally in Kuala Lumpur. The rally on Chinese education rights had attracted a crowd of 2,000 at the Thean Hou Temple. The rally being organized by UMNO Youth was scheduled for the Jalan Raja Muda Stadium in Kuala Lumpur and was to be a massive rally of many thousands of Malays to demand the expulsion of Lee Kim Sai from the Cabinet and the MCA from the BN for supporting the Chinese education lobby. The organizer of the rally was the acting leader of UMNO Youth, Najib Razak, who apparently was seeking to demonstrate militancy in his newly acquired office. The organizers had sought police permission to have a long-bladed sword handed to Najib Razak at the rally and for effigies of Lee Kim Sai and the MCA to be burned.<sup>46</sup> The UMNO Youth rally was designed to forcefully assert Malay political supremacy and intimidate those who had joined in the recent protests over Chinese education, the deposit-taking co-operatives, the North-South Highway, and allegations of corruption and lack of concern for minority and democratic rights. The UMNO Youth rally took place at the Jalan Raja Muda Stadium on 17 October, with 15,000 Malays packing the stadium, voicing threats and militant action against the political demands of non-Malays. Although Anwar Ibrahim did not play a visible role in the UMNO Youth rally, the day before he had made the ominous statement: 'People want to test us and see if UMNO is still strong. Make no mistake about it—we are strong. And do not demonstrate because others can demonstrate as well.'<sup>47</sup>

The boisterous enthusiasm of the UMNO Youth rally generated plans for an even bigger rally to follow on 1 November, this time to be sponsored by UMNO as a 'unity' rally to mark the fortieth anniversary of the party and to make an even stronger assertion of Malay political dominance. The anticipated numbers for the latter rally were expected to approach 500,000. The organizers apparently expected that a massive physical display of Malay political power would put pressure on Dr Mahathir not to make any concessions to those mobilizing to defend non-Malay interests. At the same time, some UMNO members were planning to make it into an anti-Mahathir rally. Banners critical of Dr Mahathir were being prepared and reports circulated that some Malays were resorting to *silat* magic to make themselves invincible in combat.<sup>48</sup>

Rather than act decisively to check the excesses of his rambunctious supporters and some of the more rabble-rousing aspiring politicians in his party, Dr Mahathir decided, instead, to invoke his emergency powers so as to penalize and check the political activity of many of the more active critics of his government. Because of the serious conflict within UMNO over his leadership, Dr Mahathir's hold on office had become somewhat precarious. Perhaps that is why he was unwilling to act against the militant mobilization of those in his own party, without, at the same time, imposing far greater penalties on the opposition and critics of his government.<sup>49</sup>

On 27 October 1987, Malaysian police arrested 63 people under the ISA. Dr Mahathir appeared on television to explain that 'The government cannot wait until riot flares up before taking action.'<sup>50</sup> The mass UMNO rally scheduled for 1 November was banned, as were all other rallies and meetings of a political nature. Within a week, the number detained under the ISA had risen to 93, and after two weeks, the number had increased to 106. At first, no names of the detainees were released, but the press and Amnesty International assembled a list of those known to have been arrested under the ISA. Among the detained were 16 leaders from the DAP, 9 from PAS, 8 from the MCA, 5 from Gerakan, 3 from UMNO, and 1 from PSRM. Topping the list of political leaders were Lim Kit Siang, leader of the DAP, and his son, also an MP, Lim Guan Eng. The three UMNO members detained were on the Executive Council of UMNO Youth and were also associated with the 'Team B' faction of UMNO: Tajuddin Abdul Rahman, Fahmi Ibrahim, and Ibrahim Ali. The controversial MCA leader, Lee Kim Sai, was not among the arrested, but he left for Australia on 'indefinite leave' the night of the arrests, while MCA President Ling Liong Sik also left for a trip abroad a few days later.<sup>51</sup> Altogether, 18 Members of Parliament, Senators, or state assemblymen were arrested, including 10 DAP MPs and 4 DAP state assembly members.<sup>52</sup>

In addition to the arrest of active politicians, a number of prominent leaders or activists from interest groups were also detained, including at least 12 from public interest groups, 5 from Christian organizations, 3 from Chinese education societies, and 2 representing Muslim teachers. Among the most prominent in this category was Chandra Muzaffar, President of the public interest group Aliran; Teresa Lim, Co-ordinator of the Research Unit of the Malaysian Council of Churches, Brother Anthony Rogers of the Catholic Church, and Cecilia Ng, a proponent of feminist rights with the Institute of Social Analysis (INSAN), were only three from a long list of academics and activists in public interest groups, trade unions, religious bodies, and professional associations.<sup>53</sup>

The initial ISA detention orders were for 60 days, during which time police investigation and interrogation determined whether the detained were to be served with new orders or released with or without conditions. Those detained under new orders were subject to sentences, which in some cases extended for two more years, without benefit of trial in open court nor subject to judicial review. By 26 December, of the original 106

ISA detainees, 68 had been released, while those deemed to be 'hardcore' offenders were given extended detention sentences. Dr Mahathir accused the latter of being people who had incited racial and religious unrest. Identified by the authorities as 'hardcore' were eight DAP Members of Parliament, including Lim Kit Siang, leader of the DAP and the plaintiff in the pending suit against Dr Mahathir over the M\$3.4 billion North-South Highway project. Ten people representing Christian organizations, public interest groups, and trade unions were also deemed to be 'hardcore'. Altogether 38 detainees were given extended sentences under orders signed by Dr Mahathir in his capacity as Minister of Home Affairs. Some three months later, on 23 March 1988, a White Paper explaining the arrests but giving very little additional information was finally presented to Parliament.<sup>54</sup>

The day after the first ISA arrests, the government also banned three newspapers—the popular English-language daily, *The Star*, the Chinese-language daily, *Sin Chew Jit Poh*, and the Malay-language bi-weekly, *Watan*. The reasons for the ban were not given, but each was noted for a degree of independence in reporting. Furthermore, *The Star* had provided the venue for three columnists who were widely read and noted for their fearless criticisms of the government—Tunku Abdul Rahman, Malaysia's first prime minister; Dr Tan Chee Khoo, former leader of the opposition in Parliament; and Mohamed Sopiee Sheikh Ibrahim, a former UMNO Member of Parliament. *Watan* was a Malay tabloid paper owned by former Education Minister Mohamed Khir Johari, whose political views were similar to those of Tunku Abdul Rahman, reflecting a Team B perspective. That the paper also gave PAS some prominence in its coverage may have contributed to its being included among the papers which received orders revoking their publication licences. After 28 October, the only newspapers continuing to publish in English and Malay were those owned or controlled by UMNO.<sup>55</sup> The printing licence for *The Star* was reissued only after its editorial management had been restructured. Tunku Abdul Rahman had to resign as Chairman of the Board and the paper promised to stop printing his weekly column. The new 'sanitized' version of *The Star* reappeared for the first time on 26 March 1988.<sup>56</sup>

One month after the ISA detentions and the banning of the three papers, Dr Mahathir gave his interpretation of the reasons for the crisis. In an interview with S. Jayasankaran, he explained:

Well, part of the reason was our—my liberal attitude over the past few years. One of the results was people saying things that were racist in character. That is not damaging so long as the audience is small. But—pardon my saying so—the newspapers play up these things. Certain newspapers concentrate almost exclusively on racial issues. When you write and publish such things you are bound to cause tension. Action invites reaction and it goes all the way through. The thing escalates. In the past, other papers had been careful to avoid such journalism. But thinking they were missing out they joined in the fray and got racist as well. So it mounted.<sup>57</sup>

Although there had been the cycle of escalation described by Dr Mahathir, it is not the case that the government could do nothing to defuse the situation. Emergency rule and invoking the ISA was one way to do so. But decisive action could have been taken much earlier to bring the disputes into an 'élite accommodation mode'. Perhaps Dr Mahathir felt vulnerable regarding support from the Malay constituency, and it was difficult for him to exercise restraining action on his Malay constituency when his critics and the non-Malay activists were 'going public'. Yet, there were also other calculations. By his surprising and decisive use of the ISA, Dr Mahathir had significantly shifted the balance of political dispute and made himself the decisive arbiter of most of the major pending issues of politics. Not only had he pre-empted those within UMNO who were attempting to mobilize Malay opinion against him, but he also succeeded in emasculating both the major opposition parties—the DAP by removing a large contingent of its Members of Parliament, and PAS by banning all political meetings through which it made contact with and cultivated its committed followers. Although widely criticized for his use of draconian powers of arbitrary detention without trial, there was also some sense of relief expressed by those citizens who feared that the planned massive UMNO rally might lead to political violence in the streets. The ingredients for such a scenario were present and depended, as is usually the case, on what political leaders might do to trigger or to mute the passions of their followers. The decisive action was taken by Dr Mahathir, but in such a way as to enhance his political position and powers, and at the expense of many who were only peripherally involved. Many of the detainees had become unwitting targets of the ire and epithets generated by others who constituted the primary 'clear and present danger' to civil order.

When Indira Gandhi lost the court case which declared her election void and thereby faced a challenge to the survival of her government, she declared an emergency, suspending Parliament and putting many of her critics in 'preventive' detention. At the time, journalists and political analysts asked, 'Is it India's Emergency? Or is it Indira's Emergency?' In Malaysia in 1987, a similar question was asked. 'Is it Malaysia's Emergency? Or is it Mahathir's Emergency?' Perhaps it was a bit of both. There was a climate of escalating political conflict that could have reached violent levels. There was also the brewing contest over leadership of UMNO that had not been finally resolved. The big difference in Mahathir's actions, as compared to those of Indira Gandhi, was that he acted decisively before the court had passed judgment on the pending case which had the potentiality of dislodging him from office. His anxiety over the outcome of that decision must have been looming large when he decided to invoke the ISA detention orders. It appears that it also may have coloured his views on the proper role of the Courts in matters that have important political implications.

### The Judiciary Grasps the Political Nettle

The case of the 'UMNO 12' representing the Team B faction was followed avidly in political circles via the active rumour circuit, supplemented on occasion by snippets of news that appeared in the local press. In the early stages, there were arguments over the documentary evidence deposited with the court. Later, one of the 12 plaintiffs was persuaded to withdraw, but the remaining 11 pressed on with the suit. Although Dr Mahathir made ominous warnings about those trying to 'wreck' UMNO and the need to be careful in admitting new members, he also suggested that Tengku Razaleigh could come to see him, but added, 'I will welcome anyone who does not support the action of the 12 or those who finance them.'<sup>58</sup> Although both sides in the court case welcomed talks over the issues, negotiations stalled over formalities, such as who could speak for UMNO and the allegations of illegalities and vote fraud presented in the suit. On 30 September, the High Court gave both parties two weeks to come to some negotiated settlement.<sup>59</sup> During this period, Dr Mahathir made an official visit to Kelantan. While he was there, Dr Mahathir and Tengku Razaleigh met, but no substantive discussions took place. Instead, the demeanour of both men reinforced the public image of suspicion and thinly concealed hostility between the two.<sup>60</sup> Finally, an UMNO negotiating 'Unity Panel' was formed to explore some acceptable formula for an out-of-court settlement of the case. At the head of the panel was Abdullah Ahmad Badawi, the most prominent member of the UMNO Supreme Council who had previously been identified with Team B. After the April UMNO election, he had played a 'go-between' role in attempting to bring the two factions together in a reunified party.

Soon after the negotiations began, it was apparent that UMNO was unwilling to make sufficient concessions to placate the plaintiffs. The suit claimed that 78 delegates to the 24 April UMNO elections had been involved with voting illegalities and that 53 UMNO branches were unregistered, therefore rendering illegal all the delegates from those branches. The plaintiffs sought to have the court nullify the last UMNO election and order a new election under the authority of the officials who were in office prior to that election. The plaintiffs were challenging the validity of all UMNO officials who had assumed office by virtue of the 24 April election. By contrast, the UMNO 'Unity Panel' sought to get the plaintiffs to withdraw their suit, abandon any challenge to party (and government) incumbents, and accept some face-saving formula for 'moderate' Team B members to be assured continued membership in the party. The rule changes in UMNO made after the April election, which increased the powers of the UMNO President and made it much more difficult to mount a challenge to incumbent leaders, was an added complication in attempting to formulate some out-of-court settlement.

After several negotiating sessions, it became clear that Team A was unwilling to admit anything that would question the legitimacy of its election 'victory', and Team B was convinced that the election had been

'stolen' and only a new election would provide an appropriate way to resolve the issues in dispute. By 19 October, the Team B plaintiffs announced that their suit would continue for a final court judgment.<sup>61</sup> Challenging the very legitimacy of UMNO and of the government, the case headed for final court determination, while attention turned to the role of the Courts and the possible or likely outcome of a court decision. For over a year, the judiciary had been subject to sharp and persistent criticism by Prime Minister Mahathir. His first overt public attack on the role of the judiciary occurred shortly after the Supreme Court nullified, on procedural grounds, the government's order revoking work permits of John Berthelsen and Raphael Pura, resident journalists for the *Asian Wall Street Journal*. The court invoked Common Law principles to defend the right of the defendants to be given an opportunity to answer charges made against them. After the disputed UMNO election of April 1987, the attacks by Dr Mahathir on the judiciary were made with increasing intensity and vehemence. This was also a period when the government was being challenged through the courts on a number of vital issues. These included the suit against Dr Mahathir by Lim Kit Siang for 'contempt of court' regarding the statement made to *Time* quoted below; the suit against the government claiming fraud and conflict of interest in the award of the contract for the North-South Highway; a suit challenging amendments to the Criminal Procedure Code; a suit by Karpal Singh, who challenged his immediate re-arrest after the Court had released him from detention because of errors of fact in the original detention order; and finally, the suit of the UMNO 11 challenging the validity of the party election in April 1987.

Even before these cases had been decided, Dr Mahathir's criticisms of the judiciary became more frequent, more strident and more intense. He accused some judges who 'wanted to be fiercely independent' of 'exceeding their powers', of undermining the government's right to govern, of encroaching on the powers of Parliament and the executive, and of failing to remain neutral, especially on political matters. At the same time, Dr Mahathir also attacked the Bar Council, which had become a strong defender of the independence of the judiciary as well as of the legal profession.

At times, Dr Mahathir lectured or admonished the judiciary. At other times, his words could be interpreted as warnings or even veiled threats to the judiciary. In his pronouncements, he espoused the view that since 'we', meaning his government, made the law, there was some defect in the role of the judiciary if the judges did not accept the government's interpretation of that law in cases brought before the courts. This theory of judicial deference to the prerogatives of the executive and Parliament was expressed by Dr Mahathir in an interview with *Time* magazine:

The judiciary says [to us], 'Although you passed a law with a certain thing in mind, we think that your mind is wrong, and we want to give our interpretation'. If we disagree, the Courts will say, 'We will interpret your disagreement'. If we go along, we are going to lose our power of legislation. We know exactly what we

want to do, but once we do it, it is interpreted in a different way. If we find out that a Court always throws us out on its interpretation, if it interprets contrary to why we made the law, then we will have to find a way of producing a law that will have to be interpreted according to our wish.<sup>62</sup>

Later, in other speeches and interviews, Dr Mahathir attacked what he called 'black sheep' judges 'who want to be . . . fiercely independent'. He accused some judges of playing to public opinion and forgetting about the duty to be fair. These judges, he argued, pursued other motives: 'You have to stretch things a bit, you have to prove you can hammer the government, for example. You want to ingratiate yourself, you want to be well thought of by the public. A good judge should stick to dispensing justice. That's all, not to show that he is independent.'<sup>63</sup> In Dr Mahathir's view, the courts should act merely as the compliant agent for the expression of the 'will' of the government as represented by the Prime Minister, and his Ministers, who together commanded the support of a Parliament which represented the supreme and unchallenged 'sovereignty' of the people. The principles of Common Law were criticized as if they were not part of the Malaysian judicial tradition, and because they were not specifically authorized by parliamentary statute. By adopting this simplified Austinian theory of law, he assumed not only the right to criticize the judiciary but also the power to set things right when they erred. Whenever the government did not win its cases, especially when interpretation of the law or the Constitution was involved, he was quick to express his displeasure.<sup>64</sup>

For a number of years, the government had passed legislation that reduced the scope of the judiciary in the application of statutes to specific cases. This had been most obvious in criminal statutes with an increasing use of 'compulsory' punishments for certain crimes and rigid statutory provisions limiting judicial discretion. The most notorious legislation involved the provisions for 'compulsory death sentence' upon conviction for trafficking in drugs and for illegal possession of firearms or ammunition. The courts could no longer take into account mitigating facts or extenuating circumstances of each particular case and were compelled, instead, to sentence all accused who were convicted under such statutes to a mandatory death penalty. In many other areas, legislation was drafted to restrict the scope of the judiciary, making it ever more difficult for judges to invoke general legal principles, especially those derived from the Common Law and from precedents of previous judicial decisions.

Immediately following Dr Mahathir's attack on 'black sheep' judges, the government initiated a wholesale reallocation of judicial assignments for the High Court. Altogether some nine judges were transferred, including Justice Harun Hashim, who was viewed by some as being 'independent' and who was then presiding over the case of the UMNO 11. Justice Harun was moved from appellate and special powers cases to commercial crimes.<sup>65</sup> Because the UMNO 11 case was already in progress, his reassignment could not take place until after that case had been



adjudicated. Even so, the government's powers to reassign judges was exercised in such a way as to remind all judges that their decisions in particular cases could affect their future judicial career assignments. The day after the judicial reassignment was announced, the Attorney-General, Abu Talib Othman, also warned justices that they must not express 'their sentiments or personal opinions'.<sup>66</sup>

### The Decision on UMNO

Although it cannot be proven, it seemed obvious to many observers that the pronouncements on the role of the judiciary and the criticisms and accusations by the government concerning the courts were related to the case of the UMNO 11, nearing final adjudication. It was in this atmosphere of political tension and thinly disguised warnings and hints of dire consequences if certain kinds of decisions were made by the courts that the case of the UMNO 11 came before Justice Harun Hashim. Most of the facts in the case were uncontested, but the defence argued that the plaintiffs had not exhausted the remedies available under the UMNO Constitution and through existing party institutions. The plaintiffs argued that the evidence revealed at least 30 unregistered UMNO branches plus other irregularities in the voting, and that the Court should therefore declare the April 1987 UMNO General Assembly null and void, and order a fresh election to a new General Assembly under conditions that were in force at the time of the disputed election.<sup>67</sup>

The decision of Justice Harun Hashim was a masterpiece in the literal application of the law and made in such a way as to give the decision to the defendants (the government). Yet, at the same time, it did not accede to the tendentious argument of the defence that the case be dismissed because all avenues of redress through UMNO had not been exhausted. In effect, his decision confirmed that the disputed UMNO election had been tainted by illegalities and, by implication, electoral fraud, although the decision never stated that conclusion precisely and directly.

The Societies Act of 1966 as amended in 1983 provided very stringent conditions on all societies, and subjected them to control and scrutiny through the Registrar of Societies who operated under the Ministry of Home Affairs. Under Article 41 of the original Act, any society becomes an 'unlawful society' if a branch thereof is not duly registered with the Registrar of Societies.<sup>68</sup> Because the facts in the case revealed the existence of some 30 unregistered branches, Justice Harun concluded:

Very sadly, I have to make a finding in law that, at the material time, UMNO was an unlawful society. . . . UMNO itself had been deemed by law to be an unlawful society. Going by this—I don't think I can grant the remedies sought.

Once deemed to be an unlawful society, it remains unlawful. There can be no elections at the general assembly.

If the old law was in existence . . . [one could] apply the common law principle, but here it seems the Parliament, to ensure strict compliance with the law, has made this provision look harsh.

Parliament wanted the Societies Act to be complied with by everyone. It is a

no-nonsense provision. The law is strict; it says so in clear terms. The society is deemed to be unlawful.

... What happened in 1987 is a nullity. Therefore, the claim by the plaintiffs is dismissed.<sup>69</sup>

Arising from this reasoning, Justice Harun dismissed the suit of the UMNO 11 and awarded the judgment to the defendants. The UMNO incumbents had won their legal battle against the Team B challengers, but in the process the party had been declared illegal. Furthermore, the decision confirmed that the disputed election had indeed been illegal and therefore presumably fraudulent. The decision also drew attention to the lack of options available to the Court to pursue less stark options had over-strict legislation not foreclosed the application of long-established Common Law principles. Indirectly, Justice Harun was laying the blame for the harsh outcome on those very features of legislation that had by design shackled the role of the Court and prevented it from looking for and applying derivative principles of justice and equity. There were no winners—only losers.

1. *New Straits Times*, 25 October 1986, pp. 1 and 8–10. Later figures in 1987 revealed that GNP at current prices were -3.2 per cent in 1985, -7.3 per cent in 1986, and were estimated to be +5.1 per cent for 1987. See: *Far Eastern Economic Review*, 16 July 1987, p. 64. By 1988, revised government statistics reported the change in GNP (at market prices) for the period to be as follows: 1984, +13.2 per cent; 1985, -2.9 per cent; 1986, -7.9 per cent; 1987, +13.5 per cent. See: Government of Malaysia, Ministry of Finance, *Economic Report, 1988/89* (Kuala Lumpur: National Printing Department, 1989), p. xi.

2. *Far Eastern Economic Review*, 1 January 1987, pp. 16–18.

3. *New Straits Times*, 22 December 1986, pp. 1 and 3.

4. The controversy over the Societies Act is briefly covered in Chapter 4. A more complete account of the political struggle against the Act is provided in the book by a leader of the EPSM, Gurmit Singh K. S., entitled: *Malaysian Societies: Friendly or Political?* (Petaling Jaya: Environmental Protection Society of Malaysia/Selangor Graduates Society, 1984).

5. Note: Chandra Muzaffar, *Freedom in Fetters: An Analysis of the State of Democracy in Malaysia* (Penang: Aliran, 1986); Gan Teik Chee (ed.), *Issues of the Mahathir Years* (Penang: Aliran, 1988). For other Aliran publications, see works authored by Aliran and by Chandra Muzaffar listed in the bibliography.

6. For the report on the 1978 conference, see: The Consumers' Association of Penang, *Development and the Environmental Crisis* (Penang: Consumers' Association of Penang, 1982). The report on the 1981 Seminar was published as a book: Consumers' Association of Penang (ed.), *Rural Development and Human Rights in South East Asia* (Penang: International Commission of Jurists/Consumers' Association of Penang, 1982).

7. Sahabat Alam Malaysia, *Papan Radioactive Waste Dump Controversy* (Penang: Sahabat Alam Malaysia, 1984); Lim Chin-Chin and Tong Veng Wye, 'The Papan Protest', *Aliran Monthly*, 4, 9 (September 1984), pp. 1–5; Tan Sooi Beng, 'The Papan-Bukit Merah Protest', in: CARPA, *Tangled Web: Dissent, Deterrence and the 27th October 1987 Crackdown* (Haymarket, NSW, Australia: CARPA, 1988), pp. 28–31; *Far Eastern Economic Review*, 21 May 1987, p. 49. No mention of this controversy or any issues of radioactive waste disposal appears in the government's environment assessment report for 1981–4. See: Government of Malaysia, Department of Environment, Malaysia, *Environmental Quality Report, 1981–1984* (Kuala Lumpur: Department of Environment, n.d. [c.1985]).

8. Jeyakumar Devaraj et al., *Logging against the Natives of Sarawak* (Petaling Jaya: INSAN, 1989), pp. 3-20 and 88-93. See also: Evelyn Hong, *Natives of Sarawak: Survival in Borneo's Vanishing Forest* (Penang: Institut Masyarakat, 1987); Dennis Lau, *Penans: The Vanishing Nomads of Borneo* (Kota Kinabalu: Inter-state Publishing Co., 1988). For the estimate of the cost of the Bakun Project, see *Far Eastern Economic Review*, 14 July 1988, p. 55.
9. See: Colin Nicholas, 'Dammning the People', *Aliran Monthly*, 7, 6 (June/July 1986), pp. 11-12. For an exploration of logging and environment issues in Peninsular Malaysia, see: Chan Chee Khoo, Chin Wey Tze, and Loh Kok Wah, *Thean Teik, The Other Side of Development* (Penang: Aliran, n.d. [c.1984]).
10. For the government allegations concerning the Penans and the activities of Bruno Manser, see: *New Straits Times*, 29 September 1986, p. 7; 30 September 1986, p. one; 1 October 1986, p. one; 2 October 1986, p. five; *New Sunday Times*, 1 February 1987, p. 10; *New Straits Times*, 6 July 1987, p. 8; 27 July 1987, p. 6; 4 February 1987, p. two; 18 February 1987, p. 10; 21 August 1987, pp. 1 and 3; 1 September 1987, p. 10; 2 October 1987, p. five; 13 October 1987, p. two; 2 November 1987, p. 9; 17 November 1987, p. 2; 15 December 1987, p. 11.
11. *New Straits Times*, 14 June 1987, pp. 1-2; *The Star*, 21 June 1987, p. 9; *New Straits Times*, 6 July 1987, p. 8; 9 July 1987, p. 2; 27 July 1987, p. 6; 29 July 1987, p. 10; 17 November 1987, p. 1. See also: Khoo Khay Jin, 'Sarawak Pribumi Land Rights, Development and "Primitive" Lifestyles: Lessons for Other Malaysians', in Jeyakumar Devaraj et al., *Logging against the Natives of Sarawak* (Petaling Jaya: INSAN, 1989), pp. 65-71.
12. *Asian Wall Street Journal*, 30 April 1986, pp. 1 and 16.
13. *Asian Wall Street Journal*, 25 September 1986, pp. 1 and 7.
14. *Far Eastern Economic Review*, 9 October 1986, p. 16. See the unsigned article written by 'A Correspondent' and published in *New Straits Times*, 21 May 1986, p. 8, that purports to document Dr Mahathir's charges concerning a Zionist conspiracy controlling much of the Western press, especially the *Asian Wall Street Journal*.
15. *Far Eastern Economic Review*, 13 November 1986, p. 16.
16. *Far Eastern Economic Review*, 18 December 1986, pp. 46-7; 8 January 1987, pp. 19-20; Gan Teik Chee (ed.), *Issues of the Mahathir Years*, pp. 102-43.
17. Consumers' Association of Penang (ed.), *Rural Development and Human Rights in South East Asia*.
18. Lim Kit Siang et al., *Human Rights in Malaysia* (Petaling Jaya: DAP Human Rights Committee, n.d. [1986]).
19. *Far Eastern Economic Review*, 3 September 1987, p. 8. Although a strong supporter of the Monarchy, Tunku Abdul Rahman proposed that any Ruler who commits crimes or illegal acts be subject to trial by his equals, which would mean by the other Rulers. This proposal was prompted by an incident, presumably involving the Agong who, in anger over some minor matter, hit a caddy captain with his golf club. The caddy allegedly died a few days later from his injuries. The incident was not reported in local papers, but accounts of the assault circulated widely through the gossip circuit, and the incident was openly recounted by Tunku Abdul Rahman in his remarks to the conference.
20. *New Straits Times*, 23 July 1987, p. 8.
21. Ranjit Gill, *The UMNO Crisis* (Singapore: Sterling Corporate Services, 1988), pp. 4-8.
22. *New Straits Times*, 27 February 1987, p. 1; *Far Eastern Economic Review*, 26 February 1987, pp. 9-10; 12 March 1987, pp. 14-15.
23. *New Straits Times*, 22 February 1987, p. 1; 2 March 1987, p. 2; *New Sunday Times*, 13 March 1987, p. 1; *New Straits Times*, 21 March 1987, pp. 1-2; *New Sunday Times*, 22 March 1987, p. 1; *New Straits Times*, 4 April 1987, pp. 1-2; *New Sunday Times*, 5 April 1987, p. 1; *New Straits Times*, 11 April 1987, pp. 1-3; *New Sunday Times*, 12 April 1987, pp. 1-3; *New Straits Times*, 14 April 1987, p. 1; 15 April 1987, p. 1; 17 April 1987, pp. 6-7; 22 April 1987, pp. 1-2 and 8.
24. Gill, *The UMNO Crisis*, p. 35; *New Straits Times*, 20 April 1987, p. 1.

25. *New Sunday Times*, 12 April 1987, p. 1; Gill, *The UMNO Crisis*, p. 32.
26. *Far Eastern Economic Review*, 7 May 1987, pp. 12-15; *New Straits Times*, 24 April 1987, pp. 1-4 and I-IV; 25 April 1987, pp. 1-5.
27. *New Straits Times*, 27 April 1987, p. 2; *Far Eastern Economic Review*, 7 May 1987, p. 12.
28. *Far Eastern Economic Review*, 7 May 1987, p. 15; *New Sunday Times*, 26 April 1987, p. 3; *New Straits Times*, 1 May 1987, p. 1; 2 May 1987, p. 2.
29. *New Straits Times*, 2 May 1987, pp. 1-2; *Far Eastern Economic Review*, 7 May 1987, p. 15.
30. *New Straits Times*, 20 May 1987, pp. 1-3; *Far Eastern Economic Review*, 28 May 1987, p. 44.
31. *Far Eastern Economic Review*, 9 July 1987, p. 14.
32. *Far Eastern Economic Review*, 7 May 1987, pp. 72 and 74; 5 March 1987, pp. 52-5; 22 October 1987, p. 76.
33. *Far Eastern Economic Review*, 5 March 1987, pp. 54-5.
34. *Far Eastern Economic Review*, 2 April 1987, pp. 22-3.
35. *New Straits Times*, 20 May 1987, p. 10; *Far Eastern Economic Review*, 9 July 1987, pp. 13-14.
36. *New Straits Times*, 20 May 1987, p. 10; 1 June 1987, p. 1; *New Sunday Times*, 14 June 1987, p. 1; *Far Eastern Economic Review*, 16 July 1987, p. 83; 11 February 1988, p. 52.
37. *Far Eastern Economic Review*, 23 July 1987, pp. 13-14.
38. *New Straits Times*, 11 July 1987, p. 1; 15 July 1987, p. 2; 10 August 1987, p. 2.
39. *New Straits Times*, 10 August 1987, p. 7; *New Sunday Times*, 4 October 1987, p. 3; *New Straits Times*, 5 October 1987, pp. 1-2; 6 October 1987, pp. 1-2; 7 October 1987, pp. 1-2; 10 October 1987, p. 2; *New Sunday Times*, 11 October 1987, pp. 1-2.
40. *New Straits Times*, 11 October 1987, p. 3.
41. *New Straits Times*, 12 October 1987, p. 2; *Far Eastern Economic Review*, 29 October 1987, pp. 14 and 21. Among the Chinese associations attending the rally were the United Chinese School Teachers Association (UCSTAM) and United Chinese School Committees Association (UCSCAM).
42. *Far Eastern Economic Review*, 28 May 1987, pp. 66-7; 30 July 1987, pp. 44-5.
43. *Far Eastern Economic Review*, 30 July 1987, pp. 44-5.
44. *Far Eastern Economic Review*, 10 September 1987, pp. 62-3; 15 October 1987, p. 70. A year earlier, Lim Kit Siang had sued Dr Mahathir for 'contempt of court' over comments the Prime Minister had made about the role of the judiciary. Lim charged that Dr Mahathir had threatened the courts and thereby acted in 'contempt of court'. The High Court, in considering the suit, rejected the action brought by Lim Kit Siang, but the political acrimony continued over that issue for some considerable time. *New Straits Times*, 12 December 1986, p. 2.
45. *The Star*, 24 August 1987, Section 2, p. 2.
46. *Far Eastern Economic Review*, 19 November 1987, pp. 14-15.
47. *New Straits Times*, 17 October 1987, p. 3.
48. *New Straits Times*, 18 October 1987, pp. 1-2; *Aliran*, 7, 10 (October/November 1987), p. 16.
49. Dr Mahathir had been overseas while the UMNO Youth rally was being organized. When he returned, he was reportedly upset that the UMNO rally was calling for the expulsion of MCA Deputy President Lee Kim Sai. Because political feelings had already reached a fever pitch among some UMNO members, he apparently felt that he could not cancel the rally or deflect it from its purpose without strong action against the critics of the government. The severe ISA crackdown on political militants, mostly from the opposition, provided the justification for the banning of the well-advertised UMNO mass rally. *Far Eastern Economic Review*, 12 November 1987, pp. 12-14.
50. *Far Eastern Economic Review*, 5 November 1987, p. 14; *New Straits Times*, 28 October 1987, pp. 1-2; 29 October 1987, pp. 1-4; 30 October 1987, pp. 1-3; 31 October 1987, pp. 1-2.

51. *New Straits Times*, 29 October 1987, pp. 1-2 and 6-7; 30 October 1987, pp. 1 and 3; 14 November 1987, p. 1; *Far Eastern Economic Review*, 12 November 1987, pp. 12-14; 19 November 1987, p. 16.
52. Amnesty International, 'Malaysia: Detentions under the Internal Security Act (ISA), October and November 1987, Members of Parliament, Senators, State Assemblymen', typescript, n.d., 2 pp.
53. *Far Eastern Economic Review*, 5 November 1987, p. 14; 12 November 1987, pp. 12-14 and 21-2; 19 November 1987, pp. 14-16; 26 November 1987, pp. 21-2; Amnesty International, 'Malaysia: Detentions under the Internal Security Act (ISA), October and November 1987', mimeo, n.d., 10 pp.; *The Star*, 27 October 1987, p. 1 and *passim*; *Aliran*, 7, 10 (October-November 1987), pp. 1-31.
54. *Far Eastern Economic Review*, 7 January 1988, pp. 13-14; 7 April 1988, pp. 36-7; Government of Malaysia, *Towards Preserving National Security*, Parliamentary Paper No. 14 of 1988 (Kuala Lumpur: Jabatan Percetakan Negara, 1988). The White Paper blamed the following (in the order listed) for creating the crisis: Chinese associations, the reaction of Malays, Christians seeking to convert Muslims, those who 'manipulated' Islamic religion, Marxist groups, Christians following 'Liberation Theology', the Communist Party of Malaya, and certain newspapers 'that deliberately projected sensitive issues'. Government of Malaysia, *Towards Preserving National Security*, pp. 6-32.
55. *Far Eastern Economic Review*, 12 November 1987, pp. 21-2.
56. *Far Eastern Economic Review*, 24 March 1988, pp. 12-13; 7 April 1988, pp. 36-7.
57. *New Straits Times*, 1 January 1988, p. 8.
58. *New Straits Times*, 16 September 1978, pp. 1-2.
59. *New Straits Times*, 1 October 1987, p. 1.
60. *New Straits Times*, 3 October 1987, pp. 1-2; *New Sunday Times*, 4 October 1987, p. 1.
61. *New Straits Times*, 1 October 1987, p. 1; 2 October 1987, p. 1; *New Sunday Times*, 4 October 1987, p. 2; *New Straits Times*, 11 October 1987, p. 2; 13 October 1987, pp. 1 and 3; 15 October 1987, pp. 1-2; 17 October 1987, p. 3; *New Sunday Times*, 18 October 1987, pp. 10 and 11; *New Straits Times*, 20 October 1987, p. 11.
62. *Time* (Asian Edition), 24 November 1986, p. 18.
63. *Malaysian Business*, 1 January 1988, p. 8. The full interview of Dr Mahathir is printed in pp. 5-11.
64. *The Star*, 7 September 1987, p. 1; *New Straits Times*, 8 September 1987, p. 1; 3 October 1987, p. 1; 4 December 1987, pp. 14-15; 1 January 1988, p. 8 (this is a condensation of the full interview published in *Malaysian Business* cited above); Tun Salleh Abas, *The Role of the Independent Judiciary* (Kuala Lumpur: Promarketing Publications, 1989), pp. 9-14.
65. *New Sunday Times*, 3 January 1987, p. 2; *Far Eastern Economic Review*, 14 January 1988, pp. 27-8.
66. *New Straits Times*, 12 January 1988, p. 2.
67. *New Straits Times*, 3 February 1988, pp. 1 and 3; 4 February 1988, pp. 1 and 3.
68. Gurmit Singh K. S., *Malaysian Societies: Friendly or Political?*, Appendix I, p. 60.
69. *New Straits Times*, 5 February 1988, pp. 1-2.

## Picking Up the Pieces

THE High Court decision that the United Malays National Organization was an illegal body under the provisions of the Societies Act of 1966 caught nearly everyone by surprise. It also precipitated a furious political scramble to revive UMNO so as to claim its mantle of political legitimacy among the Malays as well as to assume control of its massive portfolio of properties, corporate holdings, and financial assets. If Justice Harun Hashim assumed that his decision would lead to new UMNO elections conducted with due consideration for the rights of an opposition within the party, he was out of touch with reality, simplistically misguided, and naive about the consequences of the decision in the rough-and-tumble world of real politics. Although the decision followed the letter of the law and appeared, at first glance, to be even-handed, nearly all the resources to effect a political and legal recovery remained with the incumbents. They could use their powers of office to change the rules of the game and remedy the effects of the decision through administrative prerogatives and parliamentary action. By its act of declaring the entire structure of UMNO illegal, the High Court had created a legal void containing enormous political, legal, and financial resources. That these would be fought over was inevitable. What was less obvious, in the immediate aftermath of the decision, was that nearly all the trump cards for the ensuing battle of inheritance had already been dealt to the government.

### The Re-registration Skirmish

Immediately following the court decision declaring UMNO an illegal organization, Dr Mahathir Mohamad claimed that the decision was based on rather minor 'technicalities' which could easily be corrected to restore the legality of the party. He was quick to assert that, since his authority and that of the government derived from Parliament, the decision had no effect on the powers and authority of his government. He reminded his critics that it would take a parliamentary vote of no confidence to remove him and his government from power.<sup>1</sup> The Court's decision involved the inherent implication that the UMNO election had been rigged by means of 'illegal delegates' and was therefore fraudulent. This matter was conveniently ignored by government spokesmen. It was also ignored in

all commentary in the mass media, which by then was almost exclusively owned or effectively controlled by the government. Because the court decision had made no judgment on who might be the culprits in sanctioning or sponsoring 'illegal delegates' at the UMNO General Assembly, that issue could also be allowed to die a natural death through silence and self-righteous postures of innocence by all the principals to the dispute. Many of the seamier aspects of the disputed election were thus able to be laid to rest among the ashes of the defunct party.

The decision of Justice Harun Hashim in the suit by the eleven UMNO plaintiffs provoked an immediate response by Tunku Abdul Rahman, who called upon Prime Minister Mahathir Mohamad to resign. In addition, the Tunku quickly formed an UMNO pro-tem committee to reconstitute what he considered to be 'his' party. The inaugural session of the committee took place during the Tunku's birthday celebrations on 8 February in Penang. The arrangements for the new UMNO committee proceeded so fast and apparently in such an informal atmosphere that Hussein Onn, who was chosen as Deputy President, was at first unaware of his selection to the post. Tengku Razaleigh Hamzah was not a member of the new committee, but most observers assumed that he was informed and supported the moves by those associated with Tunku Abdul Rahman and the Team B faction of UMNO. Very quickly, this self-selected committee approached the Registrar of Societies to register the new party to be called UMNO Malaysia, which was to be, in their calculation, the heir and successor of the now moribund UMNO.<sup>2</sup> The Registrar of Societies, Zakiah Hashim, was under the authority of the Home Ministry, with the minister in charge being none other than Dr Mahathir himself. Two days after the application for the formation of UMNO Malaysia was received, it was rejected by the Registrar with no explanation for the denial being provided to the applicants.<sup>3</sup>

Meanwhile, Dr Mahathir and his cohort of incumbent former leaders from the old UMNO devised their own strategy to reconstitute the party. They intended to assure that they would inherit the leadership and the resources of the old UMNO and that the party would remain in the control of established 'loyal' Malays, who would not fracture Malay unity or create political instability by challenging incumbent office-holders. At first there was speculation that Parliament might be utilized to restore the legality of UMNO through some retroactive legislative enactments. Alternatively, the extraordinary powers vested in the Home Minister under the Societies Act to exempt any party from various provisions of the Act was proposed as a way out of the legal void created by the court decision. When it became clear, however, that the government could control and block the registration of any proposed parties being promoted by opponents of the regime, it was realized that the formation of a new party would, in fact, facilitate what were seen to be 'needed' party constitutional changes as well as provide an opportunity to overhaul the party and purge it of dissidents. The selected course of action involved carefully planned and orchestrated moves to form a new UMNO party that would replace 'their' UMNO, so summarily terminated by the action

of the High Court, with something more suited to their political objectives.

The week following the rejection of the application for registration by UMNO Malaysia, Dr Mahathir announced that a new party, Pertubuhan Kebangsaan Melayu Bersatu (Baru), had been duly registered. The old name, but in Malay, was used for the title, but now it was referred to by the previous initials, 'UMNO', and the word 'Baru', meaning 'new', hence the popular title 'New UMNO' or 'UMNO Baru'. Only after its registration was it revealed that the previous application from Tunku Abdul Rahman had been rejected because the original UMNO had not yet been 'deregistered' when he had submitted his application for UMNO Malaysia.<sup>4</sup> Although Tunku Abdul Rahman had invited Dr Mahathir to be a member of the pro-tem committee for UMNO Malaysia, the founding committee for UMNO Baru, that was eventually registered, was more exclusive, containing only loyalists supporting Dr Mahathir. From its very inception, nearly every party pronouncement and political decision of UMNO Baru provided overwhelming evidence that the new party would be shaped to buttress the position and power of Dr Mahathir. Supporters of the previous Team B faction of UMNO were excluded from the party, except for a few individuals who had played a peripheral role in the Team B faction or had openly defected. Those who had been tainted by association with the Team B faction were required to make some form of political obeisance for their past 'misbehaviour' and affirm their loyalty to Dr Mahathir and the incumbent UMNO Baru leadership as the price for their admission to the party. The Prime Minister's rivals were depicted as traitors to the party and the nation.<sup>5</sup>

Beyond the boundaries of party politics, a process of purge also was persistently pursued. Ever since the disputed election of April 1987, the supporters of the Team B faction had gradually lost government posts and other benefits, even including appointments as village headmen, *imam*, and lesser positions in both federal and state services. The impact had severe repercussions within Malay society, creating animosities and divisions that were to be far more serious than the question of the distribution of office to a few Malay leaders at the national level. Over time, the extent of the purge merely strengthened the bond of support between the former Team B leaders and their constituents.

Once UMNO Baru was registered, a host of new appointments could be made to reward supporters. The Registrar of Societies issued a ruling allowing all former office-holders in the deregistered old UMNO to hold posts in UMNO Baru, thus overriding the provisions of the Societies Act which prohibited anyone from a deregistered society from holding office in any other society.<sup>6</sup> UMNO Baru division heads were appointed, with 24 of the old UMNO division heads being dropped, apparently for being suspect in their loyalty to Dr Mahathir's leadership.<sup>7</sup> Registration forms were distributed to trusted lieutenants chosen to reconstitute the branches of UMNO Baru. Party spokesmen announced that all applications for membership would be screened by the UMNO Baru Supreme Council. Dr Mahathir stated that those 'involved with the suit' against the party,



or those who could 'jeopardize actions to revive the party', would be excluded. Later, he clarified his statement by declaring that Tengku Razaleigh would not be permitted to join UMNO Baru, if he ever were to apply. He explained, 'new UMNO will not suffer the fate of UMNO',<sup>8</sup> thus by implication seeking to put all the blame for the deregistration of the old UMNO and the political factionalism within the party on the activities of his electoral challengers.

To retrieve the assets of the old UMNO, an Official Assignee was appointed and various legal moves were made to effect a transfer of those assets to UMNO Baru. For half a year or more, the top echelon of UMNO Baru devoted much of their energies to the reconstruction of the party and to efforts designed to retrieve the assets and claim the legitimacy of the now defunct old UMNO. To facilitate such a transfer to UMNO Baru, legislation was passed through Parliament providing for the full transfer of assets once half of the members of the old UMNO had become members of UMNO Baru. This provision placed a premium on the recruitment of members from the old party, both to enhance its claims to legitimacy and, just as important, to give it the resources to reward its supporters and deny those resources to its opponents.<sup>9</sup>

At the time of registration, a new constitution was drafted and approved by the Registrar of Societies. The constitution provided for greatly increased powers of the party President. He acquired new powers to appoint the heads of UMNO Youth and Wanita UMNO (the women's division), positions which had been directly elected before and held by rather independent-minded and ambitious younger politicians. Now, rather than cultivating their constituency, they would need to pay primary heed to the political views and sensitivities of the party President if they expected to continue in office. The new constitution also provided for changes in the methods of counting votes in elections for leaders. For each nomination received for President or Deputy President, 10 votes would be awarded to that candidate prior to the counting of the votes by delegates to the party General Assembly. It had been common practice in UMNO for party branches to make scores of ritual public nominations for incumbent party leaders prior to a General Assembly, though the nominations did not necessarily reflect subsequent votes which were cast in secret. This change in the voting rules would obviously give the President and the Deputy President an enormous cushion of votes against any potential challengers. In defending these changes, Dr Mahathir explained that they were made 'to uphold the majority consensus of grassroots members'.<sup>10</sup> Later, Deputy Prime Minister Ghafar Baba, when unveiling the new party constitution for public scrutiny, justified the changes as being necessary because of the need for 'political stability that will benefit the people'.<sup>11</sup> When these provisions were approved by the first UMNO Baru General Assembly, Ghafar Baba denied that the automatic 10-vote system for each nomination was to ensure that Dr Mahathir would remain unchallenged in power. He explained that the maximum number of nominations from divisions was 133, which would only translate into 1,330 votes, whereas there were 1,500 votes cast by

regular delegates.<sup>12</sup> His arguments supported the conclusion that grass-roots democracy prevailed and that delegates held the ultimate power in the party. That he, as Deputy President, was one of two principal beneficiaries of the new system was left for his more astute, but judiciously mute, listeners to figure out for themselves.

All the delegates to the first General Assembly of UMNO Baru had been selected on an interim basis from above by the party since the party organs had not yet been fully organized at the district and branch levels. The new UMNO Baru constitution was approved with virtually no dissent and few public policy issues were raised. Without having to face competitive elections, the delegates exhibited uninhibited enthusiasm for their leaders and, responding to cues, vilified the Malay opposition, which was attacked for not joining UMNO Baru as well as threatened by a proposal made by some delegates that the Home Minister use the ISA to 'detain those trying to undermine Malay unity'.<sup>13</sup> A General Assembly chosen without elections provided an ideal forum to display support for leaders and the power of a unified party.

### **'Born Again' UMNO vs the Ghost of UMNO Past**

The success of registration by UMNO Baru and the rapidity with which Dr Mahathir was creating a party to his own design only intensified the efforts of his critics and challengers to find some way to check his 'steamroller' tactics. They could easily evaluate these as being designed to accomplish their banishment to the political wilderness. With nothing to lose, the remnants of the Team B faction continued their efforts to seek redress through the courts.

As a first step, the plaintiffs in the UMNO 11 case filed an appeal against the High Court decision of Justice Harun Hashim declaring UMNO illegal. Instead, they sought an order restoring the legality of the old UMNO and securing a new court order calling once again for fresh UMNO elections and a reconstitution of the UMNO General Assembly to replace the disputed assembly of April 1987. Eventually, this appeal was rejected by the Supreme Court.<sup>14</sup>

While this primary court action was pending, a series of other legal moves were also pursued. Some of those associated with Team B sought High Court injunctions to block the registration of UMNO Baru and to prevent the transfer of assets from UMNO to UMNO Baru. Although it was widely believed that Tengku Razaleigh directed the strategy for most legal actions and also paid for legal fees and court costs, he avoided the spotlight, preferring to act through intermediaries and lieutenants. Later in the year, suits were lodged against the *New Straits Times* and *Utusan Melayu* for using the term 'UMNO' in their reporting, as though UMNO Baru was equivalent to the old UMNO. After the UMNO 11 plaintiffs had their appeal rejected by the Supreme Court in the original case, they proceeded to sue the *New Straits Times*, *The Star*, and *Utusan Melayu* for defamatory statements which had allegedly referred to them as 'hypocrites, traitors, criminals, liars, villains and infidels'.<sup>15</sup> In all these court

actions, the Team B members seeking redress through the courts were ultimately unsuccessful. Yet, their aggressive legal strategy did succeed in delaying and complicating the process of reconstituting UMNO Baru. Their legal manoeuvres also brought the courts into a posture of having to explore the legality of some sensitive and rather irregular government actions just at a time when the relations between the judiciary and the executive were already being strained. Thus, while the rulings of the courts ultimately went in favour of the government, the courts were indirectly being drawn into the political and factional contest that had created such deep cleavages within Malay society.

The political contest between UMNO Baru and the Team B faction continued unabated, even though the latter had not succeeded in forming a duly registered party as a vehicle for their political activities. Instead, Tunku Abdul Rahman and Hussein Onn openly campaigned to revive the old UMNO and the 'spirit of 1946', harking back to the time when nearly all Malays were unified within a single Malay nationalist movement. Although Tunku Abdul Rahman had lost his access to the public through his column in *The Star*, he appeared frequently at public functions sponsored by Team B supporters to express his views and lend his political prestige to their efforts. Considering his age of 85 years, he travelled extensively; yet many of his activities were ignored by a press cowed by government ownership and control. Even so, the Tunku attracted some attention by his presence and his outspoken public comments. At one such occasion, he was invited by the Sultan of Kelantan to open the magnificent new Balai Islam (Islamic Hall) in Kota Bharu. This event was used by the Sultan to demonstrate political support for Tengku Razaleigh and to campaign for the revival of the old UMNO and the 'spirit of 1946'.<sup>16</sup>

In addition to these few public events, the Malay opposition to the government relied on the free distribution to Malays of many thousands of audio- and video-tapes was impossible for the government to control, Abdul Rahman, Musa Hitam, and others who at various times were openly critical of Dr Mahathir or who were luminaries in the Team B faction. Denied access to television and the press, and refused permission by the police to address public rallies, they utilized the underground media of electronic taped materials that was popularly known as TV4, in contrast to the UMNO-controlled broadcast station TV3. The circulation of audio- and video-tapes was impossible for the government to control, even though the Censor Board was given new powers in March 1988 and a mandate to check 'negative elements' being broadcast via unauthorized video-tapes.<sup>17</sup>

Although they had failed to secure registration for their party, the Malay opposition that was congregating around Tengku Razaleigh's leadership proceeded to hold an UMNO Malaysia General Assembly in Kuala Lumpur in June 1988. At this assembly, Tengku Razaleigh was confirmed as President, and Rais Yatim was elected as the pro-tem Secretary-General for the still 'unregistered' party. The main theme stressed was incorporated into the slogan 'Hidup UMNO '46', meaning

'Long Live the UMNO of 1946'.<sup>18</sup> While the party had not acquired 'official' status as a political body, its supporters could not be prevented from meeting to discuss common cause, and its selected candidates could not be prevented from contesting elections as 'independents'. Although it was still a 'ghost' party, it had the capacity to kick up a storm of real political dust.

Secure in their assured legal status and gradually gaining the real estate, the infrastructure, and the material assets of the old UMNO, the leaders of UMNO Baru still faced a problem of restoring the confidence and support of the Malay constituencies. The challenge posed by UMNO Malaysia was far greater than they were prepared to admit, especially in public. The accusations of two former Prime Ministers and one Deputy Prime Minister had been too consistent and credible to be dismissed as the mutterings of 'losers'. Furthermore, revelations of improprieties and corruption in high places had been sufficiently supported by leaked documents in the form of *surat layang*, making it too plausible to be shrugged off as a matter of no consequence.

To address the problem of public support and credibility, the government first solicited public statements of support and loyalty from all the leaders of the Barisan Nasional member parties. State Chief Ministers and BN state party leaders were then persuaded to make oaths of loyalty and support for Dr Mahathir. The most public display of such 'loyalty' pledging came in the period just prior to the selection of the new officers for UMNO Baru, as well as when the delegates to the first UMNO Baru General Assembly were being appointed. Finally, Dr Mahathir himself initiated a whirlwind campaign of public rallies staged throughout the country; it was called the Semarak Movement, an acronym for a longer slogan which was officially translated as 'Loyalty with the People Movement'. Both state and federal government funds were used to pay for the costs of numerous Semarak rallies, which were staged over a period of almost one year in all the states of Malaysia. In addition, civil servants were used to help organize the rallies and make local arrangements to assure a mass attendance. To generate public support for the movement, M\$1.5 million in federal funds was allocated for the construction of a 250-foot Menara Semarak monument as 'a permanent reminder of the bond between the people and the leaders'.<sup>19</sup>

At these Semarak Movement mass rallies, political speeches were combined with entertainment in a carnival atmosphere, to assure large crowds and maximum impact from media coverage. The Prime Minister would appear as the main attraction and usually participate in some staged media event designed to depict him as a common man concerned and personally involved with the activities of ordinary Malays. The theme of 'Malay unity' being needed to preserve Malay political power was continuously reiterated. In his speeches, Dr Mahathir appealed for massive displays of public support for the government so as to restore Malay unity and establish stable and enlightened government for the country. His critics were seldom mentioned by name but were more often referred to by oblique references or derogatory euphemisms such as

'selfish people', 'certain quarters', 'power hungry people', 'negative elements', 'a splinter group', 'a certain narrow thinking group', 'traitors to the Malay cause', or 'two enemies'. As a political campaign, the Semarak Movement was high on theatre and symbolism, but rather devoid of substance, especially considering that it was directed against critics who were denied the right to appear at the rallies and were prohibited from organizing their own rallies to answer their accusers and promote their own political views. In the circumstances, the Semarak campaign resembled a *silat* display of martial arts against a shadow foe or a monologue of the deaf, rather than an open and public debate on the political issues facing the party or the country.

The Semarak Movement reached a pinnacle of intensity and 'show-biz' glitz during the National Day celebrations of 31 August. In 1988 the National Day celebrations were held for the first time in the politically pivotal city of Johore Bahru. Parades, graphic displays, theatrical events, and speeches played upon the themes of nationalism and *Bersatu* (unity). At simultaneous celebrations in Kuala Lumpur, a gargantuan Malaysian flag measuring 100 metres by 70 metres was raised, completely engulfing one of the larger buildings in the city. The flag, along with the other nationalist symbolism, was equated with the ideal of unity between the people and their leaders being propagated by Dr Mahathir and his 'born again' UMNO Baru.

All mass rallies of the Semarak Movement were closely co-ordinated with highly organized UMNO Baru recruitment drives designed to generate mass Malay membership for the party. In comparison to the 1.4 million members claimed by UMNO at the time of deregistration, UMNO Baru claimed that applications for membership had reached 931,361 by August 1988. In December it reported approved membership of 732,722, and by January 1989 the number had reached 1,052,308.<sup>20</sup> To justify the claim that nearly all former UMNO members had joined UMNO Baru, party leaders asserted that the membership of the old UMNO had been highly exaggerated, presumably due to administrative laxity or fraud. Under changes in the Societies Act passed after the court decision deregistering the old UMNO, the successor party had to recruit at least 50 per cent of the old UMNO members to be eligible to claim the assets of old UMNO. Naturally, UMNO Baru wanted to lower the membership threshold needed finally to secure full control of the enormous assets of the old party. Finally, in order to capitalize on the strong emotional attachment of Malays to UMNO, the party officially decided that the term 'Baru' was unnecessary and superfluous. The party could thereafter be referred to simply as UMNO.<sup>21</sup> The political transmigration of soul from the deceased to the newborn entity had finally been confirmed.

### The Malay Opposition—Purge or Unity?

With the formation of UMNO Baru and the continuation of the factional split among the leadership of the old UMNO, the principal issue of

Malay politics remained: how and on what terms would 'Malay unity' be restored? During its gestation period, the strategy of the leaders of UMNO Baru was to refuse membership to the top and middle-ranking élites from the previous Team B faction but to actively solicit their rank-and-file supporters. They also experimented with tactics designed to split the factional alignment of the Malay opposition. The object was to depict the others as having created 'disunity', while offering the hand of friendship and reconciliation. But this was done in such a way that reconciliation would be on terms establishing the political supremacy of the one appearing to be 'so generous'. To disarm one's opponents by polite manners and guile, while being prepared for mortal combat, is part of the traditional Malay political style; thus, threatening actions, feints, displays of power, moves by lesser retainers, smiles, invitations, and formal etiquette were all assessed for their ultimate political impact. With a number of principal actors on the scene, the moves of all parties remained sufficiently ambiguous and unpredictable to make each one cautious and make moves designed to keep political alternatives open. Behind the confusion of discrete events there was a clarity of purpose: the struggle for political power and political survival.

The original Team B alignment had been composed of a political alliance between Tengku Razaleigh and Musa Hitam, each with his coterie of loyalists and clients. The old rivalries between the two men were such that close co-ordination and mutual support were not forthcoming, even when both were under assault from the incumbents and experiencing a waning in political fortunes. When Dr Mahathir first announced the formation of UMNO Baru, Musa studiously avoided affiliation with either the efforts to form UMNO Malaysia or UMNO Baru, and instead called for 'reconciliation' and 'unity'. When that did not produce any results, he appeared to follow a 'wait and see' strategy. This ended abruptly when UMNO Baru engaged in a thorough purge of his supporters and allies, forcing him to take a more critical view of the incumbents and their new party.

For some time, the strategy of Musa Hitam involved joining in the chorus of criticism of Dr Mahathir but avoiding any substantive political commitment to the Tengku Razaleigh camp. Many informal hints were dropped that could be interpreted as meaning that, if the conditions were right, Musa Hitam might either be willing to join UMNO Baru or be prepared to act as the 'peace-maker' to arrange for a reconciliation between Dr Mahathir and Tengku Razaleigh. At the same time, Musa had his own Johore constituency to cultivate and defend, so many of his actions reflected the decisions and fortunes of some of his principal supporters and allies. One of these was Shahrir Abdul Samad, an MP who resigned his seat in Johore Bahru and stood again to defend it as an Independent in an act of protest against the actions of Dr Mahathir. This election is covered later in this chapter. We may only note here, in evaluating the strategy of Musa Hitam, that he produced a hard-hitting video-taped speech during which he accused Dr Mahathir of becoming a 'dictator' and of failing to consult with or secure the consensus of his

Cabinet. The video-tape was used extensively with great effect in Shahrir's election campaign, and the questions it raised became the primary issues of the campaign. But Musa himself left for Europe during the campaign, thus giving mixed signals both to his supporters and his opponents.

While UMNO Baru was in its formative stage, Dr Mahathir pursued an aggressive and unyielding strategy towards his critics. No one who supported or who was allied with the 'trouble-makers' would be allowed into the new party, least of all Tengku Razaleigh. Various proposals for reconciliation talks were rebuffed or side-stepped, while the organizers of UMNO Baru proceeded, unmindful of criticism, to implement their blueprint for their new party. Persistent critics of the regime would not be tolerated within the new party. Members of Parliament who had been elected as candidates of the old UMNO were forced to declare their loyalty and affiliation with the new party or face expulsion from both the government and the Barisan Nasional. For a time, it was even suggested that failure to do so might also entail forfeit of the seat in Parliament. Yet under the Constitution, that was not possible to enforce. In September 1988, while the climate of recrimination and vindictiveness remained particularly intense, 13 Members of Parliament who had been members of the old UMNO refused to join UMNO Baru and asked to be seated across the floor among the opposition benches. Thereafter they acquired the status of Independents.<sup>22</sup> They were later joined by two others as well as Musa Hitam, who concealed his intentions for longer than any others.

After nearly two years of fratricidal conflict within the Malay community over the leadership claims of rival factions, many prominent leaders in the Malay community were joining a mounting chorus calling for some form of reconciliation to restore 'Malay unity'. Frequently, such moves were made by those allied to or sympathetic to one side or the other in the protracted factional struggle. Because of this growing sentiment, leaders of all factions had to protect their political flanks while also appearing to remain supportive of 'genuine' moves to restore that elusive 'unity' which every Malay politician claimed to espouse.

Cognizant of these sentiments, Dr Mahathir, in his closing speech to the first UMNO Baru General Assembly, dramatically appeared to reverse his earlier uncompromising hardline stance towards his opponents. As he put it, 'to mend the rift among the Malays and UMNO members', he offered Cabinet posts without portfolio to Tengku Razaleigh and Musa Hitam, ostensibly without time limit or pre-conditions. His explanations to the delegates only hint at his calculations. 'As we have seen, UMNO is strong and the support for it firm.'<sup>23</sup> Once he had created a party according to his design and had demonstrated firm control of it, he correctly calculated that his two most outspoken Malay critics could be effectively hemmed in and contained within the party. All the rule changes had given the party President ample powers to deal with any potential breaches of 'party discipline'. Outside the party, his critics could also be restrained, but it would be much more difficult to do so, and it depended much more upon tactics to penalize their supporters, such as selective use of federal funds and denial of patronage, as well as

the use of coercive instruments that might also alienate additional segments of Malay society. The pro-government press reported that delegates 'wept unashamedly at the magnanimity of his invitation',<sup>24</sup> but the two to whom the invitation was directed were astute enough to identify the trap which had been laid. To refuse invited the charge that they were the source of Malay 'disunity'. To accept meant capitulation and humble deference to Dr Mahathir's leadership of a highly centralized party that had been tailor-made to his specifications and designed to ensure that his position would not be challenged again from within the party. No positions of responsibility were being offered but that elusive entity 'Malay unity' was being promised as the ultimate reward.

Musa Hitam immediately rejected the offer of Dr Mahathir, and Tengku Razaleigh deferred comment for a few weeks but later commented that the offer was *tak manis* or tainted, and subsequently referred to it as being *rasuah politik* (political bribery). Instead, Tengku Razaleigh decided to attend a Congress on Malay Unity that was being sponsored by the Malay National Writers' Association (Pena), and scheduled to be held at the Sultan Sulaiman Club in Kuala Lumpur, the site of the original founding of UMNO in 1946. Because the President of Pena, Yahaya Ismail, had written a critical book about Dr Mahathir, this Congress was identified as being an opportunity for the anti-Mahathir faction to organize and to mobilize public opinion against the incumbents in UMNO Baru. With obvious political calculation, the police refused to give a permit for the proposed Malay Unity Congress, alleging 'security' considerations.<sup>25</sup> Shortly after the cancellation of the proposed Congress on Malay Unity, Tengku Razaleigh turned to another tactic to publicize his criticisms of UMNO Baru and its claim to be the successor to UMNO. In Parliament, he introduced a resolution calling for the revival of the old UMNO and the re-admission of all former UMNO members into the revived party. Dr Mahathir responded by saying that was legally impossible and not politically appropriate. After a rather bitter exchange of accusations, the resolution was rejected by the vote of 108 to 35, reflecting the relative strength between the opposition and the Barisan Nasional in Parliament.<sup>26</sup>

Because of widespread dissatisfaction within the Malay community over the debilitating political battle between the UMNO Baru leadership and the remnants of Team B, a number of prominent Malay politicians were disturbed over the spectacle of such bitter divisions within the Malay community. They were convinced that renewed efforts should be made to facilitate some form of reconciliation between UMNO Baru and the former UMNO leaders who were being thrust into the political wilderness. With the active participation of former Prime Minister Hussein Onn, a Johore Malay Unity Forum was held in December. It was attended by many prominent Malay political figures, particularly those aligned with Musa Hitam. Avoiding any criticisms of Dr Mahathir or impugning the legitimacy of UMNO Baru, the Forum passed a series of resolutions calling for the adoption of the old UMNO constitution and for the admission of all former members of UMNO into the new party.



These 'Unity Resolutions' of the Forum were then forwarded to the UMNO Baru Council for its consideration and response. The next day, Dr Mahathir, in comments to the press, expressed cautious support for the efforts of Hussein Onn and hinted that some favourable response might be forthcoming later.<sup>27</sup>

In mid-January the proposals of the Forum were formally 'accepted' by the UMNO Baru Council, but were subject to certain conditions. All members of the old UMNO from Johore were to be admitted to the party provided that they accepted 'the UMNO leadership elected during the party general assembly on April 24, 1987'. The Council further stipulated that the 'Unity Resolutions' were accepted but 'they must comply with the existing provisions in the constitution . . . steps were to be taken to adapt the constitution of the deregistered UMNO according to the provisions of the present party's rules'.<sup>28</sup> By this move, the leaders of UMNO Baru had opened the door to the Musa faction in Johore for their return to the party, but under terms that meant that the leadership of the incumbents would remain unchallenged. Because these conditions were not applied to Malaysia as a whole, the exclusionary policies against other supporters of Team B remained in force. In terms of political strategy, this move by the UMNO Baru Council strengthened the claims of the new UMNO to the mantle of the old party, while at the same time inviting the Musa Hitam faction to abandon their rather strained partnership with the Tengku Razaleigh faction. While almost nothing was promised, much political capital was gained for those in control of the new UMNO.

### Assault against the Judiciary

As the political powers of the government became more extensive and assertive, more of the critics of the regime resorted to the courts to check what they viewed as violations of constitutional rights, abuses of power, and malfeasance of office. The expansion of executive prerogative by parliamentary statute tended to increase the incidence of such cases in regard to human rights and public interest issues. The disputed UMNO election and the factional split within UMNO merely increased the number of court cases, but now primarily over issues of political legitimacy and the legal authority of those in office. Thus, the courts were drawn into disputes crucial in the allocation of power and to the most contentious issues of politics and public policy. What had been matters of import for civil law and for a few individuals now became a matter affecting the legitimacy, power, and survival of the incumbents holding the highest offices in the land. In such an environment, the courts could either play an independent role, judging the legality of acts of government and its agents, or they could defer to incumbent political authority and refuse to step into the breach to resolve issues which challenged the powers and legitimacy of the highest executive organs of government. In effect, the judiciary was forced by events and by patterns of litigation to take a stand on its autonomy *vis-à-vis* the executive branch and the

massive arsenal of powers available to incumbent office-holders. In the circumstances, any forthright defence of judicial autonomy would require political courage.

In Malaysia, the judiciary inherited the British Common Law traditions of an independent judiciary operating within the principle of parliamentary supremacy. Yet, unlike Britain, Malaysia has a written constitution which was assumed to be supreme over ordinary parliamentary statutory law. By implication, this system of a hierarchy of laws capped by a written constitution meant an even more important and autonomous role for the courts than had been evolved by the British legal tradition. If the Constitution were to be taken as supreme law, judges would be required to examine both statutes and acts of government for their compliance with its provisions.

Having no training in the law or jurisprudence, Dr Mahathir was unimpressed by legal arguments about judicial autonomy and the role of the judiciary to check arbitrary and unconstitutional government actions. Instead, he held to the view that all sovereignty ultimately rested with Parliament. So long as the government held a majority, particularly a two-thirds majority needed to amend the Constitution, its decisions and 'will' should not be impeded or distorted in any way by the actions of any 'fiercely independent' judges who, in his view, might be tempted to substitute 'personal opinions' for legislative intentions or to encroach on government powers derived from the only legitimate and the ultimate source of legal power—the confirming actions of a continuing parliamentary majority. In particular, he objected to the application of unwritten law—by which he meant the principles derived from Common Law—arguing that judges, like all other humans, were biased, and that any application of judicial review interfered with politics and frustrated the intentions of Parliament.<sup>29</sup> With such a philosophy of law being espoused by the government of the day, it was only a matter of time before there would be a major confrontation involving the courts and the government over the pattern of court decisions concerning crucial political issues.

Dr Mahathir opened his attack against judges who were 'fiercely independent' in his November 1986 interview with *Time* magazine just after the court decision which overturned the government's order revoking the work permit of the two correspondents for the *Asian Wall Street Journal*. This incident was recounted earlier in Chapter 7. In oblique response to Dr Mahathir's views, the former Lord President, Mohamed Suffian Hashim, made an important speech on the role of the judiciary and the obligation of all citizens to preserve its independence in decisions on all judicial issues.<sup>30</sup> The following year, he also played a prominent part in the 1987 conference on 'The Malaysian Constitution after 30 Years', at which Tunku Abdul Rahman and another former Lord President, the Sultan of Perak, Sultan Azlan Muhibuddin Shah, also were active and outspoken participants. They, along with many others attending the conference, stressed the essential principle of judicial independence, just at the time when the courts were facing a dramatic

increase in politically sensitive cases. In apparent response to the issues raised at this conference, Dr Mahathir, on several occasions, lectured judges on their roles in deciding cases and warned them about encroaching on executive powers.<sup>31</sup> Later, in a 1988 New Year's Day interview, Dr Mahathir renewed his criticism of the judiciary, stating: 'When you want to be fiercely independent, you're implying that you'd forget your duty to be just and fair.'<sup>32</sup> Shortly thereafter, the Attorney-General, Abu Talib Othman, issued a public warning to the judiciary about expressing 'sentiments and personal opinions' in their decisions on cases. His statement included the following admonition:

... the independence of the judiciary does not give judges freedom to express their sentiments or personal opinions. ... While the independence—always protected by the judiciary—gives judges the freedom to dispense justice without fear or favour, they should refrain from expressing sentiments which may cause conflicts to arise.<sup>33</sup>

This warning by the Attorney-General was issued just a few days after the government initiated a major reassignment of judges to the High Court and just prior to the time when the High Court was scheduled to hear the case of the eleven UMNO plaintiffs who were challenging the validity of the UMNO election of April 1987. In Malaysia, all judges are appointed by the Yang di-Pertuan Agong on the advice of the Prime Minister, and while they cannot be removed without cause prior to retirement age, they can be assigned to different courts. Therefore, at the very time that the courts were having to decide on a number of very difficult and politically sensitive cases, there were very few judges who could not feel the mounting pressure of public criticism combined with undisguised threats of remedial or punitive actions emanating from the Prime Minister's Office.

Many of the politically sensitive cases decided by the courts had been generated because of recent legislation greatly increasing the arbitrary and prerogative powers of the government. The amendments to the Official Secrets Act, the Internal Security Act, and the Criminal Procedure Code had reduced the rights of defendants to challenge the actions of government invoking such Acts. The disputed UMNO election and public concern over corruption and malfeasance of office had generated a raft of cases involving litigants seeking redress in the courts arising from allegations of various government abuses and excessive exercise of arbitrary authority. Among the more important cases was the contempt of court case against Dr Mahathir brought by Lim Kit Siang arising from Dr Mahathir's comments about the courts appearing in *Time* magazine. This case was dismissed by the High Court and the decision was upheld by the Supreme Court. Another was the appeal by John Berthelsen of the *Asian Wall Street Journal* against the Minister of Home Affairs (Dr Mahathir) seeking to nullify the order revoking his work permit without being given the opportunity to answer allegations and charges made in the order. In this case, the court nullified the Minister's order and restored Berthelsen's work permit. In yet another case, the Supreme

Court exercised judicial review nullifying amendments to the Criminal Procedure Code which gave the Attorney-General powers to initiate criminal proceedings in the High Court without preliminary inquiry in a Magistrate's Court. This decision against the government's position was made by a 3 to 2 majority. When the privatization contract was issued to United Engineers (Malaysia) for the construction of the North-South Highway, Lim Kit Siang brought suit in court alleging corruption and criminal fraud. In this case, the Supreme Court, by a 2 to 3 decision, ruled that Lim had no *locus standi* and therefore could not pursue the case in court. After the mass arrests during October and November 1987 under the ISA, there were a number of court cases involving applications by detainees for *habeas corpus* and other orders challenging the validity of the ISA detention orders. These included cases initiated by Lim Kit Siang and Karpal Singh. Because of errors of fact in the ISA detention order issued for Karpal Singh, the High Court granted his application, but upon his release, he was immediately rearrested. This action by the authorities provoked a second application for *habeas corpus* by Karpal Singh as well as an appeal against the earlier High Court order by the Attorney-General.<sup>34</sup> The Karpal Singh case merely added to the mounting sense of conflict and crisis between the courts and the government over the role of the judiciary.

To limit the power of the courts, the government submitted a constitutional amendment in Parliament the week following the decision freeing Karpal Singh from ISA detention. When the new constitutional amendments were submitted to Parliament for approval, Dr Mahathir explained why they were needed:

... the courts have decided that in enforcing the law they are bound by their interpretations and not by the reasons for which Parliament formulated these laws ... lately the Judiciary had seen fit to touch on matters which were previously regarded as solely within the Executive's jurisdiction.

When a judge feels he has first to prove his independence, then justice takes a back seat. That is why we see some judges, when delivering judgements, making unfounded statements as if they want to vent their frustrations ... lately, we find incidents where some members of the Judiciary are involved in politics ... to display that their independence is really 'fierce' they often bend over backwards to award decisions in favour of those challenging the Government.<sup>35</sup>

The new amendments to the Constitution transferred judicial powers from the Courts (by constitutional conferment) to ordinary legislative enactments of Parliament. In addition, the Attorney-General was given powers to determine the venue for criminal proceedings, while existing powers of the courts were redefined more narrowly and placed in two co-equal High Courts, one for Malaya and one for Borneo. As a result, no court had final ultimate jurisdiction for the Federation as a whole, and thus the question of where ultimate judicial authority rested was made ambiguous, apparently deliberately, by the new amendments to Articles 121 and 145 of the Federal Constitution.<sup>36</sup> With divided authority, judicial review would be much more difficult to sustain, but at the

same time, the mechanism for authoritative resolution of complex and contentious legal issues had been severely impaired.

Because the criticisms of the judiciary by the Prime Minister had evolved from general criticisms to more restrictive legislation and then to constitutional amendments, the judiciary was placed in a quandary over how it should respond. Public defence of its role was criticized as interfering in politics. Silence gave the impression of acquiescence to the charges levelled against the judiciary and implied that judges themselves accepted the view that their role was to be merely subservient to the immediate short-term policy directives of the government. At stake was public confidence in the judiciary as a venue of justice, rather than merely as an agency of government administration cloaked in counterfeit mystical rituals of autonomy and impartial dispensation of justice. In January 1988, Lord President Salleh Abas launched a book of proceedings of two international conferences, one of Appellate Judges and the other of Chief Judges, attended a year earlier by ninety-seven judges from around the world. He used the occasion to defend the autonomy of the judiciary from those questioning the neutrality and threatening the independence of the judiciary. While his speech on the role of law was clearly designed to be an answer to the attacks being mounted by Dr Mahathir, the Prime Minister was not mentioned by name and the principles defended by the Lord President were those that are commonly assumed to apply to all democratic governments operating under principles of constitutionalism.<sup>37</sup> This speech by the Lord President appeared to have no effect on the government. In Parliament, Dr Mahathir launched further criticisms of the judiciary and submitted to Parliament the constitutional amendment, mentioned above, which weakened the judiciary through divided jurisdiction and the effective emasculation of the Supreme Court as the ultimate authority over the judicial system.

Under pressure from some of the judges for a unified response by the judiciary, the Lord President, Salleh Abas, convened a meeting of all 20 judges in the vicinity of Kuala Lumpur. Rather than make a public reply to the criticisms of the Prime Minister, they decided instead to address a confidential letter to the Agong and all the Malay Rulers expressing their concerns and views on the issues involved. The letter was approved by all 20 judges present, although one judge, Hashim Yeop Sani, expressed some reservations. After customary salutations, the letter began as follows:

I as Lord President on behalf of myself and all the Judges of the country beg to express our feelings regarding the development in the relationship between the Executive and the Judiciary.

All of us are disappointed with the various comments and accusations made by the Honourable Prime Minister against the Judiciary, not only outside but within the Parliament.

The letter ended with the expression of 'hope that all those unfounded accusations will be stopped'.<sup>38</sup> No specific action by the Agong or the Malay Rulers was called for or suggested in the letter. In an ironic twist

of fate, eleven years earlier, Salleh Abas had been the Public Prosecutor in the case when the heir apparent to the throne of Johore was convicted of homicide and sentenced to six months in jail.<sup>39</sup> Now the defendant in that case had become the Agong and was being asked to use his power and influence to protect the Lord President and the courts from what were alleged to be unjustified attacks on the judiciary.

Although scant and highly speculative information is available on what happened when the Agong received this letter, it appeared that the Agong informed Dr Mahathir about the letter, and then the two agreed to take disciplinary action against the Lord President. Because the Lord President had left for a trip abroad shortly after the letter was sent, upon his return he was summoned to see the Prime Minister. At the meeting, according to the account of Salleh Abas, Dr Mahathir accused him of being biased in the UMNO cases that were pending. Prime Minister Mahathir then informed him that both the Agong and he wanted his resignation as Lord President. Stunned by the request, Salleh Abas at first agreed. Later the same day, when he received a letter from the Prime Minister announcing his suspension as Lord President with the suspension being backdated so as to nullify some of his earlier legal acts setting hearing dates for the UMNO case and the Karpal Singh appeal, he thereupon decided to withdraw his resignation. The government countered by initiating impeachment proceedings against Salleh Abas.<sup>40</sup>

The Malaysian Constitution provides for impeachment of judges by means of a specially constituted Tribunal composed of judges but the appointment of the members of such a Tribunal was left to the government, just as in the case of all judicial appointments. While this mechanism was designed to assure the independence of the judiciary, the drafters seemed oblivious to the fact that those who could choose the members of the Tribunal could also shape the verdict. Accordingly, the government appointed a panel of six judges, four from Malaysia and one each from Singapore and Sri Lanka. The Chairman of the Tribunal was Abdul Hamid Omar, who had just been appointed Acting Lord President to fill the post vacated by the suspension of Salleh Abas. The charges against Salleh Abas were drafted and argued by the Attorney-General, alleging misbehaviour, by participating in politics, criticizing the government, and by committing perjury, because 'he wrote a letter to the Agong without approval of all judges in the country' yet the letter had claimed that it was written on behalf of all judges.<sup>41</sup> The charges also included the allegation that he 'displayed bias and prejudice' against the government in his speeches and 'sought to undermine public confidence in the government's administration' by imputing that the government had no respect for the law and interfered with the independence of the judiciary. One of the charges took issue with a decision he had made in a case involving a minor's choice of religion. The last of the five charges related to statements he made to the media *after* his suspension, which the government alleged 'were calculated to politicise the issues and to further discredit the government'.<sup>42</sup> Assisted by his legal counsel, Mr Anthony Lester, QC, Salleh Abas objected to the composition of the Tribunal and

demanding that the Chairman disqualify himself since he had been newly promoted to be Lord President—the very position being contested—and therefore he had a vested interest in the outcome of the case. Furthermore, Salleh Abas argued that the Tribunal had been improperly constituted because the government had appointed a Tribunal composed of relatively junior judges plus two foreign justices from countries not noted for judicial independence. Instead, he demanded a trial by peers of equal rank and standing, to include, if needed, retired Lord Presidents and other senior retired justices. He also demanded that the Tribunal hold full public hearings. When his objections were overruled by the Tribunal, Salleh Abas withdrew from further participation in its deliberations.

In closed door sessions, the Tribunal proceeded to hear the charges presented by the Attorney-General, with only four government witnesses being called to present evidence against Salleh Abas and no witnesses called for the defence. Meanwhile, Salleh Abas approached the Supreme Court for a stay of proceedings, alleging that the Tribunal had been improperly established and that the Agong had been 'wrongfully advised'. The Supreme Court, meeting in emergency session because 'the future of the judiciary was at stake', by unanimous decision ordered the Salleh Abas impeachment Tribunal to stay proceedings and not to submit its recommendations to the Agong.<sup>43</sup>

Four days after the Supreme Court issued its 'stay of proceedings' order to the Tribunal, the Agong, on the advice of the Prime Minister, suspended the five judges of the Supreme Court who had issued the order and announced that the government was initiating impeachment proceedings against the five Supreme Court justices on charges of 'gross misbehaviour' because the 'judges conspired to make the order'. The attitudes of Prime Minister Mahathir had been revealed three days earlier, just after the Supreme Court's order, when, upon news of the court decision, he vehemently and publicly accused the judiciary of usurping power:

There is now an attempt by a certain institution to grab power from the people. They use the legal system to try and deny the *rakyat* of their rightful power.

Such institutions have been set up with respective roles to play in accordance with the laws and regulations. But they should never be allowed to deny the *rakyat* of their power to elect people of their choice.<sup>44</sup>

With the suspension of five Supreme Court justices and the pending impeachment process against the suspended Lord President Salleh Abas, the judicial system was in a state of chaos and ambiguity. Only four Supreme Court justices remained still sitting and two of them were appointed to the Salleh Abas impeachment Tribunal. Who might deliberate on any appeals remained in doubt, as the remaining legal avenues for redress of grievances were being suspended in a mounting crisis of judicial authority. The Acting Lord President was an interested party in the Salleh Abas case and a defendant in the 'stay of proceedings' order issued by the Supreme Court. The five suspended Supreme Court judges were now defendants in an impeachment process being initiated by the

government. The five vacant seats on the Supreme Court could be filled by acting appointees by the government, but they too would be beneficiaries to any impeachment decisions. The sequence of events surrounding the suspension and impeachment proceedings of the six justices had effectively emasculated the judiciary by removing those who subscribed to or acted upon the doctrine of judicial autonomy. At the same time, it appeared to many that confidence in the impartiality of the judiciary had been effectively destroyed by the actions of a government which was more concerned about its political power than any abstract principles of justice, or judicial impartiality.

After new appointments to the Supreme Court were made by the government, further appeals by Salleh Abas to the Court to block the pending decision of the Tribunal were all rejected. In short order, the Tribunal submitted its recommendations to the Agong, finding Salleh Abas guilty as accused, whereupon he was removed as Lord President. The fact that Salleh Abas rejected the findings and the decision as 'bad law and bad procedure' was of no consequence for the ultimate decision,<sup>45</sup> although his arguments were of some political importance for those who became concerned over the issues involved and were mobilizing to oppose the government's moves. Three days after the decision on the impeachment of Salleh Abas, the reconstituted Supreme Court rejected the appeal of the 'UMNO 11' seeking to overturn the decision that had made the old UMNO an 'illegal entity'.<sup>46</sup> The new Court seemed to be more attuned to realities of power and to the core concerns of the government.

Meanwhile, a second impeachment Tribunal was being formed to consider the case of the five suspended Supreme Court judges. The new government-appointed Tribunal consisted of the two remaining available Supreme Court judges, three more junior High Court judges, and two foreign judges. Together they considered the charges brought by the Attorney-General against the five accused judges. They were accused of 'improper motives' and of convening a session of the Supreme Court without permission of the Chief Justice, Abdul Hamid Omar, who had recently been appointed Acting Lord President in addition to being appointed Chairman of the Salleh Abas impeachment Tribunal. Some of the judges were also accused of failing to appear at scheduled judicial proceedings because of their attendance at the emergency sessions of the Supreme Court convened to consider Salleh Abas's appeal for the restraining order against the Tribunal. In defence, the five accused judges claimed that the Lord President had not been informed because he, as Chairman of the Salleh Abas Tribunal, was a principal defendant in the action brought by Salleh Abas. Again, the suspended judges objected to the composition of their Tribunal, but these objections were overruled. Ultimately, this second Tribunal gave a judgment that did not totally accept the government's charges, as had been the case with the earlier Tribunal considering the impeachment charges against Salleh Abas. This time, only two of the accused judges were convicted and removed from office, while three were acquitted, had their suspensions removed, and



consequently retained their positions as Supreme Court judges.<sup>47</sup>

When the Lord President was suspended and subjected to impeachment proceedings, the case generated much controversy and attracted the attention of the world press. Their interest in the case escalated even more when the five Supreme Court judges were subjected to the same procedures. Within the country, a coalition of groups mobilized to defend the judiciary from the punitive measures meted out to justices who incurred the displeasure of the government. At the forefront of the domestic criticism was the Malaysian Bar Council, but the critics also included most public interest groups as well as many of the political figures aligned with the Team B faction of UMNO. Immediately following the publication of the Salleh Abas Tribunal report, the Malaysian Bar Council convened an emergency meeting at which were 1,002 Malaysian lawyers constituting 43 per cent of the Bar Council's total membership. At the meeting, the Bar Council voted 'no confidence' in the newly appointed Acting Lord President, Abdul Hamid Omar, and called upon him to resign or be removed from office. The Council agreed to initiate contempt of court proceedings against him for interference in the administration of justice and they were highly critical of the decision and the legal arguments put forward in the report of the Salleh Abas Tribunal. In particular, they called for the resignation of the Chairman of the second Tribunal, Hashim Yeop Sani. Eventually, Hashim Yeop Sani, under pressure of criticism, did resign as Chairman, but he remained on the second Tribunal as a regular member. In support of the Bar Council's actions, the Law Association of Asia announced that it was conducting a 'watching brief' of all the legal issues and manoeuvres associated with the impeachment proceedings initiated against the six Malaysian judges. The sharp criticisms of the Malaysian Bar Council and from the international media of the entire proceedings by the government against the offending 'fiercely independent' justices were answered by political actions rather than legal reasoning and argument. At the hearing before the reconstituted Supreme Court following the suspension of the five Supreme Court judges, UMNO Youth staged a demonstration against the Bar Council. Waving banners and placards denouncing 'Traitor Lawyers' and the 'Traitor Bar' for their actions condemning the newly appointed Acting Lord President, the demonstrators defended the new appointments to the Court replacing the suspended and accused judges.<sup>48</sup>

By its forceful actions, the government eventually gained the upper hand against the judiciary. Critics of the government claimed that the judiciary had been fully cowed into submission by the government's actions. Yet, the battle had not resulted in a clear-cut victory for the government, since three of the six accused judges were restored to their positions, and the government's reputation of upholding the principles of law and constitutionalism had been severely tarnished both abroad and within the country. The ease with which the government could remove judges as well as appoint and reassign them to judicial posts suggested that few judges would be unmindful of the impact of their decisions on their future careers. Even so, judges must also have been concerned

about their public reputations of judicial impartiality and continued to pride themselves in exercising a degree of judicial autonomy, however slight it might have become through restrictive legislation and the exercise of enlarged executive prerogatives. Ultimately, the real battle for the credibility and viability of the government was not waged in court battles or dependent on the actions of the judiciary, but was instead to be waged through political contests and depended upon the responses of the Malaysian electorate.

### The By-election Contests

While the disputes over the reconstitution of UMNO were unfolding and the legal contests in the courts and over the suspension of the judges were also attracting headlines, there were periodic by-elections which provided some barometer of public response to the government's multi-front campaign against its critics and opponents.

The first by-election after the disputed UMNO election came in March 1988 and was for a state assembly seat in Johore. It arose because of the death of an UMNO Assemblyman representing the constituency of Tanjung Puteri in the vicinity of Johore Bahru. Coming as it did just after the High Court had ruled the old UMNO an illegal body, the election occurred in the immediate aftermath of the formation of UMNO Baru and the launching of the Semarak campaign. The constituency was primarily urban and lower- to middle-class with Malay voters constituting 51.1 per cent, Chinese 42.5 per cent, and Indians 6.2 per cent. No Team B candidate contested against the UMNO Baru candidate, Mohamed Yunus Sulaiman, and the election developed into a three-cornered contest with the primary challenger being a local lawyer, Abdul Razak Ahmad, representing the PSRM. Although it was only a state by-election, Dr Mahathir treated it as a test of support for his administration and made a personal appearance to spearhead the BN election campaign. The voter turnout was unusually low, suggesting disaffection among Malay voters. After three recounts, the UMNO Baru candidate, Mohamed Yunus Sulaiman, was declared the winner with 10,181 votes to 10,150 for the PSRM challenger—a razor-thin margin of 31 votes.<sup>49</sup>

This election result, combined with the disputes over the admission of new members to UMNO Baru, must have increased the confidence and the resolve of the Team B faction to challenge Dr Mahathir in what they saw as his ruthless campaign against critics and challengers. As one of many ironies of politics, the Barisan Nasional campaign manager in the Tanjung Puteri by-election had been Shahrir Abdul Samad, a Member of Parliament, former Welfare Minister, a close ally of Musa Hitam, and a person who had earlier been associated with the Team B faction. When the new UMNO Baru recruitment campaign began its policy of screening out former UMNO members of 'doubtful' loyalty, Shahrir Abdul Samad was one of the victims. Following the Tanjung Puteri by-election, Shahrir was removed as head of the Johore Bahru Division of UMNO Baru, whereupon he joined forces with his former mentor, Musa Hitam,

who, in 1973, had introduced him to politics as his political secretary. Shahrir and Musa were among 16 other former UMNO MPs who declared themselves 'Independents' and were then seated in Parliament with the opposition. By early 1988 the remnants of the Team B faction were regrouping and now calling themselves 'Semangat '46' (Spirit of 1946). They attempted to present an alternative leadership for the Malays to that provided by Dr Mahathir and his team. As a member of the Semangat '46 faction, Shahrir was eager to demonstrate his political support and probably wished to avenge the punitive measures directed against him from the top leaders of UMNO Baru. No doubt, with the lessons of the Tanjung Puteri by-election in mind, Shahrir then decided, in co-operation with the Semangat '46 group, to force a by-election by resigning his parliamentary seat and to re-contest it in a campaign designed to challenge the policies of Dr Mahathir and his claim to leadership of UMNO and the Barisan Nasional.

Shahrir's decision to become an Independent was announced in late April 1988 in response to the controversy over the screening of membership applications for UMNO Baru. He resigned his seat in Parliament when the big issue was the attempt by Semangat '46 to re-register the old UMNO through parliamentary action. By the time of the by-election for his vacated seat, on 25 August, the main political news centred on the government's impeachment moves against the Lord President and the five Supreme Court justices. Thus, for reasons of political strategy and of timing the Johore Bahru by-election provided the Semangat '46 coalition with an opportunity to focus on the decisions of the UMNO Baru leaders, with particular attention to the deeds and pronouncements of Dr Mahathir. Not only did Shahrir have popular support in Johore, but the state was also a stronghold of support for Musa Hitam, who endorsed the strategy of making the by-election into a referendum on Dr Mahathir's leadership of the government and the party. Many Malay Johore politicians had suffered political losses and denial of patronage due to their association with Musa, so there was a regional accumulation of disaffection which could be cultivated by the opposition in the Johore Bahru by-election.

The Johore Bahru constituency was primarily urban and approximated the national ethnic distribution, having 48.4 per cent Malays, 40.1 per cent Chinese, 8.5 per cent Indians, and 3 per cent others. The DAP decided not to contest the seat, thus by inference indicating its support of Shahrir. A straight fight with the BN was not possible, however, since the PSRM, buoyed by its excellent showing in the Tanjung Puteri by-election, was unwilling to defer to Shahrir as the sole candidate representing a combined opposition. Once again Abdul Razak Ahmad was nominated by the PSRM, while the BN nominated as its candidate Mas'ud Abdul Rahman, a former teacher, an official of the local UMNO Baru, and a first-time candidate. Shahrir Abdul Samad was nominated as an Independent, but was supported by the combined efforts of the yet unregistered Semangat '46 grouping.

For several weeks in August, the Johore Bahru by-election dominated

national attention and was treated by all parties as a virtual referendum on the many controversial actions of the government since the last general election in 1986. Backed by the massive resources of the BN and with the active participation of the Prime Minister and other top leaders, Mas'ud Abdul Rahman was all but forgotten in the actual campaigning. The BN campaign stressed the economic recovery which by then was in full swing and was creating many new jobs. In addition, Ghafar Baba announced plans for a M\$230 million project to build a new causeway to Singapore, as well as a M\$27 million increase in other grants to Johore Bahru, presumably contingent upon the voters making the right choice in the forthcoming by-election. The BN campaign stressed the need for Malay unity and attempted to exploit the tacit alignment of the DAP with Shahrir's campaign, raising the spectre of 'Chinese power' as a device to generate Malay support. Yet, when Dr Mahathir made his campaign appearance in Johore Bahru, he claimed that the BN was the only party able to guarantee a fair representation to all communities and predicted that the voters would give it an easy victory.

In the poster campaign, Shahrir was overwhelmed by at least 20-1 with tons of BN posters festooned all over the city. In the media, Shahrir was all but squeezed out of news coverage in papers and denied access to television. Even so, his door-to-door campaign was waged by enthusiastic supporters, including a number of prominent Malays who lent their efforts to his campaign. Tunku Abdul Rahman appeared twice, announcing that the election was a choice between 'dictatorship and democracy'. Tengku Razaleigh and Rais Yatim campaigned actively while Musa Hitam left a video-tape, which was widely circulated, of a speech in which he made a scathing attack on Dr Mahathir, accusing him of being arrogant, domineering, and authoritarian in Cabinet meetings and unwilling to listen to diverse opinions. Adopting the symbol of three keys, representing multi-ethnic co-operation, Shahrir solicited support from all communities and effectively utilized his Chinese wife in the campaign. By focusing primarily on corruption, abuse of power, and Dr Mahathir's 'style of leadership', his campaign sought to articulate grievances in all communities, but did not attempt to formulate a full range of public policy options for a future alternative government. Much attention was given to the destruction of 'old UMNO' and the refusal of the government to hold discussions on Malay unity. While he did not repudiate the ISA, he criticized its 'abuse' and opposed the recent ISA amendments prohibiting any court challenges by detainees. He also called for the release all political detainees<sup>50</sup> and supported the cause of suspended Lord President Salleh Abas and the five Supreme Court justices, citing Mahathir's actions in those cases as prime examples of the escalating trend toward authoritarian government.<sup>51</sup>

Contrary to the predictions of the local press that the election would be close, the vote represented a major repudiation of the BN. Shahrir Abdul Samad won by 63.57 per cent to the 29.56 per cent garnered by the BN candidate, Mas'ud Abdul Rahman. Shahrir had recaptured his seat by increasing his margin of victory from 2,235 in 1986 to 12,595. Inde-

pendent analysis of the results reveals that he gained a majority of Chinese votes and from 70 per cent to 74 per cent of Malay votes.<sup>52</sup> Although only a by-election which involved no change in the parliamentary distribution of seats, the results represented a devastating psychological and symbolic defeat for the government and greatly buoyed the hopes of the opposition grouped under the banner of Semangat '46.

For a time, the Malay opposition considered the tactic of forcing further by-elections by resignations of sitting legislators. This tactic was eventually discarded as counter-productive since a win did not change the political balance. Yet, additional by-elections were soon to occur in any event. One week after the Johore Bahru by-election, the Johore State Assembly Speaker died, leaving vacant the state constituency of Parit Raja, a predominantly rural area not far from Batu Pahat where voters were 80 per cent Malay. This relatively minor State Assembly seat attracted much attention as a barometer of rural Malay opinion. Once again, UMNO Baru and the Semangat '46 group locked horns in a contest to demonstrate their popular support, especially among the Malays. Representing UMNO Baru was Mohamed Yasin Kamari, while the Semangat '46 banner was carried by Hamdan Yahya, who contested as an Independent. Five other Independents also entered the race, some apparently secretly supported by UMNO Baru to confuse voters sympathizing with the Malay opposition and also to claim the 'Three Keys' election symbol used so successfully by Shahrir in the earlier by-election. By law, when two candidates claim the same symbol, it is awarded to neither; thus the tactic forced the Independent supported by Semangat '46 to adopt another symbol—for this election, the much less appealing symbol of a fish was selected for the Semangat '46 candidate. Again, in the campaign, Dr Mahathir's leadership became the main issue. This time, just before the election Dr Mahathir made his proposal for Malay unity talks, thus undercutting some of the earlier accusations made by the opposition about UMNO Baru 'splitting the Malays'. Under more favourable conditions than the previous by-election, the BN won by 7,262 to 6,849—an extremely narrow 413-vote margin of victory.<sup>53</sup>

The most important by-election in the series took place on 28 January 1989 in the parliamentary constituency of Ampang Jaya on the outskirts of Kuala Lumpur where the registered voters were 67 per cent Malay, 27 per cent Chinese, and 5 per cent Indian. The by-election was required to fill the seat vacated when Dr Lim Ann Koon of the MCA resigned his seat in Parliament. Although he claimed 'exhaustion' as the reason for his retirement from politics, it appeared to many that the political impotence of the MCA in the BN may have been the primary factor influencing his decision. At the time there were public accusations, denied by him, that his resignation had been instigated by the Semangat '46 faction.

Because the vacated seat had been held by the MCA, the BN left its defence to the MCA. After various representations within the BN, the candidate agreed upon was Ong Tee Kiat, who had been political secretary to MCA Deputy President Lee Kim Sai. Even before the BN announced its candidate, the Semangat '46 faction decided to sponsor the

candidacy of Harun Idris, the venerable and controversial Malay politician who had been Menteri Besar of Selangor in 1969 and for many years had been a close friend and political ally of Tunku Abdul Rahman.

In the earlier by-elections, Dr Mahathir and his 'style of leadership' had been the primary issue. In the Ampang Jaya election, the often stormy past of Harun Idris became as much of an issue as Dr Mahathir's leadership traits. Harun's role in the 1969 May Thirteenth Crisis and his subsequent conviction and prison sentence on corruption charges were matters that voters could hardly ignore. Although he undoubtedly still had a small core of loyal Malay supporters from the 1960s, when he built UMNO Youth into a formidable political force, most of his following had abandoned him over the years. He was now faced with an entirely new task of forging a broad base of Malay support while also appealing for a substantial following among non-Malays. The legacy of Harun's past somewhat overshadowed the earlier positive image created by Semangat '46 in the Johore by-election waged by Shahrir Abdul Samad. That campaign had stressed idealism, inter-ethnic coalition, and youth mobilized against corruption, patronage, and entrenched power brokers. With Harun Idris as the standard-bearer, it was extremely difficult to avoid a credibility problem when any of these earlier themes was raised.

By January 1989, UMNO Baru and the BN mobilized their massive resources to support the little-known MCA candidate, Ong Tee Kiat. Instead of concentrating on defending Dr Mahathir, the BN campaign attacked the credibility of the entire Semangat '46 faction, which by then was showing signs of internal dissension. After Shahrir's by-election victory, he had refused to take the oath of office required before assuming his seat in Parliament. His action was in protest against the Speaker administering the oath, who had been a member of the Tribunal which had recommended the impeachment of Lord President Salleh Abas by the Agong.<sup>54</sup> In both the Parit Raja and the Ampang Jaya by-elections, the BN exploited this, and other obstructionist tactics, of the opposition, to make the argument that a vote for any member of the dissident Malay faction was a wasted vote and merely prolonged Malay disunity and petty factionalism. The argument for Malay unity was made more compelling by the concessions offered by UMNO Baru in its public statement accepting the 'unity' resolutions drafted by the Johore Malay Unity Forum.<sup>55</sup>

The Ampang Jaya by-election results provided conclusive evidence that the BN had turned the tide against the 'Old UMNO' dissidents. The MCA candidate, even while contesting in a Malay-majority constituency, had gained 23,719 votes and 54 per cent of the total to the 19,469 and 44 per cent gained by Harun Idris.<sup>56</sup> The results reveal that Harun had failed to attract majority support among Malays and had been even less successful among non-Malays. Although the BN margin of victory had been substantially reduced from that of 1986, the party had reconstructed a winning coalition and the fortunes of the rather amorphous Semangat '46 grouping had been dealt an unexpectedly crushing defeat,

the results of which would force its leaders to reconsider their options and tactics.

### Rebalance of the Barisan Nasional

The political struggle between UMNO Baru and the Malay dissident faction had affected not only the courts and the institution of the monarchy but also the internal politics of the Barisan Nasional. While Dr Mahathir's role within the BN had been enhanced by the changes initiated by the formation of UMNO Baru, he was forced to pay heed to the possibility of political realignments that might jeopardize the basic coalition formula of the BN. While the competition with Team B or its successor Semangat '46 was being waged with intensity, neither side could afford to appear to be making concessions to non-Malays. Yet, when the series of by-elections began as a challenge to the government's mandate, it was the vote of both the Malays and the non-Malays which determined the outcome. Consequently, over time there was a subtle shift in political alignments within the BN as the political struggle within the Malay community unfolded.

When the political crisis developed in October and November 1987 over rising demands by Chinese groups for changes in education policy and other issues, the government responded with a hard line, arresting some 106 persons under the ISA. The MCA did not openly condemn the arrests, but both its President and Deputy President left the country on 'indefinite leave'.<sup>57</sup> Upon their return, the MCA engaged in a series of soul-searching exercises attempting to formulate both political position papers on issues and to draft contingent political strategies designed to promote more effectively Chinese interests in the context of the changing political environment. A small group of advisers and consultants from the professions and the academic community were recruited as a 'Think Tank' to consider long-term political issues, evaluate priorities, and draft position papers for the MCA leadership. Major attention was given to the issue of what policy positions the MCA should take regarding the replacement of the NEP after it expired in 1990. This process produced not only confidential strategy and position papers, but also a public document resulting from a 'political seminar' of consultants. Eventually, the process of policy review generated a series of position papers that were published as a book entitled *The Future of Malaysian Chinese*.<sup>58</sup> Essentially, these documents proposed that the party move away from old-style patronage politics and short-term political calculations in favour of strategies to preserve the longer-term interests of the Chinese community, which was predicted to decrease in both numbers and relative political power over the coming decades. Rational, pragmatic, and non-confrontational approaches to politics were believed to be more successful, while the proposed policy positions tended to favour an emphasis on legitimate minority rights and policies to assure that the Chinese secured a fair share of public benefits through the extension to the Chinese community of the system of quotas for allocation of public goods and

services in proportion to its size within the country as a whole. In effect, Malay rights and privileges were to be balanced by some public recognition of Chinese rights and privileges, at least in the views of some of the members of the MCA 'Think Tank'.

The issue of minority rights became a recurring theme in speeches of MCA President Dr Ling Liong Sik. In apparent response to this line of political argument, Dr Mahathir, when he was invited to the MCA General Assembly in 1988, addressed the issue of minority rights. While promising that the 'freedom and democratic rights' of minorities would be protected, he cautioned that it would not be 'at the expense of the majority'. Without using the term, he appeared to subscribe to the doctrine that the rights of a 'silent majority' should not be circumscribed in an effort to placate an 'activist minority'. He summarized his views of minority rights with the statement, 'While the Government will not suppress the freedom and rights of the minority groups and individuals, the actions of the latter should not jeopardise the general well-being of society.'<sup>59</sup>

Although the MCA had been reasonably successful in getting the government to agree to a financial rescue package for the insolvent Chinese deposit-taking co-operatives in February 1988, it had been unable to make any headway on most other issues of great concern to the Chinese community. In particular, the issues of the promotion of non-Mandarin-speaking principals in Chinese-medium schools, of increased services for the Chinese 'new villages', and many other questions related to the implementation of the NEP were effectively placed 'off limits' for political discussion and negotiation at the highest levels of the administration. Because the MCA leaders were being largely ignored in policy matters, some MCA members began making overtures to the Semangat '46 faction and openly discussed the option of attempting to realign Malaysian politics by affiliating with that faction. Instead, Dr Ling decided on remaining within the BN, but expressed his displeasure with the processes of consultation and accommodation within the government by taking an 'unpaid leave of absence' of six weeks and leaving the country during October and November 1988.

After the government's devastating defeat in the Johore Bahru by-election, the government exhibited slightly more sensitivity to Chinese demands. Plans for the expansion of Chinese schools were approved, and Dr Mahathir made a widely publicized declaration in October that the BN would honour all election pledges, 'although it may take some time'.<sup>60</sup> For the 1986 election the BN had promised to repeal Section 21(2) of the Education Act which gave the Minister of Education power to convert vernacular Chinese and Tamil schools to the Malay medium of instruction. The MCA also claimed that other BN promises regarding Chinese education and the 'new villages' remained unfulfilled. Disputes over these matters had been contributing factors in the political crisis of October and November 1987 which led to the mass detentions under the ISA of leading dissidents and critics of the regime.<sup>61</sup> Now, when the Chinese and Indian votes were more crucial in overcoming the political



challenge of Semangat '46, the earlier promises were being reiterated, but without reference to any specific issue. This was apparently to avoid a repetition of the counter-mobilization of Malay opinion as had occurred in the escalating tensions of 1987. As before, the question of when the election promises would finally be implemented was left to the indefinite future.

After several decades of frustration and despair within the MCA and among a number of other non-Malay political parties, some strategists were openly counselling against any moves at political realignment. Although competition between factions of the Malay community had intensified demands for assertion of Malay supremacy in politics, there were some who believed that the split in UMNO could also evolve towards a two-party system where there would be a natural competition for the support of politically agile minority groups. In such an environment, some reasoned, racial politics would become blurred and sensitivity to minority interests would, of necessity, become essential for political survival. For this reason, a number of leaders and policy analysts in non-Malay parties, particularly within the MCA, hoped that the factional divisions within the Malay society would be perpetuated and become a permanent feature of the Malaysian political landscape.<sup>62</sup>

### **Economic Recovery and Salvage Management**

The gradual reassertion of the political supremacy of Dr Mahathir and the political coalition built around UMNO Baru was not just a matter of astute political manoeuvring and the judicious and relentless exercise of powers that derive from incumbency. It was also a product of an economic recovery following a devastating two- or three-year cycle of recession. In 1980 Malaysia had experienced real growth in GNP of 7.8 per cent. It fluctuated between 5.9 per cent and 7.8 per cent until 1984, when it plunged to minus 1.0 per cent in 1985 and then recovered slightly with 2.1 per cent growth in 1986. Economic recovery began slowly in 1987 with a GNP growth of 4.8 per cent and finally full recovery was achieved by 1988 with a growth rate of 8.7 per cent.<sup>63</sup> The primary cause of Malaysia's economic slump was the depressed state of the world economy, which in turn created a critical decline in the prices of major export commodities, especially tin, palm-oil, rubber, and petroleum. For Malaysia, the lean years of 1985-7 coincided with Daim Zainuddin's tenure as Minister of Finance. After a shaky start when he was accused of making decisions involving conflict of interest with his private investments, he gradually emerged as a mainstay of the Mahathir Administration in the formulation of a package of economic policies designed to meet the challenge of the recession. Enjoying the complete confidence of Dr Mahathir, he placed economic growth at the top of the government's priorities and proceeded to make many hard decisions based on his assessment of the harsh economic realities facing Malaysia.

With falling government revenues and a decline in export earnings, government spending was drastically curtailed while efforts were made to

reduce external borrowing. Much attention was given to the promotion of foreign investment by offers of favourable joint ventures and through relaxing the ethnic equity requirements of the Industrial Coordination Act. Both corporate and individual income taxes were reduced, while the tax base was broadened through more efficient collection of taxes from those who previously had succeeded in avoiding income tax payments. Some rather controversial decisions were also made to order statutory bodies, including the Employees Provident Fund, to make domestic investments designed to stimulate the economy and promote key development projects. Perhaps the most difficult economic decisions for Finance Minister Daim were those involving the Bumiputra corporations and enterprises that had become so reliant on government contracts, direct government funding, and various programmes of government subsidies. During the Mahathir Administration, there had been a tremendous build-up of public enterprises that were designed to provide the means whereby Malays could gain a stake in the modern industrial sectors of the economy, in the form of employment, management positions and, ultimately, ownership and control. These enterprises were known as Non-Financial Public Enterprises (NFPEs) or 'off-budget agencies' because of their autonomy, even though they were assisted and under-written with public funds. By 1984, when Daim was appointed Minister of Finance, the NFPEs were spending M\$7.2 billion per year, a sum which constituted 46 per cent of public expenditure. Under the constraints of a tight economy, Daim was forced to take a hard line to stop this haemorrhage of public funds to support inefficient and unprofitable Bumiputra corporations. He not only trimmed down NFPE grants and subsidies to the level of M\$3.5 billion by 1987, but he also forced them to improve efficiency, become more competitive, and, ultimately, focus on the bottom line of their financial sheets. Daim warned: 'A good management team is able to adapt the company to changes in the economy and look for alternatives, and not to make excuses one after another. . . . If you fail, you must have the courage to resign. If you don't, you may be sacked. . . . In Japan, if they fail, they commit hara kiri.'<sup>64</sup>

Some of the most prestigious public enterprises which depended on continuous and massive infusion of government money were those formed during the early years of the Mahathir Administration, the heyday of the 'Look East' policy. In 1986, under the pressure of budget deficits, Daim Zainuddin began taking a hard look at the government stake in money-losing enterprises. By January 1988 he had identified 60 financially weak government-owned companies and suggested three options: closure, rehabilitation, or privatization.<sup>65</sup> The biggest drain on government revenues came from the losses sustained by Heavy Industries Corporation of Malaysia (HICOM) and its subsidiaries in cement, steel, and motor cars. While these heavy industries had been the pet projects of Dr Mahathir in the years from 1982 to 1985, under a revised Industrial Master Plan (IMP) formulated to address the problems of ailing industries,<sup>66</sup> some of the most prestigious industries came under critical scrutiny for what was called 'structural adjustment'—meaning their re-

organization in order to transform money-losing enterprises into viable and profitable enterprises in as short a period as possible.

Part of the problem with the heavy industries involved low productivity, low plant utilization, and depressed foreign and domestic markets. The appreciating value of the Japanese yen, however, created a tremendous financial burden for many of the industries formed in the 'Look East' era. Huge Japanese development loans had been offered at from 6 per cent to 8 per cent but were usually tied to escalating Japanese currency rates. These initially low interest rates, when calculated in Malaysian currency, had gradually increased to effective rates of between 18 per cent and 30 per cent, thus proving to be a crippling burden on heavy industries attempting to become established during a period of economic retrenchment and unstable world market conditions.<sup>67</sup>

In 1988, the government had to budget M\$532 million to cover the M\$278 million in losses by HICOM in 1987, in addition to losses sustained by other government-operated industries. A subsidiary of HICOM, Kedah Cement, became the first major public enterprise to be 'restructured' after it reported losses of M\$68 million in 1987. After refinancing with Japanese loans of ¥17 billion (US\$138 million), a new management team was installed, headed by a Malaysian Chinese from the private sector.

Steel was another industry that absorbed large sums of public money. Perwaja Trengganu had been founded as a joint Japanese-Malaysian enterprise to produce steel. The plant in Trengganu had been constructed at a cost of M\$1.2 billion, with the object of producing hot briquette iron using Malaysian ore and the low-cost natural gas produced from off-shore petroleum operations. The new plant had been constructed with the assistance of Nippon Steel using very advanced and untested technology. After operations began, it was discovered that the technology was not appropriate for Malaysia's low-grade, lumpy iron ore, and the plant never met the technical specifications promised by Nippon Steel. While steel could be produced by a higher proportion of scrap steel with Malaysian ore as feedstock, the iron billets produced were of mixed quality. Although the domestic price of steel was set by the government, the world price of steel made the plant uneconomic. Eventually, Nippon Steel made a payment of US\$179.2 million plus a second payment of M\$47 million for its failure to meet technical specifications, and assisted with a major Japanese bank syndicate refinancing and loan package for Perwaja. These new loans increased the liabilities of Perwaja to M\$2.1 billion, while its operating losses in 1987 continued at the level of M\$180 million. A new management team headed by Eric Chia, who had been the head of Proton marketing operations, took over in 1987 to restructure and rationalize Perwaja. Because of recurring problems in the steel industry, by the middle of 1989 the government embarked on an ambitious plan to rationalize the whole steel industry involving three state-owned and three private steel companies. New plant equipment was purchased for Perwaja—four electric-arc furnaces, a casting plant, and a rolling mill. The melt shop was converted to using 95 per cent scrap and

5 per cent imported hot briquette iron produced by Sabah Gas Industries in Labuan. By 1989 the production of billet iron had reached 40 000 tonnes per month, while molten steel production had attained the level of 80 000 tonnes a month.

Despite the increasing productivity of Perwaja, the enterprise continued to sustain major losses. To address this problem, the government formulated plans to rationalize the entire steel industry from smelting to semi-finished products so as to reduce duplication and improve plant utilization and efficiency. Even so, the prospects for Perwaja, as the primary steel producer, remained uncertain. For 1989 Perwaja invested M\$700 million in additional plant equipment to add to its accumulated debt and losses of M\$2.65 billion. This time, the Japanese banking consortium was unwilling to invest further in Perwaja, leaving the government little option but to proceed with a new financial restructuring which resulted in 51 per cent of the stock being held by a newly formed entity—the Minister of Finance Incorporated—thus leaving the Malaysian Government itself once again as the principal stock holder and guarantor of that troubled industry.<sup>68</sup>

The other major industry to be targeted for the 'structural adjustment' programme under the revised Industrial Master Plan was car manufacturing. As recounted earlier in Chapter 4, Malaysia had embarked on the production of a 'national car' in 1985 in a joint venture between the HICOM subsidiary, Perusahaan Otomobil Nasional (Proton), and the Mitsubishi industrial conglomerate of Japan. The automobile, known as the Proton Saga, was viewed as the crowning achievement in the Industrial Master Plan which was to bring Malaysia to the status of a Newly Industrializing Country (NIC) within a few short years. At the time, the government realized that car production would be a losing proposition for a few years, but it was expected that profits could be realized as Malaysian content and production volume increased. Government analysts projected an annual 10 per cent domestic market growth from the 1983 domestic Malaysian market level of 90,000 cars per year, thus assuming that the domestic market would increase to about 120,000 per year by 1986, of which the Proton Saga was expected to capture about two-thirds, or about 80,000 units per year. In accordance with these projections, the Proton plant was built so that its productive capacity attained the level of 80,000 units per year for 1986 and about 120,000 for 1987. The increased capacity was for exports, which were expected to reach 20,000–30,000 per year by 1987. Unfortunately, with the recession and other factors, the Malaysian domestic market shrank to a level that was only 36 per cent of IMP projections for 1986. Furthermore, the expected export of the Proton Saga to the United States was repeatedly delayed because of problems in modifying the vehicle to meet US specifications. The old-design engine provided by Mitsubishi for the Proton Saga could not pass emission control standards. Even equipped with the newest-version Mitsubishi Cyclone engine, there were other problems of vehicle safety modifications, as well as the problems of establishing a vast dealer network to compete on the North American

market. The required modifications and the distribution network for the Proton Saga were contracted to Bricklin Industries under the direction of Malcolm Bricklin. He was the Canadian entrepreneur who had earlier gone bankrupt in attempting to produce his own car for the North American market; he was now back in business with his revived company, which had acquired distribution rights for the lowest-priced car on the United States market—the Yugo—manufactured by Yugoslavia, in its bid to find a short cut to advanced industrial status. For various reasons, the US launch date for the import of the Proton Saga kept being postponed until it receded into the indefinite future.

Operating at greatly reduced capacity, the Proton plant could only produce vehicles at a loss. In 1987, with a production capacity of 10,000 per month, it was able to sell only about 2,000 per month in Malaysia and less than 100 per month for export to the small and scattered markets of Bangladesh, New Zealand, Malta, Papua New Guinea, and Jamaica. Efforts to secure the co-operation of Mitsubishi to promote world-wide export of the Proton Saga ran into the complication that it competed directly with Mitsubishi's Lancer model, upon which the Proton Saga design had been based. Although Malaysian content had been increased each year, the rising value of the yen made the Japanese-produced components more expensive, escalated interest payments, and added to the enormous debt denominated in yen. In 1987, the Malaysian tax-payer was subsidizing the basic M\$8,000 price for each Proton Saga sold by about M\$1,000 per unit, while independent industry analysts were calculating that a subsidy of somewhere between 20 per cent and 50 per cent would be required to break into the US car market. Proton reported losses of M\$46.5 million in 1986, M\$39 million in 1987, and M\$52 million in 1988.<sup>69</sup> What had been billed as Malaysia's 'Dream Car' had turned into a financial nightmare.

Under the direction of Finance Minister Daim, a task force was set up to propose a 'structural adjustment' remedy for Proton's ailments. Apparently, the first option explored was to turn the entire operational management of the facility over to Mitsubishi and allow the Proton Saga to become integrated into its world-wide production and sales network. For various reasons, perhaps related to the terms demanded by Mitsubishi, this option was rejected. Instead, a Japanese management team was recruited from Mitsubishi Motor Corporation to replace the existing Malay directors of Proton who either resigned or were dismissed. Charged with the task of revitalizing the subsidy-dependent industry was the new managing director, Kenji Iwabuchi, assisted by Kyo Fujioka, appointed head of corporate planning.<sup>70</sup>

Within a few weeks of taking office, the new management team announced to numerous sceptics that Proton Saga would break even in 1990 if exports reached established targets.<sup>71</sup> Previously, great efforts had been made to break into major export markets, only to discover that such entry was extremely difficult and existing subsidies would most likely need to be increased under more stringent competition. Earlier in the year, the Proton, stripped of its second name because of the negative

connotation of 'Saga' in English, made its first entry to the European market when it was introduced in Ireland. By August 1988, production was increased from 3,200 units to 4,000 units per month, partly in response to a reviving domestic market. Elaborate plans were made for introduction of the Proton to both the United States and the United Kingdom,<sup>72</sup> but there remained the problems of production costs, the rising yen, safety and pollution certification, dealer networks, tariffs, and non-trade barriers. To a number of observers, entry by the Proton to the world's two largest car markets appeared to be too formidable to surmount. Yet that is precisely what the government decided was needed as the only practical remedy for the loss-addicted industry.

In September 1988 Dr Mahathir went to Europe to promote the concept of free trade for Malaysian goods in the period after 1992, when the single European Common Market was scheduled to begin. After stops in Germany and Belgium, he proceeded to London, where he had talks with Prime Minister Margaret Thatcher. These concluded with the signing of a memorandum of understanding providing for an initial purchase by Malaysia of an estimated £1.5 billion of new British-made weapons, including the expensive and technologically very advanced Tornado fighter-bomber, the Rapier anti-aircraft defence system, and other advanced armaments and weapons for the Malaysian army. Because the arms purchases were merely the first instalment of a 10- to 15-year package of arms purchases, British sources estimated that the complete package would be worth about £7 billion, or approximately M\$31 billion at the 1988 exchange rate.<sup>73</sup> The military purchases were to be paid for largely through counter-trade in the form of oil and other commodities. In justifying the arms agreement, Dr Mahathir explained that the new arms agreement was necessary for Malaysian defence, but he also stressed that it was part of a larger strategy to boost Malaysia's exports.<sup>74</sup>

Less than a month after the arms deal with Britain had been signed, the Proton made its debut in the United Kingdom. Although Malaysia had formulated plans for the sale of 48,000 Proton to Britain a year before,<sup>75</sup> it was only after Dr Mahathir's arms talks with Margaret Thatcher that the first cars actually arrived in Britain. What remained unclear was whether the massive arms deal had been used to lever open the remaining obstacles to the import of the Proton to Britain. The trade-arms linkage may also make it difficult to calculate real costs and indirect subsidies in both sets of exchanges. Malaysian car executives were also aware that in 1992 the massive European Common Market would be opened for Proton sales. Before then, they were expecting to launch their product in the North American market. Whether Malaysia could compete and turn a profit in such competitive environments remained to be answered. At least, for the time being, some of the problems of the under-utilized Proton production facilities were finally being addressed.

By mid-1988, the prices of tin, rubber, and palm-oil had all recovered to give the economy renewed vigour. In addition, rates of foreign investment increased as new money and capital entered the country.

Malaysia's economic recovery had been impressive, but the high priority given to continued economic growth focused political attention on another issue: access to the United States market for the full range of its products. At risk was Malaysia's status as a preferred trading partner under the Generalized System of Preferences (GSP) as provided by the tariff statutes of the United States. The rise of protectionist sentiment within the United States, partly as a result of the large trade with Asian states, had made the US Congress much more willing to consider the termination of GSP status for countries that were engaged in 'unfair' trade practices or where workers or citizens were abused or exploited by their government or by their employers. Protectionist sentiment was particularly strong among American organized labour, and it was feared that they might become the most vocal opponents of extension of GSP status to Malaysia. At stake were tariff concessions that would translate into 75,000 jobs in Malaysia.<sup>76</sup> Because Malaysia's GSP privileges came under review towards the end of 1988 by Congress and the federal agencies concerned with trade issues, Malaysia began by preparing its GSP petition and other supporting evidence for submission by Malaysia's Ambassador to the United States, Albert Talalla.

Government concern over the renewal of GSP status may have been a factor in the release from ISA detention of V. David and six others. V. David was a prominent leader of the Malaysian Trades Union Congress as well as a Member of Parliament of the DAP. He had been one of the 106 people detained in October 1988 and was finally released on 3 June the next year. Rather than show his gratitude by keeping a low public profile, he instead sent a petition to the American Federation of Labor and the Congress of Industrial Organizations (AFL-CIO) purportedly asking for Malaysia's GSP status to be revoked because of human rights violations.<sup>77</sup> Although he had been released, others still remained in ISA detention, including the leader of the DAP, Lim Kit Siang. V. David apparently wished to remind his counterparts in the American labour movement of some of the repressive political conditions encountered in Malaysia. The action of V. David prompted an immediate scathing attack by Dr Mahathir, who accused him of having 'no loyalty to the *rakyat* [common people] and the country'. Even the Malaysian Trades Union Congress joined in the chorus of criticism directed against the union leader. Under such pressure, V. David sent a cable to the AFL-CIO asking that his petition be dropped. He also stated to his critics that he had no guilt or remorse over his action. Eventually, his explanations were accepted by the Malaysian Trades Union Congress. On the part of the government, there was no hint of guilt or remorse over Malaysia's record of human rights, which was, in any event, assumed by Malaysia's leaders not to be relevant to the renewal of Malaysia's GSP status.<sup>78</sup>

Three weeks after Malaysia submitted its petition to the US Government for renewal of its GSP status, Labour Minister Lee Kim Sai made the surprising announcement that Malaysia's labour laws were being changed to permit workers in the electronics industry to be represented by unions. Hitherto, the electronics industry had been one of the newer

expanding industries protected by laws prohibiting labour unions. With the economic recovery generating a new momentum, large sums of foreign funds were being invested once again in the electronics industry, which also produced exports most affected by GSP status. Spokesmen for the industry claimed that the decision was made without consultation with them, but Lee Kim Sai claimed that they had been informed two years earlier about a tentative decision to permit the formation of labour unions among workers in the electronics industry. Four days after Lee Kim Sai's announcement about electronics unions, the hearings on Malaysia's GSP status began in Washington, DC before the inter-agency Trade Policy Staff Committee. The week after the hearings began, Dr Mahathir himself appeared in the United States to address investors, news editors, the United Nations General Assembly, and others to bring the message that Malaysia was 'still democratic', a worthy and trusted trading partner, and an excellent site for new foreign investment. In due course, Malaysia's GSP status was renewed by the US President without too much public criticism or dissent and without much attention to Malaysia's human rights record.<sup>79</sup>

### Heart-felt Responses

As the year 1989 began, it was apparent that Dr Mahathir had not only survived a very serious challenge to his political leadership but had in the process greatly enhanced his power to the point where he was completely undaunted by criticism and unassailable by opponents. While some critics remained vocal, they were relatively powerless. Even institutional restraints placed on the office of Prime Minister appeared to be of little import after the judiciary had been re-educated in the school of practical politics so as to accept Dr Mahathir's perspectives on the doctrine of 'judicial restraint'. Other institutions—Parliament and the civil service—too, merely added to or complemented the power and prestige of the Prime Minister as it was being utilized to its legal and symbolic limits by Dr Mahathir. That did not mean that Dr Mahathir was unmindful of the variety of political demands being generated or that he ignored the interests of any substantial segment of the country. It did mean, however, that those who sought to affect public policy had to do so through the processes and according to the terms and conditions defined by Dr Mahathir. It was apparent to all but his most naïve and bitter critics that Dr Mahathir was at the zenith of his career and his political power.

The next stage of the political process scheduled for 1989 involved the formulation of the broad policy objectives which would carry the country into the twenty-first century. From such a commanding position of power, Dr Mahathir would be in a position to put his stamp on the future in as decisive a fashion as Tun Abdul Razak had done when the NEP had been formulated two decades earlier. It was, therefore, a matter of some surprise and much speculation when the Deputy Prime Minister, Ghafar Baba, appeared to deliver Dr Mahathir's address to the first sessions of the National Economic Consultative Council (NECC) formed to advise



the government and formulate policy options to replace the New Economic Policy due to expire in 1990. It was casually reported in the papers that Dr Mahathir had checked into hospital for a check-up after complaining of mild chest pains. The official announcement stated that Dr Mahathir had been diagnosed as having 'a mild ischaemia [local anaemia] in the front portion of the heart muscle' and would be in hospital for about two weeks.<sup>80</sup> Very quickly, the capital was rife with rumours that, contrary to reports, he had sustained a very serious heart attack. Five days after the first announcement, the papers carried the announcement that Dr Mahathir was successfully recovering from heart bypass surgery.<sup>81</sup>

Although a spokesman for the government depicted Dr Mahathir as opting for a local operation in order to show his faith that local medical expertise was comparable with medical services in developed countries, oral reports from members of the surgical team indicate that his heart attack had been so serious and so life-threatening that there was no option but to operate as soon as possible. In preparation for the operation, the precaution was taken of securing the services of an American heart specialist as consultant, who assisted the Malaysian team. On 24 January the team operated on Dr Mahathir to install five coronary bypass arteries. Despite the severity of the heart attack, the press continued to report his condition as 'mild ischaemia'.<sup>82</sup>

The implications of Dr Mahathir's illness were obvious to all who were politically astute. Even so, no local papers provided any candid analysis or evaluation for their readers. Instead, medical sources were now quoted as saying that Dr Mahathir would not return to work for about three months and that his full strength would return in about six months. The public was left with the impression that Deputy Prime Minister Ghafar Baba would keep everything at a steady helm until Dr Mahathir could return, with no important consequences for the government or for long-range political considerations. While this aura of 'normalcy' was projected by the government-controlled press, a spate of rumours and speculations circulated concerning the short- and long-term implications of Dr Mahathir's heart attack. Very shortly, it became obvious that many Malaysian political leaders were making tactical moves or trimming their political sails to be able to respond to potential alternative scenarios regarding Dr Mahathir's likely continued tenure as Prime Minister.

The most immediate and publicized change of tack came from Musa Hitam, who, on 30 January, just one week after Dr Mahathir's operation, announced that he was joining UMNO Baru. Four other politicians from Semangat '46 were also mentioned as about to join UMNO Baru 'to restore unity'.<sup>83</sup> Because these moves had involved behind-the-scenes negotiations over an extended period, Musa could sustain some credibility when he later claimed that Dr Mahathir's illness had no part in his decision.

Musa's return to the fold of the reconstituted UMNO Baru was openly praised and applauded by a number of prominent Malay leaders. At the same time, he was criticized by others who objected to the fact that there

appeared to be no penance conditions for his earlier acts of 'rebellion and defiance' against Dr Mahathir's leadership of the revived party. Furthermore, Musa was accused of being inconsistent and unrepentant, particularly since he had apparently backed Harun Idris's campaign in the Ampang Jaya by-election, which had resulted in Harun's defeat only two days before the announcement of Musa's decision to join UMNO Baru. Musa was not offered a Cabinet position to facilitate his decision to join UMNO Baru; he gave the impression that he was not seeking one and might even refuse to accept one if offered, at least for the moment.<sup>84</sup> Rather, it appeared that he desired to re-establish his affiliation with the largest and most viable Malay party on the Malaysian political scene, partly to restore patronage status for his entourage of political followers, but also, for himself, to be well positioned in case Dr Mahathir should decide to retire or be unable to continue in office over the period of the foreseeable future.

With Dr Mahathir in the hospital and later on extended recuperation leave in England and Spain, there was an upsurge of sympathy for him that extended beyond the Malay community. Traditional Malay norms against attacking someone who was not able to defend himself meant that there was a dramatic lowering of the level of political acrimony expressed in public. The sympathy factor may have played some part in the Ampang Jaya by-election, which took place just five days after the announcement of Dr Mahathir's coronary bypass operation. The relative political calm descending on the capital during Dr Mahathir's absence enabled Ghafar Baba to play a much more prominent political role and to demonstrate his national leadership capabilities during this period. Despite the apparent political calm, however, there was evidence of increased competition between the three principal contenders for the office of Prime Minister, should it become vacant in the near future.

Ghafar Baba had played a major role in the BN by-election campaigns in Johore Bahru and Ampang Jaya, and gained much in political stature for his contribution to the victory over Harun Idris in the latter campaign. While Dr Mahathir was on leave, the government proceeded smoothly with no major crisis but with clear signals that Ghafar Baba considered himself to be the heir apparent to Dr Mahathir if any changes became necessary at the highest level. The fact that Ghafar Baba had also had a heart bypass operation had proven to be no serious impediment to the vigorous pace of his political activities. When Ghafar Baba's oldest son died of a heart attack while attending the vote count of the Ampang Jaya by-election,<sup>85</sup> it sparked rumours that Ghafar Baba had been so distressed that he would become hesitant to accept the office of Prime Minister, if it became vacant. Yet his subsequent political actions over the next six months belied such ephemeral political speculations. In this same period, Musa Hitam kept a rather low political profile, while Anwar Ibrahim seemed even more eager than usual to grab the political spotlight with public appearances and campaigns to promote Islam, to translate more books into Malay, to increase adult literacy and the reading of Malay literature, and to induce teachers to make 'learning fun'. In

addition, he made public pronouncements for freer trade in the Asia-Pacific region, for youth employment and for Malay unity, as well as entering the debate over Islamic responses to Salman Rushdie's novel *The Satanic Verses*. Indeed, Anwar was even less constrained than before to make pronouncements in all areas of public policy, whether they concerned his ministry or not. How else could he retain his image as a potential front runner in any contest for a future national leader?

When Dr Mahathir returned from his period of convalescence in Britain and Spain, he was met by a massive crowd of well-wishers and supporters at the airport.<sup>86</sup> While it had been only two and a half months since his operation, he seemed fit and was obviously moved by the public display of support for him and concern for his recovery. By his actions, he appeared to be most eager to return to the helm of government and the centre of political affairs. Although at first he kept to a restricted schedule of work, it was not long before he was again making regular public appearances, directing the campaign against his critics, and exhorting and admonishing his countrymen and his party on various public issues. Six weeks after his return, he left for a tour of the United States in a campaign to follow up on the favourable decision on Malaysia's GSP status and to generate more investment in Malaysia's expanding economy.<sup>87</sup> Perhaps, also, he hoped to promote a new export drive to the United States for Malaysian industrial products, spearheaded by the expected introduction of the Proton to the North American market. Whether he could generate the same political and economic leverage in Washington, DC and New York that he had earlier accomplished in London remained to be seen.

There is plenty of medical evidence revealing that most heart bypass patients undergo a psychic trauma some months after their operation, colouring their outlook on life and how they relate to those most closely associated with them in their everyday activities. The recuperating patient suddenly becomes much more aware of his mortality and the transient and fleeting aspects of human endeavour. This common post-operative syndrome may account for the mixed signals given by Dr Mahathir to those having contact with him.

In April, *The Financial Times* reported close aides of Dr Mahathir as saying that he was enthusiastic about resuming his full duties as Prime Minister and eager to tackle remaining issues on the public agenda. Not only had he consolidated his power within UMNO, partly as a consequence of his illness, but he was, moreover, in an unchallenged position of power within the country as a whole.<sup>88</sup> The impression generated in that report was of a completely recovered and revitalized Dr Mahathir who would play an even more dominant role in government and who would remain in office for as long as he was fit, which most likely would be for many years into the future.

At the same time, others reported that Dr Mahathir had mellowed and was seeking reconciliation with old critics and political opponents. He sought out those who had had heart operations to discuss their experiences during the period of his recuperation. He approved full government

payment for a specialist eye operation in the United States needed by the 86-year-old Tunku Abdul Rahman. This decision followed the withdrawal of the pending suit by the Tunku, Hussein Onn, and Abdul Manan Othman challenging the earlier court decision deregistering the original UMNO.<sup>89</sup> Dr Mahathir also approved the release without restrictive conditions of the last two of the ISA detainees from the group of 106 who had been incarcerated during October and November 1987—Lim Kit Siang and his son.<sup>90</sup> This decision may have been prompted as much by US criticisms of Malaysia during the GSP hearings as by any fundamental change of attitude by Dr Mahathir towards his most outspoken political critic. At elite levels, reports also circulated that Dr Mahathir had taken initiatives to re-establish cordial relations with Musa Hitam. In talks with Musa, he left the impression that Musa was the person he was counting on to eventually succeed him, even though he also cautioned that he had only a limited capacity to choose his successor. Whether this meant that Dr Mahathir was planning for his own retirement from politics was, at best, uncertain. Perhaps Dr Mahathir himself was unclear about his intentions, but was, like many others, preparing for potential alternative scenarios. In a political system structured so much around patronage hierarchies linked to the apex of power, this meant that all the other major actors in the system also needed to keep their options open to respond to any potential shift in the political landscape generated at the highest level.

### Opposition Realignments

Although the opposition to Dr Mahathir's leadership from within the old UMNO had gradually rallied around the banner of Semangat '46, the movement had never been unified under a single structure of leadership and decision-making. Rather, it consisted of several clusters of prominent Malay leaders and their often transient cluster of client followers. Musa Hitam was at the centre of one cluster until his defection to UMNO Baru. Tunku Abdul Rahman and Harun Idris were in the midst of another cluster. But the most formidable and internally unified cluster of opposition formed around the leadership of Tengku Razaleigh and his nephew by marriage, the Sultan of Kelantan, Ismail Petra. As the political climate in Kuala Lumpur turned hostile, and some supporters of the Semangat opposition were wooed back into the UMNO Baru fold, the Razaleigh faction took refuge in Kelantan with the active support of the young Sultan, who was quite willing to play an activist role in the convoluted factionalism of behind-the-scenes Malay politics.

The relations between Kota Bharu and Kuala Lumpur—the two capitals—had always been subject to some strain, but became much more so when the Kelantan Sultan decided to confer the highest state honour on Mohamed Salleh Abas shortly after the latter had been removed from office as Lord President by the combined actions of Dr Mahathir, the Yang di-Pertuan Agong, and the impeachment Tribunal. Later, when five judges of the Supreme Court were also suspended on the initiative of

Dr Mahathir, they were welcomed as heroes and feted at a Kelantan royal banquet, where they were praised, honoured, and commended for their defence of democracy and commitment to justice.<sup>91</sup>

Because of the centralized structure of the dominant BN coalition, and because of the heavy reliance of the states on federal funding, in effect, the Menteri Besar or Chief Ministers in states controlled by the BN are selected with the approval of the Prime Minister. This has meant that Chief Ministers often look as much to the Federal Government for support as they do to their own legislative assembly or their support base at the state level. This pattern prevailed in Kelantan where the Menteri Besar, Mohamed Yaacob, was factionally aligned with Dr Mahathir, while the Sultan was viewed as a protector and political ally of the Razaleigh faction of the Malay opposition. In such circumstances, relations between the Kelantan Menteri Besar and the Sultan became strained, with the contest at first being waged largely over symbolic issues concerning ceremonial functions and real or alleged slights each may have made against the other. When Dr Mahathir undertook his bold campaign in 1983 to curb the powers of the Agong and all other Malay Sultans, this merely added fuel to an already smouldering dispute in Kelantan between the Sultan and the Menteri Besar. After Tengku Razaleigh retreated to Kelantan to use it as a base from which to mount his challenge to Dr Mahathir, political divisions at the national level became replicated at the state level, thereby setting the stage for more direct and undisguised conflict with federal authority.

The factional competition within UMNO in Kelantan prompted PAS to attempt to bring down the state government of Menteri Besar Mohamed Yaacob in March 1988. Although Tengku Razaleigh and his faction were actively soliciting public support to mount a challenge to Dr Mahathir, Tengku Razaleigh was at the time unwilling to join PAS in a 'no confidence' vote against the Menteri Besar, since that move would give the appearance that he had deserted UMNO, the party he claimed he was attempting to 'revive'. For this reason, in the Kelantan Assembly, both bitterly contesting UMNO factions joined forces to defeat the PAS effort to oust the state government.<sup>92</sup>

The votes in the Kelantan Legislative Assembly given by the Razaleigh faction to sustain Menteri Besar Mohamed Yaacob appeared to have done nothing to diminish the conflict between the two UMNO factions in the state. What had been a largely symbolic contest became much more substantive when the Menteri Besar proposed to transfer some twenty senior state officers. Concerned about state autonomy, some of the palace circle prevailed upon the State Secretary, Wan Mohamed Yusof, to implement an alternative transfer list with a change of sixteen names. The respective roles and powers of the State Public Services Commission, the State Executive Council, and the State Legal Adviser all became entangled in an escalating dispute over the assignment of key high-level state officers, most likely on the basis of their perceived factional sympathies or alignments. Dr Mahathir threatened to amend the state constitution or bring the matter for direct court action if the Menteri

Besar's transfer list was not fully implemented. For their part, both the Sultan and Tengku Razaleigh kept their political distance, allowing the State Public Services Commission and the State Executive Council to make countermoves against the ultimatums and threats of both Menteri Besar and Prime Minister. This dispute continued at a rolling boil for over a month before both sides finally negotiated a compromise agreement to implement a 'balanced' transfer list for senior state officers.<sup>93</sup>

While these disputes over patronage were still unresolved, the Razaleigh group began pursuing a new strategy: to forge a new opposition coalition. This effort to find new political allies became more salient particularly after some of the early stalwarts of Semangat '46 had been induced to join UMNO Baru. With all options for reviving the old UMNO through the courts or through Parliament blocked off, Tengku Razaleigh set his sights on forming a new political coalition with PAS. In April 1989, PAS had held its General Assembly, at which a new group of younger leaders were elected. The new PAS President, Fadzil Noor, stated: 'Islam is a religion of moderation. . . . Now, we have a way through election, so please accept it. Pas is not an extremist party.'<sup>94</sup> The speech of outgoing PAS President Haji Yusof Rawa gave support to the new strategy:

We need to show to the Malays and the people of this country a framework of national unity based on Islamic values, not one tied down to ethnic and class considerations and parochialism.

This is why we are inviting these organisations and political parties to join us in drafting a broad and more acceptable framework of national unity to unite all races.<sup>95</sup>

Not only were the new PAS leaders more pragmatic about politics than the defeated older faction, but they had already begun negotiations with Tengku Razaleigh and his associates under the Semangat '46 banner. Tengku Razaleigh and the new PAS leaders agreed to form a joint movement called Angkatan Perpaduan Ummah (APU, Organization for the Uplift of the Muslim Community).<sup>96</sup> At the same time that talks were underway with PAS, Tengku Razaleigh also proposed that the DAP join Semangat '46 and PAS in a new broad multi-ethnic opposition coalition. While the DAP did not formally join in Tengku Razaleigh's coalition movement, talks were held to explore the possibilities of limited co-operation without the sacrifice of fundamental party principles. The PAS objective of establishing an Islamic state was particularly difficult to harmonize with the DAP pronouncements on religious freedom and equality for all citizens. Nevertheless, a climate of understanding and co-operation was being cultivated between the leaders of PAS, the DAP, and the Semangat '46 group, despite their great differences on some of the most sensitive and intractable issues of public policy.

On 13 May, the DAP had contested a by-election in Bentong, Pahang, against the BN but gained only 30.7 per cent of the votes to the 60.05 per cent won by the BN's MCA candidate. After that election, the DAP was particularly worried since its support among the Chinese voters had dropped substantially from its previous showing at the polls. The DAP

calculated that it had lost about 8 per cent of its previous Chinese voters to the MCA, and was especially worried whether that was primarily because of its political flirtation with the APU coalition. The DAP leaders suspected that the Chinese fear of APU's Islamic and Malay image prompted the shift of voter loyalty. The effort to forge a new multiracial alternative for the next general election was not a matter of top priority for many Chinese.<sup>97</sup>

The PAS-Semangat '46 link was made official in May 1989 and by June the registration of Semangat '46 as a legal party was finally approved by the Registrar of Societies. Berjasa, the small Kelantan-based Islamic party, abandoned its affiliation with the BN to join PAS and Semangat in the new opposition coalition. APU faced its first test of public support in a very favourable location when a state by-election was called in Telok Pasu, Trengganu, where all but 3 of the 8,426 voters were Malays and most were peasants. In a short but intense campaign, the agreed PAS candidate defeated the UMNO Baru nominee by a very thin margin of 141 votes. The new coalition had provided the margin of victory despite the formidable election machine mobilized by UMNO.<sup>98</sup>

One month later, the mettle of the new APU coalition was tested once again—this time in the multi-ethnic constituency of Tambatan in Johore where the voters were 58.4 per cent Malay, 35 per cent Chinese, and 6.3 per cent Indian. Semangat '46 nominated retired army general Ja'afar Onn, the brother of Hussein Onn and the son of the first leader and founder of UMNO, Dato Onn bin Ja'afar. While not a member of APU, the DAP lent its support to the Semangat candidate. Even so, the BN candidate, Abdul Kadir Annuar, won the election with about 60 per cent of the votes, primarily because the Chinese voters were wary of the Islamic coloration of the new opposition alignment. The tacit support of the DAP for the APU candidate had made it possible for the MCA to exploit the Chinese fears of an Islamic state which the MCA argued would be the eventual outcome if APU were to assume power at the national level.<sup>99</sup> Even in its defeat, the APU coalition revealed that it commanded a substantial following at the national level, but if the pattern were to be repeated elsewhere, it would find it difficult to gain sufficient support among non-Malay voters to pose a major threat to the BN in multi-ethnic constituencies. Whether it could eventually challenge the BN on relatively equal terms would ultimately depend on how it dealt with the communal issues and whether it could build voter trust and confidence across Malaysia's primary fissure between Malays and non-Malays. Both the rewards of office and the agony of defeat had helped to move many opposition politicians from ideological rigidity to a new pragmatic realism cloaked in the ambiguities that had heretofore been the hallmark of much of the political stance of the BN. How the contest between two such political entities might unfold in the future would, in most probability, depend on the political skills and acumen of both sets of leaders.

### The New Economic Policy Reconsidered

As the year 1990 approached, political attention became increasingly focused on the critical question of what direction government policies should take for the decade leading into the twenty-first century. Drafted in 1971, the NEP had established 1990 as the date for the attainment of its twin objectives of poverty reduction and 'ethnic restructuring'. After nineteen years of intense efforts to improve the economic position of the Malays and other indigenous peoples, that policy had effected a veritable revolution in the reallocation of jobs, wealth, and political power to Malays. Nearly all Malays benefited from the NEP, but some were better able to capitalize on the new opportunities and gained far more advantage than others. The benefits provided to Malays and other Bumiputras were supposed to be derived from the growth increment in the economy so as not to create economic deprivation for non-Malays. While the primary emphasis of government policy had been directed to the economic uplift of the Malays, the NEP had also promised 'to reduce and eventually eradicate poverty ... for all Malaysians, irrespective of race'.<sup>100</sup> Whether these twin NEP goals had been met, and how effective the government had been in implementing its policies, were matters of much dispute, and were, moreover, only the preliminary questions leading to the much more crucial matter of what new goals and policies should replace the NEP when it expired in 1990.

By 1988, nearly all parties had given much attention to the policy issues posed by the scheduled expiry of the NEP. Some parties, such as the MCA, the MIC, and Gerakan, held public seminars and published evaluations and proposals of their own. Others made their assessments and began formulating their policy positions in less public forums. If the process of each party formulating a public policy position were allowed to continue without any opportunity of a collective national dialogue, positions could easily have hardened to the point where national consensus on the next cycle of public policy would have been all but foreclosed.

For this reason, the BN initiated off-the-record discussions among its members during the latter half of 1988, and then agreed to form a National Economic Consultative Council, patterned after the earlier National Consultative Council which had helped to formulate the original NEP in 1971. The first announcements concerning this new advisory body indicated that it would consist of 112 members drawn from all elected parties as well as from various interest groups, economic associations, and certain prominent individuals. As other groups agitated for representation, the proposed number on the NECC was first increased to 138 and finally to 150, divided equally between Bumiputra and non-Bumiputra representatives. This was an indirect acknowledgement that the most difficult matters would involve the contrasting demands and views of these two ethnic-cultural entities.<sup>101</sup>

The initial allocation of representation to the National Economic Consultative Council provided for 50 members from political parties, 12 from chambers of commerce and industry, 7 from trade unions, 4 from



teachers' organizations, 3 from farmers and fishermen, plus 25 Bumiputra individuals, 11 Chinese individuals, and 5 Indian individuals. The distribution of political party members was as follows: UMNO—10, MCA—10, MIC—8, Gerakan—5, PPP—5, DAP—5, and the remaining 7 party members distributed among opposition parties.<sup>102</sup> Later, the party representation was increased by 2 to 52 in order to give the minor BN parties access to the Council. This distribution also meant that Semangat '46 was unrepresented, and the official opposition in Parliament had only 12 members to voice their diverse and contradictory concerns. The official government position was overwhelmingly represented on the NECC with 45 party representatives plus numerous sympathetic representatives from organizations and individuals who were appointed to the Council. The government team for the NECC was headed by UMNO Vice-President Abdullah Ahmad Badawi, who had been instrumental in attempting to bridge the differences between the government and the UMNO 'dissidents'. He was seen as a competent and non-abrasive Malay leader, who would reflect the government position without antagonizing too many people. Many of the 'individuals' appointed to the NECC were nominated on the recommendation of BN parties. Often they were academics or intellectuals who acted as policy consultants to party leaders. At the same time, a wide variety of non-party people were also selected to the Council, many of whom were noted for their independent judgement and their capacity to speak out on public issues. Among the individuals were such names as: Chandra Muzaffar, who had been detained under the ISA in 1987 under Dr Mahathir's orders, and who had been since its inception the President of Aliran, the social action group; Jomo Kwame Sundaram, the political-economist who had been a devastating critic of Dr Mahathir's industrialization strategies and his lack of attention to poverty eradication issues; Lim Teck Ghee, the Institute for Advanced Studies economist who was part of the MCA 'Think Tank'; Murugesu Pathmanathan, the economist and foreign relations expert at the University of Malaya; and R. Thillainathan, another economist from the University of Malaya. Both Pathmanathan and Thillainathan gave particular attention to issues affecting the Indian community. Also on the list of individuals were the former Vice-Chancellor of the University of Malaya, Royal Professor Ungku Aziz, and his successor, the present Vice-Chancellor, Syed Hussein Alatas; the spokesman for Chinese education, Chong King Liong; the outspoken woman lawyer and former Malaysian ambassador, Miss P. G. Lim; Bank Bumiputra Chairman, Basir Ismail; and the former Bank Bumiputra Chairman, Nawawi Mat Awin.<sup>103</sup>

Although the Democratic Action Party had been assigned 5 seats on the NECC, its leader, Lim Kit Siang, and his son, Lim Guan Eng, were still under ISA detention. Initially, the DAP indicated that it would participate on the NECC, but when its two detained leaders were not released, the remaining DAP members boycotted the NECC sessions in protest. After Dr Mahathir's return from his convalescence abroad, he finally approved their release on 19 April.<sup>104</sup> Shortly thereafter, the DAP

representatives, including among its members Lim Kit Siang, decided to participate in the sessions of the Council, which by then had already made considerable progress through its agenda.

The first session of the National Economic Consultative Council was held on 19 January with a plenary meeting addressed by Deputy Prime Minister Ghafar Baba, who read a speech that Dr Mahathir had prepared to deliver to the Council. The speech praised the NEP for its achievements and called upon the Council to 'cast aside interests of various groups to formulate economic policy acceptable to the people' through a sincere effort to look at the accomplishments and shortcomings of the past policies and to improve upon it for the future.<sup>105</sup> Following that set of instructions and pep talk, the Council proceeded to elect a chairman, who was nominated by the leader of the BN team, Abdullah Badawi. The affable and sometimes flamboyant Ghazali Shafie was selected as Chairman of the NECC. He had been Foreign Minister a decade earlier and was one of the principal drafters of the original NEP. Although in semi-retirement from politics, apparently he was chosen to impart to the NECC an emphasis on continuity with the bold policy initiatives taken almost two decades earlier.

At the early sessions of the Council, all members received a large packet of materials selected by the government containing articles and reports on the NEP. Many of the items had been published before and were readily available to the general public. Now, all documents presented to the Council were covered by the restrictions of the Official Secrets Act. Indeed, all reports, position papers, and proceedings were cloaked in a veil of official secrecy, with all the attendant penalties for any violations of the Act. This meant that the representatives were to present their views and the views of their constituencies to the Council, but were enjoined, under threat of stiff penalties, from communication with anyone about the progress or the activities of the NECC. Occasionally, the government would make available to the press some announcement about the activities of the Council, but, except for very general announcements about the way the Council was organizing its work and its schedule for the completion of preliminary studies, both the public and the news media were kept in almost total darkness about the course of the Council's activities and decisions. The basic idea was to have a forum for in camera discussions and negotiations, rather than an exercise in public participation and the airing of public policy trial balloons. If a Royal Commission had been formed to tour the country and hold public hearings, followed by the formulation of appropriate proposals for longer-term objectives and policies, the public not only would have been more directly involved, but it would have also very likely become mobilized to defend or promote alternative sets of policy proposals. It was this latter possibility that was viewed by Malaysia's leaders as a spectre to be avoided at all costs. Consequently, the activities of the Council proceeded in an air of temporarily suspended detachment from the immediate fears and concerns of the Malaysian public. Only the ever-present and ephemeral political rumours that circulated from 'un-named

sources' kept the politically conscious public alert to some of the trends and themes being debated with vigour, passion, and occasional anger within the chambers of the Council.

Even before the formation of the NECC, both the MCA and Gerakan had questioned the official government statistics which gave the ethnic breakdown for share capital and other measures of the ethnic distribution of wealth. How 'foreign' corporate wealth should be categorized was a matter of some dispute, especially when Malaysians invested in such corporations, as well as whether the Malay target of 30 per cent should apply for economic aggregates, or whether each sector of the economy should be separately 'restructured' to meet the NEP's 30 per cent Malay targets. Gerakan spokesmen estimated that the Malays had already achieved a 30 per cent aggregate ownership of the economy by 1983.<sup>106</sup> The Economic Planning Unit in the Prime Minister's Department was particularly sensitive to any challenge to the official statistics being published on the ethnic distribution of economic benefits, particularly since such figures were so important in the argument about the successes or shortcomings of the NEP. Those who argued for a continuation of the Malay/Bumiputra quotas either argued that the target had not yet been reached, or that the targets should be set higher, perhaps to 50 or 60 per cent to match their majority proportion within the population. Those who opposed the Malay/Bumiputra quotas argued that the NEP was a temporary and remedial policy that was agreed to by the non-Malays, and that once the targets were reached the system of ethnic 'affirmative action' quotas should gradually be dismantled as a matter of fairness to all citizens. Thus, for both sides, the ethnic distribution statistics did not change the arguments, but they did lend support to one side or the other. For this reason, the issues of data collection, analytical categories, statistical techniques, and interpretation of data became sensitive and highly contentious.

After the first plenary meeting of the NECC, the Council members were divided up into five topical committees. Because of the challenge by the MCA and Gerakan of the government's official statistics, Tan Peng Khoon, from the MCA, was made chairman of the Committee on Data Standardization. Former Vice-Chancellor Royal Professor Ungku Aziz was selected as chairman of the Committee on Poverty; UMNO Vice-President Abdullah Ahmad Badawi was given responsibility for the Committee on Social Restructuring; MIC Secretary-General D. P. Vijandran was made chairman of the Committee on the Economy; and finally, the chief executive of Permodalan Nasional, Bhd., Khalid Ibrahim, assumed the chair for the Committee on Human Resources.<sup>107</sup> For the most part, members of the NECC were able to opt for whichever committee they preferred to serve upon, subject to some persuasion and second preference options to keep the Bumiputra and non-Bumiputra categories equal. The assignments were also made to assure the dominant representation of the BN's team on each committee.

While the terms of reference for the NECC provided that it should examine the past performance of the New Economic Policy and propose a

new policy for the future, there was much speculation and some concern expressed by members as to whether the government already had a fairly fixed view on what policy would be appropriate to supplant the New Economic Policy. A few of those selected were concerned that the NECC might become an exercise in futility, with its recommendations ignored if they did not subscribe to policy options already being outlined by those who were shaping government policy. Alternatively, the sceptics wondered whether there was a strategy to create a deadlock between the government and its critics, or between the Bumiputras and the non-Bumiputras, so that the government could then impose its own views in an exercise of 'consensus by default'. Both these views of the sceptics were a product of the lack of trust, and suspicions between the government and its critics, generated in large measure by the secretive, manipulative, and authoritarian style that characterized the government during the extended crisis of authority following the challenge of the UMNO dissidents to Dr Mahathir's leadership. While their past experience provided much basis for their suspicions, on the matter of the future policy for the post-NEP era, it seems likely that the government was itself a bit uncertain of what policies it should pursue. Moreover, it had taken the precaution of giving no representation on the Council to its most persuasive and powerful Malay political opponents. As a result, the government found it extremely useful for 'moderate' politicians and 'reasonable' individuals concerned with public policy or with economic and social analysis to sit down in a forum to explore options and test the reactions of various political factions represented on the Council to a wide array of possible policy instruments and strategies. While the government could keep its future options open, as the NECC progressed in its work, it became obvious that the government would also benefit from and be highly influenced by the course of the debates and the recommendations that were being generated by such a process.

Although the sessions of the NECC remained closed, the cloak of secrecy meant that the public could not share in the discussions or consideration of alternative proposals. Even so, the pronouncements of top government spokesmen provided some information on the progress of the NECC and occasional indications of what way the political wind was blowing. By the end of May 1989, all five committees had completed their reports on the accomplishments and shortcomings of the NEP. From various sources, it became clear that the top priorities of the NECC were being given to issues of 'national unity' and to economic growth and productivity. Some were talking of more general statements of 'ethnic restructuring' goals rather than a new set of rigid formula of ethnic targets and quotas for various sectors of the economy and for education and social services. But the exact nature of these proposals and the content of the speeches in the NECC remained unreported in the press and only became the subject of the ubiquitous rumours when some speech generated dismay or anger among some members of the Council.

When Dr Mahathir returned to work after his medical convalescence abroad, the work of the NECC was already well underway. He, no

doubt, received a full report on its progress and may not have agreed entirely with some of the trends developing or the options being explored. In any event, in mid-May he made a major speech which gave the appearance of staking out a position on some of the main issues under consideration. Although the speech was directed at the general public, it could also be interpreted as instructions, or even as a warning, to the NECC not to deviate from what he viewed as fundamental considerations. In that speech, Dr Mahathir stated:

The Malays have not yet achieved a standard of development that will enable them to compete well with the other communities in the country, or with the rest of the world. . . . As long as the achievements of the Malays have not reached a level where their future is guaranteed, the Malays must ensure their future through their success in politics. . . .

But we have not achieved the full targets of the NEP. The position of the Malays has improved and made some people forget that they are no longer in a critical situation. This is because UMNO is still around to ensure that the Malays are protected. If UMNO is no longer around, and the party in power has only 40 Malay MPs and the rest are from other races, as visualised by the splinter group, then the Malays will no longer get any protection. When this happens, we will go back to the time when the British were in power and, in fact, worse than that.<sup>108</sup>

If one reads between the lines, Dr Mahathir was warning against any moves by the NECC to abandon specific quota targets for ethnic restructuring. At the same time, he was also painting a 'disaster scenario' for the Malays if they failed to give him and UMNO Baru an overwhelming mandate to protect the economic future of the Malays through the decisive exercise of political power. His unstated assumption was that any other Malay leaders, particularly from the 'dissident faction' of UMNO, would willingly, or through incompetence, mortgage the economic future of the Malays for short-term political gain.

As the NECC entered the last phase of its deliberations, it became increasingly apparent that whatever its recommendations, these would generate much political controversy. If the government decided to ignore the NECC recommendations to a substantial degree, it could do so only at considerable political cost and risk. Furthermore, the NECC Report and the policies that would emerge would very likely become the centre-piece of Malaysian politics for the next decade and perhaps much longer. It was also apparent that Dr Mahathir was determined to have a decisive say in the content of that centre-piece. Whether he also intended to remain in office to defend the new policies and oversee their implementation until the next century was more ambiguous and therefore the topic of endless political speculation.

1. *New Straits Times*, 6 February 1988, pp. 1-2.

2. *New Straits Times*, 9 February 1988, p. 2; 10 February 1988, p. 2.

3. *New Straits Times*, 16 February 1988, p. 1; *Far Eastern Economic Review*, 25 February 1988, pp. 12-13.

4. *Business Times*, 17 February 1988, p. 1; *New Straits Times*, 17 February 1988, pp. 1-2; *Far Eastern Economic Review*, 3 March 1988, pp. 14-15.
5. *Asian Wall Street Journal*, 19-20 February 1988, pp. 1 and 5.
6. *New Straits Times*, 12 March 1988, pp. 1-2.
7. *New Straits Times*, 17 March 1988, p. 1.
8. *New Straits Times*, 12 March 1988, p. 1; *New Sunday Times*, 13 March 1988, p. 2; *Far Eastern Economic Review*, 10 March 1988, p. 19. See also: Fan Yew Teng, *The UMNO Drama: Power Struggles in Malaysia* (Kuala Lumpur: Egret Publications, 1989), pp. 9-13.
9. *New Straits Times*, 4 April 1988, p. 1.
10. *New Straits Times*, 15 April 1988, pp. 1-2.
11. *New Straits Times*, 13 September 1988, p. 1.
12. *New Straits Times*, 29 October 1988, p. 2.
13. *New Sunday Times*, 30 October 1988, p. 3.
14. *New Straits Times*, 20 February 1988, p. 5; 10 August 1988, pp. 1-2.
15. *New Straits Times*, 17 September 1988, p. 2. For other court action by the Team B faction, see: *New Straits Times*, 28 February 1988, p. 3; 6 April 1988, p. 7; 7 April 1988, p. 1; 9 April 1988, p. 3; 28 April 1988, p. 5; 29 April 1988, p. 5; 5 May 1988, p. 5; 11 May 1988, p. 5; 5 August 1988, p. 7; 11 August 1988, p. 2.
16. *New Sunday Times*, 3 April 1988, p. 11; *New Straits Times*, 5 April 1988, p. 2.
17. *New Sunday Times*, 27 March 1988, p. 1.
18. *New Sunday Times*, 12 June 1988, p. 2.
19. The statement on the purpose of the monument was made by Information Minister Mohamad Rahmat. See: *New Straits Times*, 20 June 1988, p. 2. For accounts of the Semarak rallies in various states, see: *New Straits Times*, 7 March 1988, pp. 1-2; 11 April 1988, p. 1; 13 April 1988, p. 2; 26 April 1988, p. 4; 27 May 1988, p. 2; 8 June 1988, p. 3; *New Sunday Times*, 3 July 1988, p. 4; *New Straits Times*, 4 July 1988, pp. 1 and 2; 8 July 1988, p. 8; 9 July 1988, p. 2; 10 July 1988, p. 4; 22 August 1988, p. 2; *New Sunday Times*, 28 August 1988, p. 1; *New Straits Times*, 29 August 1988, p. 2; 30 August 1988, p. 2; 9 September 1988, p. 2; 5 October 1988, p. 5; 7 October 1988, p. 3; 12 October 1988, p. 3; 21 October 1988, p. 3.
20. *New Straits Times*, 9 August 1988, p. 1; *New Sunday Times*, 18 September 1988, p. 2; *New Straits Times*, 14 January 1989, p. 2; *Far Eastern Economic Review*, 15 December 1988, p. 18.
21. *New Straits Times*, 11 July 1988, p. 2. This decision was later challenged in the High Court, but the decision, and the action of newspapers using the term 'UMNO' to refer to UMNO Baru, was upheld by the High Court. See: *New Straits Times*, 1 November 1988, p. 4.
22. *New Straits Times*, 20 September 1988, pp. 1-2.
23. *New Straits Times*, 31 October 1988, pp. 1 and 3.
24. *New Straits Times*, 31 October 1988, pp. 1 and 3.
25. *New Straits Times*, 1 November 1988, p. 1; 7 November 1988, p. 3; 11 November 1988, p. 2.
26. *New Straits Times*, 6 December 1988, pp. 1 and 7; 7 December 1988, pp. 1 and 7.
27. *New Straits Times*, 19 December 1988, p. 4; 20 December 1988, p. 3; 23 December 1988, p. 4; 24 December 1988, p. 4; 27 December 1988, p. 2.
28. *New Straits Times*, 14 January 1988, pp. 1-2.
29. Tun Salleh Abas, *The Role of the Independent Judiciary* (Kuala Lumpur: Pro-marketing Publications, 1989, pp. 13-15).
30. *New Straits Times*, 5 February 1987, p. 5.
31. *New Sunday Times*, 23 August 1987, pp. 1 and 5; Tun Salleh Abas (ed.), *Law, Justice and the Judiciary: Transnational Trends* (Kuala Lumpur: Professional Law Books, 1988). For some of Dr Mahathir's reactions to the conference and his criticisms of the judiciary, see: *New Straits Times*, 8 September 1987, p. 1; 3 October 1987, p. 1.
32. *New Straits Times*, 1 January 1988, p. 8.
33. *New Straits Times*, 12 January 1988, p. 2.
34. Salleh Abas, *The Role of the Independent Judiciary*, pp. 14-16.
35. *New Straits Times*, 18 March 1988, pp. 1 and 4.

36. *New Straits Times*, 16 March 1988, p. 1; 19 March 1988, p. 4; 2 April 1988, p. 6.
37. *New Straits Times*, 13 January 1988, pp. 1-2. The speech of the Lord President is reproduced in Salleh Abas, *The Role of the Independent Judiciary*, pp. 142-9. The book of conference proceedings which was being launched by the Lord President was: Salleh Abas (ed.), *Law, Justice and the Judiciary: Transnational Trends*.
38. Salleh Abas, *The Role of the Independent Judiciary*, pp. 152-3.
39. *New Straits Times*, 8 April 1977, pp. 1 and 18.
40. Salleh Abas, *The Role of the Independent Judiciary*, pp. 16-18.
41. *New Straits Times*, 1 July 1988, p. 1; 22 June 1988, pp. 1-2; 30 June 1988, pp. 1-2. See also: Salleh Abas, *The Role of the Independent Judiciary*, pp. 18-19; Stephen Chee, 'Malaysia in 1988: A Fractured Polity', *Southeast Asian Affairs, 1989* (Singapore: Institute of Southeast Asian Studies, 1989), pp. 218-21.
42. *Far Eastern Economic Review*, 30 June 1988, p. 12; *New Straits Times*, 9 August 1988, pp. 1, 2, 3, and 4; *Straits Times*, 9 August 1988, p. 8.
43. *New Sunday Times*, 3 July 1988, pp. 1 and 7.
44. *New Straits Times*, 4 July 1988, p. 1.
45. *New Straits Times*, 8 July 1988, pp. 1-2; 9 July 1988, pp. 1 and 3; *New Sunday Times*, 10 July 1988, p. 1; *New Straits Times*, 10 July 1988, p. 1; 14 July 1988, pp. 1-2; 22 July 1988, pp. 1-2; *New Sunday Times*, 7 August 1988, pp. 1-2; *New Straits Times*, 11 August 1988, p. 2; 29 August 1988, p. 5.
46. *New Straits Times*, 10 August 1988, pp. 1-2.
47. *New Straits Times*, 15 August 1988, pp. 1-2; *New Sunday Times*, 28 August 1988, p. 4; *New Straits Times*, 30 August 1988, p. 3; 13 September 1988, p. 5; 15 September 1988, p. 2; 17 September 1988, p. 3; 20 September 1988, p. 3; 24 September 1988, p. 5; 7 October 1988, pp. 1-2 and 10-11. Salleh Abas, *The Role of the Independent Judiciary*, pp. 26-9.
48. *New Sunday Times*, 9 July 1988, p. 3; 21 August 1988, p. 3; *New Straits Times*, 30 August 1988, p. 3; 10 October 1988, p. 6; 11 October 1988, pp. 1 and 2; *Far Eastern Economic Review*, 21 July 1988, pp. 12-17; 28 July 1988, p. 14; *Aliran*, 8, 7 (July 1988), pp. 25-7.
49. *New Sunday Times*, 28 February 1988, p. 2; *New Straits Times*, 2 March 1988, p. 10; *New Sunday Times*, 6 March 1988, p. 1; *New Straits Times*, 7 March 1988, p. 1; 10 March 1988, p. 10; *Far Eastern Economic Review*, 17 March 1988, pp. 13-14.
50. Shahriar's brother was one of the many who were detained under ISA orders in October 1987. Hari Singh and Suresh Narayanan, 'Changing Dimensions in Malaysian Politics: The Johore Baru By-Election', *Asian Survey*, 29, 5 (May 1989), p. 525.
51. *New Straits Times*, 6 July 1988, pp. 1-2; 12 July 1988, p. 2; 13 July 1988, p. 3; 14 July 1988, p. 3; 18 July 1988, p. 3; 20 July 1988, p. 2; 28 July 1988, p. 3; 30 July 1988, p. 2; 3 August 1988, p. 4; 4 August 1988, p. 9; 5 August 1988, p. 5; 11 August 1988, pp. 1 and 2; 13 August 1988, p. 2; 15 August 1988, p. 5; 16 August 1988, p. 2; 17 August 1988, pp. 2 and 10; 18 August 1988, p. 2; 19 August 1988, pp. 2, 3, and 6; 20 August 1988, p. 2; 22 August 1988, p. 10; 23 August 1988, pp. 1-2; 25 August 1988, pp. 1-2; 26 August 1988, pp. 1-2; 27 August 1988, p. 2; *Straits Times*, 25 August 1988, pp. 12 and 26; *Far Eastern Economic Review*, 25 August 1988, p. 27; 8 September 1988, pp. 14-15; Fan Yew Teng, *The UMNO Drama*, pp. 15-19; Hari Singh and Suresh Narayanan, op. cit., pp. 514-29.
52. Hari Singh and Suresh Narayanan, op. cit., pp. 516-19; *New Straits Times*, 26 August 1988, p. 1.
53. *New Straits Times*, 4 October 1988, p. 2; 6 October 1988, p. 2; 7 October 1988, p. 1; 8 October 1988, p. 1; *New Sunday Times*, 9 October 1988, p. 2; *New Straits Times*, 14 October 1988, p. 2; 20 October 1988, pp. 1-2; 21 October 1988, pp. 1-2; *Straits Times*, 20 October 1988, p. 24; 27 October 1988, p. 26; *The Sunday Star*, 30 October 1988, p. 10; *Far Eastern Economic Review*, 3 November 1988, pp. 15-16.
54. *New Straits Times*, 11 October 1988, pp. 1 and 3.
55. *New Straits Times*, 14 January 1989, pp. 1-2.
56. *New Straits Times*, 30 January 1989, pp. 1-3.
57. *New Straits Times*, 28 October 1987, p. 2.

58. The first document on long-range strategy formulated by the 'Think Tank' consultants was: The Malaysian Chinese Association, *The Chinese Community Towards and Beyond 1990 in Multi-Racial Malaysia: A Political Seminar Organized by the Malaysian Chinese Association Headquarters*, Sunday, 28th June 1987. This earlier document was revised and re-issued as: Ling Liong Sik, Dato' Dr, et al., *The Future of the Malaysian Chinese* (Kuala Lumpur: Malaysian Chinese Association, 1988). On the whole issue of Chinese schools, see: Kua Kia Soong, *The Chinese Schools of Malaysia: A Protean Saga* (Kuala Lumpur: United Chinese School Committees Association of Malaysia, 1985).

59. *New Straits Times*, 1 August 1988, pp. 1-2.

60. *New Sunday Times*, 9 October 1988, p. 1.

61. See *supra*, pp. 211-14.

62. See, for example, the article on the MCA by Seah Chiang Nee, 'MCA Gropes to Find New Niche in Malaysian Politics', *Straits Times*, 13 October 1988, p. 24; *New Straits Times*, 19 December 1988, p. 14; M. G. G. Pillai, 'Decline of MCA', *Economist and Political Weekly*, 24, 22 (3 June 1989), p. 1218.

63. Government of Malaysia, Ministry of Finance, *Economic Report 1982/83* (Kuala Lumpur: National Printing Department, 1982), pp. iv and errata; *Economic Report, 1986/87*, p. vi; *Economic Report, 1988/89*, p. vi; *Far Eastern Economic Review*, 21 September 1989, p. 96.

64. *Far Eastern Economic Review*, 1 September 1988, p. 56. A slightly extended version of the same quote appeared in *Far Eastern Economic Review*, 7 July 1988, p. 97.

65. *Far Eastern Economic Review*, 14 January 1988, p. 66.

66. *Far Eastern Economic Review*, 24 March 1988, p. 118.

67. *Far Eastern Economic Review*, 14 January 1988, p. 66.

68. *Far Eastern Economic Review*, 30 April 1987, pp. 54-5; 14 January 1988, p. 66; 24 March 1988, p. 118; 7 July 1988, p. 97; 3 November 1988, pp. 90-2; 23 March 1989, pp. 77-8; 1 June 1989, pp. 49-50.

69. *International Herald Tribune*, 20-21 June 1987, pp. 8 and 11; *Far Eastern Economic Review*, 23 April 1987, p. 73; 14 January 1988, p. 66; 24 March 1988, p. 117; 7 July 1988, p. 97.

70. *Far Eastern Economic Review*, 7 July 1988, p. 97; 1 September 1988, p. 56.

71. *New Straits Times*, 9 July 1988, p. 5.

72. *New Straits Times*, 30 January 1988, p. 1; 12 March 1988, p. 15; 1 April 1988, p. 8; 6 August 1988, p. 11. Daim Zaimuddin announced in January 1988 that Proton exports to the United States would be about 30,000 units per year and exports to the United Kingdom would be about 5,000 units per year. He expected the exports to the US to begin towards the end of 1988.

73. *New Straits Times*, 27 September 1988, pp. 1-2; 28 September 1988, p. 1; *Straits Times*, 29 September 1988, p. 8; *Far Eastern Economic Review*, 6 October 1988, p. 20.

74. *New Sunday Times*, 9 October 1988, p. 2.

75. *New Straits Times*, 23 October 1987, p. 7.

76. *New Straits Times*, 8 June 1988, pp. 1-2.

77. *New Sunday Times*, 5 June 1988, p. 1; *New Straits Times*, 9 June 1988, p. 1; 14 June 1988, p. 2; 17 June 1988, p. 1.

78. *New Straits Times*, 10 June 1988, p. 8; 11 June 1988, p. 1; 14 June 1988, p. 2; 17 June 1988, p. 1; 18 June 1988, p. 1; 28 June 1988, p. 2; 4 July 1988, pp. 1-2.

79. *New Straits Times*, 27 August 1988, p. 1; 1 September 1988, pp. 1 and 3; 16 September 1988, p. 2; 23 September 1988, pp. 1-2; 24 September 1988, p. 1; *New Sunday Times*, 25 September 1988, p. 1; *New Straits Times*, 1 October 1988, pp. 1-2; 4 October 1988, p. 2; 6 October 1988, pp. 1 and 2; 11 October 1988, pp. 1-2; 13 October 1988, p. 1; 3 April 1989, p. 10; 15 April 1989, p. 1.

80. *New Straits Times*, 20 January 1989, p. 1.

81. *New Sunday Times*, 22 January 1989, p. 2; *New Straits Times*, 25 January 1989, pp. 1 and 2.

82. *Straits Times*, 25 January 1989, p. 1; *Sunday Times*, 29 January 1989, p. 13.

83. *New Straits Times*, 31 January 1989, p. 1; 1 February 1989, pp. 1 and 2.

84. *New Straits Times*, 1 February 1989, pp. 1-2; 3 February 1989, p. 3.



85. *New Straits Times*, 30 January 1989, p. 4.
86. *New Straits Times*, 4 April 1989, p. 1.
87. *New Straits Times*, 15 May 1989, p. 1.
88. Cited in: *New Straits Times*, 26 April 1989, p. eleven.
89. *New Straits Times*, 15 May 1989, p. 3; 16 May 1989, p. 1; 17 May 1989, p. 1.
90. *New Straits Times*, 20 April 1989, pp. 1-2.
91. *Straits Times*, 24 August 1988, p. 12; *Far Eastern Economic Review*, 13 April 1989, p. 30.
92. *New Straits Times*, 10 March 1988, p. 2; *New Sunday Times*, 13 March 1988, pp. 1-2; *New Straits Times*, 14 March 1988, pp. 1-2; *New Sunday Times*, 20 March 1988, p. 10.
93. *New Straits Times*, 9 December 1988, pp. 1 and 4; 12 December 1988, pp. 1-2; 13 December 1988, p. 2; 14 December 1988, pp. 1, 3, and 8; 15 December 1988, pp. 1-2; 16 December 1988, pp. 1 and 2; 17 December 1988, pp. 1-2; *New Sunday Times*, 18 December 1988, pp. 1 and 2; *New Straits Times*, 20 December 1988, p. 4; 23 December 1988, p. 2; 28 December 1988, p. 1; 30 December 1988, p. 1; 1 January 1989, p. 4; 3 January 1989, p. 4; 7 January 1989, p. 2; 16 January 1989, pp. 1 and 3; 17 January 1989, p. 1; *Straits Times*, 29 December 1988, p. 19; 4 January 1989, p. 23; 16 January 1989, p. 14; *Far Eastern Economic Review*, 29 December 1988, pp. 10-11; 13 April 1989, p. 30. For an account of the transfer issue from the perspective of the Razaleigh faction, see the letter written to: *Far Eastern Economic Review*, 4 May 1989, p. 4.
94. *New Straits Times*, 8 March 1988, p. 2; 9 March 1988, p. 5; *Far Eastern Economic Review*, 13 April 1989, p. 11.
95. *New Straits Times*, 1 April 1989, p. 2. See also: A. Ghani Ismail, 'Change Puts Pas Leadership at the Crossroads', *New Straits Times*, 5 April 1989, p. 10.
96. *New Straits Times*, 26 January 1989, p. 4. Almost a year earlier, there was some talk about Razaleigh forming a party to be called Pertubuhan Kebangsaan Melayu Bersatu Semenanjung (Nationalist Organization of Peninsular Malay Unity). So long as Semangat '46 retained the support of the dissidents in old UMNO, Razaleigh's plans for a new political movement were put on hold. When the time did become appropriate for Razaleigh to seek new political allies, a different name was proposed for the coalition so as to accommodate the PAS perspectives. See: *New Straits Times*, 15 March 1988, p. 1.
97. *New Straits Times*, 15 May 1989, pp. 1-2.
98. *New Straits Times*, 10 May 1989, p. 2; 18 May 1989, p. 2; *Far Eastern Economic Review*, 15 June 1989, p. 20; 6 July 1989, pp. 18-19; Ismail Kassim, 'Is Malaysia Heading for a Two-coalition System?', *Straits Times*, 12 July 1989, p. 26.
99. *Straits Times*, 10 July 1989, p. 12; *Far Eastern Economic Review*, 17 August 1989, p. 23.
100. Government of Malaysia, *Second Malaysia Plan, 1971-1975* (Kuala Lumpur: Government Printing Office, 1971), p. 1.
101. *Far Eastern Economic Review*, 1 September 1988, p. 54; *New Straits Times*, 20 December 1988, pp. 1 and 3; 22 December 1988, p. 2; 24 December 1988, p. 2; 29 December 1988, p. 2.
102. *New Straits Times*, 22 December 1988, p. 2; 29 December 1988, p. 2.
103. *New Straits Times*, 19 January 1989, p. 1; 20 January 1989, pp. 1-2, 4, and 10; *Far Eastern Economic Review*, 2 February 1989, p. 30; *Straits Times*, 19 January 1989, p. 40.
104. *New Straits Times*, 20 April 1989, pp. 1-2.
105. The text of Dr Mahathir's speech, read by Ghafar Baba, is reproduced in *New Straits Times*, 20 January 1989, p. 10.
106. *Far Eastern Economic Review*, 22 June 1989, p. 30.
107. *New Straits Times*, 16 February 1989, p. 3; *Straits Times*, 16 February 1989, p. 9.
108. *New Straits Times*, 12 May 1989, pp. 6-7.

## Taking Stock

THE Malaysian political system has evolved over the course of almost half a century, if one includes the formative period of the nationalist movement. Between periods of turmoil and struggle were periods of relative peace, but in both cases the cumulative effect was to stimulate new patterns of social, economic, and political change. The nationalist struggle, the attainment of Malayan independence, the Emergency period and the struggle against Communist guerrilla insurrection, the formation of Malaysia, the confrontation with Indonesia, the May 1969 racial riots with the subsequent formulation of the Rukunegara and the New Economic Policy were all contests that shaped political institutions and tested the mettle and innovative capacities of the country's leaders. The evolving political system reflected the changing economic and social patterns, but also became a determinative factor in meeting those challenges. Political leaders, by mobilizing public support and utilizing the political-administrative system, were gaining increasing capability to shape the direction and content of social, economic, and political change. While political leaders were responsive to their constituents, there was always an interactive relationship between leaders and followers, with both having varying degrees of freedom and limited options for political choice. The balance between the autonomy of leaders and the political initiative and demands of followers can and does shift over time; it depends on many factors, such as the style and character of leadership, the nature and capabilities of public institutions, the structure of conflict and the nature of the political culture which shapes the behaviour of both the public and its élites. In this chapter, an attempt will be made to explore some of the longer-term patterns of political change and evaluate the Malaysian political system against some performance criteria. Finally, some of the issues and problems for the future will be identified with some evaluation of possible prudential policy options.

In our overview, we will begin by exploring some of the basic societal and economic configurations which shape the environment within which the political system operates. Later, we will turn our attention to the political system itself so as to discern its essential characteristics, consider how it has changed over time, and evaluate its performance in the Malaysian setting.

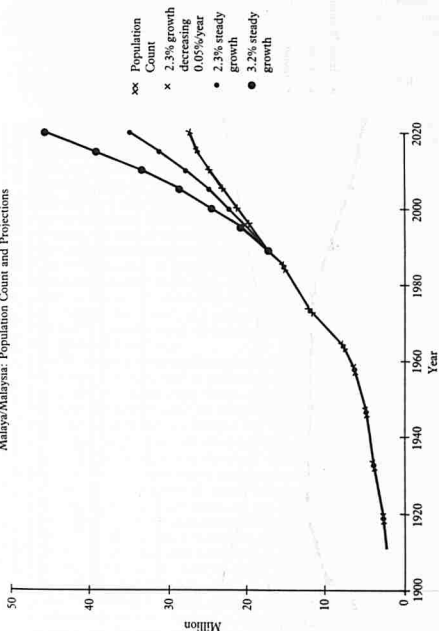
### Demography and Economic Changes

Since 1950 the Malaysian population has grown from about 5 million to 17.363 million in 1969.<sup>1</sup> While the states of Sabah and Sarawak joined Malaysia in 1963, their combined population was only about 1.3 million. Interpolating from the larger population base, we can determine that in 39 years Malaysia's population has grown by about 2.75 times. In 1970 the population growth rate was 2.9 per cent per annum, but this figure dropped to 2.2 per cent in the period between 1977 and 1984, suggesting that exaggerated growth rates might taper off in the future. On this assumption, the Population Reference Bureau in 1987 estimated that the Malaysian population will be 20.2 million by the year 2000.<sup>2</sup>

This population projection assumes a gradually declining population growth rate. Yet, in 1985 Dr Mahathir Mohamad called for a higher population growth rate when he announced that in order for Malaysia to become an industrial power, it should aim for a target population of 70 million by the year 2100.<sup>3</sup> To accomplish this objective, government policy has attempted to raise annual population growth from its 1977-84 average rate of 2.2 per cent to the level of 3.2 per cent per annum. If government policy were fully implemented, it would drastically lower the age distribution of the population. Assuming a long-term 6 per cent growth rate for the economy, a population growth of 3.2 per cent would mean that more than half of the nation's economic growth would be 'invested' in population increase rather than in raising the standard of living. With such a high population increase, the proportion of the population in the economically productive age of 15-64 years would fall to just over 50 per cent, while children in the 'high cost' years of 0-14 would increase to 45 per cent. The net effect would be to increase demands on public education, health, social services, housing, and child care facilities while decreasing the proportion of the earning population who would bear those costs through taxes and personal support of the coming generation. The longer-term effect of a broad-based population pyramid would be to make it much more difficult in the future to sustain high per capita growth rates. The population growth in the past and alternative patterns of future growth are depicted in Figure 9.1, with the highest line representing the 'target' set by Dr Mahathir.

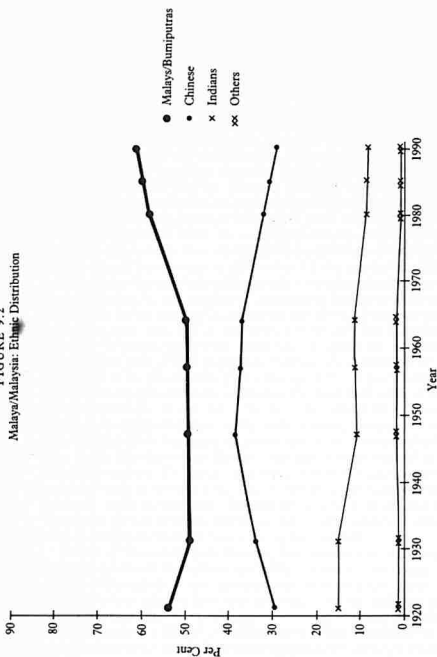
Because of Malaysia's ethnic diversity, both social and political institutions have reflected the cultural and ethnic divisions found within the society. Although the ethnic divisions may seem immutable, over the years the ethnic balances have been gradually changing. Different birth and death rates, the effects of migration, and the changing boundaries when Malaysia was formed and when Singapore was expelled from the union have all affected the ethnic balance. In addition, shifting definitions of ethnicity have reclassified smaller and more ambiguous communities to associate them for census and other purposes with the Malay/Bumiputra ethnic conglomerate. For Malaya, and later Malaysia, the shifting ethnic patterns of the past are depicted in Figure 9.2. Two projections into the future have been made by the Malaysian Chinese

FIGURE 9.1  
Malaya/Malaysia: Population Count and Projections



Sources: Federation of Malaya, *Federation of Malaya Official Yearbook 1962*, Vol. XI (Kuala Lumpur: Government Press, 1962), p. 40; Government of Malaysia, *Malaysia, Official Yearbook 1969*, Vol. IX (Kuala Lumpur: Government Press, 1971), pp. 24-6; Government of Malaysia, *Fifth Malaysia Plan, 1986-1990* (Kuala Lumpur: National Printing Department, 1986), p. 129.

FIGURE 9.2  
Malaya/Malaysia: Ethnic Distribution



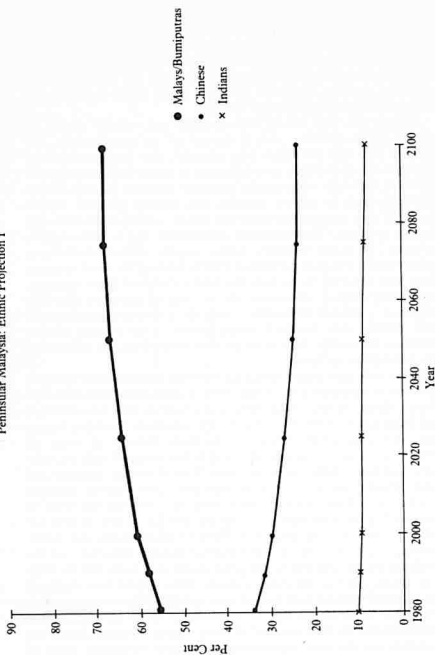
Sources: Federation of Malaya, *Federation of Malaya Official Yearbook 1962*, Vol. XI (Kuala Lumpur: Government Press, 1962), p. 40; Government of Malaysia, Department of Statistics, 'Malaysia Population Statistics, Estimated Population by Race and Sex as at 31st December 1964' (mimeographed) (Kuala Lumpur: Department of Statistics, 1965); calculations from Government of Malaysia, *Fifth Malaysia Plan, 1986-1990* (Kuala Lumpur: National Printing Department, 1986), p. 129.

Association, based on alternative sets of assumptions. Projection I assumes falling growth rates for both Malays and non-Malays, but also assumes that Malay growth will be substantially higher than non-Malay growth rates. Projection II assumes that Malay rates will rise in response to government efforts to raise fertility while non-Malay rates will continue without much variation from past trends. These ethnic projections are summarized in Figures 9.3 and 9.4. With either scenario, the Malay/Bumiputra proportion of the population has been and will continue to rise, thus asserting even more decisively in the future the pattern of Malay dominance in the political system.

Malaysia has been blessed with abundant and valuable natural resources. Some resources, such as tin and oil, are non-renewable, but because they have heretofore been plentiful, they have provided the wealth to sustain economic growth, helping to propel the country into the ranks of the more economically advanced countries of Asia. Other resources, such as rubber, palm-oil, and tropical products, depend primarily on a combination of physical setting, capital investments, and human resources. With industrial development and a more complex economy, the mix of resources—natural, capital, and human—becomes more complex and more interlinked. Finally, land and the forest resources have been abundant in the past, but land is finite and forest resources, particularly tropical hardwoods, take so long to regenerate that their depletion is virtually irreversible. Under the pressures of rapid population growth, both land and timber resources will become severely depleted. Eventually, many of the primary assets of the past will become the liabilities of the future.

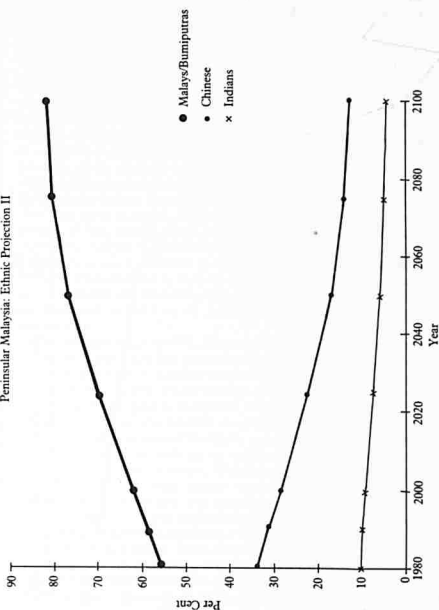
In the years since independence, the economic performance of Malaysia has been exceptionally high in comparison to most other Asian countries. Japan, Korea, Taiwan, Hong Kong, and Singapore have out-performed the Malaysian economy, but not always by very much. Per capita income has risen dramatically to improve the living standard of nearly all Malaysians, even though income disparity has remained high and may also have risen slightly over the years. With a buoyant economy and rising incomes, the government has been able to use economic surpluses to deal with major political crises, both by absorbing the costs of expanded government operations and the delivery of new benefits for deprived sectors of the population. Without an expanding and fundamentally sound economy, it is doubtful that Malaysia could have met the challenge of the Communist insurgency in the years from 1948 to 1960. For similar reasons, the New Economic Policy would have produced much more conflict if there had not been an expanding economic pie that could be distributed so that all communities might experience some improvements in their standard of living. While economic factors are certainly not the only explanations for political behaviour, much of politics revolves around the allocation of economic resources. A shrinking economy will inevitably undermine the political support of any government, while an expanding economy will make it possible to mollify even disgruntled elements in the population with some prospects of economic

FIGURE 9.3  
Peninsular Malaysia: Ethnic Projection I



Source: Malaysian Chinese Association, *The Chinese Community towards & beyond 1990 in Multi-racial Malaysia* (Kuala Lumpur: Ibu Pejabat MCA, 1987), p. 81.

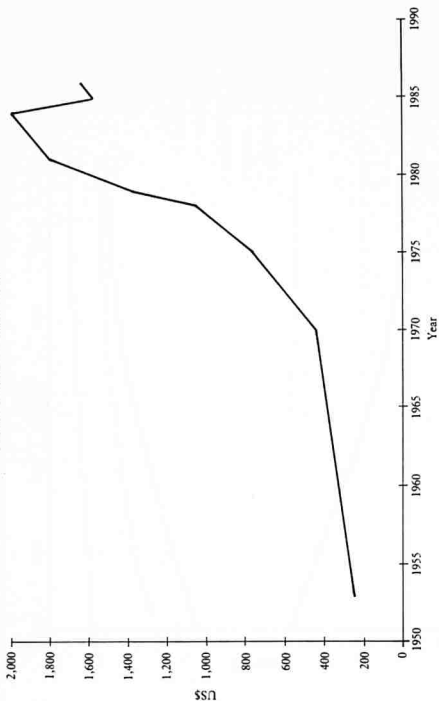
FIGURE 9.4  
Peninsular Malaysia: Ethnic Projection II



Source: Malaysian Chinese Association, *The Chinese Community towards & beyond 1990 in Multi-racial Malaysia* (Kuala Lumpur: Ibu Pejabat MCA, 1987), p. 81.



FIGURE 9.5  
Malaya/Malaysia: Per Capita Income



Sources: International Bank for Reconstruction and Development, *The Economic Development of Malaya* (Baltimore: The Johns Hopkins Press, 1955), p. 13; Far Eastern Economic Review, *Asia Yearbook*, various years to 1988.

betterment despite relative deprivation in comparison to others. Since independence, the Malaysian political system has been sustained by a vigorous and nearly continuous expanding economy, which performance has made it much easier for leaders to sustain public confidence and build a stable base of political support in spite of many severe problems and seemingly intractable domestic conflicts.

### Changes in the Party System

From the very first election in 1952, the party system has been organized to mobilize voters along ethnic lines. Even the parties that claimed to be 'non-communal' tended to acquire a predominantly communal base of support, even when some parties created a multi-ethnic leadership echelon in an effort to represent all ethnic communities and thereby defuse potential ethnic divisions within their own ranks. Nevertheless, the ethnic pattern of political mobilization was set by the mass parties and by the ethnically defined government policies which these parties pursued after they came to power. The salience of ethnicity in politics was a product of both existing public attitudes and the cumulative effects of government policies. Together these factors forced all parties to compete with the mass-based communal parties for public support and respond to the political issues raised by those in power, especially regarding matters of ethnic benefits and inter-ethnic relations. Over time, an ethnic political coloration was imposed on all parties regardless of their ideological predilections.

After the first election in 1952, the basic pattern of political mobilization became established and has persisted without fundamental change ever since. The government's majority support has been based on the Alliance pattern of ethnic parties united through inter-élite negotiation and the distribution of patronage to the leaders and supporters of parties within the ruling coalition. The benefits of coalition membership have been contingent upon acceptance of the largely unwritten rules of intra-coalition transactions and behavioural norms restricting public criticism of the ultimate decisions and allocations. With this pattern, leaders of constituent parties can make ethnic appeals to mobilize political support, but the ultimate policy outcome has normally been muted through inter-ethnic bargaining and élite accommodation processes. This process of intra-coalition politics has produced a cycle of abrasive ethnic political rhetoric and brinkmanship. This has usually been followed by the Prime Minister issuing crisis warnings, then subsequent efforts to defuse ethnic tensions, often combined with a public campaign to generate public support for some compromise package of interlinked policies deemed to be the product of inter-ethnic bargaining processes.

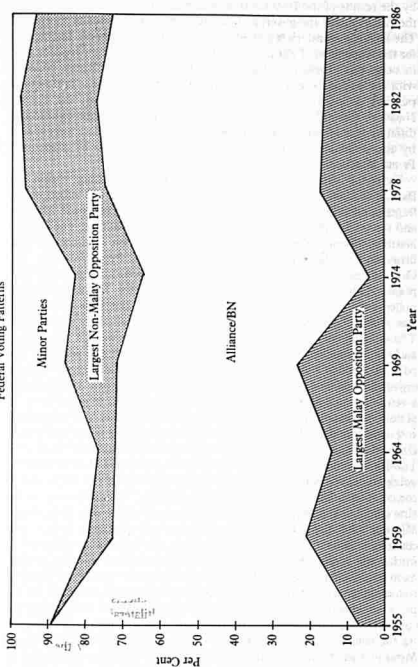
Although the Alliance system appeared to be particularly fragile when it was formed, it has proven to be remarkably persistent and a stable base of public support over the period of four decades despite the recurring cycles of political conflict and crisis. By dominating the relatively moderate centre position along the ethnic spectrum, the Alliance has

forced opposition parties to the more communally extreme peripheries. As a consequence, the opposition has become severely split between those campaigning to reduce or eliminate Malay/Bumiputra privileges and benefits, and those who support even more extensive and exclusive policies favouring some combination of Malay, Bumiputra, and Islamic definition of ethnic rights, advantages, and privileges. The relative stability of the party system and the alignment of the opposition parties at opposite ends of the ethnic spectrum are graphically depicted in Figure 9.6.

Because the Alliance/Barisan Nasional system has depended on a coalition of ethnically based parties, its internal governing and bargaining process became crucial to the whole political system. The leader of the coalition, who also automatically became Prime Minister, not only headed UMNO but also controlled and defined the process of inter-élite bargaining within the multi-party coalition. As a consequence, the roles of party leader, coalition leader, and Prime Minister were always performed simultaneously by one person who had the problem of balancing multiple, often contradictory roles. Each Prime Minister developed his own style of leadership, which required forceful leadership of his own party while also preserving his capacity to act as arbiter between the rival claims of ethnically mobilized coalition partners. Any leader had to give first priority to his leadership of the Malay community so as to retain support from the UMNO party machine and the rank and file of Malay voters. At the same time, the leader had to sustain an image of being a fair and conciliatory national leader who could listen to diverse political views and resolve often intense political differences that were being articulated, sometimes with militant tactics, by second-level ethnic élites within the government's coalition. Without inter-ethnic accommodation and bonds of élite empathy across ethnic boundaries, the minimum of consensus necessary to sustain both public and parliamentary support could rapidly erode, placing the government in jeopardy and thereby creating an extremely volatile political crisis. Each Prime Minister developed his own techniques and leadership style to resolve these seemingly contradictory roles and objectives.

Tunku Abdul Rahman, while he was Prime Minister, used the institution of the Cabinet and the Alliance National Council to facilitate candid political exchanges and fairly free multilateral discussion of policy alternatives. If consensus within the government coalition was not readily forthcoming, contentious issues were often delayed so that further efforts could be made to explore accommodative alternatives that would be acceptable to all parties within the Alliance coalition. As Prime Minister and leader of the Alliance, Tunku Abdul Rahman preferred to act as a court of final appeal, rather than an active partisan advocate of an ethnically mobilized Malay-UMNO constituency. Towards the end of his period of national leadership, when ethnic mobilization intensified, Tunku Abdul Rahman's public image of ethnic toleration and his defence of ethnically accommodative policies caused him to lose Malay support even within his own party. His loss of Malay support in turn emboldened

FIGURE 9.6  
Federal Voting Patterns



Sources: Gordon P. Means, *Malaysian Politics*, 2nd ed. (London: Hodder & Stoughton, 1976), pp. 232, 235, 338, and 396; and Tables 1.1, 2.1, 3.1, 4.1, and 6.4 in this volume.

a younger, more communally militant faction within UMNO to seek his enforced retirement. The May Thirteenth Crisis of 1969 was precipitated by the results of the 1969 election, which generated such tensions within the Alliance that the government's coalition became virtually moribund. The ensuing ethnic riots provided the government with the justification for the suspension of Parliament and the proclamation of emergency rule; in turn, this provided the new Prime Minister, Abdul Razak Hussein, with the added powers and the time to reconstruct a new multi-ethnic political coalition. In contrast with the Alliance system, the Barisan Nasional operated with a different set of principles and with significantly different processes of inter-ethnic political transactions. These were shaped by altered leadership roles and political styles generated by subsequent Prime Ministers.

Following the 1969 crisis, multilateral élite bargaining within the Barisan Nasional was virtually abandoned. In its place was substituted a fragmented series of bilateral negotiations between the Prime Minister and the leaders of constituent parties in the ruling coalition. The Barisan Nasional Council was transformed into an institution of ritualized confirmation for political agreements worked out by the Prime Minister. The Cabinet became much more restrained in its discussions of policy proposals. Cabinet meetings became the occasion for Prime Ministerial policy pronouncements and political exhortation, but little opportunity was provided for dissenting views or consideration of policy alternatives. The Cabinet was the place to raise issues of administrative jurisdiction and inter-agency co-ordination but not to debate the major priorities and policies initiated by the Prime Minister. When public protests became organized against some policy initiatives, the Cabinet then could become a venue for making partial adjustments and corrections to policy so as to placate protesters. But, élite bargaining in the Cabinet was minimized and no longer preceded the formulation of fundamental policy objectives. One MCA leader expressed the changes in the consultative style after Tun Razak became Prime Minister. 'It was a question of their [UMNO's] doing something and getting away with it. The role of the MCA was to correct a situation, rather than initiate something.'<sup>4</sup> None the less, inter-élite bargaining continued, but it became focused on the role of the Prime Minister who dispensed favours, patronage, and occasional policy concessions in a web of bilateral arrangements and agreements designed to further the policy agenda of the Prime Minister and to hold the government's coalition together. Because of the dyadic nature of political transactions, each participant could be aware of benefits and costs for his party or constituency, but there was no multilateral mechanism for collective élite bargaining or a collegial supervision of the overall process. As the sole linchpin in the process of élite bargaining, only the Prime Minister had the range of information enabling a relative assessment of the overall policy implications of the entire process.

As the task of building political support became more complex and difficult, Prime Ministers demanded ever more prerogative powers and large increases in discretionary distributive resources to reward their

supporters and to punish or withhold benefits from their political foes and detractors. The logic of the new dyadic structure of elite bargaining would lead to enhanced executive prerogatives and to an exponential growth in dispensable patronage.

Malaysian parties have not been noted for their internal party democracy. In part, this has been because party leaders needed constituent support while also retaining freedom of action for intra-party manoeuvres and political bargaining. All parties operate with some formal structure of party members who elect delegates who meet, usually annually, at a general assembly to vote on resolutions and confirm or elect a slate of party leaders. Because of the powers given to party leaders to dispense patronage, to admit or expel party members, and to administer party discipline, incumbent leaders are seldom directly challenged by newer aspiring candidates within a party. Factional divisions, when they have occurred within established parties, usually result in the wholesale defection of the dissident faction to another party, rather than the displacement through party elections of incumbent party leaders. Occasionally, two or more parties have become symbiotically linked in competition over the same constituency and through the periodic exchanges of dissident factional leaders who quit or are expelled from one party only to find new political life in the 'rival' party. This has been true of the relationship between the MCA and Gerakan as well as between a number of the Muslim and indigenous native parties in Sarawak and Sabah. Within the BN coalition, factional divisions within member parties have frequently arisen because of allegations that party leaders have been ineffective in protecting the interests of the party and its constituents in the processes of intra-BN negotiations. The tension between the aspirations of party constituents and the capacity of party leaders to effect desired political outcomes has meant that party leaders often pursue the tactic of restricting the scope of party debates and attempt instead to mollify potential criticism through the generous distribution of patronage. Across the political spectrum, most incumbent party leaders issue persistent and monotonous calls for 'party unity', asking their constituents to give them a 'blank cheque' mandate on the argument that this tactic will maximize their political bargaining power in Malaysia's multi-ethnic and multi-party system. For party leaders, open popular democratic participation in the formulation of policy options merely dissipates political power and imperils the capacity to strike favourable agreements and secure a proportionate share of available patronage. Within most political parties, the formal trappings of democracy are preserved while leaders operate with extraordinary powers and an ethos of benevolent authoritarianism.

For several years, UMNO proved to be an exception to the more usual pattern of closed politics and highly structured authority from centralized leadership. Perhaps because UMNO has been the dominant party in the BN, and because it has always had strong grass-roots organization at the state level, this party developed a fairly high degree of local autonomy. Its members assumed that national UMNO leaders were ultimately

answerable and accountable to the rank-and-file membership of the party. National leaders may not have approved of factional divisions within the party, but this was generally accepted within the party as evidence of the party's broad base and state-centred organizational structure. The ancillary organizations, UMNO Youth and Wanita UMNO, both became active as pressure groups, taking independent stands from the party and from national leaders on certain issues of special concern. On communal issues, UMNO Youth periodically staged demonstrations to pressure the government, usually asserting a hard line against any compromises to BN partners that might concede too much to non-Malays or diminish Malay rights or special advantages. Over time, a tradition of political autonomy and independence became well established, not only within UMNO Youth, but within the party as a whole. This spirit of open criticism and political autonomy was exercised despite the party's heavy dependence on the distribution of patronage and other valued benefits from higher UMNO leaders who held the most important government offices at both the national and state levels.<sup>5</sup>

After the factional split in UMNO during 1987 and its legal demise the following year, the reconstituted UMNO Baru acquired a constitution which left no doubt that open democratic politics would no longer be tolerated. Instead, emphasis was placed upon leadership from the top and 'party unity', ostensibly to maximize the political power of the Malays, who, by implication, could be protected only by strong leaders supported by an unfractional and uncritical but highly politicized constituency. The pattern of benevolent authoritarianism and élite-dominated politics was followed by all major parties in the Malaysian political system. These authoritarian leadership patterns derived in part from the logic of ethnic political mobilization and the processes of inter-élite bargaining, especially the prevailing style operating within the BN.

### Public Attitudes and Political Culture

Just as the political party system became mobilized along ethnic lines, so also has the political culture of the country developed within separate ethnic compartments. That the Malays and the non-Malays would have different attitudes, beliefs, and behavioural patterns by itself poses no irresolvable problem, so long as the separate communities can also develop a minimum common consensus on the legitimate institutions, processes, and principles for the nation's governance. Attitudes concerning political power, political competition, the rights of citizens and minorities, and the capacity to empathize across ethnic boundaries become much more important than the shifting tides of support for individual leaders or the immediate policy issues which generate surges of political passion and fear. In evaluating the operation of a political system, some attention must be given to those core beliefs and attitudes which affect political transactions and sustain the institutions and political life of the country.

In recent years, Malaysia's leaders have become preoccupied with

shaping and manipulating public attitudes and beliefs. As a consequence, there appears to be a nascent fear among some power-holders of what independent research on this topic might reveal. The most important dimensions of Malaysian public opinion have not been explored in detail with systematic national samples, partly because of the difficulty in obtaining the required approval from the Social and Economic Research Unit (SERU) in the Prime Minister's Department. Aggregate data on longitudinal changes in public attitudes, beliefs, and behaviour remain even further removed into an indefinite future. Without reliable empirical data and systemic research on political culture, the analyst must rely on intuitive speculation supported by fragmentary evidence from several highly selective studies and by propositional inferences derived from observed patterns of political behaviour.

In his book *Asian Power and Politics*, Lucian W. Pye characterizes Malaysian politics as a 'confrontation of two incompatible cultures'. Not only do the Malay and the Chinese have different systems of values and behavioural norms, but the assumptions about power and politics are derived from different sources: the Chinese from Confucian patterns and assumptions, the Malay from Islamic sources and traditional Malay ideas of power and authority based on status, hierarchy, and ritual patterns of deference. The Chinese relieves anxieties created by political conflict by passing on rumours and seeking sympathy from bystanders, while the Malay becomes silent and withdrawn on the assumption that 'talking about trouble makes matters worse'. Pye observes that the Chinese feel superior and cannot accept that a Chinese leader should submit to the authority of a non-Chinese 'foreigner'. As a consequence, any Chinese acting in a political leadership role is viewed by his constituents as an imposter. This has made it difficult for the Chinese to function in the political system as a minority, and it has meant that they have been unable to solve political problems of consensus and effective minority leadership. When agreements are made with Malay leaders, the Chinese public dismiss their leaders as impotent, selfish, and very likely corrupt.<sup>6</sup>

According to Pye, Malays expect their leaders to achieve a blend of impartial detachment and self-centred arrogance. These traits are considered to be congruent with their instinctive understandings of social hierarchy and rank. While leaders act as protecting patrons for their client followers, leaders are often uncertain and ambiguous about how power should be used. This may be because Malays combine, in an incongruent mix, traditional ideas of deferential accommodation, the uncompromising and fatalistic ideals of Islam, and British legal norms and aristocratic values. The confusions about power became more ambiguous when, in the colonial era, traditional rulers were reinstitutionalized with an emphasis on status and hierarchy but without substantive powers. While the Malays exhibit highly deferential political behaviour to support a society structured on status and hierarchy, they also accept harsh discipline and arbitrary rule from their superiors.<sup>7</sup> Summarizing the modal traits of Malay political culture, Pye observes the following patterns:



The Malay ideal of authority calls for sternness, dignity, and paternalistic concern; but it is also understood that those in authority can easily become angered and do irrational things. Hence it is imperative not to provoke authority but to stay out of its way as much as possible. Rather than expecting that correct conduct will be rewarded, as in Chinese culture, Malays tend to believe that it is prudent to avoid conspicuous actions by relying on ritualized routines. The result is a low level of trust even among high officials. . . .

Continuing his analysis, Pye observes that the Malay concept of power gives little attention to cause and effect and rational calculations but rather, assumes that power is governed by supernatural forces and its exercise is therefore full of surprises. The invisible and unpredictable basis of power, he argues, makes leaders indulge in grandiose and boastful rhetoric which leaves their 'audience uneasy about whether they should laugh or be awed'. He concludes:

Indeed, the basic dilemma inherent in the Malay attitude toward power is that power has always been seen as on the borderline between comical pretentiousness and reverential deference. The uncertainty that surrounded traditional concepts of power, which were associated with the supernatural, could be compounded by the uncertainty regarding role relations in a 'loosely structured' society. A 'nobody' could suddenly be discovered to have astonishing abilities and, as if by magic, could be instantly transformed into an awesome figure. But it was also likely that the posturing wise man would have no answers and that disaster would befall those who listened to him.<sup>8</sup>

While the observations of Lucian Pye do reflect some important dimensions of Malaysian political culture, his analytical inferences are based on dated sources and proceed on the assumption that many traditional beliefs and attitudes persist to the present without significant alteration. His interpretations must be treated as heuristic and propositional until more sophisticated research accumulates reliable aggregate data on Malaysian political opinion and behaviour.

From a cursory observation of Malaysian political life, it does appear that Malaysia's 'two political cultures' are making some adjustments to each other. Over time, there appear to be some areas of consensus and common understanding about politics, especially at elite levels. There has been a greater appreciation of the importance of political bargaining, and a concern for mechanisms to facilitate intercommunal understanding. The years of experience with electoral politics have given the public a greater appreciation of the reality and the limits of political power. Although a common civic culture has not emerged, there appears to be some minimum consensus on the basic ingredients for a stable and effective government in Malaysia's multi-ethnic setting. Basic social trust does appear to be rather low, and there is little empathy extended beyond communal boundaries. There is also little evidence to suggest that either elites or the general public have much appreciation for the role of and benefits from open competition in a democratic political system. Instead, large segments of the public and many leaders seem to assume that the answers to nearly all political and social problems ultimately rest with

the Prime Minister armed with extraordinary powers at the apex of the political system. There appears to be a common popular assumption that order and social harmony ultimately depend on unconditional deference given by citizens to a political hierarchy capped by a powerful, benevolent, and usually awesome leader.<sup>9</sup>

Today the traditional hierarchical character of Malay society is being extended to other communities as well. Through the heavy use of patronage, those political parties associated with the government have acquired the proximate structure of hierarchical patron-client networks. In addition, the elaborate structure of Malay titled ranking has been extended to the non-Malay communities through the system of royal titles and honours. Each Malay Ruler and each Governor of a non-Malay state awards hundreds of life peerages, titles, and honours to 'meritorious' citizens at royal or official birthday celebrations. With more royal families and titled aristocracy than any other country in the world, the number of people receiving such awards each year runs into the thousands. At times it becomes extremely difficult to keep track of the appropriate titular honorific to be attached to the name of those active in public life. At any public gathering, elaborate rituals of deference confirm the rank and hierarchical standing of participating public figures. Occasional public rhetoric about equalitarian ideals is belied by the exaggerated rituals of deference and status that are a part of nearly all public events and ceremonies.

### Political Socialization

In the first decades after independence, the government proceeded on the assumption that the basic beliefs and attitudes of the Malaysian public were fairly well established by the primary socialization Malaysians received within their family and within each ethnic community. The early programmes of political indoctrination were mainly directed against the Communist threat, which the government was careful not to define as a communal conflict but rather as an ideological contest being inspired and supported from abroad. The Malaysian school system may have imparted some common values and beliefs about Malaysian political and social institutions, but ideological and behavioural indoctrination was not considered to be a responsibility of the schools or any other agency of government.

Prior to 1969, Malaysian leaders responded to shifts in public opinion from the detached perspective of the benevolent patron. For them, public opinion was important, but far more important were the understandings and agreements that could be made among the country's élites representing all major communities. Tunku Abdul Rahman seemed to follow the strategy of listening closely to divergent views but acting slowly, based on the assumption that time and talk could settle most vexatious problems. Little effort was made by leaders to form or reshape public attitudes and beliefs, in part because these were assumed to be in fixed political alignments which did not change basic political calculations of national leaders.

Following the 1969 riots, the reshaping of public opinion and political culture became a major objective of government policy. The first such campaign involved the National Ideology or Rukunegara, formulated to gain public acceptance for the basic political agreements worked out by the first generation of Alliance élites. The Rukunegara was vigorously propagated as embodying the country's original 'Social Compact', which was considered to be the minimum consensus necessary to sustain social order and provide a stable government for the benefit of all.

By the time that Dr Mahathir became Prime Minister, assumptions had changed: public attitudes, beliefs, and behaviour could and should be reshaped by co-ordinated public campaigns and by exhortation and example from national leaders. For Dr Mahathir, the first target for transformation was the Malay community, who were to be prepared for the modern world by a fundamental psychic and attitudinal transformation.<sup>10</sup> Yet, the other communities were to be transformed as well so as to accept their supportive and compliant roles envisaged for the 'modern industrial Malaysia' that was to emerge from a consistent pursuit of the New Economic Policy and other long-range social policy objectives.

During the 1970s the government initiated many public media campaigns to shape public opinion. Prime emphasis was given to generating political support for the government and building consensus for its policies. Later campaigns emphasized changing behavioural motivations and attitudes and providing 'moral instruction' about certain 'basic values' which, if adhered to, were assumed to reduce the incidence of social conflict. After Dr Mahathir became Prime Minister, there were few important aspects of public opinion, behaviour, and belief that were not the target of one or another of public media campaigns. The hortatory political style perfected by Dr Mahathir reflected his earlier views that a national political leader should play a major role in generating a new political culture. It is significant to note that these recurring campaigns to shape public opinion stressed consensus on key public policy issues, but gave no attention to building legitimacy for well-defined collective processes of political consultation or for constitutionally established institutional structures that could be utilized for resolving fundamental conflicts.

The Malaysian public was told that power needed to be accumulated in the hands of their benevolent leaders so that the country could enjoy peace and prosperity. Both Malaysian leaders and the public were oblivious to the research findings of Harold Lasswell, who discovered that a high proportion of political aspirants who enter politics have basic insecurities and personality flaws that make them compensate by seeking public recognition, and that they are propelled by private motives that are displaced on to their public roles and offices and are then rationalized as being in the public interest.<sup>11</sup> The notion that Malaysian political élites exhibit a complex mix of motives, ambition, self-seeking greed, arrogance, charity, hypocrisy, deception, jealousy, self-sacrifice, pride, humility, humour, honour, and vindictiveness, in an ever-changing mix, was certainly ignored in those persistent reports about the country's top

leaders which were being projected through the media and through staged public events designed for the edification and political instruction of the Malaysian public. Perhaps the Malaysian public should have expressed relief and national pride that its leaders were exempt from the behavioural motivations that drive Political Man in other societies. Or, perhaps Malaysians were mesmerized by their traditional awe of leaders into tacitly accepting the self-serving argument of their leaders that substantive constitutional limitations and institutional restraints on power were unnecessary impediments to effective rule, rather than an essential ingredient of good government needed to channel the private motivations of political office-holders to effective and accountable public purposes.

### **Institutional Development and Change**

#### ***Parliament***

At independence, the institution of Parliament was transplanted from the British tradition to Malaysia without the cultural and social infrastructure to support it. What is amazing is that it has survived with as much vigour as it has. The first generation of Malaysian élites were committed to make it work, at least in outward ritual forms, and the next generation has continued to rely on Parliament as a means to display their electoral support and to provide the rituals of legitimacy for the government. The survival of Parliament has occurred despite some vocal Malaysian critics who proposed to abandon the parliamentary system in the wake of the 1969 riots. Although Parliament was suspended during a period of emergency rule following those riots, the reconstitution of Parliament became accepted as a primary condition for the return to normal civil government.

While Parliament does not operate very effectively as a forum for public accountability or for the review of public policy, it does provide a limited venue for the ventilation of criticism. The amount of time devoted to questions and to criticism from the opposition has been severely curtailed, and the Standing Orders of Parliament prohibit treasonable or seditious words or 'words which are likely to promote feeling of ill-will or hostility between different communities'.<sup>12</sup> The interpretation of these limitations is left to the Speaker of the House, who is appointed by the government and is usually solicitous of its purposes and political objectives. Parliamentary debate has usually been sharp and sometimes acerbic, but it has seldom made any discernible impact on government policy or performance. With all public media either government owned or licensed, the opposition receives only slight and unsympathetic coverage in public reporting. Prior notice of bills and government business seldom exceeds two days, and the opposition often receive copies of bills just as debate is about to begin, so that there is no time for the opposition to study legislation and prepare informed analysis and criticism. Furthermore, Members of Parliament have neither the time nor the staff to consult the public or give detailed study to legislative

proposals. Those on the government side of the Dewan Rakyat have the advantage of prior knowledge of what is pending and the assistance of the bureaucracy, especially if they also hold ministerial office. Members of the government heap scorn and derision on the opposition for being uninformed and 'irresponsible', but they have not responded to pleas from the opposition benches for more time to study bills before they are hurriedly passed through all stages of parliamentary approval. The argument that opposition Members of Parliament need staff assistance to improve the quality and content of their criticisms and suggestions has not been accepted by the government, which has acted in a largely unilateral fashion to allocate both time and resources to the legislative functions of Parliament. Many Members of Parliament supporting the government seem to assume that as long as the government's agenda is not impeded, the opposition should be given some limited time to criticize, provided that the public takes little heed of such debates.

The parliamentary committee system is not an important link in policy review. Bills are often introduced and passed in a single day, with only *pro forma* consideration by the Committee of the Whole, or by a hastily assembled parliamentary committee under the complete control of the government. Parliamentary committees, when they are used, never hold open public hearings on public legislation; no committee develops the specialized expertise that would enable it to challenge the expertise of the bureaucracy or exercise independent investigative functions to make the public services directly accountable to Parliament.<sup>13</sup> Furthermore, in contrast to most Western parliamentary democracies, independent Parliamentary Commissions have rarely been utilized to evaluate difficult policy options, or to solicit views and information from independent experts and various functional and public interest groups.<sup>14</sup> There are no mechanisms of direct access to the legislative process for the members of the general public and for organizations that represent the sectoral components of Malaysian society. The idea of Parliament launching an independent investigative operation to explore some problem area of public policy has not been incorporated into the ethos and practices of the Malaysian Parliament.

Except for one short period in 1969, the government has always commanded a two-thirds majority in Parliament. The one exception following the 1969 election was rapidly corrected by the co-optation into the government of the Sarawak United People's Party to assure its two-thirds majority. Except for 'entrenched' sections of the Constitution relating to Malay special rights and the Rukunegara amendments passed in 1971, Parliament has the unimpeded power to amend the Constitution by a two-thirds majority. With this majority always available and well disciplined under the party whip, the government has been free and easy in amending the Constitution whenever it suits its immediate purposes. Constitutional amendments have been passed on the average of once a year up to 1987,<sup>15</sup> with the pace rapidly escalating after that date. When a dispute arose with Singapore, a constitutional amendment was passed by Parliament in the period of three hours, expelling Singapore

from the Federation.<sup>16</sup> When the High Court ruled that the government acted unconstitutionally in a dispute involving the Sarawak Chief Minister, Parliament was promptly convened in emergency session to pass constitutional amendments to depose the Chief Minister and impose federal emergency rule on the state.<sup>17</sup> In both cases, Members of Parliament were informed only immediately preceding the debate and passage of the amendments. When the courts ruled against the government during 1987 and 1988 in matters relating to the disputed election in UMNO and in regard to individual challenges against orders made under the Internal Security Act, the government not only passed a series of constitutional amendments to restrict the powers of the courts, but it also initiated successful impeachment proceedings against the Lord President and two other members of the Supreme Court.<sup>18</sup> While some constitutional amendments were made for technical reasons and with the acquiescence of the opposition, over the years an increasing number were passed to assert the unimpeded power of the government. Successive governments gave utmost importance to being able to change the Constitution at will to suit their immediate purposes, many of which were transparently partisan. Increasingly, the constitutional amendments which were passed at the behest of the incumbent Prime Minister had the obvious effects of aggrandizing the powers of the Prime Minister, of subduing the opposition, some of whom were in his own party, and of prohibiting individuals from applying to the courts to seek redress from the extraordinary prerogative powers exercised by the Prime Minister. Constitutionalism, it seems, depended merely on the existence of a written constitution and not so much on its content or on extended processes of consultation and consent necessary for its amendment or upon an institutional infrastructure to sustain it against the whims and manipulations of the government of the day. The idea of concurrent majorities and open public debate over the merits of proposed constitutional changes was not part of the political tradition of Malaysia.

In the Malaysian system, the prime role of Parliament has been to provide the ceremony and ritual that symbolize the base of popular public support which the government has been able to muster at the previous election. Parliament remains important for demonstrating the government's commitment to public participation in elections and to the visible display of electoral support. Parliament has not been considered by any prominent Malaysian leaders to require substantive reforms that would enhance its legislative and public accountability roles, thereby generating increased political vitality within its proceedings. An expanded role of Malaysia's Parliament, if it were to come, would not be the product of government initiative, but more likely would arise from a more politically informed public concerned about the directions of public policy and the conduct of public officials. Malaysia's political ethos on this dimension appears to have changed little since Malaysia first gained its independence. If anything, the second generation of incumbent élites exhibit more implicit scorn for a revitalized Parliament than the first generation.

### ***Elections***

Despite severe crises, a guerrilla war, and ethnic conflict, Malaysia has sustained the practice of free periodic elections. Although the 1969 election was suspended before it was completed, it was eventually allowed to continue, and the period of emergency rule did not upset the pattern of regular elections. Even so, the electoral system has been systematically distorted by partisan gerrymandering of electoral constituencies designed to minimize the electoral representation of non-Malays and to enhance the political fortunes of the Alliance/BN coalition. Combined with the British pattern of single-member constituencies, the electoral system gives a tremendous electoral leverage to the plurality in each constituency. This results in an exaggerated advantage for the Malay community. Even so, because of ethnic geographical dispersion, the electoral system has rewarded inter-ethnic coalitions, which has aided the Alliance/BN coalition but also induced opposition parties to compete by forming their own inter-ethnic political linkages. The election system, despite its distortion of ethnic political representation, has muted ethnic extremism by rewarding pluralities based on multi-ethnic support.<sup>19</sup> Furthermore, elections have become accepted as the foundation for the Malaysian political system, and as such they have been the prime instrument for preserving and sustaining the democratic component in that system.

### ***Federalism***

The federal system began with traditions of state autonomy but also with the substantive distribution of power preponderantly in favour of the Federal Government. An inadequate constitutionally protected state tax base makes the states heavily dependent on federal grants and budget allocations. Federal powers to suspend state constitutions and impose emergency rule, and the power to amend the Constitution without the participation or consent of the states, means that the Federal Government can impose its will on any state if it chooses to do so and is willing to pay the political costs involved when federal authorities invoke extraordinary powers. With a fairly centralized national party system extending to all states and the extensive use of federal patronage at the state level, the power and the influence of federal authorities have become even more pervasive.

Despite these trends towards centralization and the enhancement of federal power, the states have retained substantial powers and remained vigorous and autonomous components of the political system. Their autonomy has been preserved in part by the substantial political influence and substantive powers vested in the separate Malay Rulers, as well as by the vitality of the grass-roots organization of certain parties able to dominate or play a significant role at the state level. The topics of Land, Agriculture, Malay Religion, and Local Government remain as primary issues for state action and administration, despite federal encroachment

on all these subjects through pre-emptive federal legislation. Because of the rising value and importance of land resources, especially timber and mining, political competition at the state level has often been intense and sometimes vicious. For a variety of economic and social reasons, enhanced federal powers have not extinguished the autonomy and the unique political configurations of individual states. Indeed, in the case of the two Borneo states of Sarawak and Sabah, their effective autonomy may even have been enhanced in recent years due to the upsurge of indigenous native sentiments, despite the pervasive supervisory role exercised by the Federal Government.<sup>20</sup>

Most opposition parties have been able to build a political base within one or two states, thus enabling them to survive the shifting tides of national trends. For this reason, the federal system, even with its centralizing proclivities, has helped to preserve clusters of political diversity where opposition parties can survive. The state-based opposition parties have sometimes become 'trapped' by their local constituency, making it difficult for them to expand their role by active participation in the national political arena. The overall political consequences of the federal system have often been overlooked, but they are, none the less, extremely important in keeping Malaysia on an essentially democratic mode, despite many other countervailing trends.

### ***Bureaucracy***

Malaysia's system of national economic planning and the increased functions of the state for promoting economic development and the 'restructuring of society' has meant that the bureaucracy has expanded both in size and role. In addition, after the formulation of the New Economic Policy there has been a tremendous growth of quasi-public enterprises which were formed by the government but treated as independent agencies. They are known as 'off-budget' Non-Financial Public Enterprises (NFPEs), and are counted as part of the public sector. The overall growth of the bureaucracy has outpaced the growth in the Gross National Product. In 1960 total government expenditure was M\$93 million and constituted only 14 per cent of the GNP. By 1986, government expenditures had risen to M\$28.5 billion, which came to 41.7 per cent of the GNP. In the same year, the NFPEs also had expenditures of M\$22 billion, but a proportion of their expenditure came from government funding, so there was some overlap in the two figures.<sup>21</sup> Together, these figures reveal that total public sector expenditures must have been in excess of half the GNP.

At independence, the country inherited a relatively small, fairly efficient, well-trained bureaucracy with the higher levels filled almost exclusively by English civil servants. The process of Malaysianization of the civil service rapidly filled most of the top posts with Malays. Over the years, through the operation of Malay 'special rights' giving recruitment and promotion preferences to Malays, the whole structure of government services has become a bastion of Malay power and the major avenue for



Malay professional and economic advancement. This pattern is particularly pronounced at the higher administrative and policy-making levels where Malay dominance comes closer to reality.

As the bureaucracy has increased in size and the quasi-public Bumiputra agencies have mushroomed, the bureaucracy has assumed a much more important role in economic planning, public policy initiatives and in direct management of large sectors of the economy. Economic planning for both the states and the federal authorities is co-ordinated by the Economic Planning Unit (EPU) in the Prime Minister's Department, which in turn reports to the National Development Planning Council. Not only has this structure created very centralized mechanisms for economic and development planning, but it has also tended to centralize the collection of data and conduct of research on all significant policy-related questions. The whole structure of the bureaucracy and the quasi-public agencies feeds information and policy proposals into this hierarchical and centralized planning and policy review process. The increasing role of the bureaucracy in government planning and policy initiatives makes it exceedingly important for élites to gain access to the bureaucratic structures of decision-making. The Malay bias of the bureaucracy makes this easier for Malay élites, but non-Malay élites affiliated with the BN coalition gain nominal access to various quasi-representative bodies and consultative organs.

Over the decades, the main public policy issues were alleged to have been 'settled', thus gradually restricting the scope and purview of élite bargaining. As the élite bargaining process became less multilateral and more dyadic and focused on the Prime Minister, policy initiatives were more likely to derive from the initiative of the Prime Minister or be the product of a policy review process originating within the bureaucracy. Issues of administrative policy and the distribution of benefits to constituents and clients became relatively more important, while matters of patronage acquired increased salience. For the non-Malay political élites, favoured access to the bureaucratic structures was often crucial to their political survival. For this reason, much of 'élite bargaining' involved Malay bureaucrats with non-Malay politicians and concerned questions of administrative implementation of national plans and the application of ethnic distributive principles or quotas to the allocation of goods and services. In nearly all planning and administrative decisions, there was the application of an ethnic calculus to the anticipated impact of projects and programmes. Those who had political access could at least voice their concerns and in the process often gain some adjustments and modifications to the end-product. While major policy-making has become more centralized in the Prime Minister's Department, much of the substantive inter-élite bargaining has also become more fragmented by the growth of these informal techniques of interest articulation through bureaucratic channels.

The great expansion of government agencies and public bodies provides the institutional framework for the extension of patron-client networks beyond the immediate circle of individual loyalties and friendships of the

key actors of the political scene. The wide latitude for administrative discretion and prerogatives and the high value of the resources at the command and discretion of administrators not only increase incentives and opportunities for corruption, but also provide the leeway to reward political support and bargain with others who control political or material resources. At the middle and lower levels, the patron-client linkages often extend beyond ethnic boundaries and can involve multi-ethnic co-operation to defend jointly shared interests. When the MCA's investment arm, Multi-Purpose Holdings Berhad, made joint business ventures with companies owned or controlled by UMNO, shared profits frequently depended upon favoured treatment by government officials.<sup>22</sup> Their mutual reliance on common patron-client linkages muted ethnic competition and facilitated limited inter-ethnic co-operation for very pragmatic and non-symbolic objectives. The cumulative effects of these changing patterns of politics and power have altered the role and functions of the bureaucracy. In this process, the public services have gradually acquired more of the characteristics of what has been depicted as an emerging 'Patrimonial State'.<sup>23</sup>

### *The Military*

Malaysia gained its independence while a Communist guerrilla war was being waged. In the circumstances, one might assume that the military would have played a major policy role right from the birth of the new nation. Yet, the British had a strong tradition of civilian control of the military, with elaborate administrative techniques to assure that military units served civil authority. These traditions and practices of civil supremacy have been sustained in their basic principles through the first three decades of independence and beyond.

The Malaysian armed forces are a well-trained professional force that has been gradually increasing in size and acquiring more sophisticated weapons. Until the late 1960s, it had little armour because it was considered to be of little use in fighting the guerrillas operating in the jungles. With a shifting emphasis to external security, more armour has been acquired by the armed forces. During the mid-1960s the Army constituted about 33,000 men, increasing to 50,000 by 1971, 56,000 by 1977, and 80,000 by 1984. The small Navy and Air Force which existed at independence were substantially enlarged during the 1970s and 1980s. By 1984 the Navy was at a strength of 8,700, while the Air Force consisted of 11,000 men.<sup>24</sup> The defence forces have always received good pay in comparison to other public services, and conditions of service have also been good, contributing to good morale. In 1987, defence expenditures amounted to 11.9 per cent of the budget and this figure represented 4.6 per cent of the nation's GNP.<sup>25</sup> This allocation placed Malaysia among the middle ranks of military spenders in comparison to other Third World countries on the basis of GNP.

The composition of the military has always been preponderantly Malay. This has been due to a combination of ethnic self-selection and

the designed recruitment and promotion policies of the armed forces. Along with the Monarchy, the military is seen as a fundamental bastion of Malay power insuring the fundamental Malay stake in the nation. The Army probably exceeds 90 per cent Malay in composition; the Navy is slightly more multi-ethnic; the Air Force has a greater proportion of non-Malays, with Chinese being better represented than in the other services, particularly among its pilots.<sup>26</sup> The highest officers of the armed forces are almost exclusively Malay, many of whom are closely related to Malay political leaders and to the Malay royalty. Close affiliation of the Malay officers with the Malay political establishment has been one of the reasons why the military has given unwavering support to the government of the day. The assignment of top military commands to those related by blood and marriage to the incumbent Prime Minister has merely strengthened the political loyalty bonds between the nation's highest political leader and the top of the military command structure.<sup>27</sup>

In recent years, the military has come under pressure to become more politicized. This has occurred when the Malay political establishment has become factionally fractious. Of particular importance were the occasions when disputes arose pitting incumbent Malay leaders against the Malay Rulers. The 1983 crisis over the powers of the King and the 1988 crisis over the impeachment of the Lord President and the apparent attempt of Dr Mahathir to influence the election of the next King, were both disputes which put the armed forces in a bind between their support for the incumbent Malay political leaders and the traditional Malay Rulers, who represent what has been called the 'native equation of power'. The factional cleavage within Malay society between Dr Mahathir and his critics meant that both factions were pressuring the armed forces to abandon their traditional political neutrality and make an open commitment to one side or the other in the unfolding political struggle. In September 1988 the chief of the armed forces and Dr Mahathir's brother-in-law, Maj.-Gen. 'Freddie' Hashim Mohamed Ali, presented his views on how this affected the role of the military: 'Although the armed forces have to be non-aligned in politics, this does not mean we should not follow, and understand, the political situation...because there are groups wishing to politicize [us].'<sup>28</sup>

Because of affinity between the armed forces, especially among the Malay officer class, and the Malay Rulers, this nexus became an increasingly significant part of the amorphous structure of power after the newer second generation of Malay élites came to power, having less attachment to and fewer links with the traditional structure of Malay authority represented by the Rulers. Because the Semangat '46 faction led by Tengku Razaleigh appeared to be aligned with some of the most politically active and vocal of the Malay Rulers, this generated political tensions within the military. Although the armed forces were led by Dr Mahathir's brother-in-law, 16 of the 20 top posts in the military were held by Kelantanese Malay officers, many of whom were affiliated with the Sultan of Kelantan, Ismail Petra, who is the nephew of Tengku Razaleigh. When rumours circulated that Dr Mahathir was considering

detaining Tengku Razaleigh, there was much speculation about the possible reaction of some officers in the military. Such speculation may have been sufficient to dissuade Dr Mahathir from that course of action, if, indeed, it was ever seriously contemplated.<sup>29</sup>

Although these events reveal that the military has not intervened directly to become either a ruler or a king-maker, it is subject to the shifting tides of politics and is a nascent political actor even when sitting quietly in the wings. Since 1975, a number of Malaysian military officers have received training at Indonesian military staff colleges, where they have gained experience with a military actively involved with political affairs. While the Malaysian military remains committed to non-political roles, it is also the mainstay of the political assertion of Malay dominance. As such, there are clearly pressures building up for it to play a more activist political role, particularly if fractious disputes within the Malay community were to seriously threaten the very Malay dominance which the military symbolizes and is tacitly committed to protect.

### *The Courts*

Except for the lowest levels and the Islamic Kadi's Courts, the Court system in Malaysia is entirely an imported institution governed by English legal traditions and practices. The principles of the Common Law and the institutional rules and procedures that govern the courts derive directly from England. In order to apply Common Law in its locally adapted form, Malaysian judges in the higher courts must become fully trained in British law and acquainted with the legal principles that evolved from British courts. Because of its foreign origin and the lack of public awareness of the essentials of a legal system based on time-honoured precedent and an independent judiciary, the courts have struggled to define a new role that will be true to their inherited traditions, yet also reflecting the needs and concerns of a multi-ethnic and multi-cultural Asian society.

British courts operate without judicial review, accepting the principle of 'parliamentary supremacy' whereby Parliament is limited, not by direct court action, but by the deeply ingrained principles of the 'unwritten constitution' evolving over centuries. By contrast, the Malaysian courts inherited the British tradition, but also acquired a written constitution that gave the courts some responsibility for interpreting the Constitution through the power of judicial review. In the early years, this power was exercised cautiously by the courts, in part because of the provision for the appeal from the Supreme Court of Malaysia to the Judicial Committee of the Privy Council (the Law Lords) in London.

As part of the trend towards national autonomy, 1976 legislation restricted appeals to the Privy Council and by 1983, under Dr Mahathir's leadership, the last judicial links with the Privy Council were completely severed. This move made it even more imperative for the Malaysian judiciary to develop its own set of precedents for interpreting the Constitution and exercising its assigned responsibilities for judicial review. In

this enterprise, the courts were venturing into largely uncharted waters and often without much public appreciation of or support for the crucial role that was demanded of them. With the accession to power of second-generation political leaders, few of whom had training in the law, and many of whom became preoccupied with their effort to maximize political power so as to manage the complexities of a multi-ethnic society, the stage was thereupon set for a confrontation over the roles and powers of the judiciary. The earlier trend towards increasing national judicial autonomy was to be supplanted by a new trend that enhanced the role of the executive in matters pertaining to the interpretation of both ordinary legislation and the Constitution.

The constitutional mechanisms designed to assure the independence of the judiciary were of little protection in any dispute with the executive. The conduct of judges cannot be discussed by Parliament or state legislatures. Judicial appointments are made by the King on recommendation of the Prime Minister and judges enjoy protected tenure; they remain in office until the age of 65 unless they are impeached for misbehaviour or disability. But if criticism of judges emanates from the Prime Minister, there are no mechanisms for redress, while the powers of appointment, transfer, and the initiation of impeachment proceedings all originate with the Prime Minister. With public opinion passive on issues of judicial autonomy, when the major crisis developed over the role of the courts and the leadership provided by the Lord President, Salleh Abas, the executive was able to use its full arsenal of powers to restructure the courts by securing the impeachment of the more outspoken proponents of judicial autonomy and appointing in their place those judges willing to assume a more passive role acceding to the current views of the executive on matters of constitutional and legislative interpretations. In most Western countries, 'Court Packing' by the executive would generate a crisis likely to bring down a government. In Malaysia, it was accepted amidst feeble protests but without great public outcry. The net result was a quantum enhancement of executive power which was justified with the self-serving argument that Malaysia needs 'strong leadership'.

### *The Monarchy*

The oldest political institution in contemporary Malaysia is that of the Malay Rulers. Predating the colonial era, they were made over into a keystone of the colonial system of 'indirect rule' and then transformed again to accord with modern requisites of a parliamentary system. Over the existing nine Malay Rulers was created the Yang di-Pertuan Agong (Paramount Ruler or King), who is elected by the Conference of Rulers from among the Malay Rulers on the basis of seniority for a five-year term, following which the King loses his seniority for purposes of election. This system of five-year rotating kingship established a Ruler for the federation as a whole.<sup>30</sup> What had been well established as a key institution of government was deeply ingrained in Malay political culture. The Malay Rulers provided the mystique and legitimacy to assure support from the

Malay *rakyat*—the common folk. In traditional Malay political culture, government (*kerajaan*) is the condition of having a *raja*. The *kerajaan* ideal would question the legitimacy of any political entity without the presence of such a ruler. When states without Malay Rulers joined the federation, they acquired Ruler-surrogates in the form of an appointed head of state known either as the Governor or Yang di-Pertua Negeri. But the core of the system depends on the nine hereditary Malay Rulers acting through the Council of Rulers, comprising the nine Malay Rulers who are joined for certain deliberations by the four Governors.<sup>31</sup>

Over the centuries, the Malay Rulers have evolved through four stages. Before the colonial era, they were in effect 'Oriental despots' legally unlimited in powers but restrained in practice by custom and the very practical problem of retaining their retainers and subjects. In the colonial era, they became titular leaders, having lost most substantive powers, but retaining considerable influence through their contact with colonial authorities and their becoming the key link in the system of 'indirect rule'. After independence, they retained their symbolic roles as Rulers, but acquired some very limited powers for the protection of the Malays and performed other roles that were somewhat ambiguous because they were derived both from the Westminster model and the Malay model, whatever that may have meant. Finally, after the constitutional crisis of 1983, when Dr Mahathir tried to restrict the powers of the King related to parliamentary legislation, some of the earlier ambiguity of power and role assignment was made more explicit, and in the process, the Rulers acquired more defined power than they previously assumed they had. The crisis was resolved by giving the King the power to reject any bill, provided he writes his reasons and transmits them to Parliament within 30 days. Upon subsequent repassage by Parliament, the rejected bill then becomes law without royal assent.<sup>32</sup>

As an institution, the Monarchy appears to be alert to public opinion even while it 'floats above' most political issues by emphasis upon ritual and its symbolic roles. There appears to be no formal institutional mechanism to hold the King accountable, although there is some restraint exercised from royal peers through informal consultations and the Council of Rulers.<sup>33</sup> Since independence, the stature and influence of the Monarchy has increased, with each Ruler attracting a political following that extends beyond the court circle and across ethnic lines. Although the Rulers are seen as a bastion of Malay supremacy, non-Malays have increasingly accepted the role of the Rulers, in part because most Rulers have shown themselves to be more moderate and even-handed on contentious ethnic issues than many active Malay politicians. While the Rulers are no longer the primary patronage-giver, they do distribute honour, rank, and public recognition, and their vast personal wealth and investments make them ideal partners for joint ventures, especially for non-Malay partners.

Because of its institutional legacy, its symbolic importance and its considerable autonomous powers under the Constitution, the Monarchy could become the most effective institution placing restraints on unbridled

executive power. Whether such a role is exercised will depend on the perspective, will-power, and political skills of each individual King during his limited term of office. A choice can be made between two alternative perspectives on the role of the King. A King can become an accomplice and coadjutor of the Prime Minister through some political alliance or some understanding on spheres of authority and shared mutual benefits. Or the King can view his role as being the protector of the Constitution and an impartial arbiter to ensure that those who enter politics play on a 'level field' and abide by common rules, fair to all. In 1988 when the King, Sultan Mahmood Iskandar Shah of Johore, agreed to press the impeachment charges against Lord President Salleh Abas and later against five other Supreme Court judges, his actions suggested that he had opted for the coadjutor role. On 25 April 1989, a new King was sworn into office, Sultan Azlan Shah of Perak, who had earlier been Lord President and was commonly assumed to be a man of independent judgement and strong views on the matter of the role of both the courts and the monarchy. Although he was the next in terms of seniority, his election by the Rulers Council had not been unanimous. He refused to be sworn in by the Lord President, Abdul Hamid Omar, who had been appointed to fill the position following the impeachment of Salleh Abas. Instead, Sultan Azlan Shah was sworn in before his peers, the Malay Rulers.<sup>34</sup> It is impossible to know whether this symbolic act was an indicator of his commitment to a more autonomous role above partisan conflict for the Monarchy during his term as King. If it was, there could be a lively test of wills in the indefinite future.

### *The Executive*

The increasing size, complexity, and capacity of government has made the task of the Prime Minister increasingly important over the years. Matters of security, both domestic and foreign, are his ultimate responsibility. Foreign affairs requires his participation in international diplomacy and in negotiations with heads of foreign governments. Increasingly, the Prime Minister is viewed as the nation's salesman, who must secure favourable trade agreements, attract foreign investment, and promote the sales abroad of the country's products.

In domestic politics, the Prime Minister is the key actor and at centre stage at all times. He acts as leader of the Malays, of UMNO, of the Barisan Nasional, of the nation, and of the government. Sometimes these multiple leadership roles conflict or produce ambiguous and contradictory signals. He must oversee the building of his party machine and those of his coalition partners. He must engage in intra-élite negotiations to resolve conflicts and distribute benefits among his supporters and within the component parties of the governing coalition. He is responsible for the management of the economy as well as for long-term economic and governmental policy planning. Legislative proposals must be reviewed and co-ordinated. Public support for the policies of his government depend primarily on his capacity to shape public opinion.

Finally, he must supervise an enormous administrative structure composed of government departments, public agencies, and a vast array of independent parastatal bodies that have all grown in complexity and importance.

The increased responsibilities of the Prime Minister have been accompanied by a substantial increase in legal powers and the expansion of executive prerogatives. These trends have also produced enlarged opportunities to reward supporters with patronage and privilege, as well as to deny resources or apply coercive penalties to critics and opponents. The Malaysian political system has always operated with extensive patronage, but the nature of that patronage has been changing. In the days of Tunku Abdul Rahman, there was a clear pattern of patronage, but it was dispensed to an immediate circle of friends, often through informal agreements which might even be struck during a game of golf. The patronage network seldom extended to a secondary entourage beyond one or, at the most, two layers of middlemen. By the time of Dr Mahathir, the patronage system had not only grown enormously, but it included many intermediate layers of middlemen in a more extensive and institutionalized system of rewarding loyalty and political support. The client beneficiaries were less likely to be close personal friends of the Prime Minister, partly because the patronage network had become so big, and partly because of Dr Mahathir's more cautious reserve in inter-personal relations with associates. This system built up the political machine of UMNO as well as other BN parties, but it proved to be an inadequate tool of administrative control and had inherent difficulties in building a stable base of political support.

When used extensively, patronage is a double-bladed sword that can cut both ways. For every patronage beneficence given out, there is a bond of reciprocal obligation being constructed. Yet, at the same time, there is also very likely the growth of a sense of relative deprivation among those who fail to obtain benefits or who conclude that their previous benefits have been demeaned or depreciated by comparison. By its very logic, a patrimonial system requires ever more resources to distribute, and as it becomes larger, it is also much more difficult to manage without inadvertently creating centres of discontent and rivalry. The instability of the system increases with size.

An apparent concern with alternative power centres made the Prime Minister concentrate in his hands decision-making and power, which was exemplified by his holding simultaneously several key Cabinet portfolios, most notably Home Affairs and Defence, in addition to his overburdened responsibilities for the Prime Minister's Department. The periodic reshuffling of the Cabinet has had as one of its objectives the prevention of rival centres of power from growing and becoming entrenched. Fear of delegation of powers or power-sharing among élites is a symptomatic by-product of the patrimonial style of leadership. Such fears also generate pressures for centralization of power and contribute to the conditions which are likely to produce a succession crisis at the time when new leaders must be chosen.



As the nation's leader, the Prime Minister has always stressed the theme of 'unity'. In part this reflects a concern for the effects of political and ethnic divisions, but also an implicit recognition of the potentially low level of legitimacy which supports the country's political institutions and its leaders. In Malaysia, the 'unity' theme is of special concern to the leaders of the Malays, because of the largely unstated fear that political divisions within the Malay community may lead to an emasculation of Malay political power. Even so, during the era of Tunku Abdul Rahman, calls by the Prime Minister for 'Malay unity' were issued relatively infrequently and without great intensity. What was stressed instead was inter-communal co-operation based on an acknowledgement of indigenous rights for the Malays as well as inherent rights for the former immigrant communities now accepted as citizens.

After 1969, prime ministers played the 'Malay unity' theme in their public rhetoric with greater frequency and more intensity. By the time of Dr Mahathir, 'Malay unity' and 'Islamic unity' were virtually fused to become the primary symbolic-ideological theme generated through the public pronouncements of the Prime Minister. For politicians, 'unity' is usually a code word meaning 'follow me and my leadership'. The intensity of the call for 'unity' usually is directly related to the extent of the challenge posed by alternative leaders or policy options. If this is the case in Malaysia, then the increasing intensity of political exhortation from the Prime Minister reflects not only idiosyncratic differences in leadership styles, but also changing configurations in the cleavage patterns of Malaysian politics.

The increasing emphasis by successive prime ministers on public image-making ceremonies, on exhortation, on moral instruction, and on the generation of slogan-driven campaigns suggest that recent prime ministers have assumed that they can mould the value system of the Malaysian public. Leadership, it seems, is viewed as primarily a top-down interactive relationship, rather than an open two-way reciprocal process between leaders and the diverse disaggregated constituencies which constitute the public. With the exaggerated prerogative powers of the Prime Minister, including the Ministers of his government, much of public policy is generated under a cloak of secrecy and with no effective mechanisms of accountability or review. In addition, much public policy appears to be anxiety-driven while some appear to be designed to promote concealed objectives. These appearances may be more a product of the lack of opportunity for public inputs into the policy process than the actual content of those policies. The over-centralization of power and policy initiatives with the Prime Minister makes him vulnerable to the criticism that his subsequent public explanations of government actions and policy too often appear contrived and self-serving.

### **Performance Criteria**

On many dimensions, the Malaysian political system has performed amazingly well, especially in comparison to other Third World countries.

It has suffered no military coups. It has retained constitutional continuity since independence, despite the relatively short period when the Constitution was suspended under Emergency decree in 1969 and 1970. Elections have been held at regular intervals without interruption and they have been competitive and relatively free of irregularities and voter coercion.

The institutions of political representation are heavily biased in favour of the Malays through a structure of 'multiple leverage' that has the effect of maximizing Malay majorities and pluralities. Constituencies are gerrymandered to inflate Malay voting power; the single-member-district system rewards pluralities and under-represents minorities; the party system and coalition structures impose a 'Malay supremacy' formula on the government and its public policies; and key institutions like the Monarchy, the civil service, and the army are structured with special powers and responsibilities designed to reassure Malays that their political numbers are translated into even more substantive real and symbolic power. Although democracy exists in Malaysia in fairly vigorous form, it would probably face serious challenge if the multiple-leverage system failed to assure preponderant Malay over-representation and control in Parliament and all other branches of government. Democracy, it seems, must concede value rank to ethnic sensitivities and accumulated paranoia.

The level of corruption in Malaysia is a matter of much political disputation between those in the government and the opposition, particularly the DAP. In part, this may depend on what is included in the definition of 'corruption', and partly on how one interprets government reticence to pursue all allegations of corruption with a public investigation and tactics of full disclosure. Malaysia does appear to have a more efficient, less corrupt civil service than its two largest neighbours and most other Third World countries. There are fairly effective mechanisms to detect and prosecute those officials of government and parastatal bodies who put their hands directly into the public till. The rising number of prosecutions for embezzlement and criminal breach of trust is testimony to the effectiveness of anti-corruption measures for such crimes. What is more ambiguous is where discretionary powers of officials are used to generate donations to party coffers or to reward friends, relatives, and political supporters, or to obtain personal material benefits through indirect mechanisms of 'prior knowledge' or untraceable reciprocal pay-back mechanisms. The lack of vigorous enforcement campaigns against this latter form of corruption implies that it may be on the increase. The dividing line between the prerequisites of power and the misuse of power for partisan or personal advantage is frequently difficult to draw, but also easily concealed. Whether the persistent and strident accusations of widespread corruption made by the DAP and others<sup>35</sup> are well founded, or are the product of deliberate distortions of the evidence from a few highly publicized cases, cannot be known until more effective and independent investigative mechanisms are in place to explore and expose to public view all such allegations and suspicions.

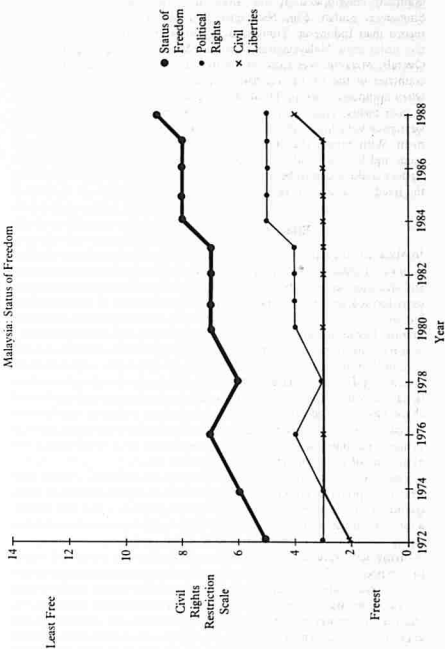
In comparison to most other Third World countries, Malaysia has

maintained political stability and fairly low levels of political violence. The Emergency and the guerrilla war with the Communists was costly, both in terms of money and in loss of life, but even during that period, there were no major civil disturbances threatening public order. With the effective defeat of the guerrillas and their retreat to the Thai-Malaysia border areas, civil order has been effectively sustained except for a short period during the crisis of May 1969 and several other minor outbreaks of political violence in scattered localities. Such violence was often the product of local disputes or efforts by some political group or faction to make a forceful 'display' of its political following. When issues of power or crucial policy matters are at stake, some political leaders, including, on occasion, the Prime Minister, have engaged in the tactic of 'brinks-manship' and 'contrived escalation' to raise issues and increase bargaining leverage with their political opponents. On such occasions, leaders have openly or covertly encouraged their followers to stage aggressive and threatening public demonstrations. Some of these events have produced serious political crises. The spectre of mass communal rioting is an ever-present threat, but in reality, with only one frightening exception, Malaysia's political crises have always been resolved without serious threat to public order and with a relatively low incidence of political violence, particularly in comparison to most other Third World countries.

The economic management of the country has generated much controversy and criticism over specific policies, but not real crises or challenges affecting the stability and confidence of the country. Indeed, despite problems in certain specific areas of the economy, the overall economic performance of the country has been exceedingly good for the entire period after independence. In 1987 Malaysia ranked 73 above the poorest out of 95 low- and middle-income countries and was about to be classified as an 'upper-middle-income' country on the basis of GNP per capita. In terms of GNP it was about equal to Mexico, South Africa, Poland, and Brazil, with a GNP per capita of US\$1,810.<sup>36</sup> In 1988, risk analysts considered the stability of the country extremely good, the economic outlook to be very good, and, especially for investment purposes, both economic and political risks to be very low with a general pattern of decline in risk since 1986.<sup>37</sup> On many other comparative indices, Malaysia was approaching the economic, educational, and productive characteristics of some of the poorer European countries such as Yugoslavia, Portugal, and Greece.

In regard to issues of human rights and civil liberties, Malaysia can also be compared against the record of many other countries. The yearbook published by Freedom House reports on the status of political rights and civil liberties in all countries of the world. For each country, a large volume of evidence is collected, analysed, and then coded to produce an array of variables. The coded data is then aggregated into two measures, one for political rights and the other for civil liberties which are depicted on a 'Civil Rights Restriction Scale' of 1-7. Adding the two scores gives an aggregate scale of 2-14 for the overall 'Status of Freedom'. The Malaysian rankings for 1972-88 are depicted in Figure 9.7.<sup>38</sup>

FIGURE 9.7  
Malaysia: Status of Freedom



During a time when major advances in freedom have been recorded in every part of the world, Malaysia's record on political and civil rights has gradually deteriorated. It was ranked in 1988 in the same category as Singapore, Sudan, Fiji, Nicaragua, and Morocco, but with a better record than Indonesia, Tunisia, and Uganda. Ranking better (lower on the scale) than Malaysia were Taiwan, Mexico, Nepal, and Thailand. Overall, Malaysia was close to the median point in the ranking for all countries of the world and had a slightly better ranking than average when compared only to Third World countries.<sup>39</sup> Malaysia's record on human rights, civil liberties, and political freedoms has obviously not kept pace with most other indicators of economic and political development. With improved economic conditions, a stable and effective government and low levels of political violence, one would think that political leaders could afford to be more relaxed and tolerant in matters involving the freedoms and civil rights of their own citizens.

### **Ethnicity: A Persistent Problem**

In Malaysia, the ethnic equation has been the predominant factor shaping political alignments, determining the structure and roles of institutions, and defining the basic priorities of public policy. Not only were institutions formed to generate and administer certain types of public policy, but in time, those policy outcomes had put their imprint on the institutions, having the effect of limiting policy options and making ethnicity ever more institutionalized and rigid in its manifestations. This interactive relationship between policy and institutions has been explored most recently by Donald L. Horowitz.<sup>40</sup> He traces how policy became institutionalized with elaborate structures and organizations as well as rules of share allocation and quotas. The effects of ethnic policy in turn became the causes and sources of new policy shaping the character of the political system and limiting options for policy change or a fundamental re-evaluation of policy options.

The natural tendency for vested interests to mobilize around self-benefiting preference policies has occurred in Malaysia, just as in other countries where ethnic preferences have been applied.<sup>41</sup> For this reason, a serious problem of policy rigidity developed, reinforced by the 'sensitive issues' amendments to the Constitution which prohibit public discussion of many key features of public policy, including the system of ethnic preferences for Malays. At the time that these constitutional arrangements were made, the objective was to demobilize ethnic conflicts over certain contentious issues that had produced political crisis. In effect, the short-term strategy of an 'inter-ethnic cease-fire' was pursued at the expense of long-term evaluations of overall social objectives. Public policy, however, is not something that can be carved in stone. Rather, it must be continuously re-assessed and adjusted incrementally to changing conditions and revised priorities. The legacy of past policies must be subjected to critical review, and this process is complicated enough, without having the future handcuffed to the past.

In 1971, when the government inaugurated the NEP, the decision was made to follow a strategy to promote a more equitable distribution of economic rewards and status roles among the compartmentalized ethnic components of society. It was argued that previous social, economic, and psychological impediments had been obstacles to the development of the Malays. Therefore, it was argued, earlier economic or socio-psychological handicaps experienced by Malays should be balanced by special rights and ethnic preference policies 'so as to reduce and eventually eliminate the identification of race with economic function'.<sup>42</sup> With target goals defined by the NEP, a tremendous investment of public resources was committed for a period of two decades to this strategy and for the attainment of the announced objectives by 1990.

Statistics published with each national plan reveal consistent progress towards the ethnic restructuring targets of the NEP. The NEP strategies have been remarkably successful in achieving or approaching most enunciated targets. Even the most strident critics of Malaysia's system of ethnic preferences do not deny that Malays, in aggregate, have benefited from the new opportunities created by the NEP policies. The question of whether some targets have already been reached or how soon they are likely to be met is a matter of some dispute. Despite these controversies, the precise statistics on specific NEP goal achievements are not essential to assess the strategy of ethnic preferences and to explore potential alternative policy options.

The major configurations of overall ethnic restructuring are beyond doubt. Economically, the position of those categorized as Malay/Bumiputra has improved relative to other communities, and there is a much greater ethnic balance in the professions and in most modern-sector employment categories. What has also occurred are some unintended 'side effects', both on the Malay community and on other communities of the country. Furthermore, the costs of the policies have been very high. Together, these considerations raise the question of whether there are potential alternative policies which could more effectively achieve both stated goals as well as other priorities which may have been undervalued, ignored, or postponed.

The very success of the NEP has created a 'revolution of rising expectations' among Malays and other Bumiputra in regard to jobs, income, and responsible positions in government and business. When such expectations extend to Malays in all walks of life, the demand and aspiration levels clearly exceed the delivery capacity of government. Mass alienation and frustration are likely to rise, especially when some Bumiputra achieve the valued positions while others, for various reasons, are unable to better themselves at the same rate or to the same degree as their move favoured ethnic kin. Among those who can capitalize on the new opportunities and obtain the prescriptive benefits, it is common to assume that, like 'riding an escalator', new levels of reward will be achieved without much individual effort. In a substantial portion of beneficiaries, a form of dependency syndrome can affect—and apparently has affected—the motivation and calculus of personal responses to the

'affirmative action' opportunities. For the beneficiaries, performance and achievement norms have often been either overlooked, or applied haphazardly and benignly.

Economic analysis of the NEP reveals that it has generated and rewarded 'rent-seeking behaviour' and channelled much individual energy and activity into 'distributional coalitions'.<sup>43</sup> In effect, the favoured beneficiaries, who act as trustees for their less fortunate ethnic kin, become more motivated to collect 'quasi-rents' in the form of unearned economic rewards, than they are motivated to create new wealth and improve productivity. Instead of responding to competitive economic performance criteria, individuals and agencies become dependent on subsidies and permanent institutionalized protectionism, which generates enormous social costs, both for the economy and for the government. To ensure the continuation and enlargement of rewards, the beneficiaries are impelled to organize 'cartels' and 'distributional coalitions' to protect their economic 'enclaves' and to strike non-competitive reciprocal bargains with other centres of power and privilege. This in turn is but one of many factors creating the conditions whereby wealth and income become concentrated in the hands of the new class of 'trustee' beneficiaries.

The number of NEP beneficiaries who succumb to a 'dependency syndrome', to 'rent-seeking behaviour', and to participation in 'distributional coalitions' cannot be known. That some of these are recognized as policy problems is revealed by the repeated exhortations of Prime Minister Dr Mahathir for Malays to adopt competitive achievement norms, to become technically proficient, to become more productive, to 'work harder', to 'Look East', and to stand on their own two feet and not rely on government handouts.

The first objective enunciated under the NEP was 'to reduce and eventually eradicate poverty', while the second was 'to reduce and eventually eliminate the identification of race with economic function'.<sup>44</sup> Yet, in practice, the ethnic restructuring objective completely overshadowed the eradication of poverty objective. The imbalance was slightly rectified under Hussein Onn's administration, when somewhat greater attention was devoted to poverty reduction, but even then, that goal was pursued within the ethnic preference context.

Although poverty reduction and degrees of inequality in society are not the same issue, they are linked. On the basis of rather fragmentary evidence, it appears that, after nearly two decades of NEP, the index of inequality in society as a whole has been increasing,<sup>45</sup> while aggregate inter-ethnic inequalities have been substantially reduced. Indeed, most scholars studying this issue agree that the gap between the rich and the poor has widened within each ethnic community. The success of the NEP in giving new opportunities to Malays with the requisite resources of education, experience, finances, and political connections, has also meant that many more Malays have been left behind with meagre benefits and few viable options for substantial improvements in their economic position. Even so, not all the growth in inequality can be attributed to the NEP, since, it is argued, rapid economic development

has as its inevitable by-product the elongation of class and the accumulation of wealth. Whatever its causes, exaggerated inequality is a problem that deserves a very high priority in the formulation of public policy. Apart from the waste of human resources, exaggerated degrees of inequality foment alienation and discontent that can plunge a society into debilitating forms of political and social pathology.

Perhaps the most obvious effect of the NEP has been its impact on the non-Malay communities. Many of the well-to-do and advantaged non-Malays have continued to prosper, either because their wealth and economic power could be effectively mobilized to generate more wealth, or because they have become secondary beneficiaries of the NEP system through political access, through patron-client linkages, or through some 'Ali-Baba' relationship with Malays who are willing to trade their legal preferences for immediate benefits through acting as a front for non-Malay enterprises. But for most non-Malays, the NEP and the ethnic preference system is an open and blatant form of racial discrimination. They may accept the abstract argument that Malays failed to benefit from the policies of the colonial era. They may also acknowledge that remedial policies are needed to raise the economic position of the Malays to promote social harmony. But they find it hard to accept that they should be the ones to bear the brunt of what amounts to 'reparations' payments for alleged misdeeds and negligent injuries committed by earlier generations and by colonial authorities long since departed from Malaysia. When the ethnic preference system blocks access to higher education and to valued jobs for those who otherwise would be qualified, considerations of inter-ethnic equity assume minor significance to the deprived individual suffering immediate anguish and despair. Most non-Malays live with a persistent anxiety over the direction of ethnic preferences policies and wonder whether they or their children will ever be treated with full equality in public policy, in access to goods and services, and in economic and social relations. High levels of alienation and low levels of social trust appear to be persistent and pervasive characteristics of political as well as social relations on both sides of the Malay-non-Malay cleavage.

From the longer-term perspective, it is a paradox and a matter of irony that the very policy that was designed to reduce the salience of ethnicity and create a harmonious and integrated society in the future appears to have as its major consequence the perpetuation of ethnic divisions in law, in institutions, and in public policy. The strategies that were designed to address the problem have instead focused on some of the consequences and symptoms of ethnicity and in the process have turned subjective identities and cultural differences into far more rigid exclusive categories which became even more salient when linked to the distribution of highly valued benefits and services.

Even though there is a legitimate role for 'affirmative action' programmes which take ethnicity into account, in the way Malaysian policy has evolved there has been too many 'goods' offered in a single package to too large a constituency. Most of the target beneficiaries were not able to take advantage of most of the large package of preferential benefits,



while a relative few were able to accumulate a lion's share of substantive benefits from the proffered advantages. When some 55 per cent of the population can claim preference and 45 per cent cannot, it creates a series of severe multiple cleavages along the same fracture line that political institutions and even enlightened leadership find exceedingly difficult to bridge. To change the quotas or to extend the quota system to all communities merely generates conflicts along existing ethnic cleavages. At the other extreme, to eliminate existing ethnic quotas would also produce an explosive crisis of ethnic hostilities. Even though ethnicity may seem intractable, its problems can be addressed by properly devised policies. While ethnic differences and ethnic identities cannot be 'willed' away by fiat or by turning a blind eye to problems generated by ethnicity, strategies can be devised which will effect the gradual political demobilization of ethnicity, not to eliminate it, but to reduce its salience and to decrease the intensity of ethnically defined conflict.

In the most definitive study of ethnicity yet to appear, Horowitz, in his book *Ethnic Groups in Conflict*, devotes the last three chapters to strategies of conflict reduction in societies divided by ethnicity.<sup>46</sup> While the entire book should be read by all Malaysian policy-makers, these last chapters deserve special attention both for Horowitz's analysis of policy 'pitfalls' and his evaluation of effective conflict reduction strategies. By borrowing from some of his observations, and adding some of the present author's own, the major features of an ethnic demobilization strategy can be briefly sketched.

The basic goal of the NEP, that of reducing inter-ethnic disparities, is but one of the techniques proposed for the reduction of ethnic conflict. This objective depends on some form of 'affirmative action' in public policy, which, if the recipients are defined solely by ethnicity, generates ethnic political mobilization and a heightened sense of inter-ethnic conflict. What is needed, therefore, is a system of 'affirmative action' pluralized into smaller target groups. The definition of beneficiaries should not be coterminous with legally defined ethnic categories. If some target groups and programmes could be devised that cross ethnic boundaries, then inter-ethnic co-operation would be rewarded and the salience of ethnicity would be reduced at least for that particular package of benefits. Emphasis on other criteria, such as 'poverty', 'rubber small-holders', 'padi cultivators', 'estate labourers', 'urban manual labourers', and 'shifting cultivators' could be combined with ethnicity, or better yet, created without ethnic identifiers to include a target beneficiary group that was ethnically mixed but also in need of economic uplift and social restructuring. Just as multi-ethnic political constituencies help to ameliorate ethnic conflict in the political system, multi-ethnic beneficiary constituencies will greatly reduce the monolithic ethnic mobilization around one enormous preferential benefit package. With these changes, the benefit constituencies will be made smaller and the benefit packages will become more focused on unique problems inhibiting the advancement of certain segments of society that may be economically or socially 'trapped' in low-productivity patterns. The policy instruments chosen to

implement the objectives can then address the unique or particular circumstance of each constituency and will therefore be both more cost-effective and more easily monitored for policy review and revision. Ethnic calculations will need to be made, since inter-ethnic disparities still need to be rectified. But many other worthwhile objectives can also be factored into the specific benefit packages: poverty reduction, human resource development, labour productivity, generation of new employment, environmental concerns, and many other goals that are already a part of the public agenda. This form of pluralization of policy instruments will reduce the aggregate political mobilization along the same overstressed fracture line, and provide a strong incentive system for building lines of co-operation and interest constituencies to link ethnic communities through rewarding co-operative interaction. Ethnicity will certainly not be eliminated, but its salience for political mobilization and confrontational politics will be gradually eroded.

This strategy will require a political will, which may take some time to develop in the Malaysian setting. The difficulty is that those who have vested interests in the present system are also those having preponderant power in defining future policy. This is the dilemma, however, which any reform programme faces, whether in the Soviet Union with the *Perestroika* reforms, the Union of South Africa with the reformers seeking to abolish the system of Apartheid, or those in Canada working for a new constitutional and inter-ethnic accord to establish the basis for power-sharing in a multi-ethnic society. At some point, leaders, and their publics, need to step away from the fray of current political battles and their concerns for immediate short-term advantages to view, instead, the larger image of the long-term needs of their society. What Malaysians will eventually come to realize is that ethnic conflict and pockets of prolonged and persistent ethnic alienation are debilitating for the long-term welfare of the entire country. Fundamental reform is possible. There is also nothing inevitable about ethnic conflict. It is largely the product of deficient past public policies and it can be remedied through careful crafting of future public policies.

### **Institutions and Congruent Development**

Public policy impacts on society; society impacts on government; government shapes and delivers public policy. There is an interactive and reiterative relationship between all the principal components of a political and social system. Changes are occurring all the time, both as a consequence of the purposive acts of key players, and from many factors beyond the control of policy-makers or citizen activists. While change is both normal and ever-present, it does pose continuing problems of systematic congruity: are political and governmental institutions capable of representing societal changes and of responding to emergent problems and newly generated needs of the society it represents and leads?

Most Malaysians take pride in the prospect of Malaysia joining the ranks of the Newly Industrializing Countries (NICs). Public attention is

focused upon economic indicators which measure the country's economic development and make possible comparisons with other countries. Gross National Product, Gross Domestic Product, Per Capita Income, Gross National Savings, foreign investments and a host of other data measuring economic development are regularly collected and published for analysis, for cross-national comparison, and for policy evaluation. But what kind of political data on Malaysia is systematically collected and summarized into standardized indices to permit the same kind of longitudinal studies, cross-national comparison and analysis for policy evaluation of political development? Systematic and periodic data need to be collected on public attitudes, perhaps with the methodological perspective and approaches pioneered by Gabriel Almond and Sydney Verba in their five-nation study of those public attitudes and behaviour patterns which contribute to the development of a 'civic culture' and facilitate the operation of democratic institutions.<sup>47</sup> Systematic data also needs to be collected and indices generated to measure political participation, administrative efficiency, levels of malapportionment in constituency delineation, measures of administrative efficiency and overhead costs, measures of corruption and malappropriation of public funds, levels of civil violence and respect for international standards of human rights and civil liberties. If possible, this data should be collected and analysed by an independent research body to increase public confidence in the reliability of the data and to ensure that no data is withheld or manipulated to suit the immediate concerns of incumbent power-holders.

Even without more reliable and comprehensive political data, it is, none the less, possible to identify some of the important changes in society that are producing a significant impact on aggregate political behaviour and on political institutions. One of the most important changes involves shifting political alignments and the changing patterns of conflict revealed by events from 1987 to 1990.

As a proportion of the population, the Malays are gradually becoming a decisive majority. In addition, the Malaysian political system exaggerates that majority through the 'multiple-leverage' mechanisms of single-member-constituency elections, through over-representation of rural areas, through blatant gerrymandering, and through the mechanisms of the party coalition system and the 'ethnic protection' guaranteed by roles assigned formally to the Monarchy and informally to the military. In combination, the reality of Malay political power is overwhelming and unassailable.

Game theory reveals that, as winning coalitions become larger than they need to be to acquire power, then the number of players who must divide the pay-off increase and the benefits are depreciated for the individual 'winners'. As a result, there is an optimum size for a 'winning coalition'—large enough to ensure victory, but not too large to depreciate the individual benefits distributed to the winners.<sup>48</sup> The very size of the Malay electorate and its political enlargement through the operation of 'multiple-leverage' mechanisms has meant that 'Malay political power' now exceeds the optimum size for effective unified political action. As a

consequence, factional divisions within the winning coalition are not only inevitable but represent 'rational' behaviour for those being short-changed in the distribution of benefits—both material and psychic. Similarly, an oversized patronage system means that those on the periphery of the patron-client network become alienated and are cross-pressured between their pursuit of immediate but meagre benefits (in relation to other more favoured clients) and their aspirations for improved opportunities with a new winning coalition.

As society becomes more complex and diverse, the number of parties may increase and factionalism will likely become more prevalent. Again, coalition theory reveals that an increase in parties or factionalism also increases the number of possible winning coalitions. The existence of a major coalition that can defeat all other alternative coalitions by majority vote likewise decreases. The increased political competition will make the political system more responsive to shifts of demands and political opinion, but it will also make the political system somewhat more unstable. The priority placed on coalition creation will facilitate the development of bargaining strategies and conflict-resolution techniques.<sup>49</sup> If there is a periodic transfer of power and the reversal of roles between a government and the opposition, it should create a government more supportive of civil and minority rights, just as it should also make for an opposition that is more responsible because of the expectation that the opposition will one day be part of a government coalition, at which time its criticisms, its promises, and its political rhetoric will be put to reality testing and will require matching deeds and policies.

Beyond the well-documented principles of coalition behaviour, there are also the changes that have occurred within Malay society. The NEP and overall economic growth have produced a new Malay entrepreneurial class, a new group of Malay university-educated professionals, a large heterogeneous Malay industrial work-force, and even a category of Malay educated-unemployed or underemployed. In short, Malay society no longer constitutes three major social blocs: peasants, bureaucrats, and schoolteachers. Instead, its social and economic composition is much more varied and complex, which in turn generates a very broad range of interests all demanding to be represented and accommodated by its leaders. The very successes of the government's development policies and its ethnic restructuring programmes now make it more difficult for leaders to generate the massive support base which they seem to expect and believe they deserve. Even with the assistance of highly skilled public relations consultants and the mobilized resources of the mass public media, any prime minister will find that emotional rhetoric and calls for 'unity' will not reverse the process of political fragmentation afflicting Malay society as well as all the other ethnic voting blocs of earlier decades.

The net effect of all of these changes will have an impact on the role and responsibilities of the Prime Minister. It will be increasingly difficult to accommodate social and political diversity merely by making piecemeal political concessions and by expanding the patronage system. Insti-

tutionalized avenues of communication, multilateral bargaining and political access will require elaboration and expansion. It is too much to expect any one man to be the ultimate source of political innovation, the centre of political communication, the balancer of accommodation processes, and the apparent originator of all important government policies. With the trend towards centralization of power and of decision-making resting with the Prime Minister, other institutions of government have been allowed to atrophy. Other institutions can help to resolve conflicts, generate valid political proposals, represent diverse interests, and build a climate of public trust and support that should ease the overburdened duties of the Prime Minister. To make his job more effective, there needs to be a revitalization of the Cabinet, an expanded role for Parliament, a revived and autonomous role for the Courts, and perhaps even a more clearly defined arbitror role for the Monarchy. While conflict and controversy will not be eliminated, for they are the substance of politics, further institutional development of other components of government will facilitate the resolution of many conflicts through established processes and create the institutional framework for a more responsive and responsible form of government, but without eliminating the need for the overall national leadership which only a prime minister can provide.

For those concerned about the political and institutional development of the country, careful attention will need to be given to some recurring systemic problems which require remedial action. For example, what are the environmental factors and institutional characteristics which have facilitated the accelerated growth of the patronage system and may be contributing to some forms of political corruption? Unchecked, these practices act like a malignant growth sapping the vitality of the primary representative institutions of government. Those who evaluate the performance of government institutions for policy reforms will need to give more attention to techniques of institutionalizing power and making those who use it accountable. The apparent inordinate preoccupation of incumbent leaders with accumulation of power is understandable. But, the institutions of responsible democratic government are required precisely to check such pervasive and near-universal impulses of those who assume the responsibilities of public office.

Special attention needs to be given to crisis-avoidance mechanisms and procedures. Domestic crisis and the matter of the imposition of emergency rule or the suspension of existing civil institutions need to be given close and critical scrutiny. A succession crisis is also made more likely when procedures have not been established to deal with the demise of a leader, from whatever cause, or through leadership challenges, which should be considered part of the normal process in a free democratic system. Both these issues need to be addressed without malice or partisan motivations, perhaps through recommendations made by some neutral public interest body. Such a body could be charged with formulating proposals for appropriate institutional mechanisms, techniques, norms, and procedures to govern such contingencies, which will inevitably happen sometime in the indefinite future.

The increasing social and economic diversity should make ethnic divisions somewhat more muted, particularly if public strategies of creating mutual dependence are pursued. In a theoretical article on consociational democracy, Pierre du Toit discusses the theoretical and normative assumptions of such systems:

Power sharing and consensus politics do not have to be justified only by the negative consequences of their alternative (that is, group domination, internal strife, and civil war), but on a more positive basis as well. Power sharing among societal groups can be justified because of the mutual dependence of these groups upon each other and because of their lack of alternative sources of scarce values. Power sharing is necessary not only because antagonistic groups see each other as potential enemies, but also because they are in fact each other's only potential allies.

Consociational engineering, aimed at achieving the elusive goal of elite cooperation, should not just concentrate on drawing up constitutional coalitions, mutual vetoes, proportionality, and segmental autonomy, but should also adopt a wider perspective and concentrate on institutional mechanisms which create, maintain, and reinforce mutual dependence between societal groups.<sup>50</sup>

To ensure that political development keeps pace with economic development, Malaysia's leaders and its public will need to give careful attention to issues of reform to ensure an open and competitive political system supported by a congruent and harmonious political culture. With such institutions and with the cultivation of a civic culture sensitive to the Malaysian social context, political competition, like its economic counterpart, will be able to convert political demands and private motives into responsive and effective public policies. By building bonds of mutual dependence and interdependence through appropriate policies and institutions, Malaysia can look forward to continued economic development, to a viable democratic political system, and to a society characterized by increasing harmony, mutual respect, and a heightened concern for social, political, and economic justice.

1. Government of Malaysia, Ministry of Finance, *Economic Report, 1988/89* (Kuala Lumpur: National Printing Department, 1989), p. 7.

2. Population Reference Bureau, *1987 World Population Data Sheet*, as cited in, *Far Eastern Economic Review*, *Asia 1988 Yearbook* (Hong Kong: Far Eastern Economic Review, 1988), pp. 6-7.

3. *Far Eastern Economic Review*, 25 July 1985, pp. 32-3.

4. Quoted by: Donald L. Horowitz, 'Cause and Consequence in Public Policy Theory: Ethnic Policy and System Transformation in Malaysia', *Policy Sciences*, 22, 3-4 (November 1989), p. 258. This article contains an excellent analysis of Malaysian inter-ethnic bargaining processes. Note especially pp. 258-62.

5. See: Mavis Puthucheary, 'Patronage Politics and Intra-party Democracy in UMNO', [typescript], n.d., 7 pp.

6. Lucian W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge, Mass.: The Belnap Press of Harvard University Press, 1985), pp. 248-55.

7. *Ibid.*, pp. 255-7.

8. *Ibid.*, p. 260.

9. For an analysis of Malay concepts of loyalty to traditional leaders, to political and social hierarchy, and to patron-client structures, see: Chandra Muzaffar, *Protector?: An Analysis of the Concept and Practice of Leader-Led Relationships within Malay Society* (Penang: Aliran, n.d. [c.1979]).

10. Note especially Dr Mahathir's ideas about creating new attitudes and values for the Malays as expressed in his book, *The Malay Dilemma* (Singapore: The Asia Pacific Press, 1970), pp. 154-78 and *passim*.

11. Harold Lasswell, *Psychopathology and Politics* (Chicago: University of Chicago Press, 1930).

12. Government of Malaysia, *First Report of the Standing Orders Committee*, Dewan Rakyat 2 of 1959, p. 12, as cited in Michael Ong, 'Government and Opposition in Parliament: The Rules of the Game', in Zakaria Haji Ahmad (ed.), *Government and Politics of Malaysia* (Singapore: Oxford University Press, 1987), p. 43.

13. On the issue of the inadequate parliamentary control and supervision of public enterprises in Malaysia, see: Abdullah bin Abdul Rahman, *Government and Public Enterprise in Developing Countries* (Kuala Lumpur: Institut Tadbiran Awam Negara Malaysia, 1982), pp. 131-63.

14. An exception to the lack of the use of Royal Commissions was in 1968 when a Royal Commission was formed to examine issues and problems relating to the teaching services. See: Government of Malaysia, *Report of the Royal Commission on the Teaching Services, West Malaysia* (Kuala Lumpur: Jabatan Cetak Kerajaan, 1969).

15. Michael Ong, 'Government and Opposition in Parliament: The Rules of the Game', pp. 40-1.

16. Gordon P. Means, *Malaysian Politics*, 2nd ed. (London: Hodder & Stoughton, 1976), pp. 353-8.

17. *Ibid.*, pp. 381-7.

18. See *supra*, pp. 234-43.

19. See: John Arthur MacDougall, 'Shared Burdens: A Study of Communal Discrimination by the Political Parties of Malaysia and Singapore', Ph.D. dissertation, Harvard University, 1968; 1986 *Malaysian Parliamentary & State Elections Held on August 2nd & 3rd 1986, Including Analysis of 1984 Electoral Delineation Exercise* (Petaling Jaya: Office Automation, Sdn. Bhd., 1986), Table ESB2, 'Measurement of Racial Impact Resulting from Boundary Delineation', and Tables RW1, RW2, and RW3, 'Index of Racial Weightage in Parliamentary and State Assemblies for 1986' [no pagination].

20. For an earlier analysis of the Malaysian federal system, see Gordon P. Means, 'Federalism in Malaysia and Malaysia', in R. Serbyn (ed.), *Fédéralisme et Nations* (Montréal: Les Presses de l'Université du Québec, 1971), pp. 214-39.

21. Ismail Salleh, 'Public Finance', in E. K. Fisk and H. Osman-Rani (eds.), *The Political Economy of Malaysia* (Kuala Lumpur: Oxford University Press, 1982), pp. 308-40; Government of Malaysia, Bank Negara Malaysia, *Annual Report 1985* (Kuala Lumpur: Bank Negara Malaysia, 1986), pp. 118-32. For an account of Malaysia's system of quasi-public enterprises, see: Bruce Gale, *Politics and Public Enterprise in Malaysia* (Singapore: Eastern Universities Press, 1981).

22. See: Bruce Gale, *Politics and Business: A Study of Multi-Purpose Holdings, Berhad* (Singapore: Eastern Universities Press, 1985), pp. 141-77.

23. For an earlier analysis of the trend toward a 'Patrimonial State', see: Gale, *Politics and Public Enterprise in Malaysia*, pp. 194-205.

24. John W. Henderson *et al.*, *Area Handbook for Malaysia* (Washington, DC: US Government Printing Office, 1970), pp. 557-82; Frederica M. Bunge (ed.), *Malaysia: A Country Study*, 4th ed. (Washington, DC: American University Foreign Area Studies, 1984), pp. 263-73; Zakaria Haji Ahmad, 'The Bayonet and the Truncheon: Army/Police Relations in Malaysia', *Journal of Asian Affairs*, 3, 2 (Fall 1978), pp. 103-26f.

25. Far Eastern Economic Review, *Asia 1988 Yearbook* (Hong Kong: Review Publishing Co., 1988), pp. 8-9.

26. Frederica M. Bunge (ed.), *Area Handbook for Malaysia*, pp. 267-73.

27. See *supra*, pp. 146-7.

28. M. G. G. Pillai, 'Military Are a New Emerging Force in Malaysia', *Jakarta Post*, 14 October 1988, p. 6.

29. *Ibid.*, p. 6.

30. Federation of Malaya, *Federation of Malaya Constitutional Proposals, Annexes I, II and III*, Council Paper No. 41, Federation of Malaya, pp. 96-8.

31. One of the nine Malay Rulers from the state of Negri Sembilan is elected as Ruler of that state from among nine hereditary local Malay chiefs. There are unique dynastic practices in several other states that govern who among potential claimants is the hereditary heir to the throne.

32. See *supra*, pp. 113-17.

33. For an extended interview with the Sultan of Johore, Mahmood Iskandar Shah, just before he was installed as Yang di-Pertuan Agong, during which he expounds his view of the role of the Monarchy, see: Tan Chee Khoo, *The Monarchy in Malaysia* (Petaling Jaya: Pelanduk Publications, 1984).

34. M. G. G. Pillai, 'A Symbiotic Relationship', *Bangkok Post*, 15 May 1988, p. 4. Rumours reported in the foreign press suggested that the Conference of Rulers elected Azlan Shah as King by a vote of 5 to 4.

35. See: Aliran, *Corruption* (Penang: Aliran, 1981); Lim Kit Siang, *BMF: The Scandal of Scandals* (Petaling Jaya: Democratic Action Party, 1986); Lim Kit Siang, *The \$62 Billion North-South Highway Scandal* (Petaling Jaya: Democratic Action Party, 1987).

36. The World Bank, *World Development Report 1988* (New York: Oxford University Press, 1988), pp. 164-5.

37. Political and Economic Risk Consultancy, *Quarterly Risk Report, Malaysia, with Singapore Supplement*, No. 14, Outlook for September 1988-February 1989, pp. 1-28.

38. On the 7-point scale for political rights and for civil liberties, the freest are at the low end of the scale and the least free are at the high end. See: Raymond D. Gastil (ed.), *Freedom in the World: Political Rights and Civil Liberties, 1980* (New York: Freedom House, Inc., 1980), pp. 17 and 268-9; Raymond D. Gastil (ed.), *Freedom in the World: Political Rights and Civil Liberties, 1988-1989* (New York: Freedom House, 1989), pp. 56-7 and 421-2. For an evaluation of the status of human rights and civil liberties in Malaysia, see: US Government, Department of State, *Country Reports on Human Rights Practices for 1987, Report Submitted to the Committee on Foreign Affairs House of Representatives and the Committee on Foreign Relations U.S. Senate by the Department of State* (Washington, DC: US Government Printing Office, 1988), pp. 751-9.

39. Gastil (ed.), *Freedom in the World: Political Rights and Civil Liberties 1988-1989*, p. 45.

40. Horowitz, 'Cause and Consequence in Public Policy Theory', p. 249.

41. Note, for example: Donald Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985); Neil Nevitte and Charles H. Kennedy (eds.), *Ethnic Preference and Public Policy in Developing States* (Boulder, Colorado: Lynne Rienner Publishers, 1986); Gordon P. Means, 'Human Rights and Rights of Ethnic Groups—A Commentary', *International Studies Notes*, 1, 2 (Summer 1974), pp. 12-18; Vernon Van Dyke, 'Human Rights and the Rights of Groups', *American Journal of Political Science*, 18, 4 (November 1974), pp. 725-41.

42. Government of Malaysia, *Second Malaysia Plan, 1971-1975* (Kuala Lumpur: Government Printing Office, 1971), p. 1. The arguments for and the development of the strategies of ethnic restructuring are examined in: Gordon P. Means, '"Special Rights" as a Strategy for Development: The Case of Malaysia', *Comparative Politics*, 5, 1 (October 1972), pp. 29-61; Gordon P. Means, 'Ethnic Preference Policies in Malaysia', in Neil Nevitte and Charles H. Kennedy (eds.), *Ethnic Preference and Public Policy in Developing States* (Boulder, Colo.: Lynne Rienner Publishers, 1986), pp. 95-118.

43. See especially Chapter 6, 'The Social Costs of Trusteeship: Deficits, "Distributional Coalitions" and Quasi-rents', in: Ozay Mehmet, *Development in Malaysia: Poverty, Wealth and Trusteeship* (Kuala Lumpur: INSAN, 1988), pp. 132-54.

44. Government of Malaysia, *Second Malaysia Plan, 1971-1975*, p. 1.

45. Inequality is usually measured by the Gini coefficient. For a very technical examina-



tion of the topic of inequality and the problems of measurement in Malaysia, see: Sudhir Anand, *Inequality and Poverty in Malaysia: Measurement and Decomposition* (New York: Oxford University Press for The World Bank, 1983). See also: Kevin Young, Willem C. F. Bussink and Parvez Hasan, *Malaysia: Growth and Equity in a Multiracial Society* (Baltimore: The Johns Hopkins University Press for The World Bank, 1980); Jomo K. S. and Ishak Shari, *Development Policies and Income Inequality in Peninsular Malaysia* (Kuala Lumpur: Institute of Advanced Studies, 1986); Jomo Kwame Sundaram, *A Question of Class: Capital, the State and Uneven Development in Malaya* (Singapore: Oxford University Press, 1986); Mehmet, *Development in Malaysia: Poverty, Wealth and Trusteeship*, pp. 17-45.

46. Horowitz, *Ethnic Groups in Conflict*, pp. 563-684.

47. Gabriel A. Almond and Sidney Verba, *The Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton: Princeton University Press, 1963); Gabriel A. Almond and Sidney Verba (eds.), *The Civic Culture Revisited* (Boston: Little, Brown & Co., 1980).

48. For example see: William H. Riker and Peter C. Ordeshook, *An Introduction to Positive Political Theory* (Englewood Cliffs, NJ: Prentice-Hall, 1973), pp. 176-201 and 338-75; Sven Groennings, E. W. Kelley, and Michael Leiserson (eds.), *The Study of Coalition Behavior: Theoretical Perspectives and Cases from Four Continents* (New York: Holt, Rinehart & Winston, 1970).

49. Riker and Ordeshook, *An Introduction to Positive Political Theory*, p. 370; Sven Groennings, 'Notes toward Theories of Coalition Behavior in Multiparty Systems: Formation and Maintenance', in Sven Groennings, E. W. Kelley, and Michael Leiserson (eds.), *The Study of Coalition Behavior: Theoretical Perspectives and Cases from Four Continents*, pp. 445-65.

50. Pierre du Toit, 'Consociational Democracy and Bargaining Power', *Comparative Politics*, 19, 4 (July 1987), p. 426.

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