Mahathir's Administration

Performance and Crisis in Governance

edited by Ho Khai Leong and James Chin

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(in alphabetical order)

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Mahathir's Administration under Siege

Ho Khai Leong

The Malaysian government of Mahathir Mohamad has been under siege. Both senior and junior colleagues in the United Malays National Organisation (UMNO), which leads the ruling coalition government, have challenged his leadership repeatedly. After the sacking of his Deputy, Anwar Ibrahim, he faced street protests mainly from urban Malay youths who supposedly are beneficiaries of government policies. A barrage of international criticism — the most recent being listed for the third consecutive year as one of the top ten "enemies" of the press for 2001 by the Committee to Protect Journalists (CPJ), an international media-monitoring body based in New York — has also significantly appeared which has made him increasingly defensive. Yet, despite all these, Mahathir has remained a powerful and unrepentant leader. His actions and rhetoric suggest that he is his own man, a man who wanted and is willing to influence events rather than to be a circumstantial reactor. He is first of all a Malay nationalist; second, he is a moderniser, and third, he is a pragmatic politician. After 20 years of Mahathir's shrewd and at times turbulent stewardship that led a small nation of about 20 million people of developing status to a country that can now pride itself as one of the fastest growing economies in the Asia-Pacific region, it is perhaps time to assess some of the achievements and troubles of Mahathir as Prime Minister. This volume focuses on the governance and performance of Mahathir in the past two decades. The major concern is to better understand how political, economic and administrative institutions under Mahathir's stewardship have performed and how they have impacted on the political, social and cultural development of the country.

Many of the authors address several common questions. Of interest is the degree to which Mahathir as leader of UMNO and Prime Minister has impacted on the social, political, economic and cultural institutions of the country: What were his strategies in dealing with friends and enemies? Under what conditions did the various political institutions such as the judiciary, bureaucracy, the aristocracy, and oppositions succumb to Mahathir's control and manipulation? Have federal-state relations improved or worsened under his administration? A second question concerns Mahathir's impact on various issues and policy sectors, such as ethnic politics, foreign policies, the Islamisation process, responses to the financial crisis and nation-building efforts. How do these studies assess Mahathir as the initiator, executor, architect and engineer of these policies? Did he anticipate the scenarios of these developments? What were his responses and remedies to these challenging issues and emerging crisis? The findings of these questions are found in the chapters of this volume.

The Mahathir administration had its ups and downs; perhaps the easiest and best way to understand the Mahathir administration is not to treat it as a whole, but rather a journey divided into various phases.

The first phase, from 1981-1984, can be seen as the honeymoon period when everything seemed to soar. Mahathir's double act with Musa Hitam, the "2M" administration, came in with high expectations that it would be a clean and efficient government. Mahathir's critics were silent by the buoyant performance. Of course, there is at the end of this period one great event, the breaking up of the 2M administration. In reality this turn of event, along with weaknesses within the *Barisan Nasional* and UMNO and the beginning of the economic depression were together responsible in bringing forth the second phase.

The second period, from 1985 through 1990, when everything, to paraphrase Murphy's Law, which could go wrong did. The economy was in recession, real income growth went down, inflation went up, and the privatisation campaign began to exhibit what opposition leader Lim Kit Siang called "piratisation". On top of this, Mahathir faced the strongest direct challenge to his UMNO presidency — the failed putsch by Tengku Razaleigh which eventually led to the de-registration of UMNO. The general elections in 1986 and 1990 were tough battles for Mahathir, as UMNO was challenged from within and without.

Mahathir's triumph in the 1990 elections was the start of the third phase of the administration, from his best election results in the 1995 elections to the currency collapse two years later. The contrast could not be sharper; the 1995 election saw the "Mahathir effect" on the Malaysian voters and destroyed what was left of the challenge from Tengku Razaleigh and *Semangat Melayu 46*. In fact, S46 was dissolved shortly after the elections. Amidst the highs, Mahathir proclaimed his *Wawasan 2020*, and stamped his imprint on the National Development Policy to bring Malaysia into the new millennium. Malaysians across all ethnic groups were optimistic about the future, and about Mahathir's ability to deliver his vision. The Mahathir legacy seemed so secured. Yet, two years after the election, all lay in ruins. The collapse of the Thai Baht caused all the regional currencies to dive as well; the Malaysian ringgit was no exception. Within a month of the Baht crisis, the Mahathir legacy was in doubt.

The devaluation of the ringgit heralded the fourth phase of the administration — from 1997 to the present. Mahathir's dislike for the IMF remedies and liking for unorthodox economics (currency controls) showed that from mellowing, Mahathir the street fighter was alive and well. The Mahathir street brawl instinct was to claim its biggest victim yet — heir apparent Anwar Ibrahim. The speed at which Anwar was sacked and expelled from UMNO astonished even the most seasoned UMNO watchers. *Reformasi* at once became the most obvious symbol of everything that was wrong with the Mahathir administration. Cronyism, nepotism, corruption, special deals with the most lucrative privatisation projects, megaprojects, limited successes of economic control measures, administrative inefficiency and red-tape persisted despite Mahathir's grip of political power in the government and party machinery. High-level corruption seemed to have got worse. The limit of change and the action capacity of the Malaysian state are certainly being severely tested by the recent political developments in the country.

One can draw up a long list of Mahathir's achievements and troubles. Although most of the items on that list would be of considerable importance, his most significant contribution to Malaysian life was his transformation of the power structure — between political and judicial institutions and the executive, between federal and state

governments, between the *polis* and the market, between the government and the civil society. In Chapter 1, "The Political and Administrative Frames: Challenges and Reforms under the Mahathir Administration", Ho Khai Leong deals with the major developments under the Mahathir administration, analysing the relationships between Mahathir and the various political institutions such as UMNO, the Parliament, the opposition and the bureaucracy. He then examines the major public sector reform efforts that were designed to address the problems of accountability and efficiency. The primary focus of the Mahathir administration is on the transformation of the Malaysian society. He notes that "Mahathir leadership dealt with change, not just stewardship."

The theme of federal-state relations is developed in the second chapter. James Chin's "Unequal Contest: Federal-State Relations under Mahathir" presents a broad overview and analysis of the tension and apprehensions involved in the relationship between the central government and state government, the states in East Malaysia, Sabah and Sarawak, and the Malay heartland states of Kelantan and Terengganu. Given the fluidity of politics in these states, it is extremely difficult to predict the future. The stressful and unstable relationships between the federal and state governments have not added much to the legitimacy of the Mahathir leadership.

After two decades of Mahathir as Prime Minister, the Malaysian political, social and economic arenas have reached a stage where the public is not sure, or their opinions divided, as to which direction the country is heading. The 1999 general elections attracted so much attention precisely because they reflected the dilemma and the confusion of the Malaysian electorate. In the postmortem of the 1999 general elections, one of the chief factors in UMNO's dismal results was Mahathir's mismanagement of the Anwar affair. Chapter 3, Meredith Weiss' "Overcoming Race-based Politics in Malaysia: Establishing Norms for Deeper Multiethnic Co-operation" stresses that Malaysia is oscillating between ethnic-based politics and loosely class-based political orientation. It will take a major turn of events for the entrenched ethnic-based political culture to be transformed, but the fact that observers are beginning to see changing trends is an indication of the turmoil Malaysia has been going through in the last few years.

Similarly in Chapter 4, Ooi Kee Beng's "New Crises and Old Problems in Malaysia" argues that the ethnic-based politics in Malaysia, in existence since the Merdeka era, may no longer be relevant, or at least, may take on a backseat in the understanding of future Malaysian political development. The political alliances in Malaysia, he predicts, may be anchored on economic nationalism which Mahathir has championed, and ironically may prove to be the Achilles heel of Mahathir's rule.

Mahathir's personal influence on foreign policy has also been significant. In Chapter 5, "Personality, Exigencies and Contingencies: Determinants of Malaysia's Foreign Policy in the Mahathir Administration", Joseph Liow identifies three phases of Mahathir-era foreign policy, which interestingly correspond fittingly into the earlier analysis, except for the latest phase from 1997 to the present. Liow also notes that factors such as exigencies arising from domestic political and economic needs, and contingencies generated by the international sphere have largely framed the formulation of foreign policy during the Mahathir era, which were grounded on the need to fulfill nationalist objectives.

In Chapter 6, "Vulnerability and Party Capitalism: Malaysia's Encounter with the 1997 Financial Crisis", Ng Beoy Kui details the state of vulnerability that has led to the country's economic crisis. He notes that "in Malaysia prior to the Asian financial crisis in July 1997, a state of vulnerability by itself may not spark off an economic crisis. However, a state of vulnerability may be turned into an actual state of collapse or crisis by a trigger." The financial crisis was a lesson not to be dismissed, Ng notes, and its vulnerability and the entrenchment of party interest in business need to be addressed. Politically, the question of succession has yet to be resolved, and it would take some time before the next premier establishes his mark on a nation-building path that is full of Mahathir's footprints.

Chapter 7, "Competing Politicians — Competing Visions: Mahathir Mohamad's *Wawasan 2020* and Anwar Ibrahim's *Asian Renaissance*", Claudia Derichs examines the causes of the Mahathir-Anwar rift and argues that their rivalry has its origin in their visions of what constitute national identity. The struggle is reflected in Mahathir's *Wawasan 2020* (Vision 2020) and Anwar's idea of an *Asian*

Renaissance. The concerns of ethics and morality in Anwar's arguments have their universal appeal, and in that regard, Derichs notes, "is a much more inclusive and integrative figure in a multiethnic society like Malaysia than the *New Malay*."

In Chapter 8, "Mahathir, Islam and the New Malay Dilemma", Patricia Martinez analyses the aspects of Islam in the Mahathir administration. How does Malay ethnicity and Islam complement each other? The author argues that Mahathir's version of Islam is pragmatic and "modern", as opposed to the more theological or conservative Islam of the *ulama* and the main opposition political party. However, the 1999 general elections might have transformed Mahathir's efforts and directions of Islamisation. The UMNO now perceives itself as less able to attract Malay votes than the Islamic opposition party. As a result, we see in the aftermath of the elections, UMNO embarking on a *da'wa* (mission) to Islamise itself, the government and the nation. The religious rivalry then has emerged as one of the most significant issues in recent political development in the country.

These are important issues during the Mahathir's years. The preoccupation with nation-building, administrative reforms, political successions, federal-state relations, foreign policies and economic development will for a long time continue to direct the country towards the post-Mahathir era. We hope that the analyses offered by the authors will help the readers in understanding the complexities, and sometimes, the paradoxes of Malaysian political economy in the last two decades.

The Political and Administrative Frames: Challenges and Reforms under the Mahathir Administration

Ho Khai Leong

Introduction

Mahathir Mohamad has been Malaysia's Prime Minister since 1981 and is the country's longest-serving Prime Minister. In his long political career, he has proven to be a survivor of political turmoil and financial scandals, craftily beating back all challenges to his national leadership and of its dominant party, United Malays National Organisation (UMNO). His continued efforts to transform, and according to his critics, damage various Malaysian political institutions have made him the most controversial Prime Minister and political figure in the country. Yet one cannot deny his achievements. His political longevity was probably rewarded by the continuous economic prosperity in the country. His modernisation vision, to uplift Malaysia in general and the Malay people in particular, has produced a booming economy during his term in office, until the currency crisis in 1997.

This chapter will concentrate on the transformations of the political and administrative apparatus vis-à-vis the Mahathir administration. It reflects upon the evolution of Mahathir's administration and its reforms, assessing their responses to the major political events of the past decades. The central argument is that the state apparatus in relation to the executive branch have been altered in such a way that the centre of political power has been shifted to the executive. A personality cult of

Mahathir has somewhat developed in the larger context of nationalism. This is aided by a reform-minded civil service that ironically has not been able to cope with the on-going societal changes. Despite its continuous effort at reform, the administrative apparatus has largely been ineffective. As the question of accountability is a major concern under Mahathir's regime, this chapter will provide some discussions on the issue. In the final analysis this chapter shows that Malaysia under Mahathir, in dealing with the problems of governance and accountability, reveals the scale of Malaysian institutional transformation amidst continuing fragmentation of the polity.

The Political Frame: Governance and Institutional Transformations

The longest-serving Malaysian Prime Minister, with five national electoral victories to his name and 15 years at the helm, Mahathir ranks only with Lee Kuan Yew and Suharto, as one of the longest-serving executives in Southeast Asia. In his tenure as Prime Minister, executive power vis-à-vis other political institutions has been expanding, and continue to grow stronger, aided by an expansive bureaucracy. Indeed, there has been a visible and increased concern about the aggrandisement of Prime-Ministerial power vis-à-vis other institutions in Malaysia. Some of the questions put forward are about whether the powers assumed by Mahathir are against the spirit of the Malaysian constitution, about the unwieldiness of a large and Malay-dominated cabinet, and about the degree to which the bureaucracy is held accountable to democratic institutions.

The Prime Minister is the leader of the majority party (The National Front coalition — *Barisan Nasional*) in the Lower House (the *Dewan Rakyat*). He is formally appointed by the constitutional Head of State, namely the *Yang di-Pertuan Agung*. The constitution of Malaysia adheres to certain principles of the British and India model in which the Prime Minister, not the Head of State, is the effective head of government. Other essential features include linkages between the executive and the legislature, collective responsibility, cabinet secrecy, and the ultimate answerability to the electorate. Under Mahathir administration, the Prime Minister's office has assumed more and more of the powers that he has always had under the constitution.

The Four Periods of Mahathir Rule

Datuk Seri Dr. Mahathir was sworn in as Malaysia's fourth Prime Minister on July 1, 1981. His ascent to power was miraculous. He had been expelled from UMNO in 1969, but after his readmission to the party, he was elected member of its Supreme Council. In 1973, he was made a senator and, a year later, the Education Minister in the Razak Administration. In June 1981, Mahathir, then Deputy President of UMNO and Deputy Prime Minister and Hussein Onn's choice as successor, was elected unopposed by the UMNO General Assembly as its new president. His ascension to the position of Prime Minister was greeted with apprehension by certain quarters, especially by the non-Malay community, because he was perceived as a Malay chauvinist.

The Mahathir administration may be divided into four periods. The first period began in 1981 and ended in 1984. The mood of the administration during this period was captured in the slogan "Clean, Efficient and Trustworthy Government" used during the 1982 general elections. Among other things, the Mahathir administration tried to scrutinise mismanaged and unprofitable government-owned *Bumiputera* enterprises, to stamp out corruption, to improve bureaucratic efficiency, and to curb political infighting at the federal and state level. At the launching of the "Leadership by Example" campaign in Kuala Lumpur, March 19, 1983, he was quoted as saying, "An administration that is clean, efficient and trustworthy will only be meaningful when its leaders, heads of government departments and officers have these values, and hence government leaders, both in politics and the civil service, have to make a pledge in an effort to inculcate and to ensure that these values are practices." (Alagasari, 1994,p.56) His determination to reform the political and administrative institutions to make them more responsible during this period was evident.

In the second period after 1985, Mahathir's performance was more controversial. His administration was rocked with allegations of corruption in the government, political infighting in UMNO, and the abuse of executive power against dissenting opposition within and without the *Barisan Nasional*. In 1985–86, the economy was in recession. Economic hardship caused many, in and out of UMNO,

to accuse Mahathir (and Tun Daim Zainuddin) of ruining the country with disastrous policies (notably HICOM's heavy industrialisation), "mammoth projects" (for instance, Dayabumi), and cronyism (favouring big Malay corporations). The privatisation process drew the heaviest fire from businesses and opposition, as many of the privatisation projects were not carried out through an open tender and were politically connected. In addition, privatised projects were monopolies, such as PLUS, which made super profits at the expense of the consumer.

The third period is from 1990 to 1997. After surviving the political struggle, and almost exhausting resources on oppressing the opposition in the second period, Mahathir used this particular period to consolidate his political base and legitimacy, including amalgamating the unity in UMNO, easing the tensions between the federal and state governments, and as a result of ethnic polarisation. There are three major milestones in this period: the formulation and implementation of the National Development Policy (NDP), the launching of Vision 2020 and the issue of succession to the premiership. The NDP, passed in Parliament in 1991, was basically a continuation of the NEP, and it laid the foundation for Malaysian economic development in the next 20 years. Economy recovery during this period to a certain extent also helped to ease the tensions between the polarised ethnic communities. Vision 2020 became the backbone of all government policies. While its political implications certainly were more than its practical significance, it nevertheless provided a strategy to unite the country. In the 1993 UMNO election, Anwar and his vision team triumphed over the old guards and the succession issue seemed to have settled (Ho, 1994). In the 1994 state elections, UMNO triumphed in Sabah. With such positive developments in the political, economic and social arenas, Mahathir was probably at his peak in his political career. Malaysia began to show signs of liberalisation politically and economically.

The fourth period is from 1997 to the present. Economic and political uncertainties characterised this period. After the 1993 UMNO party election, Anwar had increasingly tried to challenge Mahathir, making moves to expand his power base in party and government portfolios. Evidently both Mahathir and Anwar disagreed

in many policy decisions dealing with economic matters. At the same time, there were pressures from UMNO, predominantly the Anwar faction, to remove the old guards. The 1997 Asian financial crisis brought the conflict of the two men to the forefront as they once again disagreed on the approach to salvage the economy. In September 1998, Mahathir could no longer tolerate Anwar and fired him as his Deputy, and had him arrested purportedly for committing sodomy. Mahathir thus silenced a one-time loyal supporter who increasingly had criticised the regime's authoritarianism and cronyism. Demonstration by Anwar supporters in the name of *Reformasi* broke out on the streets in the capital. Mahathir's crackdown on Malaysia's *reformasi* movement was successful, though not without damages to the country's political and social fabrics. Mahathir once again proved to be a political survivor.

The contrasts between the first and second halves of Mahathir's Prime Ministership are striking. In the earlier phase, he was generally able to project an image of pragmatism and be seen as energetic on policy initiations. By the mid 1980s, he appeared to have fashioned an administration with many forward-looking policies. The perception that Mahathir is a no-nonsense and result-orientated leader is derived largely from this particular phase of his administration. In the second phase of his Prime Ministership, however, he could not escape the criticism of nepotisms and corruption, despite his continued effort to modernise the country. His handling of the Anwar case was also highly problematic as it called into question, firstly, his personal relations with the deputies he appointed in the first place and secondly his judgment on a case which was deemed political.

What remained consistent, however, were Mahathir's challenges to the various political institutions in the country — the cabinet system of government, the judiciary, the legislature, and the opposition.

Mahathir's Challenges to Political Institutions

Under Mahathir, the executive power has been expanded. Its relations with other political institutions in the country can be categorised as follows:

1. **The executive and the cabinet.**
The relationship between the Prime Minister and the cabinet has changed tremendously. This has largely to do with the different management styles and personalities of the Prime Ministers. For Tunku Abdul Rahman, the cabinet was a discussion forum for policy matters. By contrast, under the Mahathir administration, the cabinet is no longer used as a forum, but rather as a rubber-stamp institution that gives legitimacy to government policies. Admittedly, there were policy issues in which exchanges and negotiation between ethnic leaders were still quite extensive. Equally obviously, when there was strong elite consensus in the *Barisan Nasional* on issues considered a threat to their respective positions and credibility, bargaining behind closed doors in the cabinet — dubbed by politicians as "the proper channels" — was still common. Nonetheless, the bulk of the issues dealing with ethnic configurations were resolved through a process of *Bumiputera* domination. Bargaining in the cabinet, to the extent that it is meaningful, occurred only around the edges of the issues involved.

This is related to the ethnic composition of the cabinet, in which Chinese-based political parties were under-represented. The MCA has claimed that the decline in the number of cabinet positions had made it ineffective in voicing the Chinese demands to the government. While maintaining that cabinet representation is the "basis of political power", the party further stressed that the key ministries were occupied by UMNO, and that such a situation has eroded the bargaining power of the MCA. Even after the 1999 general elections, where there were substantial Chinese votes that made Mahathir hold on to power, there was widespread expectation that the new cabinet line-up would see additional MCA or Gerakan Ministers. It did not happen.

In 1997 during the currency crisis, Mahathir established the National Economic Action Council (NEAC). This Council is not an elected body. Apart from members of the cabinet who have been appointed to it, the other members who constitute the 24-person council are representatives from trade, businesses, unions and think-tanks. It was headed by government economic advisor and former Finance Minister, Daim Zainuddin. It in effect replaced the functions

of the cabinet in terms of policy-making. Its constitutional role has been questioned. Questions such as: Can there be an action council other than the cabinet to decide and formulate government policy? Should an unelected body, the majority of whose members are not the people's representatives or MPs, be making decisions on how the government will deal with the present crisis? Should cabinet Ministers who do not hold portfolios directly related to the economy and trade be excluded? Despite these unsettling questions, Mahathir went ahead with the NEAC. Critics claimed that the NEAC is another mechanism that makes major economic decisions in the political process less transparent.

2. **The executive and the Parliament.**
In general, the executive and his government are in absolute control of Parliament and the legislative process. Prime Ministerial supremacy in Parliament is without question. Since the ascendancy of Mahathir, this position has become more evident. While the opposition respected the Tunku, Hussein Onn and even Razak, there has been a marked lack of warmth and affection for Mahathir. His disregard of Parliament, when he often made important policy statements outside the House, has further burdened the relationship between the government and Parliament.

Developments under Mahathir administration have combined to make the Parliament less diverse, less tolerant and less broadly informed. It is not an accident that the changes were accompanied by opposition evidence showing sharply declining respect for the integrity of the legislature. It would be ludicrous to suggest that these changes can be exclusively ascribed to Mahathir leadership. Longer term social, economic and demographic forces had been also at work. However, it has been Mahathir's objective to mould a Parliament which is more deferential to executive privileges. In this he has succeeded.

3. **The executive and the judiciary.**
Prior to the Mahathir administration, the judiciary had been relatively independent of political interference. Such judicial independence and integrity were secured in part by the constitutional provisions governing the appointment, removal and

remuneration of judges. The relationship between the judiciary and the executive has not been controversial as the three earlier Prime Ministers showed respect for an independent judiciary. However, no executive has challenged the independence of the judiciary more than Mahathir. Since political divisions began to emerge in UMNO, political factions have resorted to define more limited roles for the judiciary vis-à-vis the executive. From 1986 onwards, he began to verbally assault the Court frequently after a number of cases were decided by it against the government and UMNO. The tension between the executive and the judiciary quickly escalated and reached its climax when the Lord President, Tun Mohamed Salleh Abas, the head of the Malaysian Supreme Court, was sacked.

In 1988, a number of allegations were brought against Tun Salleh Abas, and in May the same year, acting on the advice of the Prime Minister, the King suspended Tun Salleh. A tribunal, as provided for in the Constitution, was established to inquire into his alleged "misconduct". The tribunal found the Lord President guilty and he was dismissed from office on August 8, 1988. At the same time, the Acting Lord President advised the King to suspend five other Supreme Court judges (two were later dismissed) who had come to Tun Salleh's defense (Salleh Abas, 1989).

Mahathir said the amendments were needed because "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... When a judge feels he has first to prove his independence, then justice takes a back seat." To display that their independence is really "fierce," judges "often bend over backwards to award decisions in favour of those challenging the government," added Mahathir.

The suspension of the five Supreme Court judges and the sacking of Tun Salleh represented a watershed in Malaysia's legal history. This episode called into question the role of the executive vis-à-vis the judiciary. It was also a clear instance of the aggrandisement of Prime Ministerial power. On the whole, this had an adverse impact upon Malaysian society as far as Mahathir's leadership is concerned. The Johor Bahru by-election in 1988 was won by a candidate who had campaigned against Mahathir on this particular issue.

The integrity of the judiciary was also an issue brought up in the Anwar trial. Ousted deputy premier Anwar Ibrahim lashed out at Prime Minister Mahathir Mohamad and the Malaysian judicial system after he was sentenced to six years in jail for corruption in 1999. "I have no hope of justice," he told the court in prepared remarks after being allowed to make a statement following his conviction. Anwar reiterated that the charges were "part of a political conspiracy to destroy me" and ensure Mahathir's "continued hold on power at whatever cost even if it means sacrificing whatever little is left of the judiciary's integrity." Defence lawyers said Anwar was shocked by the verdict, which ended the longest trial in Malaysian history. Anwar was quoted as saying, "The Prime Minister uses the judicial system as a tool to exert political pressure. All the instruments of government including the Attorney General's office, the police and indeed the judiciary are under the Prime Minister's thumb."(*Agence France-Presse*, August 14, 1999). The irony of all this is that Mahathir has said repeatedly that he respected and was proud of the independence of the judiciary. "I will always respect the independence of the judiciary. We do not expect the courts to be pro or anti-Government, only pro the Constitution and pro the law." (Alagasari, 1994, p. 97)

4. **The executive and the constitutional monarch.**

The relationship between the Mahathir administration and the constitutional monarch, the *Yang di-Pertuan Agung*, was tense. Unlike the previous administration, when relationships were cordial, it was only during the Mahathir administration that differences between the two institutions emerged.

The constitutional crisis of 1983 was at the heart of the tension. In August of that year, Mahathir introduced a constitutional amendment bill that contained changes in 22 clauses of the constitution which, according to him, were strictly a matter of administrative procedures. After the bill was passed in Parliament, the monarch refused to sign it. While Mahathir tried hard to mobilise support to push through the amendments, the rulers were steadfast in their position, holding the Conference of Rulers to decide against the amendments. The Prime Minister finally gave

in and tried to work out a compromise. A large part of the original constitution was then retained.

The constitutional crisis had at least two effects. Firstly, it had contaminated the cordial relationship between the office of the Prime Minister and the constitutional monarch. Secondly, it had caused confusion and schism among the Malay community. While the outcome of the crisis did not in any way strengthen Mahathir's position as Prime Minister, it heightened the tension between the two important institutions in the country.

5. **The executive and the party.**

The Prime Minister is also the President of UMNO. His relationship with his own party is therefore of utmost importance to his survival since it involves the question of succession and legitimacy. The person who becomes the President of UMNO will inevitably become Prime Minister. It is this power stake that made UMNO a centre of factional fighting ever since its conception in 1945.

Mahathir's relationship with UMNO is the most tumultuous and turbulent of all of the four Prime Ministers. Divisions within UMNO during Mahathir's premiership became deep and irreconcilable. In March 1987, Trade and Industry Minister, Tunku Razaleigh Hamzah, mounted a bitter, unprecedented challenge to Mahathir's party leadership. Although Mahathir won, the tradition of unchallenged UMNO leadership was broken. Followers of Razaleigh continued to torment UMNO by filing suits against it. In early 1988, they challenged Mahathir in court, claiming that UMNO election was improperly conducted according to the provisions in the Societies Amendment Act. The court sided with the Razaleigh camp and declared UMNO illegal. Mahathir quickly reorganised and registered his political party, and renamed it UMNO Baru (New UMNO). Razaleigh led a splinter group into alliance with the opposition for nine years before returning to UMNO in 1996. Razaleigh should be credited with heralding a new culture of dissent in Malay politics. Before Razaleigh's bid, no one had mounted a direct, serious electoral challenge to the UMNO leadership. But it was Mahathir's personality and performance that had prompted challenge in the first place. By challenging

Mahathir, Razaleigh broke new ground in a no-holds barred contest and, in the process, shattered the aura of invincibility surrounding the UMNO president. Though he failed by a whisker, Razaleigh overturned a tradition of absolute loyalty to the UMNO leader, widely regarded as the Malay community's almost feudal protector.

With former UMNO deputy president Anwar Ibrahim in jail, Razaleigh became a lightning rod for disaffected UMNO members looking to restore their standing in the party or to end Mahathir's nearly two decades of control. His own division in his home state of Kelantan and some others were expected to nominate him for one or both of the top spots. But his incipient movement did not gather the momentum it needed.

Another major development during the Mahathir years is "money politics", in which wealth was used to buy important party posts. In addition, the ascendancy of Malay politician-businessmen as an influential policy-making group made the system more and more open to political patronage by the chief executive. The rise of a *Bumiputera* politico-business class is particularly important in the articulation of class-based pro-*Bumiputera* policies (Ho, 1997).

UMNO's uninspired showing in the 1999 November's general elections, when it lost ground to the opposition Islamic Party in the Muslim Malay heartland states, had raised Razaleigh's hopes of mounting a challenge for the UMNO presidency or deputy spot. Mahathir's strong showing ahead of UMNO leadership elections in May 2000 underscored his unrivalled power base despite a festering split in the party which has ruled Malaysia since independence in 1957. Factional strife — personality clashes, policy differences and power struggles — within UMNO, continues to threaten the ruling coalition.

Thus we see a fusion of the powers of the executive (the PM and his cabinet), the legislature (Parliament and state assemblies) and the judiciary. The main idea behind all these challenges by Mahathir was to make the executive office stronger. Transformations of these political institutions have major impacts on democratic development in the country. Mahathir's challenges

to these traditional institutions have to a great extent set back the pace of democratic development. While he has made the polity more fragmented and pluralist, he has also consolidated his power base, and hence enabled him to hold on to power for 18 years. The last general elections in 1999 and the challenge from PAS notwithstanding, Mahathir's capacity for political survival is anything but miraculous.

In all these Mahathir has depended on the bureaucracy for support. His compatriots have greeted his brave experiment and supported his single-minded and often ruthless crusade to fashion a new social and political fabric based on modernity.

The Administration Frame: Bureaucratic Accountability and Reforms

Initially Mahathir depended very much on the civil service to uphold the image of his clean and efficient government, and he introduced enthusiastically various reform measures to change the ethic of civil service (Mahmood bin Taib, Tan Sri Dato and Johari Mat, 1992; Ng, 1997). In the beginning of his administration, measures such as wearing nametags and clocking in to work were introduced (Mauzy and Milne, 1983). Another major attempt was made in the Client Charter in 1993. But he was rapidly ensnared, diverted by other priorities.

Under Mahathir, bureaucratic accountability has emerged as a major issue. Public discussions on the topic were heated in spite of the hostile political environment. A political hegemony dominated by UMNO has consolidated power throughout the years. Any vocal dissent within the polity has either been suppressed or co-opted, and hence the issues of political and bureaucratic accountability have largely been disregarded. Despite such an oppressive political environment, the various political opposition have been unremitting in their efforts to keep the issue of public accountability and responsibility in the forefront, although with an entirely different focus — corruption and scandals of politicians and in the bureaucracy. The reason is quite obvious: there is much political capital to be made from the corrupt behaviour of those in power. Indeed, some of the major scandals in the Mahathir's years have been brought to light by the political opposition.

The following discussion will look at the major concerns of public accountability and at recent efforts of public sector reform under the Mahathir administration.

Financial Accountability and Corruption

Financial accountability in public agencies is important for management control, and it is related to greater effectiveness in utilising the available resources. It is probably the weakest among the chains of administrative accountability in the Mahathir's regime. The control mechanisms for financial accountability in the bureaucracy are not without problems. In general, the accounting standards in the public sector, its accessibility to the public, lack of power of the Attorney General's Office (AGO) are areas that have left much to be desired. Such weaknesses of the institutional structures to check bureaucratic deviations and excesses certainly have contributed to the emergence and aggravation of corruption.

Corruption can be defined simply as betrayal of the public trust for reasons of private gain (Mansoor Marican, 1979). Although not limited to monetary matters, in most cases money exchanges are involved. In Malaysia, such forms of corruption occur at three levels: the lowest level, the intermediate level, and the highest level (Sivalingam and Yong, 1991). At the highest and intermediate levels, politicians and bureaucrats are involved. One good example was the BMF which was one of the many large-scale financial unaccountability cases in the country. Public criticisms have been directed at political favouritism in business transactions at the top level of political and administrative leadership. One allegation that has been frequently made is that the awarding of privatisation contracts in the country is based on political ties and nepotism (Clad, 1989; Gomez, 1994).

Available evidence suggests that corruption is not limited to the top strata of the hierarchical system. At the street-level, there are also complaints and accusations that petty corruption is rampant. There are frequent reports alleging governmental agencies were involved in illegal activities such as falsification of birth certificates and citizenship for illegal aliens (*Straits Times*, March 23, 1993). In the Malaysian context, financial dealings between businessmen seeking governmental approval or contracts and officials are frequent and normal.

It may be a fact that legal measures against various forms of corruption in Malaysia are generally in place, their implementation however raise some disturbing questions. Malaysia's anti-corruption drive has had a mixed record. This has led one observer to label Malaysia's anti-corruption experience as "a mixed case of determined and hesitant-institutional strategies." (Rafique Rahman, 1986, p. 136)

Administrative Accountability and Responsiveness

The Malaysian bureaucracy is supposed to be instrumental in implementing policy goals set by the elected representatives, serve the Malaysian public and be sensitive to public demands and problems. At present, as far as administrative accountability is concerned, the Malaysian bureaucracy has been plagued by two sets of related problems: administrative deviation and inefficiency.

Administrative deviations in implementing the NEP during the Mahathir years were one of the chief complaints of the non-Malay communities. They agree with the goal of national unity, and the two-pronged strategy of social restructuring and poverty eradication, but they have consistently complained about the deviations in policy implementation. These deviations include the use of discretionary power to discriminate in terms of ethnicity, class and religion. As a result, the NEP deviations have increased the income gaps between rich and poor Malays and increased intra-ethnic inequalities. Such deviations, it is argued, are divisive and destabilising factors because they create suspicions and reduce the confidence of the private sector and the non-Malays in general (Yeoh, 1990, p. 120).

Deviations are associated with the administrative incapacity to collect and disclose accurate data for public discussion. Indeed, much of the criticism levelled against the NEP has come about because of the failure of government, in particular of the Economic Planning Unit (EPU), to provide accurate, up-to-date and complete statistics on the progress, or lack thereof, of development in the 1970s and 1980s, in particular those which involved sensitive issues such as poverty reduction and ethnic restructuring (Dorall, 1992, p. 148).

In the late 1980s during the course of deliberations on the National Economic Consultative Council (NECC), this issue was

often raised. Because there were insufficient safeguards to prevent abuses and to eliminate deviations in implementation, many groups recommended that an independent commission be set up to monitor the implementation of the post-1990 policy. The specific functions of the commission include monitoring of implementation, ensuring no deviations and errors in implementation, collecting and preparing data and statistics related to implementation of the plans (DEPAN, 1991).

The recommendation by the NECC to establish an independent commission was not taken up by the Mahathir administration. The reason was that there were already enough safeguards and institutions within the political system — such as the Parliament, the Public Accounts Committee, the Public Complaints Bureau and the Anti-Corruption Agency — to ensure their accountability and accuracy of policy implementation. To the Malaysian citizenry, the exclusion of an independent commission in the newly-formulated National Development Policy (NDP) was a disappointment as it showed the under-commitment and insincerity of the *Barisan Nasional* government in dealing with the serious problems of administrative deviations and excesses.

Official inefficiency and unresponsiveness is another frequently heard complaint against the Malaysian civil service. In 1993, for example, complaints lodged at the PCB by the public were mostly against government agencies for delays in their handling of official matters and failures to enforce the law (*Straits Times*, July 17, 1993). Many of these bureaucratic inefficiencies were related to the attitudes and working orientation of the civil servants. Undesirable behaviours such as playing games on computers, loitering in coffeeshops during office hours, causing delay for monetary gains, etc. were some of the problems among civil servants (*Straits Times*, February 23, 1989; November 19, 1990; April 24, 1991). A more serious problem was drug abuse in the service — at least it was serious enough for top officials to take action. In 1989, the Public Services Department (PSD) drew up a regulation that required Malaysian civil servants to undergo compulsory urine testing for drugs (*Straits Times*, April 22, 1989). This action in part was prompted by a report three months earlier that 41 government servants were among the 1,700 people arrested for drug

offences the year before (*Straits Times*, November 20, 1992). In that regard, attitudes and behaviours of the Malaysian bureaucracy and its personnel left much to be desired.

Available evidence suggests that while there was widespread recognition of the problem, the actual and sustained implementation remained largely unfulfilled. The recommendations by the ACA to discipline errant staff were not taken seriously and, even worse, ignored by department heads. In 1992, for example, the PSD issued a warning notice to more than 100 heads of department to take up the recommendation of the ACA to discipline staff who were suspected of corruption and abuse of power. ACA Director-General Tan Sri Zukilfry Mahmood revealed that the 242 cases referred to heads of departments between 1987 to July 1992 were not acted on (*Straits Times*, November 20, 1992). The gap between directives from above and their actual implementation during the Mahathir regime remains a serious problem.

Client's Charter: Mahathir's Reform

Mahathir initiated a new wave of civil service reform to meet the changing demand of the domestic population as well as the challenges of a globalised world. To better equip its civil service for the 21st century, Mahathir felt that there was a need for the civil service to possess more of the mentality to serve rather than be served. A paradigm shift was therefore needed from the civil servants in their attitude and approach towards their duties. In the words of Dato' Seri Ahmad Sarji, Chief Secretary to the Government, the Malaysian Civil Service had to move "from [their] conventional and one-dimensional roles as rule-setters and regulators to that of facilitator and pacesetter in national development." The civil service would be reformed to help contribute to the country's goal of Vision 2020. The main objective of the reform was to increase the efficiency and effectiveness in the civil service management and administration. The civil service needed to be transformed into one that is more customer focused, results and performance oriented, responsive, accountable and innovative, with the capacity and capability of providing quality services. A new organisational culture of service excellence and productivity needed to be nurtured and made a way of life for all public servants. Quality

service and meeting customers' satisfaction would be emphasised in all government agencies. The Client's Charter (CC), which was implemented in 1993, was an initiative to materialise the new paradigm of the civil service.

The Client's Charter is a written commitment made by all government agencies with regards to the delivery of services to their customers. It is essentially a declaration made by the civil service that services provided would comply with the declared quality standards, which is in conformance with the expectation of the public. The Client's Charter focuses on excellent service quality which would meet the customers' satisfaction. Quality service would therefore include all counter services at government departments as well.

One aspect of the Client's Charter is the Service Recovery Mechanism in situations when the quality of services provided falls short of the pledged quality. During such service failures, agencies would activate the service recovery mechanism to address the failure and restore the satisfaction and confidence of the customers. The implementation of the Client's Charter served to benefit both the public and also the civil service itself. On the one hand, the public would be assured of the service quality as stated in the Charter. They could also compare the services they received to determine if it is acceptable. If the quality of services were deemed to be undesirable, the public would be able to make more explicit and specific complaints. On the other hand, the civil service could identify the level of quality expected and ensure the services they provided meet the criteria. Furthermore, effectiveness of services provided could be improved through the complaints received as the problem areas would now be more specific and defined.

The CC is supposed to be the starting point that links the empowerment of the citizenry vis-à-vis the civil servants, but its impact has yet to be evaluated comprehensively. Though Mahathir respected and trusted individual civil servants, he distrusted the bureaucratic process. He noted, "Our country is tied up with rules and regulations so much so that matters which clearly only involve technicalities will cause us to be unable to implement certain things" (Alagasari, 1994, p. 52). In Mahathir's analysis, civil servants took far too long to make decisions, and senior civil servants were invariably shielded from consequences of

their own actions. Mahathir was fighting a losing battle, but he did not give up.

Conclusions

Mahathir's leadership has dealt with change, not just mere stewardship. Part of his appeal is that he presented a new breed of Malay nationalists. Mahathir's Malaysia has undergone rapid industrialisation in its economy with increased international recognition. Mahathir's aspirations of a united Malaysia, enshrined collectively in his Vision 2020, has earned him more admiration from the people. One could draw up a long list of Mahathir's performance. Although many of the items on that list would be of considerable importance, his most significant contribution to Malaysian life was his transformation of the political structure. The political institutions in the process have also been transformed. The status and power of the Prime Minister in power in Malaysia under Mahathir has changed substantially. The present office of the executive is a matrix of autocracy. The constitutional processes and institutions that act as checks to prevent the Prime Minister from gaining dictatorial control over the nation are incapable of functioning effectively. Mahathir has attempted to wrest more power, and in most cases he has succeeded. Under Mahathir, authority has shifted more towards the overly political executive branch. Mahathir transformed the face of Malaysian politics while consolidating UMNO's hold on power. It is a substantial, if not necessarily a beneficial, achievement.

The bureaucracy too has undergone a sea of change; however while there were genuine attempts to reform the public sector, in the form of Client's Charter, and the pro-market approach to make progress in a knowledge-based economy, the results have been mixed. Administrative and bureaucratic snafus occurred one after another, and the lack of transparency and accountability have added to the already negative perception of the bureaucracy from the citizenry's viewpoint.

Mahathir's instinct for political survival so far has given him the longevity which few Third World leaders enjoy, but the ultimate test is whether the next stage of Malaysian economic and political development would improve in the Post-Mahathir era. Evidence suggests that the Malaysian society has become more polarised, among

Malays and Chinese, and between them. While there remains much admiration for what he had achieved over the past decades, Mahathir's Malaysia is in a flux. That Mahathir's regime placed too much on forms – Vision 2020, privatisation, *Malaysia Boleh* – and too little on practical needs is perhaps its greatest indictment. Despite the extraordinary political triumphs of Mahathir, Malaysia at the turn of the century is a more polarised, ethnic- and class-conscious society. His is a legacy to be lived down.

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Chapter 2

Unequal Contest: Federal-State Relations under Mahathir

James Chin

Federal-state relations, or how it is practised and exercised in Malaysia, has always been a controversial political issue. Malaysia, constitutionally, is a federation of 13 states — 11 on the Malay Peninsula (Peninsula or West Malaysia), and the two on Borneo (East Malaysia). Each individual state has its own legislative assembly as well as elected representatives to the federal parliament. In theory, the state retains autonomy in local government, matters pertaining to religion, and land matters while the federal government deals with issues like foreign policy, defense, and education. However, in practice, the federal government has assumed much more powers and have up-staged the states in these areas.

This reality has forced many scholars to conclude that Malaysia is a quasi-federation because the centre, the federal government, holds too much power and dominates the political system to such a degree that it can decide the survival of individual state governments (see Shafruddin, 1987; Milne and Mauzy, 1978). Many point to the federal government's intervention in Sarawak in 1966 and Kelantan in 1978 as prime examples of Kuala Lumpur's upper hand when it comes to federal-state relations. In both cases, decisive actions taken by the federal government saw the fall of these opposition-led states into the hands of parties friendly to the federal government.

Hence by the time Mahathir came into office in 1981, all the 13 states were ruled by component parties of the *Barisan Nasional* (BN), which Mahathir heads. With the exception of Penang, the ten other states in the peninsula were firmly under the control of UMNO. Penang's

Chief Minister came from *Gerakan*, a Chinese-based BN party. Penang's position was due to the fact that Penang was the only state in Malaysia where the Chinese is numerically superior to the Malays. In East Malaysia, both states were under the control of locally-based BN parties. Sarawak was ruled by *Pesaka Bumiputera Bersatu* while Sabah was under *Parti Berjaya*.

This chapter will look at federal-state relations under Mahathir by concentrating on the experiences of the East Malaysian states of Sarawak and Sabah and the Malay heartland states of Kelantan and Terengganu. Federal-state relations are thorny issues in these states, more so than other states.

(I) EAST MALAYSIA

The Twenty Points

Before any discussion on Sarawak and Sabah, an understanding of the unique historical characteristics of the East Malaysian states is crucial to explain the events in the contemporary.

Ethnically, Sabah and Sarawak are much more plural than Peninsular Malaysia, where essentially there are only three ethnic groups (Malay (about 53%), Chinese (35%) and Indians (10%)). In Sarawak, for example, there are about 27 ethnic groups and in Sabah, about 35 groups. Politically, the relevant groups in Sarawak are the Dayaks (about 40%), Malay-Melanau and other Muslims (25%) and the Chinese (30%). In Sabah, the major groups are the Kadazandusuns (about 40%), Malay and other indigenous Muslims (30%) and the Chinese (25%). This complex ethnic mix gave rise to less than clear-cut political party alignments, unlike in the Peninsula where, generally speaking, the United Malays National Organisation (UMNO) and *Parti Islam Malaysia* (PAS) represent the Malay and Muslims, the Malaysian Chinese Association (MCA) and *Gerakan Rakyat Malaysia* (*Gerakan*) represent the Chinese and the Malaysian Indian Congress (MIC) the Indians.

In 1961, when Tunku Abdul Rahman first announced his plan for a "Mighty Malaysia Plan", a Malaysian federation consisting of Malaya, Singapore, Sabah, Brunei and Sarawak, little support could

be found in the Bornean states. Sabah leaders like Donald Stephens (later Mohammad Fuad Stephens) rejected the proposed federation as he envisaged a "Borneo" federation of Sarawak, Sabah and Brunei instead. The first priority of A M Azahari from *Parti Rakyat Brunei* (Brunei People's Party or PRB) was to capture political power in Brunei, but he was probably in favour of the Borneo federation. Sarawak leaders were also unenthusiastic about the proposal and preferred the Borneo federation proposal.

> In July 1961, Ong Kee Hui from the Sarawak United People's Party (SUPP) met with A M Azahari and Donald Stephens in Jesselton (now Kota Kinabalu) to discuss Tunku's proposal. After this meeting the three leaders, calling themselves the United Front, issued a joint statement informing the British government that Tunku's "Mighty Malaysia Plan" was "totally unacceptable to the people of the three territories" (*Sarawak Tribune*, July 11, 1961).

The federation succeeded in incorporating Singapore, Sabah and Sarawak (but not Brunei) because of the pressure exerted by the British.[1] Once they had decided to withdraw from the Southeast Asian region (the "East of Suez" policy), the British wanted to create a federation of their colonies with as little fuss as possible. Thus, they approved of Tunku Abdul Rahman's Malaysia proposal. It meant the British could withdraw within a year or two and only one new state, Malaysia, would be formed instead of the many new states that would emerge if independence were to be granted separately to North Borneo (as Sabah was called then), Singapore, Sarawak, and Brunei. Tunku Abdul Rahman played his part by hosting a series of visits by Sarawak and Sabah political leaders.

Tunku, with Lee Kuan Yew's help, easily won over Sabah's Stephens and some Sarawak leaders. All the pro-Malaysia politicians from Malaya, Singapore, Sabah and Sarawak then set up the Malaysian Solidarity Consultative Committee (MSCC) to drum up support for the Malaysia Proposal. Between August 1961 and February 1962, the MSCC held four meetings in Jesselton, Kuching, Kuala Lumpur, and Singapore. At these meetings, the two Bornean delegations asked that

safeguards relating to issues like religion, administration, and development, be included in the new Malaysian Constitution. The MSCC also recommended that a commission of inquiry be set up to ascertain the views of the people of Sarawak and Sabah on the proposed Malaysia Federation.

The Commission, headed by Lord Cobbold, a former governor of the Bank of England, had four members. The two appointees of the Malayan government were Wong Pow Nee, who was the Malayan Chinese Association (MCA) Chief Minister of Penang, and Mohammad Ghazali bin Shafie, who was Permanent Secretary to the Malayan Ministry of Foreign Affairs. The British side also appointed two members: Anthony Abell, the former Governor of Sarawak, and David Watherston, the former British Chief Secretary of Malaya.[2]

When the Commission arrived in Sarawak, it was met by protesters demanding independence for Sarawak first. However, the Commission encountered calmer waters in Sabah, chiefly due to Stephens' influence. In mid-August 1962, the Cobbold Commission released its report which concluded that one third of the population in Sabah and Sarawak were unconditionally in favour of Malaysia, one third in favour subject to certain conditions and guarantees, and one third opposed to it. An observer argued that the Cobbold Commission could only come up with a pro-Malaysia finding as its members were selected on this basis (Ongkili, 1985, p. 67).

In August 1962, the British and Malayan governments decided to form an Inter-Government Committee (IGC), together with representatives from Sabah and Sarawak, to work out constitutional safeguards for the Bornean states in the Federation. Twenty meetings were held, and four months later the IGC report was ready. The main features of safeguards, known as the Twenty Points, were:

(a) Islam's status as a national religion was not applicable to Sarawak and Sabah. While there was no objection to Islam being the national religion of Malaysia, there should be no State religion in Sabah and Sarawak, and the provisions relating to Islam in the present Constitution of Malaya would not apply to Sabah and Sarawak.

(b) Immigration control was vested in the state governments of Sabah and Sarawak;
(c) Borneanisation of the civil service should proceed as quickly as possible although British officers would remain in the public service until their places can be taken by suitably qualified local people.
(d) No amendments or modification of the safeguards granted under the Twenty Points could be made by the federal government without the agreement of the Sabah and Sarawak state governments;
(e) There would be no right to secede from the federation.
(f) The indigenous peoples of both Sarawak and Sabah shall enjoy the same "special" rights given to the Malay community in Malaya.
(g) Sabah and Sarawak were to be given a high degree of autonomy over their financial affairs. They would retain control of their own finance, development expenditure and tariff.

Meanwhile, in early 1963, Sarawak and Sabah held statewide elections. The "Malaysia" proposal was not an issue in Sabah but in Sarawak, the SUPP campaigned against the proposal. SUPP narrowly lost the election to the pro-Malaysia Sarawak Alliance, which was backed by the colonial authorities (Chin U. H., 1996; Leigh, 1974).

In the midst of all this, Indonesia launched her policy of *konfrontasi* against the formation of Malaysia. The Philippines, which had a long-standing claim on Sabah, asked the United Nations (UN) to send in a fact-finding mission. The UN Malaysia Mission promptly visited Sarawak and Sabah, and its report was issued on September 14 by U Thant, the UN Secretary-General (*Sarawak Tribune*, September 16, 1963). The report concluded that the majority of people in North Borneo and Sarawak were in favour of joining Malaysia. The mission found "little evidence of articulate and organised opposition to the federation",[3] even though when it visited Kuching and Sibu, it had been met by large demonstrations and riots (*Sarawak Tribune*, August 17, 28, 1963). The UN team also stated that the 1963 elections were conducted "freely and impartially" with the concept of Malaysia "a major issue". It also found that "allegations of bias against the authorities organising and administering the elections, in so far as they were directly related to the Malaysia issue, were not, in the opinion of the Mission, adequately supported." On September 16, 1963, Sarawak

and Sabah officially became members of the Malaysian federation (Milne and Ratnam, 1974; Roff, 1974).

It is clear that from the outset, the Malaysian federation was formed with limited discussion among the peoples of Sarawak and Sabah (other than the small elite consulted by the British) and without wide support. Open expressions of dissent were found in Sarawak while Sabahans were won over by guarantees contained in the Twenty Points.

SARAWAK

When Mahathir took office in 1981, the political leadership in Sarawak changed as well. Taib Mahmud became Chief Minister of Sarawak, succeeding his uncle and predecessor, Tun Rahman Yakub. Prior to his appointment, Taib served in the federal cabinet, and therefore he and Mahathir were colleagues in Tun Hussein Onn's cabinet. A few days later, Rahman Yakub was sworn into the ceremonial post of *Yang Di-Pertua Negri* (Governor).

For the first few years, relations between Kuching and Kuala Lumpur were relatively smooth and incident-free. Although Taib Mahmud was in charge, many around him were Rahman's loyalists and allies. More than half of the cabinet and all the senior bureaucrats were appointed by his uncle. This situation was also reflected in the PBB where, although Taib was the president, many just below him owed their positions to Rahman Yakub.

In essence, Rahman Yakub tried to continue his rule from the Governor's post. Taib naturally resented Rahman's meddling in state affairs and complained to Mahathir about it. Mahathir in turn wrote a letter to Rahman Yakub asking him to retire gracefully and not meddle in active politics. The conflict between the two men centred mostly on timber concessions. In Sarawak (as in Sabah), buying and rewarding political allies with timber concessions was the norm — making instant millionaires of the concessionaires. Timber concessions were issued at the absolute discretion of the Chief Minister. To curb Rahman's influence, Taib had refused to renew many of the timber concessions issued to Rahman's allies.

The tension boiled over in 1985 when Rahman, in his capacity as Governor, made a public speech against the federal government at a gathering in the seaside town of Bintulu. Taib responded to these criticisms by walking out midway through Rahman's speech. In April 1985, when Rahman's term as *Yang di-Pertua Negri* expired, there was intense lobbying to persuade Taib to re-appoint him for a second term.

With Mahathir's blessing, Taib instead recommended Ahmad Zaidi Adruce for the post. Zaidi could be relied upon not to meddle in state politics. A cabinet reshuffle in mid-1985 saw Taib and his nominees controlling all the important posts. Taib himself assumed control of the newly-created Ministry of Resource Planning, which in turn took control of the issuing of timber concessions — the main source of political patronage in Sarawak. Taib also appointed his people to all the key posts in government and statutory bodies.

Within PBB, there was a major purge to remove all of Rahman's influence. Two PBB vice-presidents were hastily removed and the party began to register its members officially, a process that allowed Taib to "stack" PBB with his supporters and deny membership to those who supported his uncle.

Rahman Yakub and his supporters then tried to form another political party called the *Pertubuhan Bumiputera Bersatu Sarawak* or United Sarawak Natives Association (USNA) to challenge the newly-reconstituted PBB under Taib. In April 1986, one of Rahman's staunchest supporters and former deputy Secretary-General of PBB, Salleh Jafaruddin, resigned from the Council Negri in order to precipitate a by-election. The rebels were hoping for a win in order to show their strength. Unfortunately, with the entire resources of the state poured into the election, the PBB candidate won decisively.

One year later, Rahman and his allies tried to unseat Taib again. In March 1987, Rahman managed to get 27 of 48 state assemblymen to Kuala Lumpur where it was revealed that plans were afoot to unseat Taib. This time Rahman had established an alliance with *Parti Bansa Dayak Sarawak* (PBDS). PBDS was a member of the ruling BN in Sarawak but felt marginalised by Taib. Hoping to get a better deal, they decided to switch their support to Rahman. Calling themselves the *Kumpulan Maju* (progressive group), the assemblymen signed a

statement to the effect that they had lost confidence in Taib and that, as the 27 signatories constituted more than half of the members in the DUN, Taib should resign.

Using his close links with the Deputy PM, Ghafar Baba, Rahman Yakub tried to get Mahathir to back his coup. Unfortunately for Rahman, the timing could not be worse. Mahathir was locked in serious political battle with Tengku Razaleigh who had challenged him for the UMNO presidency. Under such circumstances, Mahathir took the easiest route: a snap state election to see who had the support. Coincidentally, this was also Taib Mahmud's choice. Taib wanted an election to bring his group into power and more importantly, to stop a vote of no-confidence on the floor of the State Legislative Assembly which could bring a Rahman nominee into power immediately.

While his deputy Ghafar was more predisposed towards Rahman, Mahathir gave his support to Taib.[4] Using his position as chairman of the BN, he gave Taib and his allies permission to use the BN "dacing" (scale) logo in the election. PBDS, still a member of the federal BN although pitted against Taib at the state level, had wanted each BN party to contest under their respective party symbols. The BN symbol is a potent political symbol in the rural areas as many of the older, illiterate voters automatically vote for the symbol as it is the "government".

The results of the election was close: Taib's Sarawak BN took 28 seats to *Kumpulan Maju's* 20. Rahman was himself decisively defeated, leading to the disintegration of the opposition alliance. Moreover, by the time of the next state election in 1991, the opposition was so weak that it only managed to capture seven seats.

The one thorny issue facing federal-state ties concerned the entry of UMNO into Sarawak. Since its inception UMNO has always seen itself as the protector of the Malay race and Islam. UMNO also sees itself as a nation-wide political organisation and Sarawak was the only state it had yet to penetrate. The psychological barrier to UMNO's entry into East Malaysia was broken in 1991 when UMNO moved into Sabah.

The entry of UMNO was a sensitive issue because the Muslim political elite in Sarawak were not ethnic Malay, rather they were ethnic Melanaus, a small ethnic group that constitutes less than 5% of Sarawak's population. Both Taib and his predecessor, Rahman, are ethnic Melanaus. The first two Chief Ministers, Stephen Kalong Ningkan and

Tawi Sli, were both Iban-Dayaks. Thus the Malay population in Sarawak feels marginalised; none has ever been Chief Minister. They felt that the only way they could get the Chief Ministership was through UMNO.

Since 1995, there had been a concerted effort by Malay political leaders outside PBB (and some inside the PBB) to bring UMNO into the state. The leaders came mainly from the *Persatuan Kebangsaan Melayu Sarawak* (PKMS), the oldest Malay nationalist organisation in Sarawak and former Malay leaders of the now defunct Permas. Ironically Rahman Yakub, a Melanau, was also actively campaigning to bring UMNO into Sarawak. Rahman's actions can best be explained by his knowledge that should UMNO come into Sarawak, PBB would most likely be dissolved and Taib will lose power.

Many *bumiputera* Sarawakians had joined UMNO although they were categorised as members of UMNO branches outside Sarawak.[5] To forestall further controversy, PBB and UMNO have signed a series of MOUs (Memorandum of Understandings) on UMNO not accepting Sarawakians as members and not establishing branches in the state.

The seriousness with which Taib viewed UMNO as a direct challenge to Melanau political hegemony could be seen in the "Two Abang" cases. The first "Abang" refers to Abang Johari Tun Abang Haji Openg, the most senior Malay Minister in Taib's cabinet. Abang Jo (as he is popularly called) was widely seen by the Malay population as their candidate to be the first Malay Chief Minister of Sarawak when Taib stepped down. He was known to be close to Anwar Ibrahim and was expected to take over the Chief Ministership once Anwar takes over from Mahathir. When Anwar was sacked by Mahathir, Abang Jo's political fortunes began to change. Abang Jo further irritated Taib when he offered himself as a candidate for the deputy presidency of PBB in an internal party election in 1998 despite an open endorsement from Taib for another candidate, Adenan Satem. Abang Jo polled 373 votes against Adenan's 268, despite open lobbying by Taib for Adenan (*Sarawak Tribune*, August 30, 1998). Although Taib kept Abang Jo in cabinet, it was an open secret that he was politically "frozen" at his post.[6]

The second "Abang" refers to Abang Abu Bakar Mustapha, another Sarawak Malay Minister, serving in the federal cabinet. Taib received information that Abu Bakar was involved with moves to bring UMNO

into Sarawak and immediately orchestrated his ouster from PBB. He first ensured that Abu Bakar lost his post as deputy president of PBB. One year later, Taib dropped him as a PBB-BN candidate in the 1999 parliamentary election, effectively ending his political career. Although Abu Bakar complained directly to Mahathir that Taib was discriminating against the Malays in Sarawak, Mahathir appeared to have done nothing.

The reason for Mahathir's reluctance to overtly take UMNO into Sarawak appeared to be a secret pact made between him and Taib. The pact was only revealed by Taib in early 1997 (*Sarawak Tribune*, 15 February, 1997) when UMNO supporters began to openly distribute UMNO membership forms in mosques and *suraus* in the Kuching area. UMNO flags also began to appear openly in Petra Jaya, a Malay residential area. Many people had begun to believe that UMNO was intending to establish branches. Although the details of the pact was not revealed to the public, the most important element was that UMNO will not move into Sarawak as long as Taib and Mahathir are in power. This suggests that UMNO was free to move into Sarawak if either Mahathir or Taib is longer in power.

Even without the secret pact, it could be argued that Mahathir had no real incentives to politically intervene in Sarawak. Unlike Sabah, Kelantan or Terengganu, the opposition never came close to power in Sarawak during Mahathir's tenure as Prime Minister. The other major players in Sarawak politics, the Chinese and the Dayaks were also opposed to UMNO's entry, albeit for different reasons. They feared that UMNO might export its Muslim-Malay brand of politics to a state where most of the population were non-Muslims and where ethnic Chinese formed about one-third of the population. The Chinese business class, which controlled more than half of the state's economy, feared that UMNO's entry would mean stronger push for Malay business at their expense. The Dayak feared that UMNO's entry would spell the end of their dream of putting an Iban/Dayak leader back in the Chief Ministership.

Moreover, Taib and the Sarawak BN parties have been slavishly loyal to Mahathir and the BN. Personal ties were also important — the second largest party in Sarawak — the Chinese-based Sarawak United People's Party (SUPP) — was led for most of the 1980s and the first half of the 1990s by Wong Soon Kai, Mahathir's classmate in Singapore. The

Sarawak BN consistently delivered more than 22 seats to the federal BN coalition during Mahathir's tenure. This was more than 10% of the seats in parliament. [7]

This strong support delivered by the Sarawak BN and the secret pact had allowed Taib to gain the highest level of autonomy among all the Chief Ministers and *menteri besars* in Malaysia. A good example of this autonomy can be seen from the "parabolic" saga. Federal laws prohibit private ownership of parabolic satellite dishes which can subscribe foreign television broadcast directly from satellite crossing the equator. In Sarawak, many people simply cross the border to Indonesian Kalimantan to buy these dishes which are legal in Indonesia. Thus satellite dishes are a common sight in Sarawak (and Sabah) despite the law against it. Although the federal authorities made press statements promising to confiscate and fine the owners of these illegal dishes, in reality no action was ever taken when Taib came out strongly against the ban. The *Sarawak Tribune*, the main pro-establishment daily in Sarawak, even ran letters against the federal ruling on parabolic dishes. This was unprecedented given that any anti-government items have to be cleared by the "atas" before it appears in print.[8] As far as it can be ascertained, no owner of a parabolic dish has ever been prosecuted in Sarawak.

SABAH

While Sarawak's relations with Mahathir was relatively calm, the same cannot be said for Mahathir's relations with Sabah. The first schism developed openly in 1985 but its roots can be traced back to the 1970s.

In 1976, the federal leaders sponsored the formation of a new party named *Bersatu Rakyat Jelata Sabah*, or simply Berjaya. Berjaya was used by the federal government to get rid of Mustapha Harun, the independently-minded Sabah Chief Minister who was both authoritarian and corrupt. No action was taken until reports reached Kuala Lumpur that Mustapha was planning to take Sabah out of Malaysia and create a sultanate with himself as the Sultan. A Kadazandusun leader, Donald (later Mohammad) Stephens was approached to lead Berjaya. In the

April 1976 state election, Mustapha and his United Sabah National Organisation (USNO) was decisively defeated and Stephens became Chief Minister. Tragically, Stephens died in a plane crash a year later and was succeeded by Harris Salleh.

Harris Salleh in turn became dictatorial like Mustapha. What made matters worse was the popular perception that he was "too federal". Harris got on well personally with Mahathir. With the considerable federal backing he received, Harris Salleh ignored internal grumbling from his own backbenchers and went ahead with the decision to transfer the sovereignty of Labuan Island, a small island off the Western coast of Sabah, to Kuala Lumpur, without any real compensation.[9] Harris also began an active campaign to convert the Kadazandusuns, the largest ethnic group in Sabah, to Islam. Many Kadazandusuns were told that the only way to get government help with development projects was to convert to Islam. This mirrored what Mustapha had done previously and had caused great resentment among the mainly Christian and animist Kadazandusuns. Sabahans saw forced Islamisation as a breach of the Twenty Points' guarantee that all religions in Sabah would be protected.

The influx of Muslim Filipinos into Sabah from the early 1980s amplified anti-federal sentiments, especially as many were able to somehow obtain Malaysian identity cards, a sign of citizenship. Since Muslims were a minority in Sabah, many believed that the federal government was trying to create a Muslim majority via the new immigrants. The federal government took the bulk of the blame as immigration matters and border security were strictly under the purview of the federal government. The Kadazandusuns also felt discriminated for civil service jobs.[10] They blamed Harris for an influx of federal officers into Sabah, which the Kadazandusuns argued was contrary to the Twenty Points, which states clearly ("Borneanisation of the civil service") that Sabah natives should be actively promoted in the bureaucracy.

Against this environment, Joseph Pairin Kitingan, a law graduate and former Berjaya Minister, emerged as the *huguan siou* (paramount Chief) of the Kadazandusuns. He began to openly express the grievances of the Kadazandusuns and other non-Muslim communities in Sabah. Harris sacked him during a party congress, which led to a strong

groundswell of support for Pairin. In 1985, a snap election was called by Harris to stop Pairin and his newly-established *Parti Bersatu Sabah* (PBS or Sabah Unity Party). During the campaign, Harris made a strategic error when he triumphed his good relations with Mahathir and the federal government, completely misread the strong anti-federal sentiments on the ground. When Mahathir said he would "sink or swim" with Harris during a campaign speech, Berjaya's fate was sealed (*Far Eastern Economic Review*, May 9, 1985). PBS won 25 of the 48 seats in the election on a Sabah-rights platform.

When the results were announced, Mustapha and Harris rushed to the *Yang Di-Pertua Negri* (Governor's) residence in the early hours of the morning and pressured him to swear Mustapha in as the Chief Minister.[11] At the time, Mahathir was out of the country and Musa Hitam, his deputy and acting Prime Minister, publicly declared that the federal government would only recognise Pairin as the people's choice. After waiting for 24 hours outside the Governor's residence, Pairin was sworn in (Kalimuthu, 1986, pp. 815-37; Puthucheary, 1985).

Musa Hitam's intervention, however, must not be seen as a reversal of the federal government's interventionist policies. Rather, it was an attempt in damage control. The federal government knew that it would incite further anti-federal feelings if it backed Mustapha and Harris, who clearly had lost the support of the Sabah voters. Mahathir probably tolerated the PBS victory because Pairin had made it clear that it would join the BN and was willing to work with federal leaders.

Immediately after Pairin took power, a series of bombs exploded in Kota Kinabalu, Sabah's capital. Several USNO and Berjaya leaders were behind the bombing with the tacit approval of certain UMNO factions in Kuala Lumpur (Chin, 1999a). The attempt at destabilisation was carried out with the aim that with a total breakdown in security, the federal government would have to impose a state of emergency and rule Sabah directly, thus toppling the PBS government. Behind the scenes, Mahathir asked Pairin personally to form a coalition government with Mustapha, arguing that the Sabah Muslims would not accept a Christian Chief Minister. Pairin refused and instead called for an election in May 1986. This time the PBS increased its majority in the *Dewan Undangan Negri* (State Legislative Assembly) from 26 to 35 of the 48 seats.[12] The federal BN government had little choice

but to accept the new PBS administration, at least for the time being. Pairin's refusal to accept Mahathir's proposal that he formed a coalition government with Mustapha was the start of a bad personal relationship between them.

UMNO's Entry into Sabah Politics

The uneasy relationship between Mahathir and Pairin was to manifest itself again just before the 1990 parliamentary election. Although PBS had joined BN in 1986, relations remained cool between UMNO and PBS due to Mahathir's and Pairin's personal differences. Mahathir saw PBS' strong states' rights stand as inciting anti-federal and secession sentiments among the Sabah people, something that was unacceptable. He also probably saw PBS's strong Kadazandusun nationalism as anti-Malay and Islam. Mahathir was known to be unhappy with the 1986 PBS manifesto which had called for a review of the "Twenty Points" arguing that the federal government had not kept many of the guarantees (Luping, 1989, pp. 1-60).

Any hope for Pairin/PBS-Mahathir/UMNO reconciliation was dashed when PBS quit the BN just days before the 1990 parliamentary election and threw its support behind Mahathir's political archival, Tengku Razaleigh Hamzah, and his opposition coalition, *Gagasan Rakyat*. PBS claimed that it had decided to back Razaleigh because he had promised to review the "Twenty Points" and respect state rights when it came to power. Mahathir was widely reported to have said that he will not "forgive the stab in the back" at PBS's sudden withdrawal.

Unfortunately for PBS, *Gagasan Rakyat* failed and BN was easily re-elected. Mahathir immediately announced that UMNO (hitherto confined to the Peninsula) would set up branches in Sabah to challenge PBS directly. The Malaysian Chinese Association (MCA), *Gerakan*, and Malaysian Indian Congress (MIC) soon followed UMNO's lead (Chin, 1999a).

Although development funds were not cut off by the federal government to the opposition PBS state government, the method of delivery changed. Federal funds had been channelled through the state government but with the state under opposition control, these funds were now released through federal agencies based in Sabah.[13] The federal government also froze several large infrastructure projects

which caused an economic downturn. The people of Sabah were told bluntly that the deterioration of the state economy was due to the poor federal-state relations. This "political recession"[14] could easily be corrected, it was explained, if and when BN assumed control of the state again.

Direct harassment of PBS politicians also took place. Jeffrey Kitingan, younger brother of Pairin, and several others were detained in 1990 under the Internal Security Act (ISA) for allegedly plotting to take Sabah out of Malaysia. Since Mahathir was concurrently Home Affairs Minister, Jeffrey's detention under the ISA required his signature. Pairin himself was charged with corruption by the Anti-Corruption Agency (ACA), which comes directly under the office of the Prime Minister.

Despite the public feud between the federal and state governments, various attempts were made behind the scenes to negotiate a truce. Mahathir even released Jeffrey Kitingan from the ISA so that he could facilitate the negotiations. It failed, however, when Pairin refused to step down, one of the key conditions placed by Mahathir. Mahathir blamed Pairin personally for PBS's sudden withdrawal in the 1990 elections and was unwilling to allow him to continue to lead PBS or the state.

In the 1994 state election, Kuala Lumpur mobilised all its massive resources to ensure a BN victory. A new political party, Sabah Progressive Party (SAPP), led by Chinese PBS dissidents was registered in record time by the Registrar of Societies (ROS). The ROS comes directly under the Home Minister, Mahathir.[15] Other minor Sabah-based BN parties like Liberal Democratic Party (LDP) and *Angkatan Keadilan Rakyat Bersatu* (AKAR) received unusually large financial allocations to fight PBS despite the fact that their electoral support was weak to non-existent. Anwar Ibrahim, Mahathir's deputy, was sent to Sabah to take direct control of the BN electoral machinery; this was also Sabah UMNO's first electoral outing. There was extensive vote buying by the BN, the most famous incident involved cash thrown out of a helicopter to voters below (FEER, March 3, 1994). A promise by the BN to rotate the Chief Ministership among the three major political groups (Kadazandusun non-Muslims, Muslim *bumiputera*, Chinese) helped to swing some votes in the Chinese community.

Despite the far superior financial and material resources, PBS won, although narrowly. PBS took 25 seats while the remaining 23 were won by the BN (Sabah UMNO 18; SAPP 3; LDP 1; AKAR 1). Sabah UMNO successfully won almost all the Muslim-majority constituencies. With the election over, the political manoeuvrings shifted to the elected representatives. The BN used a mixture of financial and coercive measure to persuade defections from PBS. The first group of defectors were offered sums as high as RM3 million (about US$1.2m) and Ministerial posts; latecomers were offered much less. All the defectors either joined existing BN component parties or formed new parties, such as PBRS and PDS, with the declared intention of joining the ruling BN. Within a month, Pairin had lost his majority. Pairin tried to get a new election but he was thawed by the Governor, who could hardly be impartial given that his son was just elected under Sabah UMNO. The Governor's consent was needed to call for fresh elections. With its newly-founded majority, a BN coalition government under Sabah UMNO came into being (Chin, 1994).

With Sabah firmly back under BN control, federal-state relations improved considerably and federal funds poured into the state. A new university was built and some major infrastructure projects were launched. Sabah BN consolidated its rule five years later when it won 31 of 48 seats in the March 1999 state election (Chin U. H., 1999). Although PBS won the other 17 seats, six of those elected defected to BN a year later in April 2000. The defections were led by Jeffrey Kitingan, who claimed that he defected in the interest of better federal-state relations (*Daily Express*, April 24, 2000).

Mahathir's Relations with East Malaysia

In short, in East Malaysia, the general source of discontent among the people of both states can largely be traced to fear of "colonisation" by Peninsular Malaysians. Besides the fact that Sabah and Sarawak are physically divided from the Peninsula by a sea, their demographic situation is vastly different from the Peninsula. In these two states, the tribal groups (the Dayaks in Sarawak and the Kadazandusuns in Sabah) constitute the largest segment of the population in their respective states. The Chinese population in both states is also significant. In Sarawak, they make up about 30% of the population

and in Sabah, about 25%. The Malays/Muslims in both states (about 25% in Sarawak and 40% in Sabah) cannot hope to rule without the support of at least one of these communities.

The fear among the non-Malay, non-Muslim majority is that they will be overwhelmed politically by the Peninsular Malaysians if they are not careful in their dealings with Kuala Lumpur. The strictly communal and religious pattern of politics in the Peninsula does not appeal to either state where multiracial parties are the norm and where religious tolerance is still high. All this is in contrast to the Peninsula where political parties are almost exclusively divided along racial lines and where Islam is highly politicised.

The complex political racial calculations are compounded by the fact that the local Sabah and Sarawak Malay and Muslim communities do not necessarily support UMNO's brand of Malay politics based on Malay nationalism and Islam. The fear among the Sabah/Sarawak Malay population that they will be subjugated by Peninsular Malays means that regional sentiments are often stronger than religious or kinship ties.

The general perception among the people in both states is that the federation have benefited the Peninsular Malaysians more, especially in economic terms. A recent study suggests that these perceptions are grounded in economic reality (Wee, 1995, Chap 6). Since 1963, the study argued, there is a net transfer of resources away from Sabah and Sarawak to the Peninsula. The study also confirmed that the federal government's decision to pay only 5% of oil revenue for oil found off the coast of Sabah and Sarawak has led to a massive relocation of oil revenue towards the Peninsula despite the fact that Sabah and Sarawak are the least developed states in the federation. The promise of extra development funds to help bring Sabah and Sarawak up on par with the Peninsula did not happen. The study concluded that, in development terms, Sabah and Sarawak are worse off since federation.

Mahathir appeared to have taken very different approaches to his relationship with the political leaders in Sabah and Sarawak. In Sabah, Mahathir faced the problem of a resurgence in Kadazandusun nationalism from the time he took power in 1981, brought about ironically by the federal government's collusion with the Muslims in

Sabah to bring about Muslim domination in Sabah politics and the political marginalisation of the non-Muslim Kadazandusuns. Mahathir's miscalculation was the ability of the Kadazandusuns and other non-Muslim communities (principally the Chinese) to rally around PBS. Initially Mahathir tried to accommodate this political reality by pressuring PBS to form a coalition government with the Muslim-based USNO, or another Muslim party in 1986. When PBS refused and won a snap election with a bigger majority, Mahathir relented and admitted PBS into the BN. This was done for practical reasons and political expediency since USNO was politically impotent, and there was no other viable Muslim-based party that could credibly challenge PBS. Although PBS was in the ruling coalition, relations between Mahathir and PBS remained cool at best simply because there was no personal chemistry between Pairin and Mahathir. Mahathir saw Pairin as a quasi-separatist while Pairin perceived Mahathir who was denying Sabah its dues under the Twenty Points. The relationship broke down completely when Pairin and PBS joined the opposition alliance days just before the 1990 general election. From then on, Mahathir decided that the only way to deal with Sabah and Kadazandusun nationalism was to establish UMNO in the state.

This unprecedented move solved two political problems. First, it was the first step towards UMNO's avowed aim of making itself a nation-wide political organisation that represented the Malays and Muslims throughout Malaysia. Thus far, UMNO had confined itself to the Peninsula. There were repeated calls in UMNO general assemblies for UMNO to "go east". Second, UMNO's entry energised politics among the Sabah Muslims. The champion of Sabah Muslims, USNO and *Berjaya*, had been totally discredited or totally defeated in recent polls against PBS. UMNO Sabah was not only able to capture a major portion of the Sabah Muslim vote within a very short period, but more importantly, it gave Mahathir direct control over state politics. Prior to UMNO Sabah's entry, the Sabah-based political parties chose their own Chief Minister and state cabinet with minimum input and interference from Kuala Lumpur. When UMNO Sabah won a major portion of the Muslim seats in the 1994 state election, it was clear that any Muslim Chief Minister would have to come from within the ranks of UMNO Sabah. The Chief Minister rotation system among the BN parties also

meant that Kuala Lumpur was expected to play the role of referee. Since 1994, the choice of Sabah Chief Minister has been left to the prerogative of the Prime Minister.

With Sarawak, Mahathir has a considerably smoother political relationship. Unlike Sabah, the biggest indigenous grouping, the Dayaks, were never politically united like their Kadazandusun counterparts, and therefore was never in a position to challenge Muslim political hegemony. Moreover, Mahathir only had to deal with a single Chief Minister, Taib Mahmud. As noted above, Taib came into power in 1981, the same year that Mahathir assumed the Prime Ministership. Prior to that, both men spent a considerable number of years as colleagues in the cabinet of Hussein Onn, the third Prime Minister of Malaysia. Pairin, in contrast, never served in the federal cabinet. Taib was also careful to consistently deliver more than 20 seats to the BN's federal majority in parliament and maintain Muslim political hegemony on Sarawak. More importantly, Taib never openly criticised the federal government over the Twenty Points and aired any disagreements on the issue behind closed doors. These factors combined gave Mahathir enough reasons to basically leave Taib alone which easily made Taib the most powerful state executive in Malaysia with the most political autonomy. Sarawak is the only state where the Prime Minister does not choose its Chief Minister directly.

(II) THE MALAY HEARTLAND: KELANTAN AND TERENGGANU

When Mahathir assumed power, both Kelantan and Terengganu were safely in BN hands. However, this was not always the case — both states were ruled by the opposition previously.

In the 1959 election, PMIP (which later became PAS) won in both states. Two years later in 1961, the federal Alliance government, the predecessor of the BN, managed to topple the Terengganu state government. Two PMIP state assemblymen defected to UMNO and when the Sultan of Terengganu refused the PMIP state government's request to hold a snap election, the government fell in late October. The federal government kept up the pressure on PMIP when several of

its leaders, including party president, Burhanuddin Al-Helmy, were detained for allegedly supporting Sukarno during Indonesia's *konfrontasi* with Malaysia, which further weakened the party. With Terengganu safely back in friendly hands, the federal government turned their focus towards Kelantan.

In Kelantan, PAS managed to win re-elections in 1964 and 1969. Unfortunately the newly re-elected PAS state government could not function properly as the whole nation was placed under emergency rule caused by racial riots in Kuala Lumpur. Emergency rule was not lifted until 1971. Under such circumstances, the new PAS leadership under Mohammad Asri Haji Muda felt that it was for PAS to join the new governing coalition BN, established by Tun Razak just prior to the 1974 election. Although PAS was now part of the BN, its avowed aim of creating an Islamic state sat uneasily with UMNO's secular outlook. These tensions boiled over then when Tun Abdul Razak overrode PAS' nomination for the Kelantan Chief Ministership and hand-picked Mohammad Nasir instead.

A year later, during the PAS General Assembly, the Kelantan Branch attempted to get rid of both party leader Asri and Chief Minister Nasir, citing their pro-federal views. This attempt failed when Razak refused to sack Nasir, causing further anti-federal feelings. In states controlled by the BN, the Prime Minister, who is also the chairman of BN, traditionally nominates the Chief Minister of the state.

In September 1977, the PAS Kelantan branch gave an ultimatum to Nasir to resign or face a vote of no-confidence. With federal support, Nasir refused to resign, and PAS expelled him from the party and at the same time introduced a no-confidence motion against him in the Kelantan state legislature. UMNO and Nasir's supporters in PAS then staged rallies in support of the beleaguered Chief Minister, which led to riots in and around the state capital, Kota Baru.

Seizing the opportunity, the federal government imposed emergency rule in Kelantan from November 1977. PAS was then kicked out of the BN in December. In early 1978, the federal government suddenly lifted emergency rule and scheduled a snap state election in 16 days. Public rallies were banned and other restrictions were placed on campaigns, measures which favoured the ruling BN and created problems for PAS. Meanwhile, the top Kelantan federal UMNO leader, Tengku Razaleigh,

encouraged Nasir to form a new political party, *Barisan Jumaah Islamiah Malaysia Bersatu* (*Berjasa*), which attracted PAS dissidents and Nasir's supporters. With massive federal support and a short campaign period, UMNO and *Berjasa* easily overwhelmed PAS. PAS not only lost the state government but only managed to retain two seats (Alias Mohammad, 1994).

Fall of Kelantan

Mahathir's problems with Kelantan can be traced back to 1987. That year Tengku Razaleigh, a member of the Kelantan royal household, openly challenged Mahathir for UMNO's presidency. When Razaleigh lost by a narrow margin, he left UMNO and formed *Semangat 46* (Spirit of 46 or S46). 1946 was the year UMNO was established. Kelantan became the base for S46 and many UMNO members in the state left the party to join S46.

Three years later when a general election was called in 1990, the Kelantanese voters rallied behind Razaleigh and PAS, who had now formed an electoral coalition. With the open support of the Sultan of Kelantan, who happens to be Razaleigh's nephew, Kelantan UMNO never really stood a chance since it was seen as a tool of the federal government. Traditionally the vote in Kelantan was split three ways: one third each to UMNO, PAS and the palace. With the palace supporting Razaleigh (he was the Sultan's uncle), UMNO had no chance against a combined S46 and PAS vote. The opposition alliance went on to win all the state seats in Kelantan and formed an opposition government. The fact that this performance was not duplicated in the neighbouring state of Terengganu suggests that the Razaleigh factor and regional sentiment were the decisive factors in Kelantan, and not religion (Islam). The same PAS-S46 combination was re-elected in 1995.

Like Sabah earlier, the federal government attempted to create a parallel administration in Kelantan with federal-funded development projects now channelled through federal officers in order to bypass the state officials. The federal government also refused to promote Kelantan to foreign investors, therefore creating a "political recession". Despite these punitive actions, the Kelantanese voters re-elected PAS in the 1995 and 1999 parliamentary elections. While PAS was able to increase its support, its partner S46 was unable to make any headway

outside of Kelantan. Even within Kelantan, many S46 voters were in fact PAS supporters. The weaker S46 found itself in a difficult position when all the important and influential posts in the Kelantan state government were given to PAS nominees. While the relationship with PAS was turning increasingly sour, UMNO and S46 began secret negotiations. Mahathir demanded and got Razaleigh to dissolve S46 in return for the vague promise that S46 members will not face discrimination when they re-join UMNO. In October 1996, S46 was dissolved and Razaleigh and his supporters went back into UMNO leaving PAS to rule Kelantan alone.

Fall of Terengganu

In the midst of the 1998 Asian currency crisis, Mahathir sacked his deputy Anwar Ibrahim when the latter disagreed with him on economic policy and was about to challenge him for the UMNO presidency. Anwar's sacking led to calls for *reformasi* and Mahathir's ouster. PAS was able to capitalise on the sacking and quickly became the main beneficiary of anti-Mahathir sentiments among the Malays, especially the young. Anwar was popular among younger Malaysians and was widely regarded as someone who was more "in tune" with the aspirations of the under-35s.

When Anwar was subsequently arrested and charged with corruption and sodomy, PAS quickly came to Anwar's defence, attacking Mahathir on two main grounds. First, the charges against Anwar were all politically motivated to destroy Anwar politically and to stop Anwar from assuming the leadership of UMNO. Second, charging Anwar in court over sodomy was deemed beyond the accepted boundaries of Malay political culture. In Malay political culture, the victor (Mahathir) should never shame or humiliate their victim (Anwar) in public. In Muslim-Malay society, sodomy is widely condemned. Since Mahathir had essentially won the political battle with Anwar's removal as deputy Prime Minister and expulsion from UMNO, many Malays saw Mahathir's actions in court as "overkill" and beyond the parameters of Malay political culture.

The PAS's campaign centred on Mahathir personally; he was depicted as a cruel dictator (i.e., he was blamed for Anwar's beating by the police chief the night he was arrested) and a feudal emperor (Mahathir was often referred to as "Maha Firaun" (the emperor) by the opposition).

Another favourite depiction of Mahathir was that he was "Shit"— the title of a political novel by national laureate Shannon Ahmad. The main character in the novel, Shit, was thinly disguised as Mahathir.[16]

From his prison cell Anwar established a new political party, *Parti Keadilan Nasional* (*Keadilan* or National Justice Party), and helped forge an opposition alliance called the *Barisan Alternatif* (Alternative Front). The BA consists of the two main opposition parties: PAS and DAP, and the much smaller left-wing *Parti Rakyat Malaysia* (PRM) with *Keadilan* as the glue. BA was to offer a credible alternative to the long established BN in the 1999 election.

As widely expected, PAS performed exceptionally in the Malay areas, outperforming even UMNO as the party with the most Malay votes. In the key four Malay heartland states, Kelantan was retained by PAS without much problem while it came close to power in Perlis and Kedah. Thus it came as no surprise that Terengganu had fallen to PAS after more than two decades of BN rule.

The Anwar factor has obviously worked for PAS, but in the case of Terengganu, an additional but crucial factor was at work. PAS was able to win big in Terengganu in part because UMNO Terengganu was less than united about keeping Terengganu under UMNO control. This situation came about principally because of Wan Mokhtar Ahmad, the state UMNO Chief and Terengganu's *Menteri Besar* since 1974. Many UMNO Terengganu members had expected Wan Mokhtar to give way to someone younger in the election. Many thought that five terms (25 years) was more than long enough for any elected representative. After all, he had been *Menteri Besar* for 25 years. He was widely blamed for blocking the aspirations of some of the new UMNO recruits and keeping all the senior government and UMNO posts for the "older generation".

Wan Mokhtar, however, refused to vacate his post despite prompting from Mahathir. Wan Mokhtar instead threatened to sabotage the entire UMNO Terengganu campaign should he be replaced. Unwilling to have a *Menteri Besar* as an open rebel so close to the election, Mahathir relented and re-nominated him as the *Menteri Besar*. Wan Mokhtar named 17 new candidates and retained 15 incumbents — in other words, those close to Wan Mokhtar and the "oldies" were retained. This was enough to convince many UMNO Terengganu members and supporters

that there was no chance for them to advance politically in UMNO. The PAS slogan "*UMNO di luar, PAS di dalam*" (UMNO on the outside, PAS on the inside) was slowly becoming a reality (*Utusan Melayu* December 1, 1999). When the election results were announced, PAS won by a landslide and took 28 of 32 state seats, and all the eight Terengganu parliamentary seats as well. Wan Mokhtar was himself decisively defeated by a PAS political unknown.

MAHATHIR'S VIEWS ON FEDERAL-STATE RELATIONS

Thus far, we have seen the reaction and outcomes of the most troublesome federal-state relations with Mahathir at the helm. What is the view, then, of Mahathir himself when it comes to federal-state relations?

Although Mahathir has never spoken or written on the issue of federal-state relations directly, some of his other comments and actions can be used as clues to his thinking.

In general terms, Mahathir dislikes intervening in state affairs. In Peninsular Malaysia, Mahathir and UMNO expect their state counterparts to deal with local issues with minimum fuss. Because some UMNO figures are both state and federal leaders, it's usually quite easy to keep issues from turning from a state into an anti-federal one.

In the case of Kelantan, Mahathir recognised the fact that the state is unique with its own peculiar style and customs. Kelantan (and to a certain extent Terengganu) has always been a closed society, where local traditions and Islam played a major influence in the politics of the state. Both are also unique in the sense that both were at one time vessel states of the Siam empire. The Thai influence is stronger in Terengganu than in Kelantan. The population of both states are overwhelmingly Malay (more than 95%) and traditionally political contest here has always been between the moderate or secular Muslims, presented by UMNO, and fundamentalist Muslims represented by PAS.[17] Even prior to independence, the Kelantanese saw themselves as "different" from other Peninsular Malays; the Kelatanese speak a distinct dialect which is incomprehensible by Malays outside the state and interpreted Islam in

a far stricter way than their counterparts on the West coast (Roff, 1974; Nash, 1974; Kessler, 1978). The Kelantanese also have a unique Malay culture and have since historic times, been very parochial in their dealings with Malays from other states.

If there is a potential problem in Kelantan or Terengganu, the UMNO leadership will usually ask the local Terengganu or Kelantanese UMNO to solve it first. If this is not possible, federal leaders from these two states are given the federal mandate to pacify the situation. Mahathir will only intervene as the last resort. For example, when Kelantan was lost to PAS in 1995, Mahathir intervened directly by appointing himself as the UMNO Kelantan Liaison Chief; when Tengku Razaleigh was re-admitted into UMNO, Mahathir re-appointed him as UMNO Kelantan Liaison Chief. This indicated Mahathir's reluctance to get involved at the state level unless it is absolutely necessary.

Although Mahathir dislikes intervening directly, at the same time he has strong centralist views and believed that the well-being of the entire country should supersede the interests of any state in the federation. A clear example of this can be seen by his statements on the controversial oil revenue issue. In the 1970s, the federal government created a government-owned oil monopoly called Petroleum Nasional Berhad or Petronas (National Oil Corporation). Petronas was controversial from the start because it gave the federal government all oil and gas receipts from oil fields found off the coast of Sabah, Sarawak and Terengganu. The only royalties these three oil-rich states were eligible for was a token 5%. When PBS came into power in 1985, it complained loudly demanding a higher royalty, as high as 50%, to develop the state. When PAS came into power in Terengganu in 1999, it immediately made the same demands; it wanted royalties to be increased to 20%. Like Sabah earlier, it argued that the state should be getting a higher royalty as the state was relatively under-developed economically. In both cases, Mahathir answered the state demands personally and consistently; the federal government must look after the interests of all the states in Malaysia and states must help each other. After Mahathir threatened to review the structure of oil-royalty payment to Terengganu with a view to get rid of the royalties altogether, the Terengganu government rescinded its demands (*Utusan Melayu*, July 2, 2000).

The general view among the federal leadership and Mahathir is that while they accept the fact that states such as Kelantan might have special distinct features, these should not be used as excuses to reinforce regionalism or parochialism. Rather, for Mahathir, the integrity of the Malaysian federation is the overriding priority. No states should be given any special rights, a strong state identity or autonomy as it will only undermine the federation as a whole.

In essence, Mahathir sees Kuala Lumpur as the only arbitrator capable of looking at nation-wide interests compared to parochial interests espoused in the state capitals. The federal leadership also argued that the uneven development among the states and issues like security required the federal government to impose a certain degree of unpalatable decisions over the states for the good of the entire nation.

Essentially the same approach is taken by Mahathir towards Sabah and Sarawak although the demographic differences and the physical divide are seen as "difficulties" to be overcome rather than "hindrances". However, when compared to Kelantan and Terengganu, Mahathir is even more reluctant to embroil himself in local Sabah or Sarawak politics as he knows that the physical divide of the South China Sea means that the possibility of Sabah and Sarawak breaking away from the federation is much more feasible.

Since Mahathir came from the pre-independence generation of leaders, strong central control over the states is deemed essential to avert another "Singapore". As mentioned earlier, Singapore was thrown out from the Malaysian federation despite the fact that there was (and is) no right of succession according to the Malaysian Constitution. One reason was Lee Kuan Yew's strong appeal to the Malayan Chinese community to back his People's Action Party (PAP).[18] The forced departure of Singapore led to a split within UMNO as some felt that Tunku Abdul Rahman should not have allowed Singapore to leave the federation and should have imposed direct rule from Kuala Lumpur instead. Mahathir, then a "young turk" in UMNO, had criticised Tunku strongly for allowing Singapore to leave. There is fear among UMNO politicians of Mahathir's generation that there is potential for Sabahans, Sarawakians or the Kelantanese heading down the independence path as Singapore did in 1965 if the centre does not take steps to stop or impede the growth of strong, separatist identity.

Since independence, the federal government has taken several steps to try to stem the anti-federal sentiments in Kelantan, Sabah and Sarawak. A large number of students of these three states have been awarded scholarships to study in other states in order to "integrate" them. Civil servants from these three states are also regularly seconded to the federal government and vice-versa.[19]

How these measures have alleviated the regional sentiments is difficult to assess although it can be argued that they have not made any real difference. As we have seen from the Sabah example, the Kadazandusuns resent Peninsular Malaysians who settle in Sabah who they see as their economic competitors and also, a threat to their religion and culture. This situation is probably true of the indigenous Dayaks in Sarawak. In Kelantan, the federal government plans are probably seen as a backdoor entry to try to "secularise" Islam as practiced by the Kelantanese and dilute the unique Kelantanese culture.

The federal government also has a Department of National Unity (DNU), whose brief is to promote unity among the different ethnic groups. The DNU has in the past specially tried to "integrate" Sabah and Sarawak through various schemes, including student exchanges and using the mass media (especially radio and television) to promote nationalism. Unfortunately, the DNU has not been very successful in using radio and television as the approach taken do not take into account local differences.[20] Moreover, in Sabah and Sarawak, the local press are more popular than national press and the local press tend to concentrate on local news and issues, thus reinforcing parochialism.

There are, however, several positive signs. Economic integration, although still in its infancy, has seen many successful Sabah and Sarawak businesses moving into Peninsular Malaysia and vice-versa. Economic glue can be a powerful glue for integration. How it will help to politically glue East and Peninsular Malaysia is still unclear.

Although Mahathir understands the need to bring the opposition states into the mainstream economically, politics intrude. As leader of the governing BN, he cannot be too friendly with opposition-run states. Thus there is an irony here; while he knows that economic development will help BN win back these opposition-held states, yet he cannot be generous financially with the state governments as it will give the impression that there are no consequences for voting for the opposition.

In opposition-held states, Mahathir has been tough financially, often refusing to approve new loans for development projects and calling up debts incurred by the previous BN administrations. For example, when the new PAS state government took office in Terengganu, it found that the previous BN state administration owed the federal government RM700 million. This figure was revealed by the federal authorities. In Kelantan, new development projects are only funded through federal officers or agencies to remind the voters who control the big development purse-strings.

Conclusion

When Mahathir came into power in 1981, all the 13 states in Malaysia were under BN control. Two decades later as Mahathir enters his fifth term as Prime Minister, two states are firmly under the control of PAS, the main Islamic party.

Mahathir's first real test of federal-state fizzle occurred in 1985 when the Kadazandusun community in Sabah challenged *Berjaya*, a BN Muslim-led party backed by Mahathir, successfully through PBS. Mahathir's pragmatism and political expediency pushed him towards admitting PBS into the BN and thus a far more serious federal-state tussle was avoided. The bigger federal-state problem occurred five years later when PBS bolted from the BN into the opposition camp led by Mahathir's archrival, Tengku Razaleigh Hamzah. Although Razaleigh failed to topple the BN, he was able to deliver his home state, Kelantan, into the hands of the S46-PAS alliance. Hence eight years after assuming office, Mahathir was faced with two states (Kelantan and Sabah) under opposition control. This was somewhat remedied in 1994 when defections from PBS gave BN the numbers to form a new Sabah state government. In the Peninsula, while S46 became weaker and weaker, PAS became stronger and stronger, and easily retained control of Kelantan in 1995. All was not lost, however, when Mahathir successfully engineered the dissolution of S46, leaving PAS to govern alone in Kelantan. The Anwar sacking three years later was to give fresh impetus for PAS and helped it to sweep to victory in Kelantan and Terengganu a year after Anwar was jailed.

Hence, Mahathir's record in handling federal-state tensions are mixed. While he was moderately successful in controlling Sabah (mainly

through the establishment of UMNO Sabah), he has been less successful with the Kelantanese and, now it appears, the Terengganu Malays.

To Mahathir's credit, he has never used the emergency powers in the federation constitution to suspend opposition state governments and impose direct federal rule. Emergency rule was used in Sarawak in 1966 and Kelantan in 1978 to get rid of opposition rule. Mahathir could have used the 1986 riots and bombings in Sabah to impose emergency rule but he did not. Instead he tried to use political and economic pressures, unsuccessfully, to force the PBS government into a coalition with a Muslim party. Mahathir had another opportunity to impose emergency rule in Sabah in 1990 when Jeffrey Kitingan, a key player in the PBS government, was detained for allegedly plotting to secede from the federation. Again, Mahathir did not impose emergency rule. These two incidents suggest what we asserted earlier, that Mahathir is reluctant to intervene directly.

Prospects

In the foreseeable future, tensions in federal-state relations under Mahathir will increase, not decrease. UMNO's core constituents, the Malays, have shown in the 1999 elections that they will vote for PAS in large part because they dislike Mahathir personally. With PAS controlling two of the four Malay heartland states, the PAS-led state governments will try to bait Mahathir by imposing rigid Islamic codes and practices in Terengganu and Kelantan. This conflicts with Mahathir's agenda of making Malaysia the modern, progressive, and model secular Islamic state. The new Terengganu *Menteri Besar*, Hadi Awang, is infamous for twice attempting to present a private members' Bill in the federal parliament to make apostasy from Islam punishable by death. Other PAS leaders regularly call for the setting up of an Islamic state by changing the federal constitution.

Mahathir has to respond politically to these challenges otherwise UMNO may lose more Malay support. On the other hand, he cannot adopt the same Islamic policies pursued by the PAS state governments or impose harsher Islamic laws and regulations. Malaysia's open economy, financial structure and recovery from the Asian financial crisis meant that the Islamic route cannot be an option available to Mahathir. Hence Mahathir will have to walk a fine line between being

seen to be Islamic while not endangering Malaysia's economic successes and secular government.

As long as the BN retains its two-thirds majority in the federal parliament, the minimum requirement for a successful constitutional amendment, Mahathir will still have the upper-hand in his dealings with state governments. After more than two decades of rule by Mahathir, Kuala Lumpur holds most of the cards against renegade states. Kuala Lumpur controls access to development funds, security and the armed forces and has the constitutional power to impose direct rule through a declaration of a "state of emergency" if the situation spins out of control.

Many in UMNO believe that in the long run, both Kelantan and Terengganu will revert to UMNO control. They based this assessment primarily on three assumptions. First, once Mahathir leaves the political scene, many of the Malay voters who voted against UMNO because of their personal dislike for Mahathir will probably come back to the fold. Second, the Anwar factor will die down now that the trials are completed. Anwar was convicted of sodomy in August 2000 and sentenced to nine years, to be served after he completes a six-year term for corruption imposed in the first trial. Anwar's sentence ensures that he will not be able to stand as an electoral candidate for the next 15 years. Third, PAS will find it harder and harder to develop Kelantan and Terengganu economically and maintain electoral support the longer it stays in the opposition. The federal government has the time and resources to wait for PAS's demise at the next polls. The common view is that ultimately, PAS will lose its grip on Kelantan and Terengganu as Kuala Lumpur imposed a "political recession".

In the case of East Malaysia, it is more difficult to predict the future. Given the fluidity of politics in Sabah, UMNO Sabah's gain in the 1994 and 1999 state elections could evaporate if its leaders are seen to be keen on pleasing Kuala Lumpur. Religion has an added significance in Sabah because of the large number of illegal Filipino Muslims who are widely believed to have been allowed into Sabah so that they could vote for UMNO.[21] Mahathir has paid a heavy political price for intervention, especially for the establishment of UMNO branches in Sabah. Anti-federal feelings run high and deep and will remain so for the foreseeable future. For example, PBS won all the Kadazandusun constituencies and

nearly 50% of the popular vote in the 1995 parliamentary elections. In the 1999 elections, PBS suffered a significant drop in their votes although they still retain their support among the Kadazandusuns.

In Sarawak, the situation is similarly uncertain given that a major re-alignment will take place once Taib leaves the scene. The fight over who (Melanau or Malay) will be the next Chief Minister will have a significant bearing on future federal-state relations. Until then, the cushy relationship between Taib and Mahathir will remain.

Note: Some parts of this article first appeared as "Politics of Federal Intervention in Malaysia, with reference to Kelantan, Sarawak and Sabah", *Journal of Commonwealth and Comparative Politics*, Vol. 35, No. 2 (July) 1997 , pp. 96-120.

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Endnotes

1 Brunei pulled out of the federation when the Brunei Sultan demanded to be the first *Yang di-Pertuan Agong* (King) of the proposed Malaysian federation. The Sultans in the Malayan states refused this request.

2 Government of Malaya, *Report of the Commission of Enquiry, North Borneo and Sarawak*, Kuala Lumpur: Government Printer, 1962, hereafter referred to as Cobbold Report.

3 Government of Malaya, *United Nations Malaysia Mission Report*, Kuala Lumpur: Government Printer, 1963. The mission was led by Lawrence Michelmore, a US national.

4 In a confidential interview with a senior Sarawak political figure, the author was told that Mahathir supported Taib because Taib had "donated" millions to Mahathir war chest in his fight with Tengku Razaleigh. There is no way to verify this although anecdotal evidence suggests that this is probably true.

5 The "Sarawak UMNO" leaders claimed that there were 38,000 UMNO members in Sarawak in 1988. Personal communication from one of the "Sarawak UMNO" leader.

6 Personal communication from a Sarawak Minister. The Minister added that Abang Jo was kept in the cabinet so that he could be closely watched as he was "more dangerous" outside the cabinet.

7 In the 1982 parliamentary election, Sarawak BN won 22 of 24 seats; 23 of 24 seats in 1986, 25 of 27 seats in 1990, 16 of 27 seats in 1995 and 28 of 28 seats in the 1999 elections.

8 Personal communication from a senior editor at *Sarawak Tribune*. The Tribune was controlled by Rahman Yakub when he was in power. When he lost to Taib in the 1987 tussle, control of the newspaper was handed over to Wahab Haji Dolah, a PBB assistant Minister and Melanau. The "atas" here usually refers to the Chief Minister's press office.

9 When the city of Kuala Lumpur and its surrounding areas were transferred from Selangor to the federal government, the Selangor state government received millions in compensation. In contrast, when Labuan was transferred to the federal government, the Sabah government received only a token sum.

10 A succinct account of Kadazans' grudges against the Harris and the federal governments can be found in Loh, Kok Wah Francis, 1992 and Kahin, Audrey, 1992.

11 Although Mustapha and Harris were from different parties and fought each other in the election, their opposition to Pairin's appointment as Chief Minister forced them into an alliance of convenience.

12 PBS actually won only 25 seats. However, a PASOK elected representative defected to PBS immediately after the election. He had publicly declared during the campaign that he would side with PBS, thus it could be said that he won on PBS support.

13 Personal communication from a Sabah politician, March 1994.

14 From 1990-1994, Sabah's economic growth has consistently been below the national average and locals blame the federal government for scaring away foreign investment as well as not releasing or delaying development funds requested by the PBS state government.

15 In Malaysia, it is usually a very difficult and long process to register a political party without being affiliated with the ruling BN coalition.

16 Shannon stood and won as a PAS candidate.

17 UMNO argues that it is unrealistic to create an Islamic state in Malaysia as about 40% of the population are non-Muslims. UMNO also believes that under the British Westminster system of government inherited by Malaysia, a separation of state and religion is essential. PAS, on the other hand, argues that non-Muslims can live quite happily in a Muslim state and moreover, it is every Muslim's "duty" to help create an Islamic state.

18 The reasons for Singapore's expulsion are complex. For details on the separation see Nordin Sophiee, 1974.

19 The state civil service in these three states are still under state control. Federal plans to integrate them into the federal civil service have met with strong resistance. The federal government has not forced this issue because the independent state civil services are not perceived as a direct threat to the integrity of the federation. Thus far, the federal government has used a "backdoor" approach, by bringing in federal legislation which takes away hitherto state responsibilities and move these areas from the state bureaucracy to the responsibility of the federal bureaucracy. For example, in the case of Sabah and Sarawak, the federal government has taken over responsibilities for education. Before, education in these two states came under state control as provided for under the Twenty Points.

20 For example, "national unity" advertisements on television tend to portray the nation as having only three ethnic groups: Malays, Chinese and Indians. This peninsula bias has led to the PBS government to demand a separate television station for Sabah since coming into power in 1985. As expected, the federal government rejected this demand, fearing that it will reinforce regionalism. The PAS-led Kelantanese state government has also tried to set up a separate radio station although, again like Sabah, it was stopped by the federal government.

21 Although it is impossible to ascertain the exact number of such voters (estimates ranged from 300,000 to 500,000), their open presence in mainly Kadazandusun-majority constituencies made Islamisation into an important electoral issue. In the 1994 and 1995 polls, the Filipino-Muslims vote for UMNO was the deciding factor (in UMNO's favour) in marginal constituencies. See "The Shadow Life of Filipinos in Sabah", *Asiaweek*, April 30, 1994 & Chin, James, 1996a.

Overcoming Race-based Politics in Malaysia: Establishing Norms for Deeper Multiethnic Co-operation

Meredith L. Weiss

Since independence, Malaysia has been ruled by a shifting coalition of racial parties, called first the Alliance, then the *Barisan Nasional* (BN), and dominated by the United Malays National Organisation (UMNO). Coalition partners representing other races grant a veneer of legitimacy and achieve marginal concessions, but the extent of power-sharing is shallow. From time to time, opposition parties have ventured to form similar coalitions, premised along non-communal lines. However, alternative multiracial coalitions have been stymied by the contradictions in the programmes of these parties and their respective constituencies. Ultimately, a lack of shared political norms, goals, and inter-ethnic trust, as well as entrenched stakes in the BN's communal and clientelistic order, have discouraged the mass of voters from truly accepting any alternative to the BN formula.

A new coalition formed in advance of the 1999 elections. Purportedly multiracial, the *Barisan Alternatif* (BA) coalition united *Parti Islam Se-Malaysia* (PAS), the Democratic Action Party (DAP), the small multiracial (but mostly Malay) *Parti Rakyat Malaysia* (PRM), and the new multiracial (also mostly Malay) *Parti Keadilan Nasional* (*Keadilan*). The unregistered *Parti Sosialis Malaysia* and several opposition parties in Sabah and Sarawak also supported the BA though not officially affiliated with it. The BA's promoters insist that, united in the fight for justice and democracy, they can work together, transcending racialism to unseat the BN.

However, even here, power remains mostly with the Malays. While these parties have offered rhetoric of unity, institutions within civil society — primarily a number of politicised non-governmental organisations (NGOs) and alternative media — have fostered an attitudinal shift among the wider public by demonstrating effective multiethnic co-operation around advocacy aims, educating citizens on the need for deeper collaboration among sectors of society, and contributing or endorsing reputable leaders to lend political parties greater legitimacy. This paper will explore these processes to posit whether and how a truly multiracial alternative coalition can be developed to transform the political status quo of several separate and not-so-equal *bangsa* (races) in favour of a true *bangsa Malaysia*, a Malaysian nation.

The Alliance and *Barisan Nasional*

Having swept the polls in the federal elections of July 1955,[1] the Alliance coalition of UMNO, the Malayan Chinese Association (MCA), and the Malayan Indian Congress (MIC) took over from the British upon independence in 1957.[2] With UMNO always at the fore, the Alliance ruled through 1969, when communal riots after the May general elections prompted the suspension of Parliament and imposition of emergency rule. As of January 1973, the Alliance was reconstituted as the *Barisan Nasional* (BN). The new coalition incorporated several new parties — it currently includes 14 parties — but was otherwise similar to its predecessor in framework and approach. The structure of the Alliance and BN was and is fundamentally communal: race-based parties represent Malay, Chinese, Indian, and Sabahan and Sarawakian interests, though *bumiputera* (Malays and other indigenous peoples) take precedence.

It was Malaysia's first Prime Minister, Tunku Abdul Rahman, who is largely credited with getting the Alliance off the ground. The coalition he led was less Malay-centric than today's BN. The personality of the Tunku himself helped: relatively non-partisan, he mixed well with the various communities, allowed some scope for non-communal political initiatives, and delayed contentious issues to allow more time to explore alternatives. Also, until 1969, UMNO did not try to regulate or restrict the educational, political or cultural interests of the non-Malay middle and upper classes, so the MCA and MIC were more keen to co-operate

with UMNO. As ethnic mobilisation intensified, however, this accommodation cost the Tunku Malay support. He was eventually forced to retire by a "palace coup" of the "Young Turks", ushering in a new regime under Tun Abdul Razak after the 1969 riots and subsequent period of emergency rule (Chandra, 1984).

Though in general, the Alliance and BN have maintained racial stability, in 1969 the fragile balance faltered, resulting in the racial riots of May 13. Mahathir suggests that the assumptions underlying the Alliance framework were fundamentally misguided:

> What went wrong? Obviously a lot went wrong. In the first place the Government started off on the wrong premise. It believed that there had been racial harmony in the past and that the Sino-Malay co-operation to achieve Independence was an example of racial harmony. It believed that the Chinese were only interested in business and acquisition of wealth, and that the Malays wished only to become Government servants. These ridiculous assumptions led to policies that undermined whatever superficial understanding there was between Malays and non-Malays (Mahathir, 1970, p. 15).

By the time of the 1969 elections, popular disenchantment with the regime was high among all groups. Malays felt that UMNO leaders had amassed too much power for themselves, disproportionately favoured a few close supporters, did not do enough to redress the imbalance of wealth between themselves and the Chinese, and had grown resistant to criticism. At the same time, the Chinese both within and outside the MCA were becoming increasingly forthright in their demands, including criticising the MCA for not checking the growing government role in and regulation of the economy, particularly through new public enterprises which Chinese feared would reduce their economic opportunities. The government could not stem a "worsening racialist trend" as pent-up grievances came to the fore in response to "the violently communal appeal of the opposition parties" (Mahathir, 1970, p. 14; Gomez and Jomo, 1997; Yong, 1974).

During the campaign, certain opposition parties, especially the Malay-based *Parti Rakyat*, charged the Alliance government with

having deluded Malays with rural land development schemes, while others convinced low-income Chinese that the MCA was selling them short by only protecting Chinese business interests. These appeals primarily influenced economically peripheral youths of both communities, though many of the Malay youths in particular who participated in the post-election riots did not seem specifically motivated by party or political anxieties. In fact, though communal tensions were at the root of the riots, as well as of a Labour Party march shortly before the elections, both events actually dramatised growing intra-communal divisions based on facility with English, urbanisation, and economic and career opportunities. Nonetheless, young Malay and Chinese "have-nots" remained mutually hostile rather than allies (Enloe, 1970).

Popular disaffection resulted in losses especially for the MCA; the Alliance as a whole won only by a much-reduced margin of victory. After this setback, the Alliance was recreated as the *Barisan Nasional* (BN), officially formed in 1974. The BN included several former opposition parties co-opted with the argument that all parties needed to stop politicking and work together for the good of a nation torn by racial strife. While Tun Abdul Razak wished to restore parliamentary rule after the period of Emergency rule under the National Operations Council (1969-1971), he preferred an all-inclusive government and little opposition to the ruling coalition. The nominally-multiracial *Gerakan Rakyat Malaysia* (*Gerakan*) and the People's Progressive Party (PPP) joined the BN in 1972 and at the cost of an internal split, the *Parti Islam Se-Malaysia* (PAS) joined in 1973, though it retreated to the opposition in 1977. Also, in 1970, at Tun Razak's urging, the Sarawak United People's Party (SUPP) rejected an alternative coalition in favour of a joining in coalition with the Sarawak Alliance to head the Sarawak state government (Chin U.-H., 1996). The Democratic Action Party (DAP) was the main hold-out. The reconstituted BN worried Chinese Malaysians. Not only did some MCA members feel UMNO had undermined their party's position by co-operating with additional non-Malay parties, but more importantly, with PAS and UMNO allied, the Chinese were faced for the first time with the prospect of true Malay unity. As for the remaining opposition, their immediate response was the formation of an informal parliamentary opposition bloc comprised

of the DAP, Sarawak National Party (SNAP), and United Sabah Action Party (USAP).[3]

Besides co-opting potential challengers, the government also ensured that certain touchy issues would be beyond censure through new laws prohibiting debate on "ethnically sensitive" issues, even in Parliament. These matters included any reference to Malay special rights, non-Malay citizenship, the status of the national language, Islam, and constitutional provisions regarding the Sultans. Also, UMNO and its non-Malay partners set up a multiethnic National Consultative Council in 1969 to prepare a national ideology, the *Rukunegara*, and lay a "consensual" framework for the National Economic Policy (NEP, 1971-1990), which transformed the state's economic role from *laissez-faire* to pro-Malay and interventionist. The NEP was designed to reduce poverty overall, increase Malays' share of equity and decrease that of foreigners, and reduce the identification of race with occupation. Malays were the primary beneficiaries of the NEP, though the programme counted on an expanding economy to encourage growth with equity rather than actual redistribution. Upon its expiration, the NEP was replaced by the National Development Policy (NDP). While still targeted mostly at Malays, the NDP is seen as less ethnically divisive and alienating to Chinese interests because it highlights growth overall and eschews numerical targets in equity ownership between Malays and non-Malays, focusing instead on strengthening the capacities of *bumiputeras* to manage, own, and operate businesses.[4]

Ultimately, while the NEP and NDP have been effective in reducing poverty and developing a Malay middle class, most of the special opportunities and facilities provided have helped only some *bumiputeras* — those in the affected sectors. Other benefits have been more broadly distributed, especially opportunities for Malays in tertiary education and the urbanised workforce. However, as the Malays grow increasingly dependent on the government, a negative repercussion highlighted by the government and the opposition, Malay and non-Malay alike, is the development of a "subsidy mentality", including the belief that Malays *require* these special opportunities and facilities for survival (Chandra, 1979).

The fact that UMNO was able to formulate and implement so discriminatory a set of policies as the NEP and NDP reaffirms the

scope and invincibility of Malay political power. Nevertheless, UMNO's political base is really too broad for effective, unified political action. Factional divisions within the ruling coalition are thus inevitable and rational. While factionalism may make the system more responsive to popular demands as leaders fight for support, it also leaves the polity less stable (Means, 1991, pp. 315-9). Indeed, leadership crises within UMNO are both regular features of the political landscape and associated with periods of significant unrest, as in 1969, 1987, and 1998.

Chinese and Indian Parties in the Alliance/BN

UMNO's chief Chinese partner is the Malaysian Chinese Association (MCA), though the BN also includes the mostly-Chinese *Gerakan*. The latter, a nominally-multiracial former opposition party based in Penang, considers itself the conscience of the BN. In contrast, being ethnically-based and linked with UMNO, the MCA must remain circumspect in its criticism of UMNO policies. When formed, the MCA united Chinese-educated merchant-entrepreneurs, representatives of Chinese associations, representatives of the *Dong Jiao Zong* (United Chinese School Teachers and School Committees Association), and English-educated Straits Chinese. Now, the party appeals primarily to middle-class and higher-income Chinese voters. Though calling for Chinese unity so the community will not lose its bargaining power vis-à-vis UMNO, especially in light of the government's trend toward Islamisation and the shrinking proportion of Chinese in Malaysia, the party has tried to tone down its communal focus in recent years. In 1993, the party launched a "One Heart, One Vision" campaign to encourage a multicultural orientation since all the races have become more "Malaysian" with the blending of their cultures. The following year, the MCA amended its rules to allow members of mixed descent to join, so long as one parent is Chinese.[5]

Despite complaints that the government is too staunchly pro-Malay, to the detriment of other ethnic groups, the Chinese community is too big, economically important, and well-connected internationally to be seriously assaulted. The Chinese in particular, are essential to the maintenance of the ethnicised political status quo because, "the Malay elite has enriched itself at everyone's expense

during the past two decades. Without the Chinese threat, these conflicts would certainly become the key fissure in Malaysian politics; thus, in a backhanded way, the Chinese are essential for the continuance of the present power structure" (Anderson, 1998, p. 326). Some Chinese grievances have, in fact, been addressed, though generally in a low-key way — the MCA even released a supplement to its election manifesto in 1986 to remind voters of the concessions it had received. At the same time, policies such as the National Culture Policy of 1971 have remained largely intact despite strong and sustained protests from the Chinese and other non-Malays (Kua, 1985). The government has proved more willing in the 1990s than previously to accommodate Chinese demands, perhaps at first because the BN wanted to recoup its loss of Chinese votes in the 1990 elections, and then in response to the increase in Chinese support in the 1995 elections. Furthermore, in line with the principles of Mahathir's Vision 2020, there seems to have been an attempt since the mid-1990s to encourage dialogue and to move toward multiculturalism, a change welcomed by the Chinese community (Milne and Mauzy, 1999).

As for the Malaysian Indian Congress (MIC), though the smallest of the Alliance/BN linchpins, it is Malaysia's largest Indian party. The poorest of Malaysia's three main ethnic groups, Indians have realised the least progress toward the targets specified for the community under the NEP, despite a succession of MIC-led schemes to help Indians succeed in business. Indian Malaysians do not constitute a majority in any parliamentary constituency, but the BN allocated seven seats for which the MIC successfully contested in 1995 and 1999. Faction-ridden since its inception, the party has been dominated by S. Samy Vellu since 1979 (Milne and Mauzy, 1999).

Sabah and Sarawak

Politics in the non-Peninsular states of Sabah and Sarawak have long followed their own patterns, though recent trends indicate that Malay-Muslim dominance and the standard BN formula are becoming increasingly entrenched even there. Sabah and Sarawak joined Malaysia with Singapore in 1963. Brought late into British Malaya, and then with minimal penetration by colonial administrative and

political infrastructure, the two states retained greater autonomy than their Peninsular counterparts. When political parties first formed in Sabah and Sarawak in the late 1950s, many were multiethnic, as with original Sarawak United Peoples Party (SUPP) and Sarawak National Party (SNAP) as well as Sabah's *Parti Berjaya* and *Parti Bersatu Sabah* (PBS). Beginning from the 1970s, however, the organisation of political parties along ethnic lines became more common. Now, most political parties in Sabah and Sarawak are basically communal in practice, with real decision-making power vested in one ethnic group, even if the party is multiracial in principle. Nonetheless, ethnic boundaries are more fluid than in peninsular Malaysia and no one ethnic group constitutes a majority in either state, so communalism can only carry a party so far. The Iban (commonly subsumed under the category "Dayak") are the largest ethnic group in Sarawak (30% of the population), while the Kadazandusuns are the largest in Sabah (28%). Politically, the primary groupings are Muslim *bumiputera*, non-Muslim *bumiputera*, and Chinese, with religious cleavages sometimes as salient as the racial ones they may cut across (Loh, 1997; Chin J., 1996).

A new political consciousness developed among the Kadazandusuns in Sabah and Dayaks in Sarawak in the wake of the new educational and economic opportunities for *bumiputera* under the NEP. As well-educated and articulate Dayak and Kadazandusun youths formed a new middle class, they found themselves increasingly frustrated in their ambitions to acquire higher political positions and blamed discrimination and domination by the Muslim *bumiputera*. These middle-class leaders mobilised the rural population, albeit ephemerally, by harping on the lack of development in rural areas where Kadazandusun and Dayak populations predominated and by promoting a cultural revival to preserve local cultures, neglected by the Muslim-*bumiputera*-dominated BN government. These movements were represented politically by *Parti Bansa Dayak Sarawak* (PBDS), founded in 1983 as a party of and for Dayaks by a faction from the Sarawak National Party (SNAP), and by the Kadazandusun-majority *Parti Bersatu Sabah* (PBS). The rise of Dayak and Kadazandusun nationalism led to a worsening of ethnic relations in both states, but both movements had petered out, or at least proved insufficient as a basis for electoral success, by the mid-1990s. By then, not only had

Dayak and Kadazandusun voters never fully united solely in the PBDS or PBS, but Muslim *bumiputera* and BN-led developmentalism had taken firm hold over political life.[6]

In fact, the entry of Sabah into Malaysia had coincided with an earlier upsurge of Kadazandusun ethnic assertiveness; the state had joined the federation only upon acceptance of the "Twenty Points", guaranteeing particular rights and prerogatives. The fact that some of these points were clearly not being observed by the 1970s, as with Kadazandusuns' not getting their fair share of economic growth or civil service positions, plus the promulgation of Islam as the state religion, increased disenchantment with the federal government. The Kadazandusun *Huguan Siou* (Paramount Leader), Joseph Pairin, formed PBS, which came to power in the mid-1980s on a states' rights platform based on the Twenty Points. The party joined the BN in 1986, though it left the coalition abruptly in 1990, instead pledging support for the opposition led by *Semangat 46*. Upon this defection, UMNO entered Sabah itself to contest the 1994 state elections. PBS won by a slim majority, but UMNO managed to obtain just enough defections to topple Pairin's government — party "hopping" remains a problem in Sabah — and form its own. UMNO and its partners have controlled Sabah since then (Milne and Mauzy, 1999; Loh, 1997).

Malay majority politics have led the Malays to insist that the indigenous, non-Malay peoples of East Malaysia (Dayaks, Kadazandusuns, and others) are ethnically Malays, as well as encouraging the Malayisation of the Peninsular Orang Asli, "not so much as to oppress or suppress these people as to recruit them into the fancied Malay ethnic majority" (Anderson, 1998, pp. 325-6). In the same vein, the BN has encouraged the success of Muslim-dominated coalitions in both states. Such a coalition has governed Sarawak since 1970, after the federal government declared a state of emergency and removed the Iban Chief Minister elected in 1965. Also, by the time Dayakism really gained mass support, electoral constituencies in the state had been enlarged in such a way that the Dayaks could no longer win a majority if votes were cast just on an ethnic basis. The same sort of gerrymandering has also transpired in Sabah, so UMNO could announce during the 1999 state elections

that the party could actually win a majority on its own, but chose to form a multiracial coalition for the sake of ethnic harmony.

The federal government retains a firm grip on Sabah and Sarawak politics and development. Not only does it have a strong say in determining who heads the government in the two states — even if the leaders are locally unpopular due to misuse of funds or policies such as promoting mass conversions to Islam — but federalisation of the states' bureaucracies (especially Sabah's) have meant increasingly more activities are directed from Kuala Lumpur. The federal government controls funds for development and uses this power, bolstered by a strong organisation and control over most media, to garner votes for the BN in local elections. For instance, in its 1994 effort to dislodge the PBS in Sabah, UMNO Sabah announced a variety of development projects, packaged as "New Sabah," distributing seed money for various purposes during the campaign itself and threatening that if their candidates were not elected, those constituencies would not receive federal development assistance. These tactics were repeated in the 1996 Sarawak and 1999 Sabah state elections, each time to great effect, especially in rural areas. Intriguingly, though, for the first time in 1996, the DAP won three seats in the urban constituencies in Sarawak, apparently because of the voters' frustration with the extent of cronyism and "money politics". While federalisation has entailed a strengthening of political institutions and standardisation of administrative procedures, control by the Malay-dominated federal government and increasingly entrenched Muslim-*bumiputera* rule in state government mean non-Muslim *bumiputera* will find it ever harder to assert themselves politically (Loh, 1997; Goldman, 1997).

Opposition Parties and Coalitions

To lure voters away from the BN, opposition parties have been challenged to find an alternative basis to that of the BN. Though in the early days, the appeal of some opposition parties was communal, inasmuch as they have sought to unite in a coalition (necessary to pose a credible threat to the BN), they have had to downplay racialist sentiments. Instead, these alliances have generally been class-oriented or left-wing, Islamic, or just premised on non-communal issues, even

if some component parties were race-based. However, UMNO and the BN make it difficult for opposition parties and coalitions to find a secure niche. As James Jesudason explains, Malaysia's "syncretic" state has left only polarised identities, such as religion, around which to mobilise, with pro-growth policies, clientelism and selective co-optation capturing the middle ground (Jesudason, 1996). The state compounds its advantage through tight control over the mass media, restrictions on public rallies and stringent legislation to dissuade open dissent, such as the Internal Security Act, Official Secrets Act, Universities and University Colleges Act, and Printing Presses and Publications Act.

In their search for a non-communal premise on which to challenge the BN, opposition parties have long turned to class and economic justice, though communalism and repression remain problematic. For instance, the left-wing *Barisan Sosialis* formed in 1957, was mostly of the Chinese Labour Party and the Malay PRM. While similar to the Alliance in structure, the base of this coalition was economic rather than ideological, with the aim of uniting the poor of all races. However, a combination of communal tensions, personality clashes, and repression drove the two parties apart by 1966.[7] In fact, while unlike the BN parties, most opposition parties are at least officially non-communal, most attract members primarily from one ethnic group and some are limited only to Muslims. Hence, as in the case of the *Barisan Sosialis*, communalism may easily surface to fragment opposition unity. Indeed, even when opposition parties defined themselves as class-oriented, as Cynthia Enloe describes,

> ... all too often occupation, status, urbanism, are all dictated by ethnicity; therefore, what in a more ethnically homogeneous society would appear as a socio-economic class demand takes the form in Malaysia of a communal demand and often becomes inextricably wound up in ethnic sentiments (Enloe, 1970, p. 132).

Moreover, not just PRM and the Labour Party, but other socialist or left-wing parties have been subject to state repression, with key leaders arrested on various charges and the public scared off by a carefully-nurtured, hearty fear of all that smacks of communism.

Particularly through the 1990s, the primary opposition parties moved toward a pro-democracy, social justice platform, sometimes revolving around Islam as well, and rejecting communalism at least in principle if not completely in practice. The primary peninsular opposition parties involved in these coalitions have been PAS, the DAP, the now-defunct *Semangat 46*, PRM, and the newly-formed *Parti Keadilan Nasional* (*Keadilan*). Operating singly or in coalition, these parties have so far achieved limited success.

Parti Islam Se-Malaysia (PAS)

PAS began as a pro-Malay, Islamic party. For a long time, it was the only communal alternative for Malays and the only peninsular party not led by English-speaking politicians. Until the formation of *Semangat 46* in 1987, PAS remained the main rival to UMNO, attacking the latter on matters of Malay rights and Islam. However, the Islamic resurgence that has swept Malaysia since the 1970s changed the character of PAS. A common tenet of the different strands of the resurgence is that Islam should be not only a religion, but also a guide to the organisation of politics, the economy, and society as a whole. The resurgence and the organisations it spawned, such as *Angkatan Belia Islam Malaysia* (ABIM, founded 1971) brought a new influx of members to PAS for its commitment to the goal of an Islamic state. Even though PAS had always supported the establishment of an Islamic state in Malaysia, initially the party was not so far removed in its policies from UMNO, hence its willingness to join the BN in the 1970s in the interests of Malay unity.

It was not until a change of leadership in 1982 that the Islamic component of PAS ideology really superceded the Malay nationalist stand. The Islamic revival brought to prominence a younger, more radical cohort in PAS, including leaders educated in Saudi Arabia or at schools such as Cairo's Al-Azhar University. These leaders were inspired by the Iranian revolution and a desire for Islamic governance. Many were *dakwah* (Islamic proselytisation) activists "who were dedicated to the cause [of] Islam and therefore greatly displeased with the manner Islam had been subordinated to Malay culture and nationalism" (Alias, 1994, p. 182).

By that time, the rising popularity of PAS, plus the Islamic resurgence itself, had forced a response from UMNO. In the past,

UMNO had not seen Islam as a source of trouble or a threat to its economic development policies. Except inasmuch as PAS posed a challenge, Islam represented a source of stability, especially in the 1950s-1960s when it served as a bulwark against the spread of communism. Now, the government responded to the challenge of PAS and "fundamentalist" Islam through a combination of co-option of *dakwah* activists (most notably former Deputy Prime Minister Anwar Ibrahim), building Islamic institutions to prove its Islamic credentials, and the use of force. By the 1980s, UMNO and PAS had diverged, with PAS pressing for socio-economic justice, condemning the NEP as ethnically based, and even creating a Chinese Consultative Committee. Young PAS activists wanted the party to move not only beyond narrow Malay interests, but beyond nationalism, too, aiming instead toward universal Muslim brotherhood transcending state borders. Through the 1990s, and again in the build-up to the 1999 elections, PAS has shifted gears again, still eschewing a racialist perspective but now also downplaying its Islamic stance for the sake of a united opposition that could perhaps unseat the BN.[5]

Democratic Action Party (DAP)

Though multiracial and consistently attracting some Indian support, the DAP (intially the Malayan division of Singapore's People's Action Party, PAP) has always been primarily a Chinese party. The party retained the PAP's call for a "Malaysian Malaysia" — a platform with definite ethnic overtones since it would equalise the status of all ethnic groups — through the 1970s, then resuscitated it in late 1998. The DAP has consistently attacked the Alliance/BN for its weak defense of Chinese educational and cultural interests, as well as for its neglect of the lower classes. However, the DAP itself has less than entirely been supportive of the Chinese education movement (Kua, 1996) and has been suffered a divide between Chinese- and English-educated members. Since the mid-1980s, though, the DAP has tried to present itself as a social-democratic alternative organised around class rather than race, making an effort to recruit Malays into its leadership and focusing its attention on exposing scandals and corruption, advocating greater accountability and political liberalisation, and pressing for economic justice as well as racial

equality. Indeed, the DAP enjoyed a boost when 27 civil rights activists, most of them former political detainees and including a former *Barisan Sosialis* leader, joined the party in 1990 to strengthen the opposition front then emerging (Kua, 1996). This non-communal social justice identity has made the party acceptable to some urban Malays, though most "prefer to see the DAP as a watchdog rather than as a power broker" (Jesudason, 1996, pp. 139-40).[9]

In five of the last six general elections, the DAP garnered a greater share of the Chinese vote than the MCA (peaking at 20.3% of the popular vote in 1986) (Heng, 1996). As Lai Seck Ling finds, despite the DAP's longstanding efforts at portraying itself as non-ethnic, Chinese voters may choose the MCA/BN for broad developmental goals and the opposition for more narrow ethnic interests, as suggested by patterns of split-ticket voting. Not only do voters feel that the MCA is better positioned to obtain federal funds for development projects, but like the MCA, the DAP is not above manipulating ethnic issues, from promising to "*membela nasib orang Cina*" (champion the fate of the Chinese) to discussing Malay special rights, the position and future of the Chinese, racial quotas, and so forth. Also, while low income voters may support the party for economic reasons, higher income voters are more likely to be attracted to the party's social justice message (Lai, 1997).

Parti Melayu Semangat 46 (Semangat)

Parti Semangat 46, renamed *Parti Melayu Semangat 46* in 1994, was a short-lived but influential splinter party from UMNO. *Semangat* was formed in the wake of a severe economic recession in 1985-1986. Cutbacks in government expenditure limited patronage resources, especially affecting small- and medium-scale Malay businessmen, who complained that the government only catered to well-connected Malay tycoons. Under pressure, UMNO split into two teams and Tengku Razaleigh Hamzah challenged Mahathir Mohamad for the post of party president in 1987. The former subsequently left the party with his followers to form *Semangat*, while Mahathir stayed with UMNO, renamed *UMNO Baru* (New UMNO) since the party was declared illegal in a high-profile court case. In fact, the UMNO-*Semangat* contest really centred on the personal struggle between these two

leaders. *Semangat* courted support from trade unions and civil rights groups, plus forged alliances with both Malay and non-Malay opposition parties. While both Mahathir and Razaleigh supported continuation of the NEP in some form after 1990, *Semangat* was able to distance itself from much of what had actually been done under the NEP, hence not alienating the non-Malays. Overall, too, while some who had joined *Semangat* did so because of their failure within Mahathir's UMNO, realising the new party could not get far without articulating any substantive policy changes, they were amenable to alternative policy proposals (Jomo, 1996).

However, as the economy picked up in the late 1980s, *Semangat's* fortunes began to wane, with many members defecting back to UMNO. James Jesudason explains:

> The deeper problem for *Semangat* was that it was courting the same constituency as the UMNO but did not have the resources to offer a better economic deal. The party's platform was a laudable one which promised the independence of the judiciary, the repeal of unjust and repressive laws, the elimination of business investments by political parties, and the restoration of workers' rights. ... While these issues attracted some Malay middle-class support, much of the Malay population, from the middle classes to the villagers, did not regard *Semangat* as better placed to channel benefits to them than the UMNO (Jesudason, 1996, p. 138).

Eventually, while *Semangat* started out with a multiethnic, social democratic platform, its leaders opted to change course and pursue a specifically Malay constituency. To attract communal support, the party argued that UMNO's diminution of the powers of the sultans jeopardised the position of the Malays by weakening an essential constitutional guarantee for Malay special privileges. While this strategy may have won *Semangat* some added support among rural Malays, it cost the party the backing of non-Malays. Ultimately, Razaleigh dissolved the party in 1996. He and many other former *Semangat* members have since been re-absorbed into UMNO, though others were denied readmission into UMNO or entered PAS instead.[10]

Parti Rakyat Malaysia (PRM)

PRM was formed as a non-racial socialist party, though from the start it attracted mostly lower- and middle-class Malays. Named *Parti Sosialis Rakyat Malaysia* (PSRM) from the mid-1960s until 1990, the party discarded its socialist name and programme in a bid to gain more support with a call for progressive social change. The party aims to establish a united *bangsa Malaysia* and is explicitly not Malay-centric. Small and persistently weak, PRM blames its weakness today not just on official attacks on the party and its unpopular socialist ideology, but also on the general prevalence of racial politics, which make it difficult for a party not oriented around race to find a niche. However, PRM grew in size and impact over the course of the *reformasi* movement, with increasing numbers applying for membership, mostly from the middle class and/or the leadership of various NGOs.

The party has long advocated co-operation among opposition parties, from the days of the *Barisan Sosialis* to the efforts of several of its leaders to build opposition unity since the late 1980s in particular. In fact, in 1997, long before Anwar's sacking, it was PRM which had first tabled the idea of forming *Gagasan Demokrasi Rakyat*, a coalition ultimately launched in September 1998. Seeking a political solution to the economic crisis that had begun mid-year, PRM called a meeting of parties and NGOs in November 1997. More NGO activists than key members of DAP and PAS attended, and it was mostly representatives from PRM and NGOs who attended the subsequent meetings. By the time of a well-attended forum including PRM, the DAP, PAS, and NGOs in April 1998, the consensus was that PRM should be the bridge between the DAP and PAS, though ultimately, the position of chair of the coalition was passed to a representative of an NGO rather than any one party. As suggested by the process of formation of *Gagasan* in 1998, PRM has long had close ties with NGOs, as well as other class-oriented groups, such as those dealing with labour or land rights, especially in the Klang Valley, Johore, and Penang.[11]

Parti Keadilan Nasional (Keadilan)

The newcomer to the opposition is *Keadilan*, launched in April 1999 by Wan Azizah Wan Ismail, wife of deposed UMNO leader Anwar Ibrahim. Wan Azizah first formed a non-governmental organisation (NGO) called

Pergerakan Keadilan Sosial (*Adil*, Movement for Social Justice) several months earlier. However, as widely anticipated, with elections approaching, this body metamorphosed into a *reformasi* party to join with other opposition parties in the *Barisan Alternatif*. Though officially multiracial, focusing on issues of clean government, justice, and civil liberties, most of *Keadilan's* membership is Malay. Anwar represents both a symbol and a focal point for *Keadilan*, though he did not actually join the party until mid-September 1999. Whether *Keadilan* can institutionalise itself in the long term remains to be seen, especially since Anwar stands to remain in jail for quite some time. However, *Keadilan* did win some seats in the 1999 general elections, has remained a vocal partner in the opposition front and is clearly looking toward the future, including discussing a possible merger with PRM (Weiss, 1999c and 2000).

Coalitions of the 1990s

The 1990s has seen a trend toward much more sincere efforts than previously at opposition collaboration. This push for unity began with the general elections of 1990, when a range of opposition parties united in a more formal and far-reaching alliance than previous co-operative efforts. In 1990, *Semangat* anchored two coalitions, the *Angkatan Perpaduan Ummah* (APU, Movement of Community Unity) and the *Gagasan Rakyat* (*Gagasan*, People's Might), though *Semangat* was less powerful within these coalitions than UMNO is in the BN. APU was an Islamic coalition including PAS and two smaller Islamic parties, *Hamim* and *Berjasa*, strongest in the heavily-Malay east coast.[12] *Gagasan*, which included the DAP, PRM, the All Malaysia Indian Progressive Front (IPF),[13] the small Malaysian Solidarity Party (MSP), and PBS as a last-minute addition, contested primarily on the west coast and in the south. It promised a more democratic and less corrupt two-coalition system, plus protection of human rights, greater attention to lower-income groups, states rights for Sabah and Sarawak, and an end to ethnic and religious politicking (Khong, 1991). Having both the APU and *Gagasan* represented "a tortuous way for *Semangat 46* to span the deep ideological chasm between the DAP (and, later, the PBS) and PAS" (Khoo, 1995, pp. 323-4). The arrangement allowed the DAP and PAS to co-operate despite the former's disapproval of

PAS's Islamicisation programme, downplayed PAS's extremist image, emphasised *Semangat's* Malay roots, and brought in the urban Chinese vote via the DAP (Jomo, 1996; Jesudason, 1996).

Semangat and its emerging coalitions tested their wings with a series of state and parliamentary by-elections. First, in Johore in 1988, an independent with multiracial support defeated an UMNO candidate, though UMNO won two other seats by narrow margins. The following year, *Semangat* lost two contests and the DAP lost one to BN candidates, but PAS defeated UMNO for a seat in Terengganu. While not overwhelmingly encouraging for the nascent opposition front, these elections did show that the Malay divide remained as strong in some areas as in 1987, spurred the parties toward deeper collaboration (Khoo, 1995). By the time of the general elections, the opposition was confident that they could at least deny the BN its two-thirds majority in Parliament, if not unseat the BN altogether. In the end, the opposition did not do all that well, except that PAS took control of the state government in Kelantan. *Semangat* did much worse than expected and the DAP did no better than previously.

This disappointing result was due to a combination of background circumstances, the BN's manoeuvres and weaknesses within the opposition. First, the strong economic recovery of 1988-1990 muted dissent against Mahathir, especially since the opposition lacked funds for patronage. Second, UMNO's control of the timing of elections and media resources hampered the opposition in explaining its ideology and programmes. Moreover, UMNO's recourse to ethnic scare tactics as the campaign proceeded also dissuaded both Malay and Chinese voters from supporting the opposition. Most notably, Mahathir and other UMNO leaders questioned the nature of the DAP's collaboration with PAS and warned that Chinese and Christian elements from the DAP and PBS were working through *Semangat* to attack Malay rights and make Sabah, then all of Malaysia, Christians. For instance, the BN circulated images of Razaleigh in Kadazandusun headgear with a cross-like design to suggest that he was being manipulated by Christians.[14] Finally, despite its claims to multiracialism, the opposition itself could not escape the communal framework. Opposition politicians failed to maintain ideological and

programmatic unity and resorted in the end to particularistic appeals in fighting the BN. Also, party activists and voters found it difficult to overcome long-ingrained suspicions to co-operate with one another, especially on any issues deeper than just attacking the specific wrongs of the regime. In fact, *Semangat's* subsequent re-make of its image to appeal specifically to the Malays called into question the sincerity of the party's earlier espousal of non-communal democratisation was just an electoral ploy (Jesudason, 1996).

By the time of the 1995 general elections, *Gagasan* was in disarray. PAS's aggressive Islamisation programme in Kelantan dissuaded the DAP from co-operating even indirectly (after long debate, the party withdrew in January 1995), the IPF had joined the BN, *Semangat* had given up on multiracialism, and a number of key leaders in the PBS had defected to the BN after the 1994 Sabah state elections. The APU, however, stayed together and contested again as a coalition. Along with other opposition parties, it also formed a loose electoral pact, just enough to avoid having too many three-cornered fights. With a well-organised campaign and lots of money to spend, the BN gave the opposition another whipping. The economy was still doing well, which worked to the advantage of the incumbent regime, as did the redelineation of electoral constituencies in 1993. Though the BN chastised the opposition for fostering disunity among Malays, in fact, the opposition did worse than before. The APU kept Kelantan, though less securely than before, but the opposition lost much non-Malay support in particular, despite high attendance at their campaign functions. The DAP was especially disappointed with the result in Penang. The party had expected *Semangat* to win in the Malay constituencies in Penang, while the DAP carried the non-Malay seats. The two parties would ally after the elections to form the state government. However, fearing that a vote for *Semangat* was thus a vote for the DAP, Malay voters chose UMNO instead, while Chinese voters were scared off by the BN's insinuations that the DAP's co-operation with *Semangat* would ultimately help PAS and its Islamic agenda. In other words, the opposition may have had problems making its multiracial, pro-democracy campaign hold together in 1990, but did no better with fragmented campaigns targeted at more narrow constituencies five years later.[15]

Next, for the 1999 general elections, PAS, the DAP, new player *Keadilan*, and PRM united in the *Barisan Alternatif* (BA) to oppose the BN, unofficially supported also by various smaller or non-Peninsular parties. As in 1990 and 1995, personalities were key, with the whole debate rather erroneously denigrated as simply a clash between Mahathir and his one-time favourite, Anwar. Undeniably, though, much of the opposition against UMNO really was just against Mahathir and increasing executive centralisation during his tenure, while many *reformasi* activists probably were in it just for Anwar's sake. Regardless, overall, the BA campaign was for *reformasi*: expunging cronyism and corruption, reducing income inequality, strengthening individual and media freedoms, ensuring transparency and accountability, and in general promoting *keadilan* (justice).

The BA made a concerted effort at downplaying ethnicity in its campaign but was not always successful, particularly at the local level. Speakers at campaign events, for instance, came up with rather creative reasons for Malays to support the DAP and vice-versa, such as, because the DAP's Vice Chairman Ahmad Nor is a Malay, hence the party could potentially be led by a Malay one day.[16] Also, the BA has declared that if in power, it will not repeal (only reform) the NDP, and that given Malaysia's culture and history, only a Malay could be Prime Minister. Moreover, though PAS has agreed not to press for an Islamic state and the BA's manifesto makes no mention of the issue, skeptics from within and outside the BN have questioned whether long-term co-operation between PAS and the other, secular opposition parties is really feasible. Clearly, though, the BN harped much more on race — and especially religion — than the BA did. Most significantly, the BN ran a series of campaign advertisements warning Chinese voters not to give up their religious and cultural freedom by voting for the BA (implying, that is, that if the BA won, PAS would make Malaysia an Islamic state with no tolerance for other cultures and religions). Again, the opposition's expectations were overly optimistic. While PAS did win a second state, Terengganu, the DAP did only slightly better than before and the other opposition parties won a respectable number of votes, but thanks in part to gerrymandering, not very many seats (Weiss, 1999c and 2000; Mustafa, 1999).

Civil Society and Opposition Coalition-building

The BA was distinctive in that for the first time, non-governmental organisations (NGOs) were almost as prominent as political parties in formulating and articulating the coalition's messages. While NGOs play no official role in the BA structure, the electoral coalition was actually the successor to more civil society-based *reformasi* initiatives. Indeed, particularly since the 1970s, the formal opposition — i.e., political parties — has consistently been complemented by civil society in challenging the state.[17] Civil society organisations constitute a significant non-party opposition force, providing activists (many of whom prefer not to join any party), research on and attention to particular issues, and alternative media spaces. Also, while civil society is by no means monolithic, these organisations' ideological framework is generally inclusive rather than communal, whether or not their actual membership is genuinely multiracial. Though unlike the opposition parties these groups may mirror, NGOs do not seek to take over control of the state, only to reform it, some NGOs are quite closely allied with particular parties. Many also nurture links with trade unions, professional and commercial bodies, religious institutions, schools, and the like. Through such networks, the institutions of civil society penetrate throughout society, not staying confined to the activists at the centre.

Most such NGOs are run by middle-class urban activists, though mass-based Islamic organisations in particular, such as the large and politically influential ABIM, are more diverse in membership and local-level leadership. A restrictive legal environment and periodic crackdowns dissuade more people from getting actively involved. Nonetheless, the wider public has been exposed to NGOs' campaigns on policy issues such as domestic violence and environmental degradation and on more abstract aims such as democracy, human rights, and the perceived abuses of the government. The latter set of issues have been championed not only by secular human rights and pro-democracy NGOs, but also by Islamic organisations seeking greater social justice in line with Islamic teachings. Of course, even as NGOs champion a more progressive order, they themselves may be wracked by ethnic, religious, and personalistic divisions, plus they may fail to articulate a reasonable alternative institutional framework, especially

given their general ambivalence toward political involvement. Nonetheless, as demonstrated since late 1998, NGOs may be critical to cementing a durable, non-communal opposition political coalition.[18]

The direct progenitor to the BA was a pair of NGO-opposition party coalitions, both established in September 1998. One, *Gagasan Demokrasi Rakyat* (*Gagasan*), its chairperson an NGO activist,[19] united a broad array of opposition parties and political parties for economic, social, and political reform. The other, *Majlis Gerakan Keadilan Rakyat Malaysia* (*Gerak*), included many of the same groups but had a preponderance of Islamic organisations and was led by PAS. While most of the NGOs in these coalitions had been around for some time, various new organisations sprung up among students, Christians and Muslims, and others, with Wan Azizah's *Pergerakan Keadilan Sosial* (*Adil*), most prominent of these new bodies.

Before long, though, *Gagasan* and *Gerak* faded out, to be supplanted by the still-amorphous BA electoral coalition. Concurrently, with speculation rife that the elections must be coming soon, over 40 NGOs, including many from *Gerak* and *Gagasan*, formed *Pemantau Pilihanraya Rakyat Malaysia* (Malaysian Citizens' Election Watch) as a coalition for voter education and election monitoring. Also notable for the scope of collaboration among NGOs and translation of ideas into political action were the Women's Agenda for Change (WAC) and Women's Candidacy Initiative (WCI). The former document, endorsed by an array of religious and secular NGOs and parties, sets forth social, economic, and political programmes in need of reform and suggests specific action steps. Translating these ideas into action, the latter initiative presented a women's candidate in the 1999 federal elections, with the WAC and the BA's Manifesto as her platform, and promoted voter education to encourage women to take their vote seriously and both genders to elect women to office.

Overall, aside from the ranks of enormous mass-based Islamic organisations, the number of politicised NGOs and activists within them remains relatively low. Regardless, when these groups form activist webs, perhaps allying also with political parties, they may be quite effective at public education and mobilisation, and they may successfully pressure government and opposition parties into acknowledging and acting on their demands. Though the government continues to attack NGOs as

anti-national and to threaten to investigate groups and individuals for their possibly subversive statements or actions, the *reformasi* movement in particular has boosted the image of visibility of NGOs. Citizens disgruntled with the government's handling of the economic crisis of 1997-1999, angry with Mahathir over his treatment of Anwar, or dissatisfied with the government for other reasons have rallied to the support of NGOs sharing their disaffection. As elsewhere, the growth of the urban middle class has also facilitated this trend, as increasingly more people are exposed to multiracial work and school environments, critical views over the Internet and media outside the government's control, campaigns by concerned civil society organisations, and news of comparable developments in other countries.

Reformasi: Issues and Processes

Hence, coalition-building among opposition parties and agitation by NGOs both have a long history. However, it is the specific circumstances of the *reformasi* movement that have made things gel as they have this time around. The aims of the movement drew upon the experience and expertise of NGOs, yet required political parties to put them into practice by taking over the state. At the same time, co-ordinated efforts from both sectors together have intensified pressure on the BN regime to reform even given its victory at the 1999 polls. *Reformasi* cannot be dismissed as the vehicle of one irritated ex-leader, nor as the clamouring of unaccountable and unrepresentative NGOs, nor as the usual carping of frustrated opposition parties. Meanwhile, facilitated by Internet-based communications and systematic campaigns for education and mobilisation, public support for the aims of the movement is high, suggesting that not just policy preferences, but the actual political culture, is shifting. Malaysians of all races are coming to see themselves as independent political actors who can expect more from their politicians — they are "the bosses", as one *reformasi*-linked campaign puts it — and are demanding better governance and a more open polity. Clearly, while Anwar may have been an important catalyst, there are larger processes at work.

Ex-Deputy Prime Minister Anwar Ibrahim launched the *reformasi* movement upon his sacking in September 1998. This title was borrowed from the recent protests in Indonesia, as were many of the key concepts

and buzzwords such as "KKN" (*korupsi, kolusi,* dan *nepotisme*, or more often in Malaysia, corruption, cronyism, and nepotism). Until his arrest a few weeks later, Anwar exhorted thousands of his followers to struggle for *keadilan* (justice), good governance, transparency, accountability, policies to benefit the economically weak rather than cronies, and democratic freedoms. This call was picked up by thousands of street demonstrators in Kuala Lumpur and other cities, who rallied regularly in late 1998, then more sporadically thereafter, as well as by opposition parties and NGOs.

At least as important as these secular demands for a substantial proportion of *reformasi* activists, though, were calls for greater Islamisation as the solution to the perceived moral decay of the government. Shouts of "*Allahu akhbar*" and "*takbir*" were about as common as calls for "*reformasi*" at many events, and demonstrations frequently centred around a mosque, beginning after prayers. In fact, prior to having entered UMNO and the government, Anwar got his start as a student activist for pro-Malay policies and *dakwah*. His platform in the early 1970s was ABIM, which he helped form, and he has been partly credited with having masterminded UMNO's policy of gradual Islamicisation of government and society since then. In late 1998, ABIM and fellow Islamic organisations rallied to the cause of its former leader. Not surprisingly, Anwar himself remained a potent symbol and inspiration of the movement, with "justice for Anwar" being as much a rallying call as justice for everyone else. Divergent aims notwithstanding, NGOs for Islam and for secular democracy, together with unaffiliated Anwaristas and *reformasi* supporters, reached consensus on short-term goals such as calling for the abolishment of the Internal Security Act (which allows detention without trial) and for Mahathir to resign.

Echoed also by opposition parties, these demands have persisted through and beyond the 1999 polls. Opposition legislators have been joined by defeated candidates and many of the same NGO and party activists in an effort to sustain BA co-operation in the form of an opposition bloc in parliament. In other words, this broad-based co-operation and its deeper roots in a sustained period of mass protest has made the BA more enduring than the other coalitions of the 1990s. The participation of NGOs both informally and formally,

especially through the transfer of several key NGO leaders to political parties such as *Keadilan*, has also made the BA at least appear more accountable and more rooted in the grassroots. The arrangement has worked well for NGOs since it gives their programmes and goals greater exposure, including the potential for insider access should the opposition ever unseat the BN, and grants credence to NGOs' model of non-communal organisation and networking. Hence, even if the specific demands of the *reformasi* movement have not been achieved, its strategies of multi-sectoral collaboration and deep interaction will no doubt persist through successive mobilisation cycles.

Evaluation of the *Barisan Alternatif*

As expectation mounted that the polls were imminent, *Gerak* and *Gagasan* faded from view, *Adil* morphed into *Keadilan*, and parties played an ever more visible role. The *Barisan Alternatif* was a tangible entity — really an inevitability, given the progress of events — before it even had a definite name, and it never had a chance even to settle upon a unified symbol. Just before the BN presented its draft budget in Parliament in late 1999, the BA presented its version, developed with the help of academic experts such as economist K.S. Jomo. Similarly, before the BN revealed its rather bland election manifesto touting its record so far, the BA presented its "Toward a Just Malaysia", a quite detailed (*too* detailed, many said) platform of action. The Manifesto described the causes of popular frustration with the regime, from cronyism and corruption, to human rights abuses, to rising income inequality, then presented proposals to improve the economy, transparency and accountability, social services, national unity, genuine democracy, and Malaysia's international image (Barisan Alternatif, 1999). The BA did well enough in the polls to spark serious introspection among the BN parties, yet not so well as it expected, particularly for parties other than PAS. However, the progress of the BA demonstrated four key developments in opposition politics.

First, the BA made a sincere effort at unseating race as the central organising principle of political contestation, testing to what extent the general public has accepted the idea of non-communal, issues-based politics. While many of the principles and perspectives of the

BA are not so far divergent from those of the BN, or just refine marginal weaknesses in the BN regime, the basis of co-operation under the two coalitions is different. The BN is officially premised upon a power-sharing agreement among communal parties. That is, while Malays dominate the coalition through UMNO, the Chinese can protect their interests through the MCA, the Indians through the MIC, and so on. There is little space for non-racial parties in the BN, even though some of its smaller component parties are at least nominally multiracial.

The BA, on the other hand, includes no race-based parties, though by dint of being open only to Muslims, PAS is, for all intents and purposes, a Malay party. The DAP is known as Chinese, but can count Malays and Indians among its top leaders and support base. Similarly, PRM has done its best to style itself as not just a Malay party, but as a party of the proletariat in general. *Keadilan* also has tried not to become too overwhelmingly Malay in membership and leadership. At the same time, it would be disingenuous to say that the BA has completely shaken off the mantle of communalism. With economic, social, and political life so consciously stratified by race, even as cross-cutting class ties become ever more salient, linguistic differences, religious revivals specific to particular ethnic communities, poor understanding of other cultures, ingrained habits, and the fact that the BN remains in power will ensure the continuing significance of race in politics. For this reason the BN could so easily manipulate racial fears to undermine the BA, waving the spectre of PAS before wavering Chinese voters, in the 1999 elections.

Nonetheless, it seems likely that the opposition to the BN will remain ideologically non-communal for future elections. Islamists have no problem accepting an order in which race does not matter since in Islam, all Muslims are equal, regardless of race, and non-Muslims are to be tolerated. Meanwhile, the main non-Malay-dominated opposition parties have always stressed a class rather than race line. With Malays and non-Malays increasingly sharing the same economic space and hence many of the same concerns, these parties only stand to benefit from a class-based, non-communal appeal.

Second, the BA was obliged to run a race without patronage or promises of it in the future. Indeed, a guiding principle of the coalition and the movement that spawned it was opposition to

corruption, cronyism, and nepotism, from wasteful megaprojects to questionable corporate bailouts and misuse of public funds. Moreover, the BA just did not have sufficient funds at its disposal for the type of on-the-spot development grants the BN could make throughout its campaign. Strapped for funds, despite some rumoured gifts from businessperson allies of Anwar, the various opposition parties made public appeals for donations before and after the elections. The fact that these parties still garnered about 40% of the popular vote, while dispensing no money and promising even-spread redistributive policies should they come to power, suggests that patronage politics may be on the wane, or at least not an integral part of the future political landscape.

Third, the BA's campaign demonstrated a rather startling degree of contempt for "politics as usual". With politics presumed corrupted and corrupting, practised politicians were not revered so much as reviled. The stereotypical Malaysian — especially Malay — does not mock her leaders and challenge them to resign in disgrace, yet such taunts became commonplace as *reformasi* progressed. After months of such jibes, by the time of the elections, even opposition politicians seemed to require the support of non-party members for legitimation. The massive "People are the Boss" campaign used a corporate analogy to encourage individuals to think of themselves as the employers of their representatives. In other words, politics was not to be left just up to the politicians, with the masses accepting whatever they are given. In the same vein, campaign *ceramah* were marked by speakers who announced that they were not even a member of a political party, yet felt moved by the significance of the issues, the candidates and the campaign to speak out. This development suggests a trend toward a more participatory model of politics than previously and marks a real departure from the status quo. Instead of citizens' being expected simply to channel their demands through their respective communal party hierarchy, then not be ungrateful — like *kacang melupakan kulit*, or a peanut that forgets its shell — a wide range of individuals may now take the chance to express their demands directly and feel justified in doing so.

Finally, as discussed above, civil society organisations have clearly laid claim to a niche in opposition politics. Some NGOs work directly with political parties. Others prefer to stand aloof, endorsing policy

positions, perhaps, but not specific candidates. NGOs did play a role in previous campaigns, but never so formal and wide-ranging as this time, especially given the number of NGO activists who stood for office under the banners of the DAP, *Keadilan*, and PAS or who managed and staffed campaigns. It is worth noting, though, that social activists have gone so far as to join parties in the past, too. For instance, a group of 27 civil rights activists made the headlines when they joined the DAP in August 1990 "in order to strengthen the emergent Opposition Front" (Kua, 1996, p. 3). Further, the boundary between ABIM and PAS has been rather porous since the 1970s, and many of the top leaders of PAS today got their start in ABIM (Alias, 1994). These NGOs and activists are considered unbiased arbiters of the public interest, able to build trust among the various opposition parties and communicate *reformasi* and BA messages to the grassroots, not to mention to foreign media. This trend, too, toward greater involvement of organised, non-party actors in the affairs of opposition parties is likely to persist.

Weaknesses

Clearly, though, the BA had its weaknesses. Most importantly, the fact that its non-Islamic components in particular won so few seats as they did (albeit a greater number than in 1995) indicates that its non-communal, non-clientelistic campaign was not enough to win over voters. Despite the rhetoric of *reformasi*, most voters probably were still not prepared to vote for democracy or justice over the BN's promises of development projects, or just are not all that committed to greater federal support for low-cost housing and the like.

Equally significant is the fact that the BN *could* still use ethnic scare tactics to convince voters not to reject their communal protectors in the BN. Even voters attracted to *reformasi* and all it promised did not necessarily believe that PAS and the DAP had struck a stable balance or that it was "safe" for Chinese to vote for the BA. In fact, the rather shallow arguments about the NDP, non-Malays in the DAP, and the like used at campaign *ceramah* may have helped reassure voters, but said little for the depth of co-operation. Likewise, a whole booklet was deemed necessary (Social Owl, 1999) to convince non-Malays that an Islamic state would not be so bad, and that anyway, PAS could not possibly muster the two-thirds of parliamentary votes needed to change

the Constitution to institute such an order nationwide — not that PAS *would* not do it, just that it *could* not.

At the same time, though a centrepiece of *reformasi* for a vast number of activists, Islam was sidelined in the BA's joint manifesto and the DAP quickly took umbrage with PAS when the latter made signs of implementing an Islamic state anyway in Terengganu. The Manifesto calls for Islam as a way of life (*ad-deen*) and for Islam as the official religion of Malaysia, with freedom of worship for followers of other religions. However, the platform is for a secular state. Given that PAS is now by far the strongest opposition party, it could opt to go it alone or pressure its partners for greater concessions toward instituting Islamic law and other Islamicisation programmes in the future.

With these tensions still barely submerged, it is hardly surprising that the level of co-operation among the parties has yet to be really ironed out. In the campaign, some candidates ran as "BA", some as from one of the parties, some as from one party but giving prominence also to the logo of a second party (generally to stress the link between *Keadilan* and PAS). Likewise, while the talk was of the BA's contest to take over the federal government, popular parlance tended to leave states in the hands of specific parties, such that PAS — not the BA — was expected to gain control of more eastern and northern states. This uncertainty has persisted after the elections, for instance with PAS setting up its own shadow cabinet apart from that of the DAP. Meanwhile, the People's Manifesto Initiative, a group of 50 NGOs, has also set up a parliamentary watch committee to monitor the performance of MPs. Indeed, the role of NGOs has yet to be settled. Candidates touted the BA's openness to participation by NGOs and others from the general public as a sign of its openness and anti-elitism. They insisted that if the BA came to power, NGOs would preserve a niche, having real influence on politics and policy. However, as it stands, NGOs have no official standing in the coalition, however influential they may in fact be.

Impact at the Polls and in the Political Order

In light of these developments and other underlying trends, UMNO may in time be forced to change its tactics. Despite its efforts, UMNO is no longer the sole economic mentor for the Malays. The community's economic development is increasingly predicated on general economic

growth rather than state largesse, and the Malay corporate and middle classes hence are showing less attachment to the party, as indicated by the number of Malays willing to vote for parties devoid of patronage resources. Prior to the current wave of protest, which may have spurred more people to register, as many as one-fifth of UMNO members, many of them rich or middle class, had failed even to register to vote (Jesudason, 1996). Another possibility, then, is that far from becoming more politically enlightened, having gotten what they need out of the state, the new Malay middle classes may simply disengage themselves from politics, at least if their livelihood is independent of the party and state.

At the same time, while in the past it has mainly been a small group of middle-class, western-educated activists who have pressed for democracy, human rights, and good governance, this discourse has become the common ground uniting a broad opposition coalition. Complicating the current effort is the fact that the BN, too, has been moving away from specifically communal politics, instead articulating a persuasive but still non-liberal and state-directed alternative. Francis Loh suggests that through the 1990s, the BN has downplayed ethnicity in favour of a sort of "cultural liberalisation", promoting a political culture of developmentalism. Inasmuch as voters of all races are also consumers, seeking material advancement and all the usual indicators of "development", this approach takes clientelism to a persuasive new level, especially since only the BN actually has a record of developing the nation since only it has been in power. With the launch of the NEP in 1971, developmentalism, along with an attendant requirement of political stability and a strong state for policy continuity, really began to take root among Malays, winning ground among non-Malays later with the rapid economic growth of the late-1980s and early 1990s. Today, the primary function of the *wakil rakyat* (member of parliament) is to address the people's development needs — though actually, development planning has been increasingly concentrated in the hands of a few leaders for the sake of streamlining policies and ensuring consistency (Loh, 1999). Hence, Loh concludes that the BN parties are reducing ethnicism in politics, just as the opposition parties are trying to do. However, the BN alternative constrains the current opposition attempt to promote the counter-discourse of democracy.

The Persistence of Communal Politics

These trends notwithstanding, communalism remains a pivotal factor in political and societal institutions. Communal appeals were never far below the surface in the recent elections, as in all previous elections. Communalism revealed itself in the BA's reassurances on the perpetuation of Malay rights and non-Muslims' freedoms under the government they would form — both of which confirmed the salience of racial and religious fears among Malays and non-Malays — as in the BN's vividly threatening campaign advertisements. The main opposition parties are still mostly oriented around one racial group, with almost completely Malay PAS now more dominant than ever. In fact, all along, the influx of new support for the opposition has been described as Malays looking for an alternative to UMNO — with most analysts (not completely accurately) attributing the BN's eventual electoral victory to non-Malays' loyalty to the BN. Indeed, *reformasi* has been seen by many as a phenomenon mostly among Malays, and mainly representing a factional split in UMNO. Finally, even if uplifting the racial group *per se* was not the primary message of any party in the election, improving the lot of the *ummah*, or Islamic community, certainly was. In fact, its pro-Islamic message may be seen as basically just another approach to Malay rights — since even if the appeal applies to all Muslims, the vast majority of these in Malaysia are Malay. Hence the rise of PAS with its non-communal issues-based platform is not necessarily a sign that communalism is really on the wane, just that openly racialised discourse is and that the most salient basis for Malay nationalism may have shifted from a focus on being of Malay descent to a focus on Malays' shared religion, always a cornerstone of Malay identity.

Moreover, these limitations are also applicable to societal institutions. For instance, while they espouse multiracial issues on the whole, Malaysian NGOs are hardly exemplars of non-communal praxis. Most Malaysians still seem to feel most comfortable in groups of which the majority of members are from their own ethnic group (though non-Malays may combine together). The difference, of course, and what gives these NGOs the moral authority to demand multiracialism of opposition parties, is that these civil society groups are ideologically non-communal. That is, there is nothing inherent to limit who joins the group (aside, perhaps, from religion, which as described above, may be more

or less coterminous with race) and their focus is particular issues affecting people regardless of race.

More fundamentally, Malaysia's system of economic and other rewards is largely structured along racial lines. Not only do the policies of the NEP and NDP require cementation and enforcement of racial identifications since so many policies are specifically for the benefit of the *bumiputera*, but businesses, all sorts of organisations, settlement patters, and the like all tend to be organised along racial lines, whether by design or default. This segmentation not only obscures non-racial alternatives, but also means rewards are structured such that Malays especially may have something to lose in denying communalism. Recognising this dilemma, over the years, UMNO has maintained support by convincing a majority of Malays that only loyalty to the party would protect the Malays' position vis-à-vis the Chinese. Actually, constitutional provisions such as the greater weight given rural (mostly Malay) constituencies compared with urban (more heavily non-Malay) ones already ensure that Malays will predominate in parliament, no matter what, especially given the added impact of decades of pro-Malay gerrymandering. Regardless, "Equating the UMNO position with the Malay position and then using that equation as the basis for validating the leadership's role as the protector to whom the protected should demonstrate their loyalty has undeniably developed into a political habit with the nation's biggest political party" (Chandra, 1979, pp. 115-7). Rather than mitigating the need to rely on a "protector", the current trend toward developmentalism rather than outright communalism actually heightens the pressure to cozy up to the BN, since it is the government that controls development funds. This explanation helps explain why it is usually in times of economic downturn — when patronage becomes scarce so loyalty to the regime carries less of a payoff — that multiracial alternatives gain supporters, since they represent efforts at installing a new regime, one which would hopefully return Malaysia to economic growth and prosperity.

Still, these racialised attitudes have shifted to some extent, though much has yet to be accomplished. After several major, technically non-communal challenges to the BN, Malaysians in general have become more aware of the possibilities of this approach and of the limitations of communalism in a globalising, technologically-advanced society —

individuals of all races are increasingly interdependent and forced to interact, which is not surprisingly reflected in political exigencies. The rise of the *dakwah* movement, however Malay-centric in reality, has furthered the push toward downplaying race, as its proponents legitimise their appeals by saying they are not self-interested but apply to all Muslims, hence feeding the sense that it is politically more legitimate to be non-racial than limited to one community.

The Future of Civil Society-Political Party Co-operation

As has been happening, civil society is likely to remain a key venue for real debates over ideology and policy. Political parties and NGOs operate in a complex matrix of complementarities and antagonisms. NGOs are at an advantage when it comes to legitimating a movement or perspective as being for other than selfish gain — just because the NGOs are likely to expend more than they could possibly earn by any of their efforts for a particular cause. They are also an effective venue for popular mobilisation, including across party lines, since many have grassroots links and control alternative media, including taking advantage of the Internet. Political parties, on the other hand, ultimately are responsible for declaring and implementing policy options, so it is up to them really to determine the character and composition of the state. Even if NGOs attach themselves to particular parties whose ideological bent they share (as happens often in Malaysia), it is the parties who still dominate the political sphere.

While collaboration among NGOs and political parties assuredly increases the scope of individuals and groups involved in political decision-making processes and facilitates mingling and sharing of ideas among various groups at both formal and informal levels, the broader implications of such strategies have not really been examined. For instance, the intervention of NGOs may tilt the balance of power among political parties and encourage parties to adopt particular stances. However, this effect may not be toward non-racialism. The involvement of Chinese educationist NGOs with the DAP, for example, has arguably contributed to the party's Chinese chauvinist image and may have pressed the DAP to adopt more pro-Chinese policies in its platforms over the years than it would otherwise have done. At the same time, greater involvement in formal politics may compromise

NGOs' image as not self-interested or as being "non-governmental" at all. Hence, the approach may be ultimately self-destructive by diminishing the moral authority of NGOs, which will reflect not just on the specific groups involved, but cast suspicion across the spectrum of civil society organisations.

As a related issue, the types and impact of alternative media used by opposition parties and NGOs must be considered. These Internet and other media permit valid as well as erroneous information to be shared broadly. It is often difficult to sort out which information is reliable or where data may be from, plus the sheer quantity of unfiltered information available makes careful absorption and analysis difficult. Nevertheless, these media are crucial because they allow actors not to be dependent on the regime for information and mobilisation — crucial areas of independence.

Conclusion

All these processes point to a gradual shift in electoral politics. Both the BN and the opposition have been toning down racial rhetoric in favour of more universal messages. However, saying this new trend signifies development of a broader Malaysian identity oversimplifies matters. For one, to some extent these messages are just posturing. However much the BN obscures its communalism, for instance, the whole framework of the coalition is fundamentally race-based. Moreover, the non-racially-segmented polity could be one defined by the political boundaries of the nation-state or one defined by the religious boundaries of Islam — that is, a political community of the *ummah*. What has forced the secular, all-Malaysian perspective of unity to the fore for the opposition is just that PAS is obliged to co-operate with other opposition parties against the BN, which requires the identification of common ground. Civil society groups and actors have played a key role in identification of a common platform adequate to unite PAS with the DAP, PRM, and *Keadilan*; in publicising what the coalition stands for and the significance of the issues for which is stands; and in mobilising mass support for political change. Overall, though, the debate within individual parties may not have changed all that much, except that the perspectives held in common among all

parties in the coalition (BA or BN) are ascendant for now, at least, and civil society is being seriously courted and considered.

It must be asked, though, whether Malaysians, on the whole, demand a new coalition, or whether the BN's communal formula is basically satisfactory. The extent and fervour of support for *reformasi* — and the fact that this support was largely amongst the newest generation of voters — hints that a large and growing proportion of people do want reform. The fact that both the BN and the BA have seen fit to tone down racialism in their appeals, even if casting the opponent as a threat to a particular race, indicates that communalism has lost legitimacy as an organising principle of politics, perhaps because economic blending has resulted in Malays and non-Malays having so many interests and inter-dependencies in common. At the same time, the fact that the BN could incite racial fears among non-Malays, and could win the 1999 elections through these and other tactics, suggests that the BA does not completely fit the bill. The coalition will have to become more convincing and coherent, probably including positioning itself more clearly on one side or the other in the Islamisation debate, to become more credible and adequate as an opposition option. In the meantime, the process of defining and contesting the shape and priorities of the Malaysian community as represented by political parties and by civil society will continue.

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Endnotes

1 The coalition secured 81% of the popular vote and 51 of 52 contested seats in the Federal Council.
2 The pre-independence period, though critical to the evolution of the particular configuration of parties in independent Malaysia, is beyond the scope of this paper.
3 One opposition party, *Parti Keadilan Masyarakat* (*Pekemas*), remained apart.
4 See for instance, Gomez and Jomo, 1997; Yong, 1974; Tan, 1990; Khoo, 1995; Abdul Rahman, 1996; Heng, 1996; or Stafford, 1997.
5 Milne and Mauzy, 1999; Heng, 1996; Yeoh, 1988.
6 J. Chin, 1996; Loh, 1997; Reid, 1997; Milne and Mauzy, 1999.
7 Enloe, 1970; Heng, 1996; Jomo, 1996.
8 See Y. Mansoor, 1976; Alias, 1994; Enloe, 1970; Jesudason, 1996; Milne and Mauzy, 1999; Jomo, 1996; Muhammad Ikmal, 1996; Weiss, 1999b.
9 See also Enloe, 1970; Lee, 1987; Jomo, 1996.
10 See Jesudason, 1996; Case, 1993; Weiss, 1999c.
11 Interview with Syed Husin Ali, March 2, 1999, Petaling Jaya; interview with Sivarasah Rasiah, February 13, 1999, Petaling Jaya; Sanusi and Ang, 1998; Jomo, 1996.
12 Hamim and Berjasa are both splinter parties from PAS. Berjasa broke away in 1977-78 to join the BN in opposing PAS under Mohd. Asri, and Hamim was established by Mohd. Asri upon his ouster from PAS in 1982.
13 A sizeable faction from the MIC under former MIC Vice President M.G. Pandithan formed the IPF in mid-1990. The party was able to mobilise a large number of especially working-class Indians within a short time. The IPF later joined the BN, above objections from the MIC (Jomo, 1996; Syed Arabi and Mazni, 1995).
14 See Khoo, 1995; Khong, 1991; Case, 1993.
15 Gomez, 1996; Syed Arabi and Mazni 1995; Jesudason, 1996.
16 Explained, for instance, at a *ceramah* in Selayang parliamentary constituency (Selangor), November 23, 1999.
17 This chapter focuses just on civil society as it relates to political contestation, and hence excludes a vast array of non-political voluntary welfare organisations and other bodies. For a more comprehensive analysis, see Weiss, 1999a.
18 See Weiss, 1999a; Jomo, 1996; Tan, 1990; Chandra, 1984.
19 The chair, Tian Chua, went on to become a Vice-President of Keadilan.

Chapter 4

New Crises and Old Problems in Malaysia

Ooi Kee Beng

Introduction: Two Ways to Go

During the reconstruction period after the Second World War, two conflicting discourses for the constructing of a post-colonial Malaya grew discernible. The first drew a hard line between the rights of Malays and those of immigrated races, while the second, favoured by the latter, proposed political egalitarianism independent of ethnic background.

The Malayan Union policy implemented in 1946 by the British to legitimise and effectuate their return to power failed miserably in its attempt to initiate a race-neutral political discourse. Ethnic distrust had grown too strong during the Japanese occupation to be ignored. In closing ranks against the preposterous idea of political equality between immigrant and indigenous races, the Malays founded the highly successful United Malays National Organisation (UMNO), and with it, ethnic-based politics became inexorably institutionalised. Soon after, the two major immigrant races accepted the rationale precipitated by UMNO and formed their respective ethnic parties, the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC). These three in turn created the Alliance coalition which has enjoyed huge electoral successes ever since. They have passed themselves off as the best expression, and therefore the best representation, of the political complexities of the country.

Needless to say, this particular development was not without an opposition. The Malayan Communist Party (MCP) started its armed conflict almost immediately and was not to surrender until after the fall

of the Soviet Union. Besides the MCP, a more liberal form of egalitarianism did exist and has continued to make its voice heard over the years.

Over the years, the race-based discourse has defined the Malaysian identity to a large degree. It was hoped, both when the National Economic Policy (NEP) was introduced in 1971 after the racial riots of May 13, 1967 and in Mahathir's promotion of economic nationalism, that increasing wealth would somehow make the contradiction irrelevant.

When the financial crisis that hit in mid-1997 worsened, political battles that culminated in the destruction of Anwar Ibrahim were strikingly non-racial. New hope was therefore ignited among opposition leaders that the time might finally have come when politics need not be held hostage to ethnic tensions.

In a talk given in Australia in May 2000, the former leader of the Democratic Action Party, Dr. Lim Kit Siang, expressed optimism over signs from Mahathir of a liberalisation in attitude on the race question:

> [Mahathir's] reversal of the nation-building policy based on assimilation and its replacement by a policy of integration has also given the DAP the opportunity to focus on trying to break another National Front political mould which has become a threat to democratic and just governance — political hegemony as a result of uninterrupted two-thirds majority in Parliament in every general election (Lim, 2000).

Despite the failure by the opposition to deny the ruling coalition a two-thirds majority, the election of 1999 was not a simple victory of the ethnicity discourse over egalitarianism. The defeat of the Chinese-based opposition did appear to be a reaction by Islamism, but the dramatic split among the Malays heralded a new phase in both Malay politics and Malaysian opposition tactics.

The Malay "Construct" vs the Malaysian "Construct"

The pluralist society formed after the coming of the British, through the increase in immigration and through colonial policy, led to ideological constructs—the Malay language, the holiness of Islam, and the special status of the sultans (*bahasa, agama dan raja*)—that came to define

Malayness, and thus dictated the communal politics of modern Malaysia (Shamsul, 1996a, p. 17).

These constructs formed the identity of the old Malay states and, despite the profound changes during the English era, could not be disregarded even as newer political discursive identifications came into being. These had had to find justification through the older ideas.

The watershed event in the decolonisation of the nation was, as mentioned earlier, the pronouncement of the naïve, though laudable, Malayan Union in early 1946. The war had made the British wary of the Malays and increased their trust in the loyalty of the Chinese and Indians. The egalitarianism of the Malayan Union, however, galvanised Malay outrage and led to the fateful formation of UMNO. This party, through its championing of what it saw as Malay rights and its method of Cupertino and subjugation of other parties through coalitions, has ruled the nation for over 40 years. It is today the main conservative force for the solution that has worked so far, namely the channelling of racial interests into community-based parties which then together form an alliance which in its turn is seen as the legitimate expression of the citizenry's social conditions. The dichotomical opposite that this has been matched against is that of a polity based on issues, where ethnicity is but one of many, and where all citizens have equal rights.

These conflicting directions for nation renewal remain today a fateful choice that Malaysians find difficult to solve. Singapore's leaving the Federation of Malaysia in 1965 showed the insolubility of this state of affairs, at least at that point in time. Lee Kuan Yew's "Malaysian Malaysia" was unacceptable to the Malay leaders in Kuala Lumpur, who preferred to continue with the queer communal-based politicking that until then seemed to have worked.

One could claim that the traumatic racial riots of May 13, 1969 resulted from the refusal to deconstruct communalist politics. However, the killings shocked Malay leaders into keeping even harder to their earlier understanding of ethnic balance. The NEP of 1971 revealed an understanding that the main problem was ethno-economic. Within 20 years Malayness was to be dissociated in fact and in understanding from poverty and backwardness (Shamsul, 1997a, p. 251). Of course, the book that most radically followed this line of reasoning was Prime Minister Mahathir Mohamad's own once-banned *Malay Dilemma* of 1970.

> What went wrong? Obviously a lot went wrong. In the first place, the government started off on the wrong premise. It believed that there had been racial harmony in the past and that the Sino-Malay co-operation to achieve independence was an example of racial harmony. It believed that the Chinese were only interested in business and acquisition of wealth, and that the Malays wished only to become Government servants. These ridiculous assumptions led to policies that undermined whatever superficial understanding there was between Malays and non-Malays. (Mahathir, 1970,p. 15)

The economic nationalism of the NEP seemed to have been an adequately correct analysis of the situation. However, what it did not deal with was the fact that communalist politics would perpetuate ethnic consciousness as the central political theme and its short-sightedness would hamper a more rounded and spontaneous development.

Furthermore, curtailments on free speech, kept in place for so long, have had detrimental implications that far surpass the issue of threats to national security. Ingrained habits of self-censorship among the populace and the press cannot but become a hindrance in the wider context of competitive nation-building. Limitations on free speech can amount to limitations in creativity.

Today, 30 years after the implementation of the NEP, the main political parties of Malaysia are still race-based, if not in name, then at least in popular support. Even the main opposition parties like *Parti Keadilan Malaysia* (*Keadilan*), *Parti Islam Se-Malaysia* (PAS) and the Democratic Action Party (DAP), rely on specific ethnic groups for support. The initiation of this fateful state of affairs can be traced at least to the forming of UMNO in 1947 in the wake of Malay outrage over the egalitarian Malayan Union.

At the same time, however, over the last century, attempts to create a Malaysia not based on ethnocentrism abound.

As early as 1900, the Straits Chinese British Association (SCBA) formed in Singapore and Malacca became the first party to espouse the forming of a common Malayan identity among the different communities (Heng, 1988, pp. 26–27). The attempt in 1951 by UMNO's founder, Datuk Onn bin Ja'afar, with the support of Tan

Cheng Lock, to deracialise Malayan politics by founding a new party, Independence of Malaya Party (IMP), was another significant example (Heng, 1988, pp. 190). In the 1969 elections, the then multiracial *Parti Gerakan Rakyat Malaysia* (*Gerakan*) won the state elections in Penang, but the victory itself was very much due to Chinese support. So despite the best intentions of the founders of that party, like the MCA rebel Lim Chong Eu, intellectuals such as Syed Hussein Alatas and the unionist V. David, *Gerakan* had to profile itself in accordance with the people who chose to support it, the Chinese. This development led to the resignation of the non-Chinese leaders Alatas and David in 1971 (Crouch, 1996, p. 48).

The group of Malayan-born English-educated intellectuals who formed the Malayan Democratic Union Party at the end of the Second World War was another champion of this alternative line (Andaya and Andaya, 1982, p. 253).

One may venture to say that the decolonisation process, in tandem with the process of nation renewal, is now reaching a phase where inherited ethnic colours seem irrelevant and anachronistic in certain crucial areas of development. The old UMNO "nation-of-intent" based on a pluralistic society where ethnic groups and the relationship between them are clearly defined and contained is showing weaknesses (Shamsul, 1997b). "The ONE-Problem Syndrome" presented by Oo Yu Hock to illustrate the process of dealing simultaneously with Old, New and Emerging problems may prove illuminating here. The old problems of inter-racial conflicts, entangled with new problems of intra-racial conflicts, seek expression in a "hybrid of class, interest groups and generational conflicts" (Oo, 1991, p. 65).

Crucial Problems of Governance

It seems obvious then that the two crucial problems of governance in Malaysia are the maintenance of ethnic harmony on the one hand and the creation of a political discourse that is not limited by pathological ethnic consciousness on the other.

Ethnic tension for the Malays is still very much about the fear of being overwhelmed by both external and internal forces. On his return from a touring holiday in February 2000, Mahathir, in supporting guidelines being put into place for the upcoming UMNO party

elections, stated: "...the Malays are still not safe. If we place our interests above that of the nation and UMNO, all our achievements so far will not only come to a halt, but will be destroyed" (*New Straits Times*, February 2, 2000a). Despite the mergers forced on the country's many banks recently, smelting them into no more than ten hopefully more efficient ones, Mahathir, at least, considers the oligopolic nature of global banking as being a real and continuing threat (*New Straits Times*, February 2, 2000b).

Ironically, the need for a new concept of "Malaysian" defined without ethnic terms is expressed in Mahathir's much reported speech in 1991 titled "Malaysia: The Way Forward". He outlined his Vision 2020, emphasising "national unity" as a prerequisite for progress, and interestingly initiated the use of *Bangsa Malaysia*—Malaysian "nationality" or "race".

> There can be no fully developed Malaysia until we have finally overcome the nine central strategic challenges that have confronted us from the moment of our birth as an independent nation. The first of these is the challenges of establishing a united Malaysia nation with a sense of common and shared destiny. This must be a nation at peace with itself territorially and ethnically integrated, living in harmony and full and fair partnership, made up of one Bangsa Malaysia with political loyalty and dedication to the nation (Alagasari, 1994, p. 187).

Since institutional changes go hand in hand with shifts in concepts, it is more fruitful to concentrate on the latter than on the former. The understanding of what Malaysia is, and subsequently, what each Malaysian sees himself as being involved in, tells us much about the shifts in conceptualisation about the nation. The race factor is still a very strong one, institutionalised so strongly in the multiparty system. However, in the late 1990s, it has been noticed that, most interestingly among the Malays, tensions internal to the community have made other aspects relevant to Malaysian politics. The treatment Anwar Ibrahim received after his arrest caused many Malays to realise that politics is not only about keeping racial peace and Malay superiority, it is about humanity, equality and justice too.

This was of course one institutional change which Mahathir had not planned for. However, his regime must in many ways be credited for the shift. The opposition shown after the Anwar arrest could only have come from a knowledgeable, educated and involved body of Malay students and professionals. It is still unthinkable for a parallel group from the Chinese or Indian community, older and more established though they may be, to dare challenge the government the way Malay youths have done. Given the ethnic bias of the system of governance, any serious opposition can come only from the constitutionally privileged majority.

Despite Mahathir's many attempts to shift the political focus from ethnicity to international economic imperialism, the new opposition tarried and revived problems such as governmental unaccountability, corruption, lack of transparency and judicial arbitrariness. The new image of a dynamic modern nation sought by Mahathir remains tarnished by these old concerns.

The struggle then, at this next stage of nation renewal, requires new adjustments for the politico-discursive superstructure to come into more peaceful agreement with the socio-cultural level of society.

The dramatic 1999 electoral results and the dramas that preceded them need to be understood as a continuation of the inability of Malaysians and their leaders to redefine political realities in terms liberated from ethnic considerations.

The Significance of the 1999 Elections

The long Mahathiran era that is now in its last mandate period has been an exciting time for all parties concerned, and especially for political scientists. Any euphoria over the phenomenal growth in economic strength and the increase in national pride must however be balanced by an acknowledgement of the damage that has been done to the democratic traditions of the nation. To be fair, a proper evaluation of the period should separate effects that are general to nation renewal from those specific to Mahathirism, a daunting task in itself. Decidedly, the global and regional political atmosphere must be taken into consideration together with the domestic political calculus.

Today, Mahathir is Asia's longest-serving leader, but it must immediately be added that the Malaysian system is more democratic

than those of most other Asian nations, and his hold on power is not as dictatorial as the foreign media makes it out to be. Serious challenges within UMNO to his leadership have been many, and it must not be presupposed that the popular support he has enjoyed is not genuine.

As the smoke cleared after the ballot boxes were counted in November 1999, the changed political landscape made it obvious to many that any further analysis about the nation cannot possibly ignore the profound changes revealed by the voting results. This time around, the opposition parties had managed to form an alternative front (*Barisan Alternatif*) whereby they did not field candidates against each other but instead followed the method created by the ruling *Barisan Nasional* and divided the constituencies among themselves.

The results have provided analysts with a lot to bite their teeth into. Not only did the Islamist PAS gain enormously through the forming of the *Barisan Alternatif* while their partner the DAP lost badly, the inner workings of Malay politics became once again a decisive issue. It had been hoped that the Mahathiran years, through economic success and the creation of an international consciousness, was leading Malaysia away from rabid communal politics, but instead, the internal dynamics of Malay politics still seem to be all-important in the end.

The Chinese, especially in Penang, the only state where they are a majority, chose caution before change and proved more susceptible to threats of ethnic conflict than to calls for political maturity. The traditional role of playing consenting, and some would say, conspiratory, younger brother to UMNO was favoured to that of helping to form a new issue-based polity.

A few other points are worthy of note. Firstly, the voter turnout was higher than ever before, the population having been mobilised by the Anwar case. Secondly, Mahathir and his *Barisan Nasional* coalition managed to retain a two-thirds majority. Although Mahathir claimed, on election night, an overall increase in voter sympathy for the government, most analysts would not agree. Thirdly, the Chinese community turned against the opposition in dramatic fashion, leaving the iconic figures of Lim Kit Siang and Karpal Singh without a voice neither in the Penang state assembly nor in parliament. It must be added though that the votes were close and could have gone either

way. That fact alone, however, was a decision against the two voices of opposition. At the same time, the Malay community seemed to express their discontent, not through the more progressive *Keadilan* formed by the wife of Anwar Ibrahim, but through support for the Islamist PAS.

The results of the November elections of 1999 surprised most analysts concerned. Despite the fact that the *Barisan Nasional* did retain a two-thirds majority, the feeling of defeat in the government's camp was pervasive. Not only did the Islamist party *Parti Islam Se-Malaysia* (PAS) keep its hold on Kelantan, it won landslide victories in both the state and parliamentary elections in the neighbouring oil-rich state of Terengganu. Even in the northern state of Kedah, PAS, despite losing in the state elections, gained more parliamentary seats than the ruling coalition did (NST Results 1999, p. 32).

The vision of the DAP of creating a political regime where race would not be decisive in how the individual is treated under the law, did not stir the imagination of the Chinese enough to overcome their fear of Muslim extremism. As Dr. Lim Kit Siang explained a few months after his defeat:

> DAP would have won unprecedented victory if the non-Malay and Chinese voters addressed the real issues at stake in the tenth general election — the restoration of justice, freedom, democracy and good governance by breaking the National Front political hegemony and ending its uninterrupted two-thirds parliamentary majority — but would suffer unprecedented defeat if the National Front succeeded in playing their campaign "trump cards" of fear. These included playing on the spectre of racial violence, May 13 riots and the plight of Indonesian Chinese during anti-Chinese outbreaks and mass rapes of Chinese women and the issue of the Islamic state. The National Front also claimed that a vote for DAP was a vote for PAS and an Islamic state (Lim, 2000).

In the event, the National Front timed the elections to its full advantage and had massive mass media control. Though nothing clearly illegal was committed, the opposition was at a clear disadvantage in getting its message across.

It is indeed strange that the traditionalist PAS and the idealist DAP should come together to promote an issue-based Malaysia while the National Front should play on ethnic fears to defend its positions. The tactics of the former decide those of the latter, supposedly.

In the event, the electorate chose the safe before the risky. Given the precarious economic downturn, the siege mentality that informed the measures taken to jumpstart the economy and the distressing developments in neighbouring countries, it would appear that the atmosphere for change also provided good reasons to stay with the old. A crisis may present opportunities, but then opportunities may lead to further crises. So the choice was made, the old was considered more reliable, the alternatives had to wait.

However, general elections are not the only decisive democratic processes in any country. In Malaysia, one can discern at least three arenas of democracy: firstly, the elections to state and national assemblies, secondly, the internal haggling of the ruling National Front (*Barisan Nasional*) and thirdly, apparently most importantly, the much fiercer confrontations within the almighty UMNO general assembly.

Most opposition parties, including those with expressly multiracial, or non-racial agendas, are actually arrayed against parties of the *Barisan* that in practice compete for support from the same particular ethnic community. This has always marked Malaysian politics, and in giving the country a history of discursive predictability, it makes it rather unlikely for a re-alignment of political forces along anything other than ethnic lines to occur.

Although the race issue serves as the accepted hindrance to free exchange of views, examples of internal conflicts that are not basically racial, but instead result from tensions between the dual goals of Social Justice and Economic Growth do abound.

What is left is that the belief that economic growth and the national importance that it will bring will unravel the race-based structure of Malaysian politics. The poor recovery made by most other ASEAN countries will no doubt further delay this development.

Crisis as Opportunities? The Financial Crisis in 1997

Inherent Weaknesses of Preferential Treatment

The relative stability achieved by the *Barisan Nasional* was never seriously threatened until the so-called Asian Financial Crisis of 1997 broke out. Old structures were shaken, and some crumbled. It is no doubt an exaggeration to say that crises are new beginnings, but they do end complacency. However, long delayed reforms often appear as being too revolutionary.

Two weaknesses in Malaysian politics were made obvious by the crisis. Firstly, the privileged position of the Malay majority, understandable in some respects, has not in the long run allowed for a highly effective economy. It has tied the hands of the more economic-minded Chinese population and caused them to waste energy and resources in searching for loopholes within a system they consider unfair. At the same time, statistical proof of the progress of the Malays as a group often hides the extreme privileges of an extreme few. Furthermore, a cushioned atmosphere does not provide for excellence in the long run.

Secondly, the rapid rate of development and the unending number of megaprojects, had led to increasingly dubious practices in the higher echelons of power. The judicial system and the bureaucracy, although among the most stable in the region, were pushed to the limit, and were found wanting in transparency and in integrity.

Things came to a head in September 1998. The then Finance Minister and Deputy Prime Minister, Anwar Ibrahim, implemented high interest rates which caused smaller companies to fold and banks to foreclose on household loans. His uncompromising measures brought him into direct confrontation with Mahathir.

The sacking and subsequent trial and sentencing of Anwar Ibrahim, together with currency controls, altered the face of Malaysian politics forever. Never before had dissension within UMNO been as strong and as threatening. The party that had acted as the pillar of political stability since the demise of the Malayan Union in 1948 had never shown greater cracks. General trust in the judiciary had never been lower and — this may in the long run be the important point — spontaneous opposition to the government had never been as compact and yet remained non-racialist and non-religious. The traditional belief in benevolent leadership

seemed to have died its final death with the Mahathir–Anwar split. This point is highly significant. The surprising crackdown on key opposition figures launched on January 12, 2000 showed an apparent lack of insight on this last point, or worse, it exhibited a disregard for that state of affairs. The fact that the arrested people were from the major parties involved in forming the alternative front, and that the government had won more votes than it needed and was therefore in no way threatened, plus the fact that the arrests coincided with the day Mahathir was leaving the country for a holiday and would therefore not be available for comment, left little doubt in most analysts' minds that the move was largely vindictive on the part of the Prime Minister (BBC, 2000a).

The sacking of Anwar Ibrahim and the implementation of currency controls are undoubtedly connected, the former coming the day after the latter. However, where the crushing of Anwar led to domestic dissatisfaction and general anxiety, currency controls, although practically laughed at by world economic bodies, proved in the long run to have triumphed, even in the eyes of their worst critics, the IMF and the World Bank.

Joseph Stiglitz, the chief economist at the World Bank said on September 15, 1999, two weeks after the partial freeze on the outflow of foreign capital had ended without an exodus of investments (Asia Times Online, 1999):

> There has been a fundamental change in mindset on the issue of short-term capital flows and these kind of interventions — a change in the mindset that began two years ago. ...In the context of Malaysia and the quick recovery in Malaysia, the fact that the adverse effects that were predicted — some might say that some people wished upon Malaysia — did not occur is also an important lesson.

This announcement came a few days after the International Monetary Fund, the erstwhile enemy of proponents of currency control, admitted in a report that "[d]irectors broadly agree that the regime of capital controls—which were intended by the authorities to be temporary—had produced more positive results than many observers had initially expected" (Toh, 1999).

Mahathir's Management of Domestic and International Responses

Mahathir's regime appears to have proven itself to be better at international economics than in reading domestic moods. The half-authoritarian political regime of the last 30 years had led to a haughtiness and a blindness on internal matters. This must in the end be seen as one of the most important aspects of the heritage of the period. Malaysia's place in the greater scheme of international politics appears to always have been more important than domestic development to Mahathir's mind. The domestic is a means to the international end, and international recognition is the decisive criterion for domestic success.

The aforementioned victory by Mahathir on the international stage of this magnitude gives a status that can have great consequences. Being recognised as a shrewd analyst of modern global economics will definitely win him further status as the visionary he sees himself to be. The Pan-Asianism that his name is associated with in many East Asian countries may now be more thinkable than before, and his claims about American hegemony will not fall on as many deaf ears as before.

However, the interplay between domestic and international politics, though complex, cannot be ignored for too long. The unrest brewing among the population, expressed in more dramatic form among the Malays through PAS' enviable election victories, continues to be ignored. Such definitive changes in the major group must lead to anxiety and confusion among the other communities, especially the Chinese.

From having been offered full citizenship rights after the war against Japan, the rights of the Chinese population have been quickly eroded to the extent that it is now by and large solely the question of Chinese language education that may be discussed publicly, though even then rather cautiously. The proponents of Chinese education as the quintessential element in the defence of Chineseness in Malaysia have pushed their ideas to such an extent that they have gained for themselves the title of Educationists.

The DAP, whose support is mainly Chinese despite the fact that the party has for years declared itself beyond race-based politics, lost badly through its co-operation with the Islamist PAS. The Chinese-supported

Parti Gerakan Rakyat Malaysia (*Gerakan*) and the MCA, both members of the ruling *Barisan Nasional* managed to play on this association and to portray the DAP as a traitor of Chineseness in Malaysia.

Though race politics is alive and quite well, the changes within the Malay community must necessarily lead to new strategies within the Chinese community.

The MCA, very much a part of the governing establishment, and having been able to deliver Chinese voters to the *Barisan*, has reason to be joyful and complacent. They did not lose the elections in any way, but have instead managed to deal a hard, if not critical, blow to their main opposition, the DAP.

The *Gerakan* continues to see itself as the responsible opposition that has chosen to work from within the system, and which has, unlike the DAP, been able to influence certain state policies. They claim credit for the government's decision on February 14, 2000, to increase the number of merged banks from six to ten in its drive to reform the whole financial system (Abu Bakar, NST 2000, p. 1). [1]

The formation of the *Barisan Alternatif* in September 1999 to challenge the powerful *Barisan Nasional*, was indeed a significant step in the political development of the country, to say the least. PAS seemed to have been helped greatly by it while the social democratic DAP was abandoned by voters. The other major party that expressly avoids a race-based label, the newly formed *Parti Keadilan Nasional*, did not fare as well as its founders had expected, and it being a new party, it is difficult to say anything definite about its electoral showing.

What Price Stability?

UMNO as Bastion of Islamic Liberalism

The fact that Malaysia has always been governed by an UMNO-controlled coalition—first the Alliance and since 1971, the *Barisan Nasional*—has great significance for the relative political peace that the nation has enjoyed over the last 30 years. Cohesion within the Front, where differences among the member parties are ironed out internally, has functioned as a stabilising factor. Often, it is when some opposition party that has grown strong chooses not to subjugate itself to the coalition's consensual mechanisms that political tensions have appeared. As examples, we have the case of the DAP and PAS,

not to mention some Sabahan parties. Political conflicts and discussions are therefore very formalised within the opaque bargaining culture of the *Barisan*.

The formula for success that the NEP worked out was that the association between race and economic success had to be broken through governmental aid to the Malays. At the same time, the minorities would not lose in absolute terms since steady economic growth would allow for redistribution of wealth among the races without anything being actually confiscated from anyone.

To the extent that such a policy actually works, it becomes imperative for the government to devise some methods for dissembling the structure when it has become anachronistic. This has been lacking. The NEP was replaced in 1990 by the National Development Plan (NDP), but only in name and not in spirit.

How shall the gains of the NEP be maintained and how shall the means of that success be dismantled before that structure strangles further progress? That is still the biggest challenge to Mahathir's regime and to his successor. In fact, the process of succession itself will have to take this question into consideration. The key lies with the Malay populace, it would seem. The measures taken over the years to curb the minorities are inhibitive to the extent that much courage and skill are required if any strong impulse is to come from that quarter. It is clearly more believable that changes within the Malay political party will be much more decisive.

The Anwar case, for example, has enervated the Malays and shored up interest in political questions that are deeper than those of mere race and religion. Chinese opposition leaders and intellectuals like Lim Kit Siang and Kua Kia Soong have been jailed on much looser and dubious grounds before this without any greater outcry being heard, at least not from the Malay populace.

Without putting too fine a point on it, one can also say that the voting pattern among the Malays in 1999 has created space as never before for a proper conflict between a liberal and a less liberal form of Islam in Malaysia. UMNO is provided with a further opportunity to present itself as a bastion of Muslim liberalism in a dangerously sensitive multicultural country. Furthermore, the elections have also made it thinkable that UMNO might actually

undergo radical reforms in order to facilitate a move away from community-based politics.

Sufficient Discursive Commonality

Here it may be useful to introduce the concept of Sufficient Discursive Commonality (SDC) (Ooi, 2000), to denote the evolved political discourse which configures the identity, the rationale and the morality of a new nation. The SDC, while never decided once and for all, is value conservative once it is in place, forcing all new attempts at radical change to relate themselves to it, at least terminologically. Among the Peninsular Malays, ideations originating from the Malacca Sultanate and left untouched by the British — namely the three pillars of Malayness: the Malay language, Islam and the sovereignty of the sultans — are as strong as ever. Even the newest, expressly liberal, and basically Malay-supported party, *Keadilan*, has had to take these into full consideration when formulating "Agenda for Change" (*Parti Keadilan Nasional*, 1999). Mahathir himself, in aiming to create a new SDC, challenged with significant major aspects of this older one. Besides repeatedly proposing a liberal interpretation of Islam, he managed to curb the power of the sultans in 1993 (Lee, 1995). The role of the Malay language, the third of the "Three Pillars of Malayness", remains unchallenged. However, globalisation and Vision 2020 require that proficiency in world languages like English, and even Mandarin, are not discouraged. This limits the role of Malay from eradicating other languages.

Studying his views on the world order as they are a few months after his electoral success, the issues that seem to occupy most of Mahathir's time are global controls on currency trading, complacency among Malays and the threats posed to developing nations by the gigantic mergers of Western international corporations, etc. All these are evident in the 12th instalment of his World Analysis column in Tokyo's *Mainichi Daily News* titled "Malaysia on track for 2020 vision" (Mahathir, 2000a), and also the 13th about "Thrashing against economic evil"(Mahathir, 2000b), and in his speech delivered at the opening of the 10th United Nations Conference on Trade and Development (Unctad X) in Bangkok in February 2000 (Kaur, 2000, pp. 1,3). The seriousness of domestic problems is worsened by the presence of

serious external threats. Internal and external issues appear to have grown inseparable to him.

Developing his conviction that the world order serves the financial institutions and capitalists of the West, Mahathir warned the world in his opening speech at Unctad X about the oligopolies being formed through endless gigantic mergers between huge international conglomerates in the Western world. This signalled a new focus for the Malaysian press, and expressed more sharply, Mahathir's somewhat belated Marxian insights. This may be the new angle on the SDC being constructed as Malaysia stumbles and then regains her balance in a mad rush towards Year 2020.

Conclusion: Heaven's Mandate at Stake

The greater crisis for the institutions of Malaysia, in the long run, may not be the banking system, nor the painfully circumscribed civil liberties, but the government's dubious use of anachronistic legislature on the one hand, and its unfair use of the means of power at its disposal on the other. Besides the occasional use of the Internal Security Act (as in the initial stages of the arrest of Anwar Ibrahim in September 1998), which in spirit is a leftover from the days of communist insurgency, we witnessed as recently as in the beginning of January 2000 the sudden calling into service of the Sedition Act of 1948, when five figures linked in different ways to the *Barisan Alternatif* were charged. What makes the incident more poignant is that this Act was amended as a direct result of the May 13, 1969 riots in order to prohibit any discussion of "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" guaranteed in the Constitution (Means, 1991). Mahathir surprised all concerned in calling for general elections in November just when he should have been leaving for a Commonwealth meeting, then set the establishment's printing presses in motion in a highly successful street and newspaper poster campaign that was beyond the means of any opposition party, or front for that matter. Besides, it appeared that the elections were called just as the Chinese Premier Zhu Rongji was coming for a five-day state visit. Mahathir's timing was impeccable and he managed to make full use of the poignancy of that event. The Chinese voters, always sensitive to

the country's attitude towards China, were given a thing or two to ponder.

The tragedy of the late Mahathir years is that the man who inspired so many of his fellow countrymen in so many fields of endeavour should in the end fail to serve as an example of individual and political morality. Whatever the Machiavellian measures a man in his position may have deemed necessary in order to realise his vision of a great nation, his vindictive manner in handling domestic and foreign foes lost him much respect, especially among the more religious Malays. To borrow an ancient Chinese description, Heaven's Mandate, whose criteria for possession are always of a moral nature, is gliding out of Mahathir's hand.

The political dramas played out in Malaysia since the start of the financial crisis in July 1997 have shocked experts and laymen alike. On the one hand, the search for a quick-fix to the economic deflation heightened the basic distrust that the Mahathir administration had had towards global power structures like the IMF or US economic ambitions in general. On the other hand, we became abashed witnesses to the ugly destruction of Anwar Ibrahim, a man who had succeeded in building himself a reputation among young Malays and foreign leaders as a radical liberal who believed in a more open political atmosphere. Unfortunately for him, he had not exhibited sufficient distrust of global forces.

The racialist nature of political alliances in Malaysia is no longer given. This is clearly a development away from the solutions of the Merdeka era. After gaining independence, certain compromises were made and certain freedoms taken away, all purportedly to make it possible for a strong nation to emerge. That was 40 years ago, and even strong straitjackets fray after a while.

With the self-confidence gained through economic development, the old compromises have lost much of their relevance. A draconian law like the ISA (Internal Security Act) of 1960 appears ridiculous. Internal security, despite the rioting in Kuala Lumpur in 1999, is not as serious an issue as it used to be. In fact, the rioting shows that security is no longer the issue. The demonstrations, though carried out without permission, were often peaceful. The society had become stable enough for youths to take to the streets without fear of the demonstrations

turning into racial riots. Hopefully, such a fear is now passing into history of a bygone stage in Malaysian nation-building.

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Endnote

1 The general impressions about the state of mind of the three main Chinese parties are from lengthy interviews carried out with key persons within the parties in February 2000.

Chapter 5

Personality, Exigencies and Contingencies: Determinants of Malaysia's Foreign Policy in the Mahathir Administration

Joseph Liow

Introduction

Any study of a country's foreign policy should necessarily bear two things in mind. First, foreign policy-making never takes place in a timeless vacuum. It is in fact an evolutionary exercise, where decision-makers have to take into consideration the internal and external circumstances of a particular time, and the historical precedence before it, as they ponder policy options. Extending from this is a second consideration, that the evolution of foreign policy is marked by several determining factors engaging and interplaying with each other to influence the policy shape. Hence seldom, if ever, is foreign policy the consequence of a sole overriding variable. Rather, it is usually a confluence of variables, ranging from the conditions of a state's external environment, the impact of domestic considerations and the personal role and influence of its decision-makers, that interact and shape foreign policy. It is on the basis of these two suppositions that this paper analyses the foreign policy of the Mahathir administration in Malaysia.

Put simply, this paper seeks to investigate the factors that have determined the shape and character of Malaysian foreign policy from 1981 to 2000. The central consideration here is the extent to which Mahathir Mohamad's personal influence has come to dominate Malaysia's foreign policy process, and whether it is possible to conceive

of his personal role being circumscribed by other factors at any particular time during the course of his tenure. For the student of Malaysian foreign policy, this is an important question to ponder considering the widely accepted opinion that because of his authoritative control of Malaysian politics, Mahathir's personal role and influence has been the penultimate force behind Malaysia's foreign policy of the past 19 years.[1]

To accomplish the tasks set forth above, this study is divided into four sections. The first three sections identify the three phases to the Mahathir-era foreign policy to be explored — 1981 to 1984, 1985 to 1989-90, and 1990 to the present. Here, foreign policy-making during each period will be discussed in the context of the interplay of three policy-determining factors, namely Mahathir's personal role and influence, the exigencies arising from domestic political and economic needs, and contingencies generated by the international sphere. In framing the discussion along these lines, the study hopes to sketch out the evolutionary path of foreign policy under the Mahathir administration, and in the process uncover the forces that dictated the shape of policy during each period. The concluding section evaluates the actual "Mahathir impact" on the evolution of Malaysian foreign policy against the influence of other factors during each of the phases under study.

Overriding Influences in the Construction of Foreign Policy in Malaysia

The Personal Influence of Mahathir Mohamad

The idiosyncratic dimension to foreign policy-making has been a greatly emphasised dimension to the study of Malaysian foreign policy (See Ott, 1972; Pathmanathan and Lazarus, 1984; Abdullah, 1985; Wariya, 1989; Pathmanathan, 1990). Hence, it is no surprise that many scholars of contemporary Malaysian foreign policy have honed in on a so-called "Mahathir impact" in Malaysian foreign policy. One such analyst has noted that "since the appointment of Mahathir the role of the Prime Minister in foreign relations has strengthened"(Camroux, 1994, p. 11). Another has described Mahathir's control of the Malaysian foreign policy process in the period from 1981 to 1995 as that of "an iconoclast come to rule" (Saravanamuttu, 1996). Yet another commentator has

written that "the higher international profile of Malaysia in the last decade is a result of conscious planning by a man who fervently believes that his dreams can be, and are being, translated into reality" (Nathan, 1995, p. 226).

Mahathir's biographers too, have been particularly generous in their praise for the role Mahathir has played in orchestrating foreign policy. To that effect, some have suggested that Mahathir's foreign policies have been "a departure from tradition", and have been marked by "a new positiveness . . . a strong sense of commitment, purpose and motivation" (Pathmanathan and Lazarus, 1984, pp. 7, 41). Another has affirmed that "Mahathir himself set new terms and tones for the conduct of Malaysian foreign policy" (Khoo, 1995, p. 74). Yet another has argued that with Mahathir at the helm, Malaysia developed "a sense of purpose, of belonging and of being a nation that the world respects" (Adshead, 1983, pp. 125-6).

Such is the apparent pervasiveness of Mahathir Mohamad's personal role in the conduct of Malaysian foreign policy that studies on the latter cannot but focus a large amount of attention on the impact of the former. Hence it would seem that any study of Malaysian foreign policy from 1981 onward will not be complete without paying at least some attention to the role of a man whom many see as having transformed Malaysian society and in the process thrust the nation into the fore of international politics. Yet the seemingly strong explanatory power generated from focusing on Mahathir's control of the foreign policy process still begs the question of the extent to which Mahathir's influence has in fact been the *predominant* driving force in the making of foreign policy in Malaysia. Implicit in this question is a concern that there is a tendency among commentators and observers to attach too much focus on Mahathir's personal influence on the process, in a manner which neglects consideration for the role played by other factors. Such neglect would often lead one to the skewed conclusion that because of Mahathir's strong personality, eloquent rhetoric and iron-fisted control of Malaysian affairs since 1981, Malaysian foreign policy has inexorably been his domain, and subsequently that Malaysia's foreign relations since then have been for him to define and conduct.

Of course, this is not to say that Mahathir does not wield any power over the policy-making process. As a matter of fact, as one shall see

through the course of this discussion, Mahathir Mohamad indeed wields much influence over the policy process, perhaps more so than many other heads of government. Yet it would be premature to deduce from this that Mahathir's beliefs and idiosyncracies have dominated the considerably complex field of foreign policy-making in Malaysia. Hence, analysts should be concerned for the need to study the extent to which Mahathir's control of the policy process may or may not have in fact been hindered by other factors, lest the uninformed, judging solely based on Mahathir's diplomatic rhetoric, be led to think that foreign policy in Malaysia since 1981 has been the prerogative of one man's whims and fancies.

Primacy of Domestic Needs

While proponents of the idiosyncratic explanation of Mahathir Mohamad's personal influence in Malaysian politics may have a strong case, it is by no means an indisputable one, particularly as it pertains to foreign policy-making. Certainly, an alternative case can be made that foreign policy has actually been driven by domestic political and economic needs as well.

Generally speaking, the domestic exigencies that can be addressed by foreign policy are threefold. First, foreign policy can be identified as a reaction to security threats within the domestic political sphere as they are perceived by the Malaysian state. Hence for example, during the first decade or so of Mahathir's tenure, Malaysian foreign policy was driven by the strong ideological compulsion generated by the Malaysian government's ongoing struggle with the CPM (Communist Party of Malaya), which ended only in December 1989 when the CPM agreed to lay down their arms (Nathan, 1998, pp. 515-6).

Second, Malaysian foreign policy under Mahathir Mohamad's administration can be said to be closely linked to Malaysia's domestic economic needs as well. Reflecting this, Johan Saravanamuttu writes of how Mahathir's foreign policy has been driven by the NIC (New Industrialising Country) imperative of his administration (Saravanamuttu, 1996). Another perspective to the economic dimensions of foreign policy has been highlighted by scholars who write of the predominant role of economic security in Malaysia's doctrine of comprehensive security (Noordin, 1990; Ho, 1998). The

fact that Mahathir's foreign policies have strong economic underpinnings is further illustrated by the fact that three of his key foreign policy initiatives, Buy British Last, Look East and the East Asian Economic Caucus, are all driven by economic imperatives. That Mahathir's perspectives of Malaysia's foreign relations is often couched in economic terms is also evident in his operative philosophy of "Prosper-thy-Neighbour", which he often applies to Malaysia's bilateral relations.

A third dimension to the domestic impetus to foreign policy lies in the relationship between Malaysian nationalism and foreign policy. This position identifies nationalistic undertones in Malaysian foreign policy, and has been argued relatively convincingly by David Camroux, who suggests that Mahathir:

> (w)hile not denying an obligation to defend a Malay identity, he has both sought to make it adapt to new circumstances and to foster a pan-ethnic Malaysian identity. Part of this process in the "invention of politics" and the extension of its boundaries and practices in such a way as to have a moderating or mediating effect in Malay and Malaysian society. Within this enterprise Mahathir's foreign relations initiatives have taken an important role (Camroux, 1994, p. 7).

The thesis has subsequently been advanced, albeit in a different guise, by Khoo Boo Teik, who in discussing Mahathir's foreign policies suggests that "the foremost Malay nationalist of his generation, he transformed himself into a new Malaysian nationalist" (Khoo, 1995, p. 9), and K.S. Nathan, who opines that "the Malaysian state, through its central decision-makers, formulates national security policies that are rooted in its own unique historical experience, in the way the nation-state developed after the attainment of independence" (Nathan, 1998, p. 514).

Adding a twist to this nationalism-foreign policy paradigm, some other scholars see Malaysia's activist foreign policy, particularly during the mid-1990s, as evidence of Malaysia's attainment of the status of what they term a "middle power", where "middlepowerdom" is seen in a positive light both as an impetus to, and a result of, a

strengthening of Malaysian national identity (Camroux, 1994; *Business Times*, 1994; Stubbs and Nossal, 1997). Further associated with, but not directly linked to, the literature on the relationship between foreign policy and nationalism are writings on the role of foreign policy in accentuating the Islamic credentials of the regime in power (Abu Bakar M., 1997; Nair, 1997). Here, a scholar writes of how "the engagement of a religious character within foreign policy has also been virtually necessitated by the circumstances of internal political flux and contention and the urgency of their management" (Nair, 1997, pp. 269-70).

Exigencies of International Politics

Another factor which should not be overlooked is the impact of international security and economic issues and developments in the construction of Malaysian foreign policy under the Mahathir administration. Because foreign policy is essentially about how states relate to one another in the international arena in pursuit of their respective national interests, the influence of international politics, represented by both geopolitics and political economy, will undoubtedly have a role to play in a state's determination of its policy vis-à-vis its surrounding environment.

An obvious consideration here is the impact of the Cold War, and the extent to which this event encouraged or circumscribed certain of Mahathir's policy initiatives, at least up until 1990. Similarly, one also has to consider the opportunities and challenges which emerged with the end of the Cold War, and how the Mahathir administration reacted to them in its construction of foreign policy. M. Haron has written on how Malaysia's foreign policies have to be framed within the context of Malaysia's strategic national perspective, the tenets of which include what he termed Malaysia's "vulnerable geo-strategic location" (Haron, 1998, p. 19). Others have studied the Malaysia-led ASEAN initiative of ZOPFAN and its implications for Malaysian security (Hamzah and Wariya, 1992). Similarly, the end of the Cold War has seen alternative paradigms used to explain Malaysian foreign policy, of which the concept of "middlepowerdom" discussed earlier is but one example. Likewise, the end of the Cold War has seen the emergence of salient economic dimensions to international politics. Here, the student of

Malaysian foreign policy will have to contemplate Malaysia's industrialisation and development in terms of its place in international economics and globalisation, and explore how these forces impinged on Mahathir's domestic economic drive either to accelerate or decelerate it.

These then, are some of the factors that have been brought to bear on the construction of Malaysian foreign policy during the Mahathir era. While Mahathir's personal role is surely of importance, its domination of the process should by no means be accepted as a given fact. In fact, it is conceivable that the "Mahathir impact" might have encountered pressures exerted by domestic and international forces beyond his control, and which could have caused him to abdicate his preferred policy options and circumscribed his influence on the policy process. Determining if this indeed has been the case then, is the purpose of the rest of this paper.

Mahathir Mohamad and the Legacy of Foreign Policy-Making in Malaysia

Mahathir Mohamad was sworn into office as the fourth Prime Minister of Malaysia on July 16, 1981. In many ways, Mahathir inherited much of the foreign policy legacy of the 1970s when he entered office. One of the more prominent features of this legacy was Malaysian neutrality. Malaysia was the originator of the concept of ZOPFAN (Zone of Peace, Freedom and Neutrality), which became the declared organising principle of Southeast Asian security in 1971. Mahathir also inherited a highly centralised foreign policy decision-making process. While this was a feature carried over from the early days of the Abdul Rahman administration, it was made more pronounced during Abdul Razak's tenure (Pathmanathan, 1984, p. 19). As for Tun Hussein Onn, it has been noted that his ascendance into the office of Prime Minister in 1976 "did not affect foreign policy in fundamentals" (Saravanamuttu, 1983, p. 141). This was probably due to the fact that foreign policy during the Hussein Onn era was carried out by two of Razak's ablest foreign policy planners who continued beyond his administration, Tun Ismail and Tan Sri Ghazalie Shafie.

Mahathir himself also provided little evidence that suggested the possibility of any fundamental re-orientation of foreign policy

immediately after he took office. Upon taking office, Mahathir kept the incumbent Tengku Ahmad Rithaudeen as Foreign Minister. A year later, Tengku Rithaudeen would be replaced by the more experienced Ghazalie Shafie.

While a prolific writer throughout his political career on issues concerning Malaysian politics, Mahathir had hardly written anything on international affairs. Further to that, prior to 1978, Mahathir had only two notable experiences in international affairs. In his capacity as an UMNO parliamentarian in the early 1960s, Mahathir Mohamad became the party's main spokesman in UMNO's conflict with Lee Kuan Yew over the PAP's involvement in Peninsula politics during the merger, where he emerged as one of the more vocal critics of Singapore's involvement in Malaysia's political affairs (Lee, 1998, pp. 608-12). On the second occasion, Mahathir was elected chairman of the Afro-Asian People's Solidarity Organisation in 1964. In this capacity, Mahathir embarked on international diplomatic missions as a spokesperson to rally international support against Indonesia during the latter's "confrontation" with Malaysia. Beyond this, it was not until 1978, when Mahathir became Minister for Trade and Industry, that his exposure to and knowledge of international affairs increased substantially. Even then, the expansion of Mahathir's experience as a result of his assumption of this portfolio was largely confined to the realm of international trade.

In the context of Mahathir's relative inexperience in international affairs then, the foreign policy problems that were left for Mahathir to confront seemed quite daunting. On the global front, the Cold War was reaching new heights with the hawkish Reagan administration re-igniting the arms race with the Soviet Union. On the economics side, Malaysia's over-dependence on their agricultural export sector exposed the national economy to international price fluctuations and threats from cheaper competitors. Another problem left for Mahathir to handle was the resurgence of Islamic fundamentalism in Malaysia, a movement which was taking its cues from the successful Iranian Revolution of 1979. Closer to Malaysia's shores, the crisis in Indochina was testing ASEAN unity to its limits, and was also creating a refugee problem that was proving increasingly difficult for Kuala Lumpur to handle. Adding to these problems and the challenges on the domestic front, it should have been no surprise if Mahathir sought to pursue a foreign

policy in contiguous harmony from what had gone before. On the other hand, there has also been some suggestions that Malaysian foreign policy did experience some measure of change during this period, insofar as Mahathir introduced a more forceful brand of diplomatic rhetoric than his predecessors (Yusoff, 1990). While this is certainly true, changes in rhetoric merely account for changes in style, and not substance. For the latter, one must look beyond the rhetoric and study the actual policies effected.

1981-1984 : Setting the Stage for Change

Idiosyncratic Factors and the Role and Influence of Mahathir

The argument that idiosyncratic factors played a crucial role in this phase of foreign policy stems from two factors. First, Mahathir's strong personality seems to have played a significant role in policy formulation during this phase. Even before taking the oath of office, Mahathir had already provided some evidence of the forthright and abrasive style through which he would conduct the country's foreign policy. Few would forget his controversial statements made as Deputy Prime Minister, to "shoot on sight" Vietnamese refugees, and that "if they try sinking their boats, they will not be rescued, they will drown. Their drowning will be because they sank their own boats, not anything else" (*The Globe and Mail*, 1979).

Second, as cited earlier, Mahathir had taken over at the helm of a government in which the office of the Prime Minister wielded a significant amount of influence over the foreign policy process. To illustrate this, one needs only note the number of occasions across Malaysian history when the Malaysian Prime Minister held the posts of Foreign Minister or Defence Minister concurrently.[2] Mahathir himself assumed the two portfolios of Prime Minister and Defence Minister in the early years of his tenure. Interestingly though, while it is correct to say that Mahathir's control of the policy process was nothing new in the context of a Malaysian Prime Minister's role in foreign policy, it has nevertheless been noted that "since the appointment of Mahathir the role of the Prime Minister in foreign relations has been strengthened" (Camroux, 1994, p. 11).

At first glance, the record on Malaysia's foreign policy activities from 1981 to 1984-85 seems to bare the strong imprint of Mahathir

Mohamad's personal proclivities. One illustration of Mahathir's dominance could well be the manner in which he conducted Malaysia's China policy in the early 1980s. Malaysia was the first Southeast Asian country to normalise ties with the Peoples' Republic of China in May 1974. Since then however, Malaysia continued to harbour suspicions towards China's relations with the CPM (Communist Party of Malaya), even as both governments had been attempting to improve bilateral relations through trade. After China's intervention into Indochina's political quagmire in December 1978, perceptions of the China threat magnified. Be that as it may, it was really during Mahathir's government that Malaysia became a vocal international critic of China, with Mahathir himself leading the diplomatic barrage.

Mahathir never hesitated to declare publicly Malaysia's concern towards a Chinese threat (*New York Times*, 1981). This threat perception resulted from both China's reluctance to disavow party-to-party relations between the CCP (Chinese Communist Party) and the CPM, as well as China's incursion into Vietnam in December 1978, which led to implicate China of being the "greater threat" to Malaysian security and interests than Vietnam in August 1981 (FEER, 1981). In publicly and unilaterally declaring Malaysia's threat perceptions, Mahathir broke away from the traditional practices of consultation and consensus of ASEAN diplomacy. It was reported that Mahathir's public declaration of the China threat "is striking a vigorous new note in ASEAN foreign policy" (*Straits Times*, 1981a). In turn, this caused a stir not only within the diplomatic community, many of whom in fact viewed Vietnam as the primary source of instability in the region, but also among his own countrymen. Hence, a frantic attempt was made by Foreign Minister Ghazalie Shafie to explain Mahathir's comments to his jolted ASEAN contemporaries (*Straits Times*, 1981a). Later in February 1982, Mahathir again shocked his ASEAN counterparts and Malaysian colleagues in the diplomatic service when he threatened that Malaysia would unilaterally withdraw support for Cambodia's anti-Vietnamese resistance groups unless they sped up the process of formalising an anti-Vietnam coalition (FEER, 1982).

The impact of Mahathir's personal views on the Malaysian foreign policy process extended beyond the realm of politics and security,

carrying a very strong economic dimension as well. This owed as much to the fact that Mahathir was formerly Trade and Industry Minister as it does to Mahathir's own personal preference to talk economics over politics (*New Straits Times*, 1983). The fact that two of Mahathir's economic policies carried out during this period, Buy British Last and Look East, have come to be seen as the symbol of the Mahathir legacy in Malaysian foreign policy clearly reflects this.

Mahathir's Buy British Last policy was enunciated very soon after his installation as Prime Minister, and many take it to mark his first departure from traditional practices in Malaysia's international diplomacy. The details of this policy have been discussed in some depth in other works (Stubbs, 1990, pp. 119-20; Saravanamuttu, 1996, pp. 2-3). Suffice to say here, that the policy was constructed as a response to what Mahathir perceived as exploitation by Malaysia's erstwhile colonial masters. To that effect, it has been noted that the policy "appears to have been the obverse side of this attempt to eradicate the last vestiges of the old colonial ties" (Stubbs, 1990, p. 119). Strained Britain-Malaysia relations caused by this policy was further exacerbated by Mahathir's conspicuous absence from the first two CHOGMs (Commonwealth Heads of Governments Meetings) in 1981 and 1983. Indeed, this act of deliberately absenting himself from international summits and meetings would soon become one of the trademarks of Mahathir's diplomatic idiosyncracies.

Similarly, the Look East policy instituted in 1983 was a reflection of Mahathir's own personal inclinations towards Asian, particularly Japanese and Korean, models of development, and some viewed it as "the distinguishing line between foreign policy under Mahathir and those under his predecessors" (Aziz, 1990, p. 61). It has further been suggested that the Look East policy "embodies the Prime Minister's proclivities. It represents a two-pronged approach to lift Malaysia's economy on the road to rapid industrial growth, and at the same time, to prod its predominantly *Bumiputra* population into becoming achievers" (Saravanamuttu, 1989, p. 24). Essentially, the Look East policy was meant as a conceptual blueprint for the industrialisation of Malaysia, whereby Malaysia "could adopt and apply methods and approaches that Japan and South Korea have used so successfully in (their) economic and industrial development" (Mahathir, 1983). For

Mahathir, this orientation towards Japan and South Korea was a logical result of his desire to mould Malaysia into an economic success story run on the principles of Asian values. Describing the impact of the Prime Minister's exhortations, Johan Saravanamuttu noted that "the media lapped it up and the bureaucrats scrambled to discover and uncover all manner of ways to implement the Prime Minister's edict" (Saravanamuttu, 1996, p. 3).

No doubt, during this first stage of Mahathir-era foreign policy, there seems to be evidence suggesting that idiosyncratic factors associated with Mahathir Mohamad figured prominently in the construction of foreign policy. Nevertheless in making this deduction, one must also be careful to take into account the dichotomy that exists between policy rhetoric and practice. This is particularly true of Mahathir's political and security policies, which to great extents were in fact circumscribed during this period by the exigencies of geopolitics and the Cold War. For example, it is a well-known fact that Mahathir Mohamad has never been a firm supporter of American involvement in the security of Southeast Asia. As but one example, during a parliamentary debate in 1970, Mahathir was reported to have commented that "there is no hope of US help in the event of a Chinese bid to subjugate one by one the nations of Southeast Asia" (Morais, 1982, p. 259). Nevertheless, Malaysia's policies toward American political and military influence in the region were moulded more by the exigencies of geopolitics surrounding Malaysia than Mahathir's personal convictions. To that effect, Mahathir himself abdicated his usually critical views on the US presence in the region. When confronted with the long-term threat posed by China to the security of Malaysia, Mahathir called on the US "not to disregard the security interests of its ASEAN friends" (*Straits Times*, 1981a).

Another issue one must take into consideration before concluding that Malaysian foreign policy at this stage was largely the exclusive realm of Mahathir is the role of his Foreign Ministers, and in particular Ghazalie Shafie. Ghazalie has been a key player among Malaysia's ruling elite since the early 1960s. He was a member of the National Operations Council set up after the May 13, 1969 racial riots, and was made Minister of Special Functions in 1970 to oversee the formulation of the NEP (New Economic Policy) under Tun Abdul Razak. Ghazalie also served

as a Senator in the *Dewan Negara*. In 1973, he was given the important Home Affairs ministry. Ghazalie Shafie could also claim to have been directly involved in the formation of Malaya in 1957, and Malaysia in 1963. Notwithstanding his vast achievements as a bureaucrat and politician however, it is in his capacity as one of Malaysia's foremost foreign policy architects from 1957 to the mid-1980s that Ghazalie is best known. In fact, his influence on Malaysian foreign policy-making was so pronounced that he was commonly known as "King Ghaz" in the policy circles of *Wisma Putra*.

Though it has been noted that Mahathir played an important role in the formulation of China policy, Ghazalie Shafie had figured at least equally prominently in the process. In fact, owing to his vast experience, Ghazalie was very much the architect and brainchild of Malaysia's policies toward international communism, which represented arguably the greatest foreign policy challenge to Malaysia at that time. Not unexpectedly, the instrumental role of both personalities in the policy process resulted in some differences. As but one example, both differed in their opinions over the conduct of Malaysia's Indochina policy. While Ghazalie advocated providing "beef and teeth" to the anti-Vietnam resistance in Kampuchea (*Straits Times*, 1981b), Mahathir denied that Malaysia ever considered providing material support for the resistance coalition (*Straits Times*, 1981c). Ghazalie too, was adept at the protest diplomacy normally associated with Mahathir. This was evident in his deliberate "walk-out" during Australian Foreign Minister Bill Hayden's address at the United Nations in 1983 to register his disagreement with Australia's Indochina policy.

Primacy of Domestic Needs

To be sure, idiosyncracies were not the only factor dictating foreign policy during this period. Several other factors also came into play, one of which was domestic considerations.

One of the foremost concerns on Mahathir's list of domestic priorities was the battle against the CPM.[3] To further complicate matters, this problem was also tied closely to the issue of the status and loyalty of Malaysia's large ethnic Chinese community for one simple but telling reason — cadres of and sympathisers with the CPM were by and large

ethnic Chinese, who to various degrees had been influenced by the communist struggle in mainland China.

Although the CPM had already been waning in strength by the time Mahathir assumed the Prime Ministership, few in the Malaysian government dared view the CPM as a spent force. Though CPM forces had by this time retreated into the jungles of Southern Thailand, they were still mounting sporadic attacks in Northern Malaysia through their military wing, the MNLA (Malayan National Liberation Army). Further to that, it was discovered that the Voice of the Malayan Revolution, the CPM propaganda radio station which was supposed to have been disbanded as promised by CCP Vice-Chairman Deng Xiaoping, had re-emerged as the Voice of Malayan Democracy and was broadcasting out of Southern China (*The Globe and Mail*, 1981).

Adding to that, Malaysian security planners were highly suspicious of the role played by the Peoples' Republic of China in encouraging the continued activities of the CPM. This suspicion was hardly ungrounded, for Chinese leaders had consistently refused to rescind moral support for ongoing communist struggles in Southeast Asia. Hence foreign policies, and particularly policies pertaining to defence and security, were largely focused on maintaining ties with the Western powers in order to buffer Malaysian security and augment the Malaysian Armed Forces' counterinsurgency capabilities. Ties with neighbouring Thailand were also significantly influenced by the CPM problem, owing to Malaysia's need for Thai permission, if not assistance, to flush out elements of the CPM from Thai jungles.

Closely tied to the communist problem was the presence of a sizable ethnic Chinese community, which the Malaysian state feared was a potential "fifth column" with loyalties to the CPM and CCP. Indeed, this consideration was a central influence on Malaysia's China policy during this period (Leong, 1987). Mahathir was particularly circumspect over the China's overseas Chinese policy, which saw the Beijing government offer clandestine encouragement and assistance to Malaysian Chinese who wanted to visit the mainland circumvent Malaysia's strict Chinese social visitation laws (Leong, 1987, pp. 1112-3). Summarising Malaysian concerns over China, K S Nathan opines: "it is quite apparent . . . that ethnicity has combined with ideology to produce

a particular security orientation since the early days of independence" (Nathan, 1998, p. 516).

Politics was not the only domestic concern which exercised substantial influence over the shape of the Mahathir administration's early foreign policy. The role of domestic economic factors in influencing the shape of policy was also very important at this juncture. In 1981, Mahathir inherited an economy that was mired in problems typical of dependent economies of that time. First, the Malaysian economy was over-reliant on a limited pool of export products, namely rubber, tin and palm oil. Second, these primary products were susceptible to price fluctuations, which in turn were of a particular concern for the Mahathir administration because of their security ramifications. In the late 1940s, the Malayan communists had taken advantage of the falling prices of rubber and tin to gain support for their movement.[4] Similarly, declining rubber prices were also held partly accountable for the resurgence of communist activity in the mid-1970s.[5] Third, Malaysia's trade in the early 1980s was overly reliant on the developed world, with Japan, the US and the EEC absorbing more than 70% of Malaysia's exports in 1982 (Ministry of Finance, 1982/83).

Having previously held the portfolio of Minister for Trade and Industry, it seemed that Mahathir Mohamad would be more adept at formulating Malaysia's economic, as opposed to political, foreign relations. Indeed, the early 1980s saw the Malaysian economy undergo a transformation, and marked the beginnings of Mahathir's attempt to chart a new, independent and aggressive growth strategy for Malaysia that would take it to the ranks of the Newly Industrialised Countries. Mahathir Mohamad entered office with grand visions to industrialise and modernise the previously agriculture-oriented Malaysian economy. To that effect, the Mahathir administration was to focus on three key areas: the search for new markets for Malaysia's exports, support for the implementation of international trade agreements such as GATT and UNCTAD, and support for greater South-South co-operation and the reduction of the South's dependence on the North (Ahmad Rithaudeen, 1985). For Mahathir, it was through active participation in these multilateral forums that Malaysia could press its concerns over issues such as market accessibility, protectionism and the lifting

of trade barriers for Third World products. An example of this was the successful implementation of the INRA (International Natural Rubber Agreement) in November 1981. While it should be noted that the INRA did not totally eradicate the issues connected to price fluctuation, it did function to prevent adverse fluctuations such as that which hit in 1974, and which caused much economic and political problems for Malaysia (Stubbs, 1990, pp. 115-7).

Another dimension to Mahathir's modernisation plans was the search for foreign investments. This search explains to a great extent Mahathir's Look East policy, where Japan was not only seen as a developmental model, but also as a key source of investment. However, it also explains Malaysia's attention to ensuring cordial ties with the US and Britain, Buy British Last notwithstanding. Mahathir made a trip to the US in November 1982 with a 15-member investment promotion mission to source for US investments and technology transfer.[6] In like manner, Mahathir proceeded to thaw ties with Britain and eventually rescinded the Buy British Last policy in 1983, a move which resulted in a substantial hike in British investments in the Malaysian economy (Bandyopadhyaya, 1990, pp. 252-3). For these reasons then, the implementation of the Look East policy was in fact more moderate than Mahathir's rhetoric might have suggested. Malaysian education policies during the era of Look East serves as another example of this. No doubt Mahathir claimed publicly that:

> Looking east means we are looking towards what we consider — and the whole world now considers — as the best technology. If we are going to learn, we should learn from the people who are the best in the field (Bandyopadhyaya, 1990, p. 250).

Yet attesting to the ambiguity surrounding the implementation of the policy itself, Mahathir later spoke to British audiences of how "we have not ceased to look at the West. The fact that we continue to have some 100,000 Malaysian students in Western countries as compared to 500 students in Japan is clear testimony of this" (Mahathir, 1987).

Another key dimension to the domestic imperatives of foreign policy during this period took the form of Islamic resurgence in

Malaysia. One of the clearest battle lines in contemporary Malaysian politics has been the UMNO-versus-PAS divide over the role of Islam in Malaysian society. UMNO under Mahathir has expended much resource to preach the moderation and modernisation of Islam. This message served two political purposes. First, the focus on moderation ensures that Malay rights remain sacrosanct and privileged in Malaysian political discourse, whilst the interest of Malaysia's sizable non-Malay communities are protected to the extent that religious freedom is still practised by the Malay-dominated state.[7] Second, the focus on modernisation serves to advance Malay social and economic interests in a fast-changing global environment. On both fronts however, UMNO and Mahathir have encountered resistance from PAS, whose Islamisation project includes the ultimate aim of the establishment of an Islamic state.

In view of the challenge posed by PAS, Mahathir's foreign policy towards Muslim states has been a particularly important and effective tool in advancing his domestic interests in the sense that it legitimised his government as one which championed the cause of the *ummah*. From 1981 to 1985, Mahathir made a host of visits to the Arab world, including stops in Egypt, Sudan and Pakistan, and oversaw the extension of humanitarian aid to the Muslim communities in Afghanistan, Kampuchea, Thailand and Southern Philippines. The Mahathir administration was also sympathetic to the cause of the Mujahideen in Afghanistan against the Soviet Union, often calling for economic and military aid to be extended to the Muslim freedom fighters. In 1984, Malaysia established the Islamic Alliance for the Afghan Mujahideen in Kuala Lumpur in order to institutionalise their support.

Mahathir's activist Islamic diplomacy was particularly evident in his support for the Palestinian cause. It has been a well-known fact that Mahathir has spoken out for Palestine against Israel in almost every international function at which he was present. During the early months of his administration Mahathir granted Palestine full diplomatic status, and supported the 8-Point Fez Plan and UN Resolution 242 which called for the withdrawal of foreign troops from the occupied territory. In May 1983, Malaysia hosted the UN sponsored Conference on Palestine in Kuala Lumpur, and later in July, Mahathir extended an invitation to Yassir Arafat to visit Malaysia. In August the following

year, Mahathir cancelled a performance by the visiting New York Philharmonic Orchestra when the latter refused to remove the composition "The Hebrew Rhapsody for Cello and Orchestra" from its programme (SCMP, 1984). Commenting on Mahathir's support for the PLO, Hussin Mutalib noted that it "was made even more vocal and on terms more favourable than those adopted by the Tun Abdul Razak administration in the 1970s" (Hussin, 1993, pp. 12-13). Indeed, Mahathir's staunch support for the Palestinian cause has not gone unnoticed, for PLO leader Yassir Arafat has gone on record as saying that "Malaysia is even closer to us than some of the Arab nations"(Hussin, 1993, p. 13).

Exigencies of International Politics

As a small state in a big world, Malaysia cannot isolate itself from developments in the international sphere. Hence, while idiosyncratic and domestic factors remain consequential to Malaysian foreign policy, the process of policy formulation and conduct cannot be divorced from the politics of the international system. In fact, exigencies of international politics often set the boundaries for what idiosyncratic and domestic factors could or could not do to influence foreign policy.

Few would disagree that the key foreign policy challenge for the Mahathir administration in its early years was the Cold War and its security implications for Malaysia. The impact of the Cold War on Malaysian foreign policy was in fact made more salient by the fact that Malaysia in many ways stood at its crossroads. The Malaysian government was itself fighting communism on the domestic front. Furthermore, Malaysia was geographically situated close to a major Cold War theatre of conflict, Indochina.

The Indochina problem was acute not only because it was a display of blatant disregard for the sovereignty and territorial integrity of an independent state, it was also an issue that brought China even closer to Malaysian doorsteps (FT Survey, 1984). Malaysian suspicion towards China's activities in Indochina had already been evident in Kuala Lumpur's proposal of the Kuantan Statement, made along with Indonesia, in 1980. This statement reflected Malaysian concerns for ASEAN not to go overboard in supporting China's military action against

Vietnam, and provided a more cautiously-worded response to Vietnam's invasion of Cambodia.[5] In this respect, the Kuantan Statement reflected the Malaysian government's implicit fears of the rising assertiveness of China in Malaysia's backyard.

Malaysian caution towards China's slow encroachment into regional affairs was further reflected in the Malaysian government's reaction to the refugee problem which arose out of the Indochina crisis. Commenting on the security implications of the refugee inflow from Vietnam, Ghazalie Shafie noted "one could well suspect that the injection of overseas Chinese and even Vietnamese citizens of Chinese origin from Ho Chi Minh City might be motivated by the desire of Hanoi to remove the 'Wooden Dragon', not just Chinese merchants . . . but Peking-oriented Communists" (Richardson, 1982, p. 92).

The Indochina problem was a manifestation of the larger challenge from the increasingly assertive and aggressive activity of international communism, which at this juncture was expressed most saliently in three forms — Beijing's southward advance, Vietnam's incursion into Cambodia and the Soviet Union's invasion of Afghanistan. Not surprisingly, these concerns played a crucial role in mitigating Malaysia's declared non-aligned and neutral posture. Notwithstanding his personal desire to reduce Malaysia's reliance on the West (as evident in his staunch support for ZOPFAN and Asia-oriented outlook), Mahathir soon realised that the exigencies of international politics demanded Malaysia's alignment with the Western world for its own security and interest. Hence, Mahathir remained supportive, albeit reluctantly, of the continuation of the FPDA (Five-Power Defence Arrangement), as well as the continued US security presence in the region. Illustrative of the mitigating effects of exogenous exigencies on Mahathir's own policy preferences was the fact that Malaysia spent US$100 million to purchase 51 British tanks and armoured vehicles in 1982, at the height of Mahathir's Buy British Last policy (*Straits Times*, 1982).

Further attesting to the constraints that external forces imposed on Mahathir in the early 1980s, external and domestic security threats meant that Mahathir had to take a significant amount of his finite resources away from his developmental plans, and apportion them for purposes of defence. This was reflected in a military buildup which saw military

expenditure increased from RM2.2 billion in 1979 to RM4.8 billion in 1983 (Ministry of Finance, 1984).

Circa 1985 – 1989 : The Retreat of Foreign Policy?

In the current literature that discusses the foreign policy of the Mahathir era, there is a conspicuous lack of attention given to the period, circa 1985 – 1989.[9] No doubt this can be attributed to the fact that during this period, the focus of attention for the Mahathir administration were matters of domestic crisis and urgency.

Domestic Issues Take Centrestage

The period starting approximately mid-1985 up until 1990 was a trying one for the Mahathir administration where domestic issues dominated the government's agenda, leaving little resource for diplomacy. The first of these domestic challenges took the all too familiar form of economic crisis.

Between 1985 to 1986, the global economy was in the throes of a worldwide recession as international trade stagnated. Being a trading state, the effect on the Malaysian economy was predictably severe. Prices of oil, rubber and tin, three commodities which formed the pillars of Malaysia's export economy, plummeted drastically. As a result, GNP fell from 8% in the early 1980s to the negative range, and external and public debts increased to alarming levels. Further aggravating Malaysia's predicament, the fall in price of agricultural commodities led to a substantial decline in Malaysia's export earnings, and plunged the balance of payments into further deficit.

Another domestic challenge was the emergence of militaristic elements within the Islamic resurgence movement. Tensions between moderate and radical Islam, always brewing within the Malay community, blew over in two incidents in 1985. In January, supporters of UMNO and PAS were engaged in a street fight during a by-election campaign in Kedah, resulting in one death and several serious injuries. Later in November, four police and fourteen villagers were killed when police and military units clamped down on a PAS leader who was wanted under the Internal Security Act.

Perhaps of greater concern for the Mahathir administration during this period were the direct threats to its survival. This came in two

forms — the UMNO split in 1987, and the opposition challenge in the 1990 general election. Though Mahathir survived both these challenges, their severity was of such measure that both these issues were foremost on Mahathir's mind for much of this period (Khoo, 1995, pp. 261-327). Mahathir's leadership of UMNO came under a stiff internal challenge at the April 1987 party elections, when his former deputy Musa Hitam joined forces with party stalwart Tengku Razaleigh Hamzah to challenge for the leadership of UMNO. Though Mahathir won the hard-fought election (by a narrow margin of 43 votes), the Musa-Razaleigh team succeeded in obtaining a court injunction to de-register UMNO because of the party's apparent contravention of the Societies Act. While the details of this incident are too complex to be discussed here, suffice to say that for the first time since 1969, an incumbent Prime Minister's mandate as the leader of the Malay community came under grave challenge.[10]

Shortly after de-registration of UMNO, the Mahathir government was confronted with yet another test of its political stamina and resolve. This time however, the challenge was posed at a national level at the 1990 general election, when for the first time in Malaysian history, the opposition managed to coalesce into some form of alliance to challenge the incumbent regime. This opposition alliance saw the breakaway UMNO party, *Semangat 46* play the pivotal role in bringing together the Islamic PAS party and the Chinese-dominated DAP (Democratic Action Party) through two alliance arrangements — APU (*Angkatan Perpaduan Ummah*) with PAS, and *Gagasan Rakyat* with DAP. Together, this coalition sought to break Mahathir's hold on power not only by challenging his mandate as a Malay nationalist (Razaleigh repeatedly accused Mahathir of killing UMNO during his campaign speeches), but also by presenting itself as a viable alternative to the Mahathir-led *Barisan Nasional*.[11]

Under such intense domestic pressure, it would have been understandable that the Mahathir administration's interest in diplomacy took a backseat to more pressing domestic issues. Nevertheless, it would be a mistake to conclude hence that foreign policy was entirely neglected. In fact, there were some notable foreign policy developments worth exploring in the context of this study.

The Role and Influence of Mahathir

Interestingly enough, while Malaysia's activist foreign policy may have been less pronounced during this second period of the Mahathir administration owing to domestic preoccupations, it was nevertheless during this period that one could discern the idiosyncratic factor to policy formulation and conduct actually coming to the forefront of the policy process.[12] It was also during this period that Malaysia's foreign policy really began reaping concrete achievements, many of which bore the strong imprint of Mahathir himself. These included Mahathir's selection as President of the International Conference on Drug Abuse in 1985, the decision to have Kuala Lumpur host the 1989 CHOGM, and the instrumental role played by Mahathir in the formation of the G-15 in 1989. It was also during this period that Malaysia was elected as Asia's representative for a non-permanent seat in the UN Security Council, and as Chairman of the G-77 for 1989. Reflecting on the idiosyncratic dimension to these achievements, Khoo Boo Teik wrote "the diplomatic success could also be seen in terms of Mahathir's own enhanced reputation as a leading statesman of the developing world" (Khoo, 1995, p. 78). While not decidedly altering the shape of Malaysia's relations with the developed countries of the West and Asia, such achievements did mark a swing in Malaysia's foreign policy focus toward the Third World, and interestingly enough, the communist bloc. This shift was discernible in the number of visits Mahathir made during this period to these respective parts of the world.[13]

Not only did Mahathir began to make his mark on the policy process by pushing Malaysia to the forefront of international organisations and taking the initiative to improve ties with erstwhile enemies and less developed countries, it was also during this time that he institutionalised a shift in the conceptual focus of Malaysia's foreign policy away from its traditional concentration on politics and security to non-traditional security issues, and in particular economics. While "comprehensive" security thinking had surfaced in Malaysia's foreign policy circles by the early 1970s,[14] foreign policy right up until the mid-1980s was still predominantly concerned with the protection of state sovereignty and territorial integrity. Hence, for example, we see that Tunku Abdul Rahman's staunch pro-West foreign policy was driven

by the need to keep communism and a confrontational Indonesia, both of whom were threatening the very existence of the incipient Malaysian nation, at bay. Similarly, Tun Abdul Razak's policy of non-alignment and neutrality, which was also followed upon by Tun Hussein Onn, was heavily influenced by the turn of events in Malaysia's geostrategic environment in the 1970s, which saw the withdrawal of British and American forces.[15] In like manner, as discussed earlier, foreign policy during the first phase of the Mahathir administration was pre-occupied with external threats as well.

Nevertheless from the mid-1980s onwards, members of the Mahathir administration, and certainly Mahathir himself, began to articulate foreign policy in "comprehensive" terms. Certainly, this was reflected in the language of Mahathir's diplomacy:

> We in Malaysia believe that the first line of defence of any country is not its military capability. The first line of defence is its national resilience and in shaping a strategic environment where threats are minimised (Mahathir, 1984).

Underpinning this holistic approach to security however was to be a focus on international trade and economics. Subsequently, Foreign Minister Ahmad Rithaudeen was to note in 1985 that:

> In line with the Malaysian government's policy of encouraging exports, foreign investment, transfers of technology and South-South co-operation, in the spirit of Malaysia Incorporated, the thrust of our foreign policy today is clearly in the economic field. *Wisma Putra* is now an economic-oriented ministry (Rithaudeen, 1985).

As a result of the changing priorities of foreign policy, defence expenditure, which had taken up a substantial amount of the budget in the early 1980s, was brought down from a high of RM6 billion under the 4th Malaysia Plan to RM2.8 billion under the 5th Malaysia Plan (Prime Minister's Office, 1991). Further commensurate with Mahathir's articulation of a comprehensive approach in defining Malaysia's security was the increasing emphasis placed on Malaysia's trade and economic

relations with the Third World. This was manifested in Malaysia's increasing interest in promoting South-South co-operation. While this was no doubt one of the areas in which Mahathir had wanted to focus on even in the early 1980s, his subsequent attentions then were channelled more towards the East Asian NICs under his Look East policy. Nevertheless by the mid-1980s, Mahathir's enthusiasm for his Look East policy had diminished as a result of the difficulties Malaysia encountered in the practical aspects of engaging Tokyo through this policy (Jomo, 1985; Saravanamuttu, 1989, pp. 7-11). Added to that, the upsurge in protectionism in the industrialised West meant that Mahathir had to search for new markets:

> The terms of trade are not getting any better for the Third World. But now protectionism and unfair trading methods are creating havoc with the economies of the poor. While subsidies by the Third World may result in countervailing duties by the rich, they themselves subsidise their industries to the point where overproduction is encouraged and the markets become saturated. Consequently the products of the poor nations have become unsaleable (Mahathir, 1989).

As a consequence of this, Mahathir's attention began shifting to the developing world. This was reflected in Malaysia's push to transform the terms of trade between the developed and developing worlds through organisations such as the Non-Aligned Movement, the G-15, which Malaysia helped institutionalise, the G-77, and during Malaysia's presidency of the 41st UN General Assembly in 1986.

While economic issues were starting to take precedence during this time, Mahathir's re-assessment of Malaysia's foreign policy priorities was certainly not confined solely to economics. Using economics as a tool for political diplomacy, Mahathir also looked to transform Malaysia's policy towards the major communist powers. In keeping to his desire to "shape a strategic environment where threats are minimised", Mahathir broke away from his initial policy of caution toward both the Soviet Union and China in the early 1980s by visiting Peking in 1985 and Moscow in 1987. While Mahathir stood his ground against communist ideology during his visits, he nevertheless expressed

keen interest in improving economic and trade ties with the two communist powers.

Foreign Policy and Legitimacy Crisis — Serving Domestic Needs, Part I

While domestic issues took centrestage during this period, it did not interrupt their evolving relationship to foreign policy. If anything, Mahathir's crisis transformed the relationship between domestic politics and foreign policy, effectively making recourse to foreign policy a tool for Mahathir to defend his position and that of his regime in times of legitimacy crisis. This seemed to be particularly true in two respects — policy towards the Islamic nations, and policy towards the developing world.

Malaysia's foreign policy towards Islamic states has been a key feature of regime legitimacy throughout Malaysian history. This pivotal role which an Islam-oriented foreign policy plays in serving the domestic political interests of Malaysian regimes has been summarised as follows:

> A "political" way of putting it would be to say that foreign policy must be shaped in order to maintain the government comfortably in power. In Malaysia this tactic is apparent in strengthening links with Muslim countries and letting electors know that government policies are approved of by Muslims outside the country (Milne and Mauzy, 1999, p. 143).

The relationship between Islamic credentials and foreign policy has been further expounded on as such:

> As intra-Malay rivalry has become more complex and the context of Malaysian multiethnic society remains a reality, the leader of the ruling party and the Prime Minister must employ all possible instruments within his means to weld some sort of unity within his own party and community while being ever cognisant of the larger interests of his multiethnic population. In contemporary terms, in the face of the centrality of Islamic politics at home and of its global reassertion, the Mahathir administration has sought to harness foreign policy to these needs (Nair, 1997, p. 83).

Within the framework of Malaysia's domestic politics then, maintaining a clear Islam-oriented foreign policy was an important buffer for regime legitimacy. Hence, it is not surprising that within the context of Mahathir's domestic preoccupations of the time, much effort was yet expended on Malaysia's relations with the Islamic world. To that effect, Mahathir played an active mitigating role in search for a resolution to the Iran-Iraq war. Further to that, Malaysia continued to support the Palestinian cause, to the extent of straining relations with Singapore over Israeli President Chaim Herzog's visit to the latter in 1986. In March 1987, the Mahathir government sanctioned a "Palestine Week" celebration (curiously enough, in Johore), and a year later set up a Palestine Peoples' Fund.

This period also witnessed an increasingly pro-active diplomatic role taken by the Mahathir administration in support of the developing world. This role was premised on Mahathir's belief, which he never fails to reiterate at international forums, that the current international political and economic orders were unfairly tilted against the interests of the Third World:

> For decades the countries of the South have been struggling to look for ways and means that would help them to eliminate the inequities and impediments which exist in the world economy. We have rallied together in our effort to redress the imbalance in the world's economic pattern through our call for the New International Economic Order. While it did initially stir some interest in the international community and secured a faint response from some countries of the North, nothing concrete has been achieved. And today, 15 years after the call for the New International Economic Order was made, we continue to find ourselves enmeshed inextricably in external debts, frustrated by extensive and growing protectionism, bedevilled by fluctuations of commodity prices in favour of the developed countries of the North, and tossed about by volatile interest and exchange rates (Mahathir, 1988).

No doubt Mahathir espoused principled positions in his brand of protest diplomacy, yet one can nevertheless discern a very rational

personal interest at stake as well. In particular, there seemed to be congruence between his protest diplomacy and his desire to project himself as a Malaysian nationalist. Khoo suggests that Mahathir's protest diplomacy was in fact engaged in the "shifting of the target of his Malay nationalism from 'the Chinese' to 'the West'", for "the dilemmas of Malay nationalism had become those of Malaysian nationalism" (Khoo, 1995, p. 48). By "putting Malaysia on the map" in such manner, Mahathir had in effect bolstered his image as a Malaysian nationalist. This effect would be particularly relevant in times of legitimacy crises, such as that which encountered Mahathir in the late 1980s.

Exigencies of International Politics

In the context of foreign policy evolution, it is worth noting that the increasing influence of idiosyncratic and domestic political factors during this period occurred simultaneously with a seeming decline in the influence of exogenous factors. To that effect, one would be tempted to make the case that Mahathir's ability to project his personal vision unto the international political and economic arena was largely the result of his heightened assertiveness as a nationalist and a leader. While this may be correct to some extent, one also has to consider the possibility that it was changes in Malaysia's external environment, which occurred independent of Mahathir's influence, that lifted some of the external constraints, and allowed Mahathir to pursue certain aspects of diplomacy which he otherwise could not have under the restrictive international order of the early 1980s.

Indeed, it seemed that the alleviation of some Cold War pressures, demonstrated during this period in the toning down of the Indochina conflict, improving US-Soviet bilateral ties and domestic developments within China, set the stage for Mahathir's deeper personal involvement in the formulation and conduct of Malaysian foreign policy. In like manner, developments in the global economy after the worldwide recession compelled Mahathir to search for different avenues of growth, which he found in improved ties with fellow Third World countries through South-South dialogue.

Of particular interest are developments in the Sino-Malaysian relationship that took place during this phase of foreign policy. It has

been noted how China was Malaysia's declared major security threat in the early 1980s. Nevertheless, the Mahathir administration's shift of policy focus to economics in the mid-1980s was followed by overtures to Peking, made primarily on the basis of mutual economic benefit. This resulted in visits made by Ghazalie Shafie in May 1984 and Mahathir himself in November 1985, to Peking. While the breakthrough which Malaysian leaders hoped to result from these visits, namely the severance of CCP-CPM ties and the clarification of China's overseas Chinese policy, did not materialise, advances were nevertheless made in terms of bilateral trade agreements. These achievements were to set the stage for China's unilateral actions to cut the umbilical cord between China and overseas Chinese through the passing in 1989 of the Law on Citizenship which saw the Chinese government relinquish authority over Southeast Asia's Chinese and revoke their citizenship. Furthermore, while it is still difficult to discern, it may not be too far fetched to consider a tacit Chinese role in encouraging CPM leader Chin Peng's final surrender in December 1989.

1990-1999: The World as Mahathir's Stage?

By the end of 1990, a host of developments had taken place both within and outside Malaysia that set the stage for Malaysia's independent and activist policy to take a firm shape under Mahathir's auspices. Within Malaysia, Mahathir had consolidated his power at the helm of Malaysian politics, defeating his challengers from within and outside his party.[16] On the domestic front, the CPM surrendered in December 1989, marking the end of a 40-year insurgency. Economics-wise, Malaysia had by 1990 fully recovered from the recession of five years ago, and was beginning to post annual growth rates in the range of 8-9%, making it one of the fastest growing economies in the world. Malaysia's external environment too, underwent significant transformation. The Cold War, which for the first half of Mahathir's tenure played such a key role in constraining his policy options, finally came to an end. This monumental event, symbolised first by the fall of the Berlin Wall and later, the collapse of the Soviet Union, paved the way for a new world order which gave charismatic Third World leaders like Mahathir Mohamad the opportunity to finally make a significant impact on international

politics. Broadly speaking then, the order of influence of the three primary driving forces of the role of leadership, domestic exigencies and the international system on Malaysian foreign policy was primed for change in this post-Cold War era.

Idiosyncratic Factors of Mahathir's Personal Role

If, as this paper has suggested earlier, idiosyncratic factors were only beginning to really emerge as a determining force in the formulation and construction of Malaysian foreign policy in the second phase of Mahathir's tenure (1985 to 1989-90), this third phase would see it emerge in synch with domestic influences as the dominant factor in the policy process.

By the 1990s, Mahathir Mohamad had firmly established himself as a charismatic leader with a reputation for outspokenness and daring to challenge prevailing norms in international relations. Certainly, as the earlier sections have discussed, much of Mahathir's performance on the international stage was mostly limited to diplomatic rhetoric, being circumscribed as it were by domestic and international exigencies. Nevertheless, this rhetoric did catch the attention of the world, particularly the Third World. It certainly caught the attention of the Malaysian people, many of whom were beginning to take pride in Mahathir's popular nationalist philosophy of "*Malaysia Boleh*". By the 1990s, Mahathir was regularly consulted by international organisations, and often also held positions of leadership in them. Mahathir is today respected as the longest-serving leader within the much vaunted ASEAN. He is also a much sought-after keynote speaker at numerous international forums, especially those dealing with international economics and trade. Mahathir has also been a regular contributor to Japan's *Mainichi Shimbun* daily, where he has a monthly column in which he discusses international affairs. In 1989, Mahathir was made chair of the Commonwealth High Level Appraisal Group which was to plot out the course of the Commonwealth in the 1990s and beyond. Later during the 1991 CHOGM in Harare, Mahathir was asked to head the Group of 11 to help find a peaceful solution for South Africa's political quagmire (*The Star*, 1991). During this period, Malaysia was also elected to the UN Security Council in 1998–99, its second year under the same

Prime Minister, and to the Presidency of the 41st UN General Assembly. Adding to that, Mahathir is also viewed as the leader of a model Muslim country, whose advice continues to be sought on the issue of Islam and modernisation. Illustrative of his status as a Muslim leader, Mahathir was one of the key initiators of the D-8 Conference in 1997 that looked to replace the increasingly impotent OIC (Organisation of Islamic Countries) as the penultimate Islamic multilateral institution (*New Straits Times*, 1997).

Vision 2020 and the EAEC

The manner in which Mahathir's personal views seemed to dictate the course of Malaysian foreign policy in this period is perhaps best illustrated by his Vision 2020 and East Asia Economic Caucus (EAEC) concepts.

Malaysia's foreign policy objectives for the 1990s were framed in the context of Vision 2020, a nationalist slogan which served as Mahathir's blueprint for the advancement of Malaysia into the 21st century (Mahathir, 1991). Articulated at the Malaysian Business Council launch in 1991, several months after his vital electoral victory, Vision 2020 was, in foreign policy terms, "the externalisation of Malaysia's internal capacity" (Nathan, 1995, p. 226), meant to be an ideological blueprint "intended to seize the imagination and to inspire" (Milne and Mauzy, 1999, p. 165).

As for the EAEC, it can be viewed as a metamorphosis of Mahathir's earlier Look East policy. Certainly, it was a manifestation of the same spirit — that Asians could and should challenge Western dominance. The importance of the EAEC to our understanding of Mahathir's political legacy cannot be understated, for the concept "can be regarded as the externalisation of Malaysia's security conception via Vision 2020" (Nathan, 1998, p. 542). Indeed, if his Look East policy was the "distinguishing mark" of Malaysian foreign policy in the 1980s, then the EAEC would arguably be Mahathir's defining policy initiative for the 1990s.

The EAEC was a product not only of Mahathir's dissatisfaction with the Uruguay Round of multilateral trade negotiations, it also reflected his perception of a need for a genuinely Asian response to the challenges posed by the formation of the European Community and NAFTA (North American Free Trade Agreement). In putting forth

this concept, Mahathir argued because of geographic, ethnic, cultural and historical similarities, there was reason to believe that Asia had strong potential to emerge as a unified force in global economics, and the EAEC was viewed to be a viable manifestation of this inherent unity. In many ways, the EAEC has in fact been a bolder "edict" than the Look East policy. Unlike the Look East policy, whose impact was essentially domestic, the EAEC is a regional initiative with region-wide, and indeed global, implications. The push for the institutionalisation of the EAEC concept also marked Mahathir's attempt to make a specific contribution to the post-Cold War regional order in East Asia. Furthermore, and again unlike Look East, the EAEC was an example of Mahathir's direct challenge to the Western-dominated world, and to American preponderance in the region. Not surprisingly then, the push for the realisation of the EAEC remains an ongoing battle for Mahathir against largely American, but also Australian, objection.

Exigencies of International Politics

The end of the Cold War saw the lifting of external political and security constraints on Mahathir's ability to construct foreign policy according to his personal aspirations. With the underlying communist internal and external security threat removed and the Malaysian economy posting impressive growth figures, Mahathir was able to pursue his personal international ambitions with greater verve and intensity through an independent and activist foreign policy which no longer needed to overtly check itself for fear of losing the Western security umbrella.

The search for new security and economic orders at the international and regional levels that took place immediately after the dismantling of the Cold War structure availed Mahathir's Malaysia numerous opportunities to play active roles in the construction of these post-Cold War international orders. The fact that the Mahathir administration had by this time become a "middle power" and a source of new ideas meant that Malaysia was placed in a position to play a leading role in this process. Certainly, the evidence bares out some truth of this as Malaysia, and particularly their outspoken Prime Minister, has been at the forefront at both regional and international levels with even greater force and vigour than in previous periods.

At the regional level, Malaysia played an increasingly assertive role in ASEAN. Mahathir himself was a tireless and vocal proponent of ASEAN expansion, and was certainly the most vocal of the ASEAN leaders in rebuking Western concerns expressed in relation to the admission of Myanmar to the organisation. Malaysia also pushed for a strengthening of intra-ASEAN trade relations, and actively supported the formation of the ASEAN Regional Forum in 1994, which remains the only multilateral forum that deals with security issues in the Asia-Pacific. Certainly, Malaysia's support for a regional security dialogue can be traced back before the formation of the ARF, when Defence Minister Najib Tun Razak called in 1993 for senior defence officials from around the region to hold a meeting to discuss security issues (Stubbs and Nossal, 1997, p. 157).

Similarly, while Malaysia may have been lukewarm in its support for APEC, the organisation still served an important role in Malaysia's diplomacy. Indeed, at the 1993 ASEAN Ministerial Meeting, it was agreed by the ASEAN members that Mahathir's EAEC proposal would be formally established as a caucus within the APEC framework (Stubbs and Nossal, 1997, p. 154). No doubt this fell short of what Mahathir had envisaged (Mahathir had hoped that the EAEC would take the form of an independent economic forum), it nevertheless reflected a form of acceptance, at least among ASEAN, of his proposal. It has also been on the APEC stage that Mahathir has made much of his presence (or absence, in this case) felt through his vocal critics of the organisation, as well as his boycotts of its Summits.

At the international level, Malaysia during this period began to carve out diplomatic niches in which to play a leading role. This is perhaps best exemplified in Malaysia's contributions to UN peacekeeping operations. Indeed, Malaysia has a proud tradition in peacekeeping. Since its involvement in the Belgian Congo in 1962, Malaysia has consistently participated in numerous UN peacekeeping operations throughout the world. Nevertheless, it was in the 1990s that Malaysia really came to the fore as a force in UN peacekeeping diplomacy. Within a span of nine years, Malaysian troops have been involved in Namibia, Cambodia, Somalia, Kuwait, the Iran-Iraq border, and more recently, Bosnia and East Timor. In January 1996, to

emphasise its active peacekeeping role, the Mahathir administration built a peacekeeping training centre in Malaysia.

Another dimension of international affairs in which Malaysia has recently come to the fore concerns the environment. Prior to the UNCED Earth Summit in Rio de Janeiro in June 1992, Malaysia hosted a ministerial level meeting in which over 50 developing countries were represented. This meeting was held in order for the developing world to consolidate their position for the Rio Summit. Noting the significance of this meeting, Mahathir stated that "'fear by the North of environmental degradation provides the South the leverage that did not exist before. It is fully justified for us to approach it this way" (*Financial Times*, 1992). Subsequently, at the Rio Summit itself, Malaysia proceeded to challenge Western perceptions regarding the relationship between development and the environment, particularly in reference to the Third World.

Successful economic development has also allowed Malaysia to play an important role as an investor in developing countries. Under the Mahathir administration, Malaysia has also been a key contributor of developmental aid to a host of Third World states, such as Mali, Western Samoa, Fiji, Papua New Guinea, Tonga, the Maldives and also several African states.

Foreign Policy and Legitimacy Crisis — Serving Domestic Needs, Part II

The heightened influence of idiosyncratic factors notwithstanding, domestic imperatives still remained a key driver of foreign policy in Malaysia. In fact, the two had become even more directly related during this period, insofar as Mahathir's authoritative control over the state and regime meant that a crisis in his legitimacy was a crisis for the legitimacy of his entire regime.

To that effect, the correlation between domestic politics and foreign policy was further magnified over the past two years, when the Mahathir administration was confronted with its second domestic crisis. While the nature of the 1997–99 crisis differed somewhat from the crisis of the late 1980s, the logic to foreign policy's role as a prop for regime legitimacy remained the same, in that Mahathir needed to underscore his role as an Islamic leader and Malaysian nationalist. The rhetorical

exercise of protest diplomacy, which Mahathir was by now so adept at, offered him the avenue to do just that.

The origins of Malaysia's recent travails seem to have had a strong external dimension to it, at least from the point of view of Mahathir himself. Central to this was Mahathir's convicted belief that the economic downturn which precipitated his political quandary stemmed from exogenous forces. In July 1997, when the Malaysian *ringgit* was devalued and set the stage for a run on the KL Stock Exchange, Mahathir viewed it as the work of alien forces. When government efforts to plug the holes failed and the economy fell into a further tailspin, Mahathir scoffed at suggestions that the crisis may have even remotely been brought about or exacerbated by structural problems within the Malaysian corporate and financial sectors. Instead, he maintained his stand that Malaysia's plight was essentially the result of unbridled activities of foreign hedge fund traders, and was aggravated by Western governments' inability or reluctance to rein them in. Subsequently, when Western governments and media began to show interest in the developments in Malaysia, not least with regards to Mahathir's treatment of his former deputy Anwar Ibrahim, this was construed to be unwelcomed intervention, and provided Mahathir the opportunity to evoke the spectre of the "neo-colonialism" he had always warned of and reminded Malaysians of the need to defend their sovereignty against external interference. Not surprisingly, Malaysia's relations with many Western governments, most notably those of the US, Canada and Australia, underwent a period of strain.

Throughout the crisis, Mahathir refused to rescind his stand that Malaysia's economic and political predicaments were caused by the activities of foreign governments, media and currency traders. In his characteristically abrasive diplomatic style, he lambasted the IMF and World Bank as weak institutions which were under the control of the West, and which were used to exert pressure on many Asian governments. Subsequently, comments made by US Vice-President Al Gore (no doubt in Kuala Lumpur itself) in support of the opposition movement, and his subsequent snubbing of Mahathir at a formal dinner during the APEC Summit in Kuala Lumpur, provided Mahathir with more ammunition with which to attack the West for displaying "neo-colonial" tendencies by its inter ference in Malaysia's

internal affairs. At one point, he even went to the extent of accusing the American, British, Australian and Canadian diplomats in Kuala Lumpur of actively supporting and funding the opposition movement, thereby straining further Malaysia's ties with these countries. That foreign affairs was to be a central issue at the General Election was evident in the language of campaign slogans, which carried wordings such as "Foreign interference is a threat to national stability" and "Foreign interference can undermine a nation's sovereignty". Before his domestic audiences, Mahathir was categorical in his belief that Malaysia's crisis was sparked by foreign forces that were unhappy with Malaysia's success and the manner by which Mahathir had conducted Malaysia's relations with the West throughout his tenure (Mahathir, 1999).

Considering Mahathir's strongly-worded diatribes against Western interference in Malaysia's affairs, the snub from the American Vice-President, and the potentially severe accusations made by the Home Minister that foreign governments were funding the opposition movement through their embassies, one would have expected some kind of policy shift, perhaps in the vein of the Buy British Last policy, or at least the kind of vehement diplomatic response after his infamous episode with Australian Prime Minister Paul Keating in 1993 (FEER, 1993). Such a shift however, never materialised beyond the rhetorical. Malaysia's policy towards the West remained unaltered. Ties were not severed nor frozen, and ambassadors not recalled, despite the apparent severity of the charges. Trade ties between Kuala Lumpur and these Western countries remained untouched. During the crisis as well, Mahathir proceeded to visit Western countries like the US and Britain (albeit these visits were not at the official invitation of these governments), where interestingly enough, his protest diplomacy was significantly mellowed during occasions when he spoke of Malaysia's crisis compared to his campaign rhetoric back home.[17] As for the obvious question of why this was so, the answer is in fact obvious. For all his ranting, Mahathir is fully aware that Malaysia's national interests are best served by maintaining good relations with the West, and in particular Western business enterprises, for they hold the money and technology coveted by him to make his nationalist visions a reality. Indeed, Mahathir's MSC (Multimedia Super Corridor) vision, and the

need for US investment and technology to make it a reality, were an illustration of this. Adding to that, for all his diatribes, Europe and the US remain key trading partners for Malaysia, and are the largest markets outside of ASEAN for Malaysian exports (*Jabatan Perangkaan Malaysia*, 1998, pp. 166-71). Hence Mahathir's confident claims that "what we are doing is wooing foreign businessmen, while thumbing our noses at the government"(*The Times*, 1993). Also illustrative of Mahathir's dichotomous approach to the West is evident in his relationship with the Western media. While often at loggerheads, Mahathir remains a "friend" of the Western media for he "values the foreign media's international reach that helps him acquire a statesmanlike stature incommensurate with Malaysia's position in the world" (*The Nation*, 1999).

Indeed, the disjuncture between Mahathir's rhetoric and policy verifies the fact that his rhetoric towards the West was constructed for political purposes, namely to bolster his legitimacy as a nationalist, and was not a guide for policy.

Conclusion — the Determinants of Foreign Policy in Mahathir's Malaysia

Broadly speaking, there have been three phases in the evolution of Malaysia's foreign policy under the Mahathir administration. In analysing Malaysian foreign policy during these three phases, this study has looked at three determining factors of policy — Mahathir's personal role and influence, domestic imperatives and international exigencies. Likewise, Malaysia's foreign policy over the last 19 years has evolved in response to the interplay of these three factors.

The first phase of Mahathir's foreign policy can be located from 1981 to 1984–85. The key influence on policy here came from external factors generated by the Cold War and the threat of communism. This resulting reliance on Western security and economic assistance explained the short shelf-life of Mahathir's Buy British Last policy and his moderation of the Look East policy. Domestic economic considerations also turned foreign policy attention to the West, although Japan was also a target for Malaysian foreign policy. As for Mahathir's personal influence, it was not only limited by external and domestic exigencies, but also by the

presence of Ghazalie Shafie, who remained a key player in the foreign policy process during this period.

The second phase lasted from 1985 to 1989–90, and was marked by a separate dynamic which took place across the three determining factors. Certainly, the Cold War continued to set the overarching framework for policy. Nevertheless, changes were occurring within this framework, and which offered up opportunities for Mahathir to play a more definitive role in the policy process. This was evident in the reduced role of issues of traditional security in foreign policy discourse, and the simultaneous increase in interest in trade and economics, which proved to be Mahathir's forte. Another development that brought Mahathir's personal role and the role of domestic imperatives further to the forefront was the domestic political crisis of the late 1980s. In the face of these crises, the government's attention turned inward to address these domestic exigencies. The Mahathir administration did however remain active in selected fields of diplomacy, particularly those in which diplomatic rhetoric could enhance Mahathir's position and stature as an Islamic leader and Malaysian nationalist. Hence, Mahathir's protest diplomacy became more acute in this period in championing the plight of the Islamic and Third Worlds. While the diplomatic resource expended here was mostly rhetorical, it nevertheless served a crucial role in accentuating Mahathir's image, and set the stage for the convergence of foreign policy with Malaysian nationalism that would surface even more intensely later.

By the third phase of Mahathir's tenure, beginning from 1990 onward, idiosyncratic and domestic factors had overtaken external exigencies as the key determinants of foreign policy. With the end of the Cold War and increased economic interdependency, the stage was set for Mahathir Mohamad, a long-time proponent of the primacy of trade and economic relations, to break away from the constraints generated by Cold War politics and dictate the shape and direction of Malaysian foreign policy. More importantly from the vantage point of Mahathir's own aspirations and legitimacy, the construction of an assertive, independent and activist foreign policy plotted against the hegemonic Western world, conducted through protest diplomacy, and bound to the scripting of a new Malaysian national identity under the

auspices of Vision 2020, meant that foreign policy was in fact being used as an outlet for Malaysian nationalism. Likewise, the nationalist and anti-West rhetoric serves to augment Mahathir's stature as a nationalist, and becomes a potentially potent tool for use in the domestic political arena, especially when regime and leadership legitimacy comes under threat, as was in the case in the late 1980s, and more profoundly a decade later.

In line with the evolution of foreign policy under the Mahathir administration, an important theme has also emerged which underlines much of Malaysian foreign policy under the Mahathir administration today, and which is particularly relevant to his approach to the developed world. It has been noted that though an active practitioner of protest diplomacy espousing principled positions, Mahathir's heightened influence in Kuala Lumpur's foreign policy process over the past decade has been firmly grounded on the need to fulfill nationalist objectives. Herein lies a dichotomy. While Mahathir hopes to strengthen the Malaysian psyche and national identity by plotting activist policies independent of, and often in contradiction to, the West, he also hopes to advance Malaysia's material being through a similarly nationalistic modernisation plan that, ironically enough, relies on Western money and technology. Mahathir's MSC (Multimedia Super Corridor) vision stands as the clearest illustration of this point. It is this dichotomy today, embedded in his nationalist project, that generates constrictive forces for his foreign policies, resulting in often anti-climactic policies out-of-synch with his firebrand protest diplomacy.

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Endnotes

1 The literature associated with this claim will be explored in the literature review section.
2 It was not uncommon for a Malaysian Prime Minister to hold either the portfolios of Foreign Affairs or Defence concurrently with that of Prime Minister. Tunku Abdul Rahman and Tun Abdul Razak both did this at one point or other of their tenure. On one occasion, Tun Abdul Razak even held the three portfolios of Prime Minister, Defence Minister and Foreign Minister concurrently (Pathmanathan, 1984, p. 19).
3 While the CPM (Communist Party of Malaya) challenge had both internal and external dimensions, it is the internal dimension that is discussed here. Consideration of the external dimension will be made in the following section.
4 See Stubbs, Richard. 1989. *Hearts and Minds in Guerrilla Warfare. The Malayan Emergency, 1948-60*, Singapore: Oxford University Press.
5 See Stubbs, Richard. 1977. Peninsula Malaysia: The New Emergency, *Pacific Affairs*, Vol. 50, pp. 249-62.
6 See *ASEAN Forecast*, Kuala Lumpur (November 1982), pp. 161-2.
7 Malays are predominantly Muslim.
8 The details of the Kuantan Statement can be found in Leifer, M. 1990. *Dictionary of Southeast Asian Politics*, London: Routledge.
9 Camroux studies Malaysian foreign policy from 1981 to 1994 (Camroux, 1994), while Saravanamuttu's project spans the period from 1981 to 1995 (Saravanamuttu, 1996). Nevertheless, there is a conspicuous absence of a section, no matter how brief, covering the period 1986 to 1990. Discussions of the foreign policy issues during this period were brushed over, if not omitted altogether.
10 For a detailed study of the UMNO split, see Crouch, H. 1996. *Government and Society in Malaysia*, Sydney: Allen & Unwin, pp. 114-29.
11 For a discussion of the politics surrounding the 1990 election, see Khong, K. Hoong. 1991. *Malaysia's General Election 1990: Continuity, Change, and Ethnic Politics*, Singapore: Institute of Southeast Asian Studies.
12 It must be noted that rhetoric aside, the only concrete manifestation of an activist Malaysian foreign policy during the first phase was Malaysia's co-sponsorship with Antigua and Barbuda of a call for a "special study" into the status of resource-rich Antarctica.
13 A list of the countries visited can be obtained from the *Foreign Affairs Malaysia* series covering 1985 to 1989.
14 Tun Abdul Razak had coined the phrase KESBAN — referring to the confluence of KESelamatan or national security and pemBANgunan or development as organising principles of foreign policy.
15 Britain announced the withdrawal of its military forces east of the Suez in 1967,and British troops effectively began moving out of Malaysia and Singapore in 1971. With President Nixon's enunciation of the Guam doctrine of 1969, American forces began the move of withdrawing from the Indochinese theatre, of which a full withdrawal was achieved by 1973.
16 It would also be worthwhile to note that at this time, Mahathir had also recovered from heart surgery, an experience which might have had substantial impact on his beliefs and worldviews.
17 Although the purpose of Mahathir's visit to the US in September 1999 was to speak at the UN General Assembly, he also spoke at the US-Malaysia Business Council Forum on Malaysia's political and economic crisis. Similarly, though his visit to Britain in early 2000 was a private one, he did speak at public forums on Malaysia's crisis. He referred to his "theory" on foreign conspiracies in varying degrees on both occasions.

Vulnerability and Party Capitalism: Malaysia's Encounter with the 1997 Financial Crisis

Ng Beoy Kui

Introduction

Prior to the Asian financial crisis in July 1997, Malaysia had been enjoying continuous eight years of rapid growth of more than 8% per year between 1989 and 1996. She also had low rates of inflation, not exceeding more than 5% per year, and low unemployment rates, registering less than 3% on average in the same period. The government had also been in budget surpluses since 1993, partly due to the effectiveness of privatisation in the 1980s and early 1990s. While current deficits exceeded 5% of GDP for most of the period (Summers, 1995, p. 53),[1] the government was satisfied with the economic performance (see Table 1). Firstly, the deficit was not due to government budget deficit, but specifically due to a widening of saving and investment gap in the private sector. According to the "Lawson doctrine", such deficits should not cause any alarm, as private investment is more efficient than public investment, and the gap should be able to narrow down over time. Secondly, the deficits were basically due to high import of capital goods for private investment, and not for consumption. Accordingly, the deficits were considered as sustainable at least in the medium term. Thirdly, total external debt outstanding was only 30% of GNP in 1996 and debt servicing ratio was about 6%, well below the benchmark set by International Monetary Fund (IMF) of 18%. Moreover, external reserves held by Bank Negara Malaysia

(BNM), the Central Bank of Malaysia were able to sustain more than three months of retained imports for a span of eight years (IMF annual consultation's benchmark is three months).

However, these seemingly favourable macroeconomic indicators do not provide a full picture of the vulnerability of the Malaysian economy to any external shock, such as contagion effect. These indicators instead provide a smoke screen that breeds complacency among government officials. In fact, a state of vulnerability had been developed in Malaysia prior to the Asian financial crisis in July 1997. A state of vulnerability by itself may not spark off an economic crisis. However, a state of vulnerability may be turned into an actual state of collapse or crisis by a trigger. A trigger can be a contagion or wrong market calculation, rumour or a sudden change in mood and behaviour, which causes a shift in expectations. Such a shift in expectations then sets off a crisis. In short, a necessary condition for an economic crisis is a state of vulnerability. Historically, vulnerability of the Malaysian economy stemmed basically from the eagerness for affirmative actions in correcting racial economic imbalances. In the mid-1980 crisis, it was the rapid expansion of the public sector and the ambitious implementation of heavy industry for ownership restructuring that, together with adverse international environment, contributed to the deep recession in 1985. Unfortunately, history repeated itself in the 1990s. In the first half of the decade, the emergence of party capitalism (Kahn, 1996, pp. 61-7) and "money politics" arising from the eagerness in creating Malay capitalists rendered the Malaysian economy in a vulnerable state in the wake of globalisation and high international capital mobility.

The purpose of this chapter is therefore to analyse how party capitalism in Malaysia had developed into a state of vulnerability that set off the financial crisis in the face of a contagion effect from the Thai crisis. Particular emphasis is placed on historical evolution and interaction of the causes. These causes had contributed to the structural weakness of the Malaysian economy to the extent that it could hardly withstand the vicious contagion effect. The paper also attempts to show that the Malaysian case is somehow different from the other Southeast Asian countries. Specifically, the fundamental weakness in the Malaysian economy was basically due to a change in strategy in implementing the

affirmative action to help reduce racial economic imbalances. The paper is divided into four sections. The next section provides a historical background on the New Economic Policy (NEP) and then later the National Development Policy (NDP). The third section analyses how a change in strategy in its affirmative action contributed to the structural weakness, and developed into a state of vulnerability in the Malaysian economy. This state of vulnerability was immediately exposed in the face of contagion effect from the Thai crisis. The final section highlights the challenges that face Malaysia in the 21st century in striking a balance between its affirmative action in correcting racial economic imbalances and sustainable long-term economic growth that will not cause a state of vulnerability.

New Economic Policy and Its Legacy

The NEP was implemented between 1971 and 1990 after the racial riot in May 13, 1969. The policy was implemented with twin objectives, i.e. to reduce poverty regardless of race, and to correct racial economic imbalances. However, it is the second objective that overrides the first in the implementation of the policy. The rationale is that if the second objective was attained, the first objective would automatically be achieved as the *bumiputera* community[2] suffers from a much higher incidence of poverty. Secondly, the NEP would be implemented with an expanding economy such that "no particular group would experience any loss or feel any sense of deprivation in the process" (Malaysia, 1971, p. 1). In this respect, the government would play the role of "protector and trustee" on behalf of the *bumiputera* community. The implementation of NEP included a wide range of policy measures. These measures include, among others, the following:

- Generous provision of cheap loans, grants and subsidies to the *bumiputera* community;
- Special privileges for access to government licences and tenders for *bumiputera* to operate businesses;
- Enrolment quotas for *bumiputera* in higher educational institutions;
- Preferential treatment in recruitment and promotion of *bumiputera* in the public sector;
- Expansion of public enterprises in trust of *bumiputera*;

- Increased share ownership for *bumiputera* through takeovers, mergers, and discriminatory practices; and
- Privatisation (Jesudason, 1989; Jomo, 1995; Ng, 1998).

While these policy measures were implemented throughout the period 1971-90 and continued after the expiration of the NEP in 1990, the emphasis of these policy measures had been changed from period to period. However, the affirmative action by the Malaysian government during the NEP and post-NEP period can be divided into four sub-periods with different emphasis. The first period, covering most of the 1970s, was characterised by a rapid expansion of public enterprises, and official coercion of one form or another. The next sub-period focused on the development of the heavy industry. The "Look East Policy" and "Malaysia, Inc." were also promulgated to achieve NIE status. With the failure of using administrative coercion through the Industrial Co-ordination Act, 1975 (ICA), Capital Issues Committee (CIC) and Foreign Investment Committee (FIC), the NEP entered into another phase of economic liberalisation and privatisation. With the end of NEP in 1990, the government turned to the development of party capitalism, with UMNO (United Malays National Organisation), the major party in the ruling National Front,[3] heavily involved in business. This kind of party capitalism gave rise to "money politics" and then later, a state of vulnerability, leading to the eventual financial crisis in 1997.

Public Enterprise, Ownership Restructuring, and Acquisitions and Takeovers

The first sub-period of the NEP era covered a period of 11 years, ranging from 1971 to 1981. During this period, the policy emphasis was on rapid expansion of public enterprises, share ownership restructuring and take-over of foreign companies.

Public enterprises were set up, besides providing public utilities and infrastructure, with the major aim to increase participation of *bumiputera* in commerce and industry and also for redistributing asset ownership and employment in favour of the *bumiputera* community. This method was particularly effective when other "less direct methods of state intervention" failed to achieve the redistributive objectives (Mallon, 1982).

In the early years, a number of public enterprises were set up to serve as prototypes for Malay economic enterprise. Notable examples included *Majlis Amanah Rakyat* (MARA — the Council of Trust for the Indigenous Peoples), *Perbadanan Nasional* (PERNAS), the Urban Development Authority (UDA) and 13 State Economic Development Corporations (SCDCs). Allocation of funds to these corporations increased by tenfold in the Second Malaysia Plan, 1971–75, as compared with the first plan, 1966–70 (Bowie, 1988, p. 56). Later on, public enterprises took three main forms (Rugayah, 1994). The first form was the setting up of new companies with the government as the sole owner. The second method was the establishment of joint-venture firms with private companies as co-partners, and the last form was the takeover of existing companies that were listed in the stock exchange. By 1979, the government owned about 557 public enterprises, the majority of which were private limited companies.

Towards the mid-1970s, the government realised that expanding the public enterprise alone would not achieve the NEP objectives. In its eagerness to achieve the objectives, the government resorted to rules and regulations to coerce existing large firms to restructure their share ownership. The general policy guidelines were (1) foreign ownership was restricted up to 30%, unless the foreign firms were major exporters of manufactured goods; and (2) local firms must have at least 30% *bumiputera* ownership. These policy guidelines were implemented through FIC, CIC and ICA.

FIC with its membership from the Ministry of Finance, Ministry of Trade and Industry, Economic Planning Unit (EPU) and Registrar of Companies, was set up in 1974 to monitor foreign acquisitions of Malaysian companies. Owing to its membership, it became an effective instrument for enforcing the NEP on large public and non-public corporations. FIC constantly applied pressure on these firms to restructure their ownership structure. Ignoring such calls from FIC might carry untoward consequences, such as a strained relationship with the general bureaucracy and difficulties in obtaining approvals from ministries for licences or permits (Jesudason, 1989, p. 79). The other machinery used for enforcing the NEP was CIC, which was created in 1968 to oversee the capital market. In enforcing the NEP,

CIC set share prices below market levels for shares issued by private Chinese and foreign companies for the *bumiputera* community, which included government trust agencies and enterprises.

Equally important was the implementation of the Industrial Co-ordination Act, 1975 since May 1976 to enforce manufacturers to adhere to the NEP objectives. Under the Act, a licensing system on all manufacturing firms with shareholder funds of $100,000 and above was imposed with enormous powers given to the Minister of Trade and Industry to set conditions to serve "national interest". The conditions included, among others, at least 30% ownership for *bumiputera*, employment to reflect racial composition, and use of Malay distributors. If these conditions were not met, the Minister could revoke or not issue the licence, and also had extensive powers to "control detailed aspects of a company's activities". The Act was met, however, with strong opposition from local Chinese businesses and foreign firms. The investment climate was also adversely affected. In April 1977, the Act was significantly amended, and firms with less than $250,000 shareholders' funds were exempted. In 1979, the government made another concession on the ICA by the setting up of an Industrial Advisory Council comprising private sector members to advise the Minister pertaining to the Act.

In another move to accelerate Malay share ownership in the corporate sector, the government set up *Perbadanan Nasional* or Pernas in 1970, and *Permodalan Nasional Berhad* (National Equity Corporation) or PNB in 1978 to purchase shares on behalf of the *bumiputera* community in non-Malay and foreign companies. Initially, Pernas with various subsidiaries was actively involved in joint ventures with foreign firms, and also provided sub-contracts and dealership to individual Malay businessmen. In 1974, its policy shifted towards acquiring large-scale, established companies, especially those with large amount of assets in Malaysia. Throughout the second half of the 1970s and early 1980s, Pernas and PNB managed to acquire a number of tin mining and plantation companies such as London Tin, Sime Darby, Guthrie Corporation, Harrisons and Crossfield, Dunlop Holdings and Barlow Holdings. Pernas also helped the government in acquiring another commercial bank, i.e. the United Malayan Banking Corporation (UMBC) in 1976 from the private sector. The purpose was to influence lending pattern in compliance

with lending guidelines for the *bumiputera* community set by the central bank. The government and Pernas then transferred their banking shares of Bank Bumiputera, Malayan Banking and UMBC to PNB. After 1984, PNB took over most of the shares owned by Pernas as the major trust agency for the *bumiputera* community.

The immediate consequence of these policy initiatives were a significant increase in Malay share ownership, rapid expansion of the public sector, and control over strategic sectors such as the banking sector and the primary sector, especially the mining and plantation companies. However, with much government protection, there emerged a number of undesirable consequences. The more obvious ones were dependence and subsidy mentality among the Malays, a continued lack of genuine Malay entrepreneurship, an unholy alliance between the Malays and the Chinese in the form of Ali-baba phenomenon,[4] bureaucratic capitalism, a general lack of public accountability and inefficiency in the public sector, as well as an unfavourable investment climate. In addition, with an end of the commodity boom in late 1980, terms of trade declined by 15% during the 1980-82 period. Exports declined by 0.7% while imports rose at an average of 18% per year. As a result, current account as a percentage of GDP reversed from a surplus of 5% in 1979 to a severe deficit of 13% in 1982. The government also suffered from serious budget deficits, reaching an unprecedented peak of $10.4 billion in 1982, as compared with $1.5 billion in 1979. Similarly, external debt outstanding also rose sharply from $8.8 billion in 1979 to $24.3 billion in 1982 within a short span of three years. Such a precarious situation urgently called for structural adjustments in the economy, especially the public sector.

Heavy Industries, "Look East Policy" and "Malaysia Inc."

The government did carry out its structural adjustment programme by narrowing budget deficit, a reduction in the creation of new public enterprises, and also closing down inefficient and money losing public enterprises. However, with the takeover of Prime Ministership by Dr. Mahathir Mohamad in mid-1981, there was a drastic change in economic policy with an emphasis on heavy industry as part of the industrial deepening strategy and also a new move towards ownership restructuring.

Despite administrative coercion through FIC, CIC and ICA, the 1970s saw the failure of Malay ownership in penetrating into the manufacturing sector, which was dominated by multinational corporations (MNCs) and Chinese small and medium enterprises (SMEs). Apparently, there was also a severe lack of industrial linkage in the manufacturing sector with enclaves of low value-added industries. The new Mahathir government then changed its industrial policy bias towards investing in heavy industries. Under the new policy, the government de-emphasised the existing export-oriented industrialisation strategy, and was in favour of moving towards the second stage of import substitution strategy through the promotion of heavy industries (the first stage was achieved in the late 1950s and 1960s). To achieve this objective, a new government agency, called the Heavy Industries Corporation of Malaysia (HICOM) was established in 1980. The ultimate objective was to enhance industrial linkages, increase value added and also, of no less importance, *bumiputera* participation in the manufacturing activities. HICOM targeted a number of "nucleus" industries, such as steel, cement, sponge iron and heavy engineering, in collaboration with Japanese companies. Subsequently, pulp and paper, small engines, auto manufacturing, and the Proton national car project were also included. To finance the heavy industries, the government borrowed heavily from Japanese official and private sources (Jomo and Gomez, 1997). The government also began to adopt the so-called "Look East Policy" with the objective of emulating Japan as a successful industrial nation. Japanese-style *sogoshoshas* (large Japanese trading houses) were set up to promote export sales. The term "Malaysia Inc." (mimicking Japan Inc.) was coined to rally public-private co-operation for the national interest. All these policies and movements were aimed at encouraging the Malays to emulate the Japanese in their working style, especially in terms of diligence, co-operative and also national team spirit.

As a result of the heavy industrialisation drive, the public sector investment in commerce and industry rose sharply from $0.3 billion in 1978–80 to $0.9 billion in 1982 and then to $1.5 billion in 1984. However, many of the companies established by HICOM ended up with huge financial losses (Malaysia, 1989, p. 196). With the onset of the economic recession in 1985, the government's ability to sustain

such losses diminished rapidly, especially when the yen appreciated sharply, and prices of major commodity exports also declined significantly at the same time. Meanwhile, private investment registered significant declines of 8.1% and 16.7% in 1985 and 1986 respectively. Debt-servicing ratio also rose to a historical high of 18.9% in 1986, as compared with 4.3% in 1980. All these led to the fiscal and debt crises for Malaysia in the mid-1980s.

Economic Liberalisation and Privatisation

By 1985, the Malaysian economy had gone into a deep economic recession, characterised by large budget deficit, current account deficit and high external debts. As a measure to stimulate economic recovery, the Malaysian government did not have many alternatives but to adopt economic liberalisation measures. The NEP measures through ICA, CIC and FIC had discouraged both local and foreign investments prior to liberalisation in 1986. Secondly, despite diversification in commodity exports, all commodity exports declined at the same time. The only way out was to shift to the manufacturing sector as an engine for future growth. But the new strategy required a relaxation in the implementation of the NEP. However, there were only five years left to achieve the NEP objectives. This called for a new strategy in implementing the NEP. The new strategy included a liberalisation on the NEP in the industrial sector, de-emphasis on heavy industry so as to reduce high external debts and the acceleration of privatisation to reduce budget deficits and also for ownership restructuring to achieve the NEP objectives.

As a liberalisation measure, ICA was relaxed further, and the exemption level was raised to $1 million in shareholders' fund. Secondly, foreign ownership was also liberalised in July 1985. Depending on their export performance, the level of technology, spin-off effect, etc., foreign ownership could be increased to 80–100%. Thirdly, in September 1986, further liberalisation measures were announced. Foreign companies, which exported 50% or more of their production, were now allowed to have 100% ownership. Those foreign firms producing for the domestic market could also hold 100% ownership if they employed at least 350 full-time workers. Lastly, the Promotion of the Investment Act was enacted in 1986 to provide generous tax

incentives and pioneer status of up to 10 years to further encourage foreign investments. As a result of these liberalisation measures, and together with the sharp appreciation of the yen in late 1980s, direct foreign investments especially those from Japan flowed into Malaysia.

In line with the liberalisation measures, the Malaysian government also implemented privatisation to alleviate the government budgetary burden and also to meet the NEP objectives. At the end of 1986, there were 736 public enterprises, of which 380 enterprises were federal agencies and 356 were state-level enterprises. These enterprises were involved in a wide range of economic activities, notably in manufacturing, services, construction and agriculture. Public enterprises had been noted for their wastage of scarce resources, inefficiency and accumulated loss, increase in public debt, as well as a general lack of co-ordination and accountability (Rugayah, 1994, pp. 245-7). While privatisation was officially launched as far back as 1983, divestment of public enterprises to the private sector gained momentum only after 1985. This was because the government realised by 1985 that the 30% target for *bumiputera* corporate ownership might not be achievable by 1990, the year the NEP expired. In its eagerness to achieve NEP targets, laws were enacted or revised accordingly to facilitate allotment of shares through listing in accordance to the restructuring objectives. Firstly, priority in share allotment was given to trust agencies on behalf of the *bumiputera* community, especially *Amanah Saham Nasional* or ASN (National Equity Trust). After that, UMNO-connected individuals who held assets on behalf of the party ranked second in share allotment (Gomez and Jomo, 1997). The next group for share allotment was the Malay capitalists who lent support to UMNO. Finally, any leftover will be divested in the stock exchange for the general public, which also included small *bumiputera* investors. As a result of such discriminatory practices in share allotment, the *bumiputera* as a group obtained a much larger share in the privatisation exercise. Apart from preferential allotment of shares and sale methods, there was also a deliberate move in pricing of shares below market prices for the *bumiputera* community (Ismail, 1995, p. 129).

Originally, priority was given first to the *bumiputera* trust agencies as indicated in the Fourth Malaysia Plan, 1981-1985 that these trust agencies would hold 83% of the *bumiputera* share capital by 1990

with the remaining 17% held by *bumiputera* individuals. However, actual figures for the share ownership within the *bumiputera* community turned out otherwise. In 1990, the share of *bumiputera* trust agencies constituted only a mere 31% while *bumiputera* individuals accounted for a larger share of 69% of Malay share capital. The shift in favour of *bumiputera* individuals instead of trust agencies in share ownership was to fulfill a creation of the Bumiputera Commerce and Industrial Community (BCIC) under the so-called promotion of *bumiputera* entrepreneurship, apart from attaining the 30% *bumiputera* corporate ownership. However, such a shift in share distribution incidentally gave rise to the emergence of party capitalism and "money politics". This strategy became more dominant and obvious in ethnic wealth redistribution in the post-NEP period (after 1990).

Party Capitalism and the Financial Crisis

After the expiration of the NEP in 1990, the government replaced it with the new National Development Policy (NDP) with no targets set for ethnic wealth redistribution. The policy also aimed at reducing hard-core poverty and also intra-ethnic income distribution within the *bumiputera* community. As for the development of BCIC, the government continued to believe that privatisation was an important tool for the development and consolidation of a new Malay rentier elite who, as a group was expected to transform itself into an internationally competitive industrial capitalists in the future. With this view in mind and together with its "first come, first serve" criterion, politically-connected Malay businessmen were provided with ample opportunities to gain priority over others in the privatisation exercise. Many privatisation projects were given to politically-connected Malay businessmen or companies without an open tender system. In particular, many beneficiaries of the privatised projects have been chosen solely on the basis of political and personal connections (Jomo and Gomez, 1997). A classic example is the award of tender of the North-South Highway project to the United Engineers (M) Bhd. (UEM) which is under UMNO's control in 1986 (Gomez and Jomo, 1997, pp. 96-7). As a result, political nepotism and patronage were rampant with UMNO hegemony.

UMNO's active involvement in corporate investments was to play an important role in the corporate ownership restructuring and the creation of BCIC. The involvement gained in momentum with the appointment of Daim Zainudin as the Minister of Finance in July 1984. Searle (1999, p. 103) noted that officially, UMNO owned no shares in any company. In actual fact, the party exercised proprietorship through trusted individuals who owned shares and held directorships in more than 100 companies whose value totalled $4 billion by 1990. The business groups, which were closely linked to the party, were Fleet Holdings Sdn. Bhd., Hatibudi Sdn. Bhd., Halimantan Sdn. Bhd. and Koperasi Usaha Bersatu Bhd (KUBB). After April 1990, these groups, except for KUBB, came directly under the corporate umbrella of Renong Bhd. This outcome of political party in business was conceived by Daim as a "commonness" rather than "conflict of interest" (Kaur, 1984).

Such party involvement in business or "party capitalism" had resulted in "money politics", and caused factionalism within UMNO. The problem became so serious that during the 1993 UMNO general assembly, the problem of "money politics" was acknowledged and ironically, denounced (Gomez, 1990; Gomez, 1994). However, the problem persisted and the power base within the party shifted to Malay businessmen from previously teachers in the rural areas. Factionalism continued culminating to the indirect attack on Mahathir by former UMNO youth on cronyism during the 1997 UMNO general assembly and the eventual sacking of Anwar from the post of Deputy Prime Minister in September 1998.

Party Capitalism and Over-investment

Party capitalism as a way to promote Malay capitalists had met with great success in late 1980s and early 1990s. This early success provided further incentive for the Mahathir administration to push further for privatisation, especially in those projects that have certain degrees of monopolistic powers because of its non-trade nature in international market. Even if the projects were in the trade sector such as the Proton car project, these projects were well protected through tariffs to ensure "rents" being extracted for the good of promoting Malay capitalists. However, such privatisation of huge projects involving mainly

infrastructure, utilities as well as construction projects that have high import content, carries with them high investment rates (see Table 3). This was evidenced from Table 2 that during the Sixth Malaysia Plan, private investment rose significantly from 17.5% in the previous plan to 26.7% while public investment recorded an increase of only 3.1% during the same period. The high private investment was not from the increase in foreign investment as Japan, the major investor, was in deep recession in the early 1990s while the United States, another major investor, was also in recession. By the time the US recorded a sustained growth, their investment concentrated on home markets. The major investors during this period came mainly from NICs, such as Taiwan, Korea and Singapore, which divested or reallocated their labour-intensive industries into the Southeast Asian region, including Malaysia. Meanwhile, local investment was lured by high returns from a boom in the real estate and property sector. Such over-investment had a number of consequences.

The most obvious consequence of high investment was the widening of saving-investment gap. During the 1991–95 period, the gap recorded an average of 6.8% with a peak of 10.5% in 1995. In 1996, the gap did narrow to 5.1% but it was still higher than Lawrence Summer's proposal of not exceeding 5% (*Economist*, Dec. 1995). The government did realise the importance of reducing the gap but it was too optimistic about the "Lawson doctrine." This doctrine argues that current account deficit arising from private saving-investment gap should not be a matter of concern as this kind of deficit is sustainable, and private investment is more efficient than public investment (Montes, 1998, pp. 15-16). The optimistic mood was further boosted by sustained inflow of portfolio investment during the 1994-96 period with a stock market boom. In formulating the Seventh Malaysia Plan, the Mahathir administration was even more ambitious and announced Vision 2020. In the Plan, a number of megaprojects (see Table 4) were planned to take off in 1996.

The "Lawson doctrine" cannot be applied in the Malaysian context, indeed. As noted by Jomo (1994), and Jomo and Gomez (1997), privatisation in the Malaysian case is not so much for the increase in economic efficiency but rather for correcting racial economic imbalances and for the creation of Malay capitalists. The loss of

efficiency became more serious during the 1995-97 period when incremental capital output ratio (ICOR) rose steeply to 6.5% (as compared to only 3% in 1988). As noted by the National Economic Action Council (1998, p. 11), "the rising ICOR in recent years may also be due to increasing investments in capital-intensive projects with long gestation periods, leakages and initially under-utilised capacity."

Furthermore, most of the investment projects belonged to the non-trade sector funded by excessive credit expansion (NEAC, 1998, p. 12). Tables 3 and 4 indicate that there was an increasing trend in concentrating on investment in the non-trade sector, as compared with those privatised projects in the late 1980s. The bias towards the non-trade sector especially in the form of megaprojects had in fact caused an overheating of the Malaysian economy. While consumer inflation measured by CPI did not show any alarming sign with inflation rate not exceeding 4% (due to distortion by including many controlled items in the consumer basket), other signs of overheating were indicative enough for concern. Firstly, severe current deficit beyond 5% of GDP noted early is a good indicator of overheating especially when the economy recorded high growth rates of an average of 9.3% over the period 1994-96 and low unemployment rates of less than 3% (Table 1). Secondly, monetary growth measured by M3 well exceeded the sum of real GDP growth and inflation rate by a wide margin of 8-9% in 1995 and 1996, as compared with the usual gap of 2-3%. Thirdly, there were severe labour shortages and huge influx of foreign workers, both legal and illegal. Lastly, the stock market boom was accompanied by the real estate and property boom, with the house price index rising from a mere 4.8% in 1993 to 18.3% in 1995 and 12.9% in 1996.

The overheating of the Malaysian economy resulted in over-utilisation of scarce resources especially labour resources by the non-trade sector. This led to a loss of international competitiveness. This was indicated by an acceleration of average wage in the manufacturing sector, from 2.4% in 1993 to 9.6% in 1996. In the meantime, total factor productivity declined from 4.7% to just 1% in 1997 (NEAC, 1998). As a result, real exchange rates for Malaysia, a measure of international competitiveness, computed either from relative non-food producer price index, producer price index or prices of traded goods with that of non-traded goods, indicated a real appreciation for the period of 1991-96

(Athukorala, 1998). Such a loss of international competitiveness rendered Malaysia a vulnerable state, let alone there already existed short-term capital inflows, a reversal of such flows easily constituting a speculative attack by itself.

Party Capitalism, Credit Expansion and External Financing

Since the appointment of Daim Zainuddin as the Minister of Finance in July 1984, there was a shift of powers in the Malay elites from "politicians and administocrats to a combination of politicians and businessmen." (Searle, 1999, p. 47). Even Bank Negara Malaysia (BNM) could not avoid such political influence. This was especially so when Tun Dr. Ismail's long tenure as governor of BNM ended in 1980. During his tenure, BNM enjoyed considerable independence in terms of formulating economic policies and other banking matters such as the appointment of senior bank officers to commercial banks. The erosion of such independence in the 1980s accelerated when the successor of Tun Ismail, Tan Sri Aziz Taha was forced to quit his post in 1985. He was also stripped of his chairmanship of the powerful CIC "in a move that brought the powerful securities supervisory agency directly under Daim's authority (Searle, 1999, p. 48). This was to facilitate corporate takeovers and mergers as well as corporate restructuring in order to foster party capitalism later. At the same time, major commercial banks were acquired by politically-connected Malay businessmen and were in close co-operation with BNM to meet NEP objectives and the creation of Malay capitalists.

Such co-operation had led to a general laxity in bank and corporate governance. With such laxity, there was rapid bank loan expansion prior to the financial crisis. In 1995, bank loans rose sharply from 14.4% in 1994 to 29%. The expansion continued in 1996 albeit with a slower rate of 26.3%. However, with the onset of the financial crisis in mid-1997, bank lending to the private sector grew at a rapid annual rate of 33.5%. Apart from rapid loan expansion, most of the commercial banks also had a high exposure to the real estate and property sector (31%), as well as share financing (7%). Only in March 1997, BNM expressed concern on these two aspects, and imposed a 20% limit on the share of new lending for property and share market transactions. Athukorala (1998) presumed that the long silence on the part of BNM on these two aspects must be related to "connected (state-directed) lending" deeply rooted

under party capitalism. Such effort gained further impetus under the Mahathir administration's "Vision 2020". Holloway (1997) noted that off-budget financial support, mostly in the form of government-sponsored bank loans were extended to politically-connected businessmen to finance megaprojects to achieve the vision.

In the meantime, there was a stock market boom with market capitalisation exceeding 300% of GDP. Most of the listed larger companies were politically related. As Athukorala (1998, p. 95) noted, in many instances, the interest of company bosses and politicians were closely interwoven. Under such a situation, it was not uncommon for the manipulation of inter-company share transactions for the benefit of private limited companies at the expense of public listed companies. Such malpractice makes share trading vulnerable to financial panic in the event of a contagion.

Rapid credit expansion to finance the real estate and property sector, purchase of shares as well as other non-trade sectors led to the acceleration of asset inflation and the culmination of a bubble economy, awaiting the bubble to burst.

These same politically-connected companies, especially those involved in megaprojects in infrastructure, huge construction projects or heavy industries also resorted to external borrowing, most of which were with government guarantees. In 1996, the non-bank private sector external debt constituted 41.5% of total external debt outstanding, as compared with 37.5% in 1994. Fortunately, most of these external loans, unlike Thailand, were of long term. Even then, when the Malaysian ringgit depreciated sharply during the currency crisis, the external debt burden of these corporations rose sharply, not to mention the simultaneous rising of interest rates and the stock market crash.

Meanwhile, portfolio investment from abroad also rose sharply prior to the eve of the crisis in 1997. Such inflow boosted the stock market and also increased the vulnerability of a currency to speculative attack. Any reversal of such flows constituted capital flights, which would only accentuate a financial panic.

The Asian financial crisis had caused hardship to all sectors in the Malaysian economy. Politically-connected companies suffered the most as they were subject to high external debt burden arising from sharp currency depreciation in the crisis years. Owing to their high leverage,

they also accumulated a large amount of debts as debt serving rose amidst rising interest rates immediately after the crisis. Their companies net worth also suffered as share prices took a sudden downturn as the crisis deepened. For instance, Renong, an UMNO-related conglomerate, which accounts for 15% of the national's total construction business is still labouring under a $20 billion debt. In fact, Renong was voted Malaysia's worst-run company for 1998 and 1999 in a poll by the Asiamoney (*The Straits Time*, 2000).

Loss of International Competitiveness

As noted earlier, the over-investment in the non-trade sector had led to a loss of international competitiveness. Coupled with a loss of investment efficiency as evidenced by an increase in ICOR over the years, Malaysia's vulnerability worsened when its inflexible quasi-pegging exchange rate system remained unchanged despite a significant appreciation of the US dollar. Such quasi-pegging of exchange rate to the US dollar carried with it two undesirable consequences. One was that it removed automatically exchange risk of a major currency, providing a natural hedging for external borrowing. External borrowing was further encouraged when domestic interest rates rose above international level. In the Malaysian case, domestic interest rates rose above international level because of a rapid credit expansion and also a tight monetary policy stance to fight against inflationary pressure which became imminent with high economic growth. Unlike Thailand, most of the external borrowing came from the politically-connected non-bank private sector, and not commercial banks. This was because commercial banks, which had resorted to external borrowing in 1993–94, and subsequently were being punished by BNM through imposing exchange controls (removed in end-1994), were more cautious this time in their short-term borrowing.

Another consequence of a quasi-pegging of exchange rate was a loss of international competitiveness. This was especially so when the US dollar appreciated against major currencies such as the yen and the European currencies. At the same time, the loss of international competitiveness became more serious when Malaysia average real wage rose well above that of her neighbouring countries because of severe labour shortage arising from over-investment in the non-trade sector.

Moreover, labour productivity lagged behind real wage growth, especially in the trade sector such as the manufacturing sector in 1995 and 1996 that provided a state of vulnerability, thus weakening the Malaysian economy's ability to withstand any contagion effect and speculative attacks.

The crux of the low productivity problem was closely related to its inability to build up a pool of skilled workforce. On the eve of the financial crisis, Malaysia has already achieved a high rate of literacy, rising from 45% in 1975 to 89% in 1996. The enrolments for tertiary education rose sharply by more than 50% within a short span of six years from 1990 to 1995. However, about half of the increase came mainly from enrolments of arts courses. In addition, there was a serious mismatch between occupation and the type of training. Lee (1996) noted that only 28.9% of science graduates worked in science-related jobs. Meanwhile, skill development and upgrading did not rise in tandem with rising technological needs of the expanding high technology sector (Jomo, 1997). There was also evidence of skill shortages at all levels, particularly in technical areas, and high turnover rates for middle level skilled employees. This posed serious constraints to compete with neighbouring countries and upgrade to NIE status through industrial deepening and upgrading.

During the 1990s, competitive pressure from neighbouring countries became more acute. Firstly, China has opened up her economy since 1978, and has attracted a vast amount of direct foreign investment. As she possesses a cheap source of labour, she automatically becomes an attractive place for foreign investment in labour-intensive industries. China is a formidable competitor to Malaysia, unless Malaysia is able to upgrade herself to a higher league in industrial and technological development, thus evading direct competition with China. Unfortunately, Malaysia failed in its human resource development to upgrade her industries fast enough to avoid such direct competition. Malaysia suffered another setback in promoting its international competitiveness when China, in its effort to unify its dual exchange rate system, effectively devaluated her currency by about 30%. With its quasi-pegging exchange rate system and an appreciation of US dollar in 1995, Malaysia became less attractive in inducing direct foreign investment.

Apart from China, Malaysia also found it increasingly difficult to compete with other neighbouring countries, especially Thailand and

Indonesia, both of which have a cheaper source of labour, and export more or less the same commodities as Malaysia. Prior to the 1990s, Malaysia was the largest exporter of rubber and palm oil. Now she has lost to Thailand in rubber exports and also Indonesia in palm oil exports. Her comparative advantage in skilled labour and English-speaking labour force have also been eroded over the years because of the failure in skill upgrading and an over-emphasis on the Malay language.

Concluding Remarks

Since the onset of the Asian financial crisis in July 1997, numerous authors have been writing on the causes of the crisis. The causes include, among others, speculative attacks, short-term capital flows, over-borrowing syndrome, loss of international competitiveness, laxity in financial regulation and supervision, bubble economy, contagion effect, and cronyism and corruption. In surveying the literature, some authors classified these causes into external and internal factors (Bank Negara Malaysia, 1999) while others categorise these causes into three main factors, namely, unsustainability of current account, weaknesses in the domestic financial system, and self-fulfilling currency attacks. The classification of the causes will not enhance one's understanding of the crisis. Such classification, while helping one to summarise and remember the causes, may imply that these causes are somewhat independent of each other. The interaction and historical evolution of these factors, and their cumulating to eventual spark of the crisis may be ignored totally. Secondly, a large number of authors also implicitly treat the Southeast Asian region as homogenous, and consequently, they also regard the factors that caused the Asia financial crisis as the same. Even if these countries may suffer from the same weaknesses or have the same causes, the causes and weaknesses are not of the same degree and also most of the time, not of the same kind.

Malaysia is a classic example with a number of exceptions. For instance, she suffered from an over-borrowing syndrome in the banking system but not to the same extent as Thailand. Additionally, the over-borrowing syndrome in Malaysia did not lead her to high external debt burden while Thailand had these two aspects entwined so seriously that a reversal of short-term capital flows sparked off the financial crisis. Similarly, Malaysia also suffered from some degree of cronyism and

corruption as Indonesia but the extent and pervasiveness of these two aspects were not the same as Indonesia. The kind of cronyism also differed in kind.

This chapter argues that a state of vulnerability had developed in Malaysia prior to the Asian financial crisis in July 1997. The main cause of vulnerability originated from the Malaysian government's affirmative action in correcting racial economic imbalances and promotion of Malay capitalists. In its endeavour for such affirmative action, the policy has resulted in fermenting party capitalism and "money politics." Such development of party capitalism with strong government support and collaboration from the banking sector, in turn, led to an over-investment in the non-trade sector and a laxity in banking and corporate governance. These two developments, especially in the wave of globalisation and high international capital mobility culminated into a state of vulnerability (see Table 1). A trigger from the contagion effect arising from the Thai financial crisis in July 1997 set off a financial crisis in Malaysia. In many countries in the East Asia and Southeast Asia, financial liberalisation preceded banking crisis, and banking crisis preceded currency crisis which was sparked off by a contagion effect from Thailand (Kaminsky, and Reinhart, 1999). In the Malaysian case, the NEP preceded party capitalism, and party capitalism preceded an over-investment and a laxity in corporate and banking governance. This laxity preceded the currency crisis in 1997.

After the crisis, Malaysia adopted fiscal prudence measures, and abandoned the implementation of a number of megaprojects. On the financial front Malaysia also implemented several measures to facilitate restructuring of the financial sector, such as the setting up of institutions for taking over non-performing loans and recapitalisation. However, Malaysia suddenly adopted a fixed exchange rate regime with capital controls in September 1998. This regime gave Malaysia a breathing space for stimulating economic recovery and restructuring. Such policy regime can only be a stop-gap measure in stabilising the financial market during a crisis period. It cannot serve as a long-term solution in the face of globalisation and information technology era. Firstly, a fixed exchange rate regime in a generalised floating exchange rate system would lose exchange rate policy as an effective adjustment measure in an open economy. This may pose a serious problem,

considering Malaysia, as a developing country is generally encountering a lack of policy instruments. In such a situation, administrative measures are inevitably deployed but such measures often cause market distortion. Secondly, capital controls inhibit outflow of domestic capital, and in the face of large capital inflows (despite a flat 10% tax on repatriated funds before a one-year period), the domestic financial market would be flushed with excess liquidity (*Straits Times*, March 20, 2000, p. 63). This excess liquidity would in turn exert inflation pressure, which would inevitably adversely affect Malaysia's international competitiveness. Finally, with low domestic interest rate arising from such excess liquidity, savers and investors would then shift to share investments and property market, culminating in another asset bubble in the process.

As a whole, the Malaysian economy is still characterised by "weaknesses, inefficiency and enclaves" (Lubeck, 1992, p. 181). In particular, after four decades of independence, Malaysia still depends, to a large extent, on exports of primary commodities for sustaining economic growth. Her manufacturing sector, which has been export-oriented, continues to suffer from the same old problems of little industrial linkage, especially with the highly protected import-substitution sector, low value added, and little spin-off effect. In addition, the sector still depends on MNCs for access to the international market, transfer of technology, technology upgrading and worst still, supply of components and parts. The industrial policy, even with the implementation of the Industrial Master Plan is "riddled with contradiction, irrationalities, and outright corruption" (Lubeck, 1992, p. 181). The government and business relations is also typified by inter-ethnic political bargain, "money politics", political patronage and ethnic chauvinism (Gomez, 1990; Gomez and Jomo, 1997). In particular, the Malay-dominated state elite still prefer to align themselves with foreign capitalists in exchange for joint ventures and directorship rather than with domestic ethnic Chinese capitalists. Such ethnic by-pass policy (Jesudason, 1989) has led to two consequences. One is that SMEs, which are dominated by ethnic Chinese capitalists, without much government support and a lack of alignment with MNCs, cannot play an effective role as innovative manufacturers as their counter parts in Taiwan. Secondly, the large Chinese capitalists who also enjoy a certain degree of political patronage, also tend to avoid productive manufacturing,

and generally prefer investment in the more lucrative and well-protected commercial property and residential housing. Malay capitalists under political patronage with rent-seeking behaviour are also reluctant to enter the manufacturing sector to develop a network of industrial linkages. They tend to confine themselves to the finance, construction and property sector which have low risks and high returns. The over-emphasis on investment in the non-trade sector, to the negligence of the trade sector, especially the manufacturing sector, would only render the Malaysian economy to a state of vulnerability and continued structural weakness.

The challenges facing the Malaysian economy therefore, lies in its ability in striking a fine balance between equity and growth that does not develop into a state of vulnerability. To spur economic growth, the government also needs to address seriously the issues of structural weakness, ethnic by-pass policy, human resource development as well as bank and corporate governance to meet challenges of the 21st century.

Table 1: Key Economic Indicators, Malaysia

	1994	1995	1996	1997
Real GDP Growth (%)	9.1	10.1	8.6	7.7
Unemployment (%)	2.9	2.8	2.6	2.6
Inflation (%)	3.7	3.4	3.5	2.7
M3 Growth Rate (%)	13.1	22.3	21.2	18.5
Current Account Deficit/GNP (%)	-8.2	-10.5	05.1	-5.1
National Saving Rate (%)	34.4	35.2	38.5	40.0
National Investment Rate (%)	42.5	45.7	43.6	45.1
Government Budget Surplus/GDP (%)	2.4	0.9	0.8	2.5
External Debt Servicing Ratio (%)	5.5	6.6	6.9	5.7
External Reserves (Months of retained import)	5.5	4.1	4.4	3.4

Source: Bank Negara Malaysia, and National Economic Action Council, August 1988.

Table 2: Saving-Investment Balance, 1971-2000 (% of GNP)

	1971-75 2nd MP	1976-80 3rd MP	1981-85 4th MP	1986-90 5th MP	1991-95 6th MP	1996-2000 7th MP
Public Investment	7.8	10.3	17.3	11.0	14.1	10.7
Public Savings	2.4	7.3	11.7	10.3	17.4	10.9
Deficit/Surplus	-5.4	-3.0	-5.6	-0.7	3.3	0.2
Private Investment	16.5	17.1	18.9	17.5	26.7	27.2
Private Savings	18.4	22.7	15.7	20.7	16.6	24.0
Deficit/Surplus	1.9	5.6	-3.2	3.2	-10.1	-3.2
Gross Domestic Investment	24.4	27.4	36.2	28.6	40.8	37.9
Gross National Savings	20.8	30.0	27.4	31.1	34.0	34.9
Deficit/Surplus	-3.6	2.6	-8.8	2.5	-6.8	-3.0

Note: MP refers to Malaysia Plan.

Source: Various Malaysia Plan Documents.

Table 3: Major Privatised Projects in Malaysia, 1983-95

Project	Year
Category I: Divestment	
Klang Container Terminal	1986
Malaysian International Shipping Corporation Bhd (MISC)	1986
Syarikat Gula Padang Terap Sdn Bhd	1989
Cement Manufacturers Sarawak Bhd	1989
Cement Industries of Malaysia Bhd (CIMA)	1990
Edaran Otomobil National Bhd (EON)	1990
Syarikat Telekom Malaysia Bhd (STM)	1990
Holiday Villages Sendirian Bhd	1990
Pernas International Hotels and Properties Bhd (PIHP)	1990
Peremba Bhd	1990
Kumpulan FIMA Bhd	1990
Tenaga Nasional Bhd	1990
Heavy Industries Corporation of Malaysia Bhd (HICOM)	1994
Petronas Dagangan Bhd (PDB)	1994
Petronas Gas Bhd	1995
Category II: BO/BOT/BOO	
North Klang Straits Bypass	1983
Jalan Kuching/Jalan Kepong Interchange	1983

Table 3: Major Privatised Projects in Malaysia, 1983-95

Project	Year
Rural Water Supply Project	1986
Labuan Water Supply Project	1987
Kuala Lumpur Interchanges	1987
North-South Highway	1988
Ipoh Water Supply	1989
National Sewerage Project	1993
Light Transit Rail System	1993
Bakun Dam	1994
Singapore-Johore Baru Link Crossway	1994
Main Terminal Building, KL International Building	1994
Category III: Management Contract	
National Park Tourist Facilities	1986
Semenyih Dam	1987
Marketing of Airtime, Radio Malaysia	1987
RISDA Marketing Activities	1987
Maintenance of Tube Wells, Labuan	1988
Kuala Lumpur Mini-bus Services	1993
Inspection of Government Vehicles	1993
Support Services for District and General Hospitals	1994
Category IV: Management Buy-out	
Peremba Bhd	1990
Kumpulan Fima Bhd	1990
KK Industries Sdn Bhd	1993
Category V: Licence	
TV3	1983
Big Sweep Lottery	1988
Telecommunications (Time Engineering Bhd)	1992
Independent Power Producer (Time Engineering Bhd)	1992
Independent Power Producer (YTL Corp.)	1993
Metro Vision (TV4)	1993
Satellite Services Network (cable television)	1994
Satellite/Telecommunications (Binariang Sdn Bhd)	1994
Telecommunications (Malaysia Resources Corp. Bhd)	1994
Category VI: Lease	
RMAF Aircraft Maintenance Depot	1985
Shah Alam Abattoir (Swine section)	1990

Table 3: Major Privatised Projects in Malaysia, 1983-95

Project	Year
Category VII: Corporatisation	
Lumut Dockyard	1991
Postal Services Department	1992
Keretapi Tanah Melayu (KTM)	1992
Johore Port Authority	1992
Bintulu Port	1992
Department of Civil Aviation (DCA)	1993

Source: Sixth Malaysia Plan, p. 73: Table 2.8; Abdul Aziz Abdul Rahman, 1993, pp. 103-4, Malaysia's Political Economy: Politics, Patronage and Profits, pp. 84-85.

Note: IPP licences are also BOO contracts.

Table 4: List of Future Public Projects in Malaysia

1.	Multimedia Super Corridor (RM25.4b)
2.	Putrajaya Township (RM20b)
3.	Bakun Hydroelectric Dam (RM5.5b)
4.	Kuala Lumpur Linear City (RM5b)
5.	West Coast Expressway (RM3.8b)
6.	Kedah Coastal Reclamation (RM3b)
7.	Penang Second Bridge (RM3b)
8.	East Coast Expressway (RM2.7b)
9.	Kuala Lumpur Elevated Highway (RM2.4b)
10.	Muar-Tangkak-Segamat Highway (RM2.3b)

Source: Seventh Malaysia Plan (1996-2000) and *The Straits Times*, various dates.

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Endnotes

Chart 1: Causes of Financial Crisis in Malaysia

1 Lawrence Summer notes that "...close attention should be paid to any current account deficit in excess of 5% of GDP, particularly if it is financed in a way that could lead to rapid reversals" (*Economist*, 1995).

2 *Bumiputera* means "sons of the soil or indigenous people". The community comprises mainly Malays and other indigenous people in Sabah and Sarawak, such as Iban, Kadazan, Bidayuh, Melanau and Murut. In this paper, Malays and *bumiputera* are used interchangeably.

3 National Front is a ruling coalition comprising nine political parties. The major coalition partners include UMNO, the Malaysian Chinese Association (MCA), and the Malaysian Indian Congress (MIC).

4 "Baba" refers to those Chinese descendants who had been in Malaysia for the past few centuries such that they have forgotten their own language. Instead, they speak Malay mixed with Chinese dialects, usually Hokkien, in their daily communication. Many of them still practise traditional Chinese customs which have been mixed with Malay customs. *Baba* in this context has nothing to do with these people. It just means ethnic Chinese in general. Similarly, *Ali* refers to Malays in general. Under the NEP, Malays enjoy special privileges for easy access to government licences, tenders and contracts. As a result, Malays lend their names to Chinese businesses for application of government licences, tenders or contracts. Such an arrangement is called *Ali-Baba* business, with the Chinese being the actual business operator while the Malay is the sleeping partner.

Chapter 7

Competing Politicians, Competing Visions: Mahathir Mohamad's *Wawasan 2020* and Anwar Ibrahim's *Asian Renaissance*

Claudia Derichs

Introduction

By way of some surprise, long-term Prime Minister Mahathir Mohamad ousted his Deputy Anwar Ibrahim in September 1998 and let him be expelled from UMNO. The act can be seen as a watershed of Malaysian politics, for political processes since then have been watched and shaped with much more popular commitment than before, despite the familiar continuation of *Barisan Nasional's*, hence UMNO's rule after the national elections in November 1999. The political consciousness of the Malaysian people has been raised through and after Anwar's sacking, it is said, and if it weren't for the sake of political stability, people would have had reason to induce a turmoil comparable to that in the early days of Suharto's fall in neighbouring Indonesia. One should not compare Malaysia too easily to Indonesia though. The political, ideological and societal settings in both countries are indeed quite different when we regard, for instance, how the containment of the crisis of governance since the beginning of the economic slowdown in the region has been handled and perceived in the public as well as among the political elite.

Political theory speaks of authoritarianism in the case of both Malaysia and New Order-Indonesia. Malaysia though is conceded the adjective "soft", which indicates that freedom and liberalism exist to a

certain degree. We will meet the term "soft" in some other contexts during this chapter too. As scientific approaches love to operate with dichotomies, we can employ here the couple "hard" and "soft" to analyse the two visions of the two respective politicians, Mahathir and Anwar, concerning future Malaysia. The struggle of both to create a certain form of collective identity, in fact national identity, is reflected in the *Wawasan 2020* (Vision 2020) as well as in the idea of an *Asian Renaissance*. The two visions are by no means isolated from each other. Rather than that, many of their elements are integrative in character and can be combined fruitfully. For the sake of argument, however, they are looked at here as separate pieces because their mental fathers, Mahathir and Anwar, have expressively split up.

Analytical preference is given to the issue of competition, resulting in the argument that the examination of the two visions offers a clue to the understanding of why the UMNO power team Mahathir-Anwar drifted apart. Intra-elite competition or intra-party competition plays a major role in the dynamic of processes of separation. In Japan, we find an institutionalised form of intra-party competition in the shape of factionalism — in fact a phenomenon which is apparent throughout the Japanese social organisation. However, factionalism cannot be considered as institutionalised in the case of Malaysia or of UMNO; the buzzword to characterise the Malaysian situation would rather be communalism, which refers to the political parties as single communal units. As for UMNO, intra-party factions do well exist, and when it comes to questions of either-or, determined party members do not even hesitate to break away and play the role of the outlaw. It so happened with Mahathir in 1969, and in a different but still comparable way to the *Semangat 46* team in 1987. The short histories of such breakaways and their final return to UMNO might be seen as to display a pattern. Observers like Cheah Boon Kheng thus consider the Anwar case an almost repetitive intra-UMNO power struggle, so that a comeback of Anwar will eventually not take place under the flag of a new party but under the umbrella of UMNO (Cheah, personal conversation, September 1999).

The picture of the story drawn here is framed in a historical-systematical description of the rise and fall of Anwar Ibrahim. The systematical element lies in the categories of comparison of the two

visions: their prognostic scope on the one hand, and their narrative fidelity on the other hand. From political culture theory I then borrow the concepts of "political socio-culture" (*politische Soziokultur*) and "interpreted political culture" (*politische Deutungskultur*) (Rohe, 1987; 1993) to explore the visions' meaning in and outside UMNO. The result is the thesis that as long as the relationship of the protagonists is complementary and non-adverse, government is efficient and the two spheres of political culture are relatively cohesive. When complementarity transforms into contrast and the personal relationship becomes adverse, the cohesion breaks up and instability affects both the *Soziokultur* and the *Deutungskultur*. Political cleavages are revealed in the political culture; the political culture finds expression in the appreciation or disapproval of the visions presented. The reflection of appreciation and disapproval in the political culture receives empirical underpinning, though by way of huge random samples or statistical data. The findings presented here derive from extended conversations and interviews with intellectuals, politicians and non-governmental activists on the one hand (1997-2000), and content analyses of printed and internet documents on the other hand.[1]

Wawasan 2020

The *Wawasan 2020* was launched by Prime Minister Dr. Mahathir Mohamad in 1991 as the leading image for Malaysia in the 21st century. The New Economic Policy (NEP) had just ended a year before, and the New Development Policy, or National Development Policy as it is also called (NDP), had succeeded it in 1991 with slight shifts from quantity to quality focus (Mahathir, 1998a; Milne and Mauzy, 1998). As Mahathir himself admits, the NEP had not achieved every target, especially in terms of *bumiputera's* involvement in the economy (Mahathir, 1998a, p. 64). But it had at least served to lift up the standard of living of *bumiputera* and non-*bumiputera* alike by way of the country's successful economic performance. So the claim that the NDP would never have been as successful without the results of the NEP to build upon is not too farfetched. The NEP was Malaysia's version of affirmative action. Its strong ethnic bias in favour of the *bumiputera* has been criticised by non-*bumiputera* for its unfairness, whereas Malay opposition parties

(PAS, *Semangat 46*) asserted that it was the non-*bumiputera* who benefited most from the policy.

According to the Prime Minister, the NDP "has been equally well accepted politically by all the racial communities in Malaysia." (Mahathir, 1998a, p. 65). The impression may well arise through the fact that the NDP does not envisage clear-cut targets like a 30% share of the national economic wealth by the *bumiputera* in a prescribed period of time (one of the central targets of the NEP). However, Mahathir must still have felt uncomfortable with the NDP and its underlying expertise, the Second Outline Perspective Plan, which had been formulated by the Economic Planning Unit in the Prime Minister's Department. The NDP and the Outline Perspective Plan presented objectives, but had no visionary strength to let people dream of a bright and wealthy future to come. Providing a vision of the near future as a means of national identification should also be something to last even after Mahathir's retirement from Prime Ministership. Vision 2020 shows potential for that.

Speaking of Vision 2020, some keywords like knowledge, technology, growth and productivity have to be mentioned. The Vision was introduced with the following statement (The Vision 2020 Statement):

> The ultimate objective that we should aim for is a Malaysia that is a fully developed country by the year 2020. We shall be a developed country in our own mould. We must be fully developed in terms of our economy, in terms of social justice, political stability, system of government, quality of life, social and spiritual values, national pride and confidence. There can be no fully developed Malaysia until we have finally overcome the nine central strategic challenges that have confronted us from the moment of our birth as an independent nation. (Hng, 1998, p. 39)

The nine strategic challenges Mahathir speaks of circle around the establishment of a united nation, resilience, a democratic society, moral and ethics, inter-communal tolerance, scientific innovation and progress, familial welfare (preferable to individual welfare), equitable

distribution of wealth, and prosperity (Hng, 1998, p. 39f; Mahathir, 1998b, p. 16f). All these challenges are considered the "soft targets" of the vision, i.e. targets that do not suggest any elaborate economic goal. To achieve the soft targets, the so-called "hard targets" must be met. They include demands like a 7% GDP growth rate over three decades; an annual population growth rate of 1.9%; a shift in the per capita income from RM6,180 (1990) to RM26,100 (2020) to gain the status of a high-income nation; an export increase from RM78 billion to RM1,480 billion, accompanied by a decline of its share as a percentage of GDP; a reduction of the agricultural share of total economic output from 18 to 6% in favour of an increase in the share of manufacturing (27 to 40%) and modern services (42 to 50%); an annual productivity growth of 4.1% over three decades; a gradual shift in production towards more knowledge- and technology-intensive industries; a reduction of the size of the public sector; and a change of the business behaviour of the private sector to become globally competitive and less dependent on government support (Hng, 1998; Mahathir, 1998b). The hard objectives serve the soft objectives, and that's the way to go. The financial crisis has of course lowered the speed of heading towards the achievement of these targets.

The soft and the hard targets together expose political intent and economic strategy. Although the financial crisis has provoked a heavy setback for the prospects of actually reaching the goal, the vision radiates appeal through "the dare of its claims" (Hng, 1998, p. 42) — a feature that fits perfectly the image of Mahathir. But what is so daring about the claims and targets? Is it the hard targets or the soft targets that seem so daring? Admittedly, the means to achieve the hard targets — privatisation, skilled labour, technology-intensive industry — do not surprise too much. They are normal compared to the global mood of neo-liberalism. Daring about the hard targets might rather be the megaprojects which are supposed to help Vision 2020 become visible and invisible at the same time. Apart from the superlative-seeking buildings like the twin towers in Kuala Lumpur or the new international airport in Sepang (Kuala Lumpur International Airport; KLIA), the symbols of the knowledge- and technology-oriented Malaysia of Vision 2020 are the new administrative capital Putrajaya, the high-tech city Cyberjaya next to it, and the Multimedia Super Corridor (MSC). In

Putrajaya and Cyberjaya, we find many visible buildings, but what is really going on is not visible, for the "paperless" city Putrajaya tries to handle the administration sooner or later by using only electronic media. What people can see is government and administration buildings as well as a huge mosque. The buildings convey the odour of Arab-Oriental architecture, hence symbolise the importance accorded to Malay-Muslim cultural heritage.

Cyberjaya (Malaysia's version of Silicon Valley) is called "the nucleus of the Multimedia Super Corridor", which is an expensively-created upper-class site for the recreation of cyber brokers and a super-equipped location to hold international conferences and meetings. Cyberjaya has been designed to become an agglomeration of IT enterprises, centres for research and development, and a Multimedia University (Altenburg, 1998). The actual e-business, research, cyber communication, creation of information technology or employment of multimedia services in Cyberjaya are hard to find, for it is naturally just not visible by looking at buildings. The MSC, too, is not a corridor one can walk through as in a large museum or airport. It is a "quarantine zone" (Folk, 1998) south of Kuala Lumpur, 50 km long and 15 km broad. Investors setting up their plants and company buildings there are supposed to be attracted by a modern telecommunication infrastructure, supportive services to facilitate technology production and communication, tax preferentials, fiscal incentives, the guarantee of uncensored use of and access to the internet, a special legal status (e.g. patent protection) and some other investment-friendly laws and policies, usually referred to as "cyberlaws" (Altenburg, 1998).[3] Indeed, cyberlaws and policies are hardly visible. Apart from corporate buildings, one planned visible outcome of the MSC and Cyberjaya will be a charming area for living with no skyscrapers around, a garden city. The visible parts of Putrajaya, Cyberjaya and the MSC are thus emanations of the beauty of architecture and landscape shaping.

As regards the prognostic scope and the narrative fidelity of the *Wawasan 2020*, it makes sense to look at what Putrajaya, Cyberjaya and the MSC — as the symbols of the hard targets — stand for in terms of the prospects of the future of the Malaysian people. The prognostic scope of an idea or concept works in the service of the audience it is intended to attract. In situations where strategic planning and policy-making are

requested, hence in nearly every field of politics in a nation-state, leaders have to define the situation at hand and what is to be done. In both national and international politics, there is competition among the leaders and decision-makers for the defining of situations and the invention of concepts for action. Once a concept is brought forth, the people who ought to carry out what is to be done have to become convinced of the concept so that they appreciate it and believe in the righteousness of the cause. To gain such convincing strength, a concept must offer plausible solutions for actual problems and a realistic, but never too humble prognosis of the future.

Translated into the setting of Malaysian politics, Vision 2020 as the concept that generates policies and political action finds itself in competition with other concepts that generate policies and political action. The invention of the Multimedia Super Corridor as one output of Vision 2020 on the policy level is a case in point to illustrate (a) the definition of a situation and (b) competition. With globalisation in the 1990s proceeding particularly in international trade and finance, the Southeast Asian economies were forced to accommodate this trend somehow. Both Mahathir and Anwar had understood this and decided that globalisation should be considered an opportunity for Malaysia (and Asia) rather than a danger. Mahathir thus brought forth the idea of a multimedia corridor, symbolising progress, modernity, and opportunities to attract investors (Mahathir, 1998b). Hardly anybody can deny that promoting progress, modernity and economic resilience is a plausible way to cope with the challenges of globalisation.

The competitive element lies in the fact that nearly every neighbouring country of Malaysia has begun to cultivate its own version of a multimedia site. Hongkong announced the installation of a "cyberport", an industrial park for IT companies; South Korea develops a special zone in the south of the capital Seoul, Indonesia plans a cybercity near Jakarta, and Singapore is already wired with high-speed cables. Governments throughout the region pour remarkable sums of money into IT-related business, and in 1999 alone "the tripling of the bandwidth or carrying capacity of major trunk cables linking Asian countries was made possible" (FEER, December 30, 1999 – January 6, 2000, p. 22). Viewed from this

perspective, the Malaysian MSC and with it Putrajaya and Cyberjaya have fallen perfectly in line with the rest of Southeast Asia. In their prognostic regard, the IT-promoting policies offer a solution to the problem of how to cope with the threat of lagging behind and being a latecomer while all the other economies in the region have become not paper tigers but paperless tigers these days.

In the service of the audience it is appealing to, though, the prognostic scope of the MSC is still daring. A Malaysia developing to become the IT-hub of the region in less than two decades sounds charming. However, the point to pay attention to is the fact that it is not only the national and international investors' community that forms the audience, but the Malaysian populace too. For many Malaysians, the "leapfrog into the Information Age" Mahathir intends the nation to perform is everything else but convincing (Mahathir, 1998b, p. 29). It is just not plausible why schools in Sarawak have to struggle even for access to electricity when the Kuala Lumpur dailies propagate excellence in education and the need to adapt to the times (NST, March 16, 1999).[3] The policies pushing the MSC, the cities and the other megaprojects (Kuala Lumpur City Centre Complex, KLIA) arouse suspicion at least among the "normal bystanders" in the country, i.e. among the people whose struggle to make ends meet is not at all eased by looking at a precious garden city in Cyberjaya. The lack of convincing strength of the policies among the ordinary citizenry can be analysed as a lack of narrative fidelity.

Like the prognostic scope of an idea, concept etc., narrative fidelity is an addressee-oriented analytical element and emphasises the "natural setting" of a concept in terms of the view of reality it provides. The view of reality is contingent on the perception of reality. Take for instance the new international airport (KLIA) as a megaproject and the Kuala Lumpur taxi driver as a "bystander" or ordinary citizen. According to new transport regulations which came with the opening of the airport, normal (red-white) taxis were not allowed to pick up arriving passengers and take them to town. The transport was exclusive to special airport taxis. Particularly in comparison to former times, when the Kuala Lumpur taxi driver made good money taking departing passengers to the nearby Subang airport and arrival passengers back into the city, it was unlikely for

him to believe now in the prestige (Asia's largest airport) and merits (regional logistic hub; centre of Malaysia's emerging aerospace industry) the new airport was declared to bring. A giant building built with huge amounts of tax money, KLIA to many people not only seems overdimensioned in size and spending, but also time-consuming to come and go because of its 70-km distance from the capital. Much of the luxury equipment in KLIA could have been saved in favour of solving basic developmental problems. Similar criticism is directed to the MSC, which should rather encourage the coming together of creative people finding commercial applications for their ideas than express itself in grand buildings (Sahathevan, 1999). Despite the slogan *Malaysia Boleh* (Malaysia is able), which has been employed to inspire confidence, the megaproject policies so far appear too enthusiastic in view of the actual economic and innovative capacity of the country (Rajah, 1999). They are not perceived as reasonable when related to the everyday life reality of the average Malaysian. The pattern of interpretation changes of course, when people benefit ultimately from a policy. I will deal with this question in the discussion of political socio-culture and interpreted political culture.

Back to the targets of Vision 2020, the dichotomy of hard and soft targets deserves once again attention. Having explained how the MSC, Cyberjaya and other projects function substantially to translate the hard targets of *Wawasan 2020* into concrete policies and how these are perceived in different societal settings or "reality settings", the focus should shift to the relationship of the hard and the soft targets. Their compatibility and mutual dependence is rooted in the decree that the "proper reckoning of Vision 2020 will depend on how its hard objectives serve its soft targets, not the other way round" (Hng, 1998, p. 49). What counts is thus the possibility of achieving national unity, democracy, justice, equity and prosperity by way of tolerance, morality, ethics and innovative skill. These are issues which Anwar Ibrahim referred to in detail, as we shall see in the account of the *Asian Renaissance*. Prime Minister Mahathir elaborated on the issues as well, but in quite a different diction and with less academic input. To briefly explore the question of why it is Anwar rather than Mahathir who would be expected to lead the country onto the path of the soft targets, it suffice to name some typological items.

At the time of the launching of Vision 2020 (1991), the selection of the area for Putrajaya (1993), the launch of the MSC (1996) and the foundation stone for Cyberjaya (January 1997), Mahathir and Anwar were still a couple of politicians with complementary principles and plans. The "pragmatist" Mahathir uttered principles and strategies, the "intellectual" Anwar enriched them with spirit and thought. This is not to say that pragmatists cannot be intellectuals or vice versa, but merely to make a rough typological distinction to facilitate further considerations. My point is simply that the charisma of both politicians is very much nurtured by the rhetoric and eloquence they have displayed in countless speeches, publications and media appearances; surveying these, one may separate between a more pragmatic, ad hoc and controversial type (Mahathir), and a more spiritually touched, scholarly-culturally educated type (Anwar).

The soft targets or "nine challenges" address the national arena, while the ideas in the *Asian Renaissance* comprise more than a single country. It is nonetheless legitimate to connect the soft targets of Vision 2020 and the Renaissance ideas with each other, for the central issues remain the same. The following analysis of the *Asian Renaissance* concentrates on the topics of democracy, moral/morality, and ethics.

The Asian Renaissance

There is hardly a topic in the global political discourse that can claim to arouse interest as constantly as the issue of democracy. In his famous book *The Asian Renaissance*, Anwar Ibrahim devotes a whole chapter to the question of democracy and civil society (Anwar, 1996, pp. 47-60). He emphasises that the debate on democracy and civil society is witnessing a revival in Asia, which is hardly noticed in the West. The revival takes place in a period of time when many Western media prefer to report either on religious fundamentalism or on the economic miracle/economic breakdown in the "Orient" instead of spreading information about popular political discourses. The problem Anwar touches upon also reflects the contemporary situation, although the political and social effects of the financial crisis have caused many in the West nowadays to look beyond the curtain of religious and economic fringes. But still the crisis is much more reported on and commented in the economic context than in the context of its political

repercussions. So Anwar's observation still applies to the current state of affairs concerning the Western media coverage of political discourses in Asia.

The term *renaissance* implies a reawakening, reinvention, revival and reinvigoration of Asian thought and tradition. Anwar refers to a reawakening of Asian ideals and values, and to a reinvention of Asian social and political order. "The present quest for democracy and civil society", the author states, "is an integral part of the continuum of the movement for national liberation and self-determination which began in the first half of the century." (Anwar, 1996, p. 49) There is no disagreement with the statements in Vision 2020 in that a strong and vibrant economy is predicated upon a stable social and political order. What makes for a difference, however, is that both the strong economy and the underlying stable social and political order are the conditions for a *civil society* to thrive (Anwar, 1996, p. 48). The very concept of civil society explained and defined and endlessly disputed upon in the West was adopted by Anwar to be applied to the Malaysian society too. The translation and the meaning of the term were painstakingly thought out in order not to simply transfer an idea from one stage to the other, but to formulate a concept — a vision indeed — that would care for the specificities of the Malaysian society. Eventually the term *masyarakat madani* was coined to convey the meaning of *civil society* for Malaysia. Its features are clearly pointed out:

> The civil society we envisage is one based on moral principles, where governance is by rule of law not human caprice, where the growth of civic organisations is nurtured not suppressed, where dissent is not stifled, and where the pursuit of excellence and the cultivation of good taste take the place of mediocrity and philistinism. For that, we have to retrieve, revive and reinvigorate the spirit of liberty, individualism, humanism and tolerance. (Anwar, 1996, p. 51)

The Asian version of civil society differs in some fundamental respects from that of most of the Western thinkers. The historical-philosophical object of reference for Western thinkers is the Enlightenment. The concept of enlightenment is based on the assumption "that religion and

civil society are intrinsically incompatible" (Anwar, 1996, p. 51). Contrary to this basic assumption, in the Asian context in general and in the Malaysian context in particular, religion is a source of strength and a crucial element to prevent moral and social decay. Man is a moral being and moral is ultimately vested in (religious) belief and faith. He is a moral being "with a transcendent dimension, endowed not only with inalienable rights but also with unconditional responsibilities: to God, to family, to fellow humans and to nature" (Anwar, 1996, p. 51). It is not difficult to guess that Anwar's primary religious experience derives from Islam. Although one may not neglect that the *Asian Renaissance* is fully devoted to the acceptance of the diversity of religions of traditions — a fact that cares for the composition of a multiethnic nation-state like Malaysia — Anwar's personal affiliation to Islam has played a pivotal role in his political career (see below).

The core arguments of Anwar's vision are embedded in a secularist and democratic framework that will provide for a responsible and accountable civil society — a civil society that is also responsive to the state's agenda (Saliha, 1997). In the state's agenda of contemporary Malaysia the dominant societal and political Asian value is a combination of "Malay" and "Islamic" with a developmentalist orientation. It is urbane, progressive, modernist and democratic in character, and at the same time bound to an Islamic and ethical framework. Societal and political discourses and practices in the ethical civil society "take place within an Islamic and ethical framework, where issues of democracy, pluralism and participation, social justice, accountability, democratic fairness, and good governance are debated and acted upon responsibly" (Saliha, 1997, p. 8). Democracy is not an end unto itself in such a society, but a means by which humane governance can be ensured. The basic proposition underlying democracy and humane governance is the principle of the dignity of man. The idea of the dignity of man has been conceptualised in the West first, but the source of it came from the noted Arab humanist Ibn Qutaiba, as Anwar points out (Anwar, 1996, p. 50). Digging out the Western *and* Asian, or the not-only-Western roots and sources of such very prominent ideas as democracy, humanism or the dignity of man, Anwar draws an extraordinarily convincing picture of what he calls renaissance and synthesis of Eastern and Western ideas. By

intellectual cohesiveness and by the convincing strength of the syntheses, the concept of renaissance provides a diagnostic and prognostic scope. The problem identified (diagnosis) is the lack in Malaysian society of most of the features that make for a *masyarakat madani*; the solution of the problem is the creation of these features through the synthesis of Eastern and Western concepts, and particularly through the internalisation of moral and ethical principles.

According to Anwar's vision of the *masyarakat madani*, ethics and morality are inevitable ingredients of the Malaysian civil society. Ethics apply to politics as well as to economics. In his view, Marxism for instance is condemned because it has no place for ethics, morality and spirituality. The appeal of Marxism to developing countries, which cannot be denied of course, was due largely to its anti-imperialist rhetoric, promising the liberation of man from the tyranny and exploitation of colonialism (Anwar, 1998, p. 75f.) History shows that Marxism failed, while free trade, competition and the return of the market are held in high esteem in the capitalist industrial countries. However, many forms of deprivation remain in contemporary capitalist states, living below the poverty line, to mention but one example, has not yet come to a halt. Anwar thus suggests a "middle path" to go, which is composed of devices taken from Islam and from other ethical and philosophical traditions. Islamic devices are *hisba* (fairness in business),[4] *zakat* (tax or "tithe" on income, business and property), *waqf* (endowment; charitable foundation), and the concept of the "virtuous man", the *insân sâlih*. From Confucianism he borrows the images of *chun tzu* (the upright, morally perfect human being; the "Superior Man") and *jen* (humaneness; love of fellowmen), *chung* (the doing to others what one likes oneself) and *shu* (the not doing to others what one does not like oneself).[5] As for Western devices, Anwar departs from the *homo oeconomicus*, because this type is characterised by self-interest and not at all by altruism; disapproving the homo oeconomicus concept which is a brainchild of John Stuart Mill's liberal utilitarian philosophy, he sympathises with the school of thought propagated by another no less eminent and influential scholar of Western classical economic theory as well as moral philosophy, namely with Adam Smith. Anwar employs "the moral philosophy of Adam Smith in its more integral form," which means the preference of wisdom and virtue over material riches (Anwar, 1998, p. 82).

With the rediscovery of Adam Smith's ethical philosophy, the convergence of Eastern and Western devices, ideas and concepts shape a perfect circle. The traditions of Muslim philosopher Ibn Khaldun, Confucian reformer Wang An Shih and British economist and philosopher Adam Smith condense to what is called a "holistic approach to growth and development." The challenge for the Asian people in general and for Malaysians in particular lies in the attempt to rededicate oneself to this holistic approach (Anwar, 1998, p. 82). Morality is the essence of both the politico-societal dimension and the economic dimension of (Malaysian) civil society.

In terms of narrative fidelity, the call for a morally upright and straightforward behaviour which draws its power from Asia's indigenous traditions and philosophies is not just another brew of *Asian Values*. The concept of the *masyarakat madani* is convincing in that it is not purely anti-Western but inclusive ("holistic"), and less suspect of political propaganda than of deep intellectual clearness. It is trustworthy and works with tools the people only need to revive or reinvigorate, hence tools they already possess. In an eclectic manner, Anwar's vision thus combines the achievement of soft targets such as democracy with morality as a notion that fits comfortably into the "natural setting" of Asian thought patterns.

The Asia of the Future and the New Malay

Two topics to be discussed very briefly here are Anwar's chapter on the *Asia of the Future* (Anwar, 1996, pp. 127-38) and Mahathir's catchword of the *New Malay* (*Melayu Baru*), which he uttered in 1991 in a speech to the General Assembly of UMNO (Milne and Mauzy, 1998, p. 166; Khoo, 1995, pp. 331-8; Hng, 1998, pp. 85-97). The *New Malay* is a concept introduced by Mahathir to mark the "next stage" of the Malays' engaging in the modernisation process.[6] It is linked to the NDP as the successor of the NEP, and to Vision 2020. The concept has provoked harsh criticism, be it because of the open question of whether the non-Malays will also become "new Malays" by the year 2020 (Milne and Mauzy, 1999, p. 166), or because of the strong feeling that Malay peasants, agriculturalists and working class are not quite the type of man to be welcomed in the group of successful (middle class) *New Malays* (Khoo, 1998, p. 336f.). Irrespective of such doubts,

the concept may be drawn here to exemplify both different and matching elements in the theories of Mahathir and Anwar concerning Asian/Malaysian past and future.

With the help of the NEP, Mahathir argues, a critical mass of Malays and *bumiputera* has managed to participate in many sectors of the economy; under the NDP now, "the Malays and *bumiputera* need to develop a culture appropriate to their wealth." They must learn that possessing wealth is different from managing wealth, and they "must learn to participate in business in an environment of competition and efficiency," which also means that the dependency on political power to protect their interest should be eradicated (Hng, 1998, p. 93f.). The concept leans toward the Orientalist argument of the *Malay Dilemma* (Mahathir, 1970) and connects it with the demand of a modernist Islam and the requirements to realise Vision 2020. A dilemma is for instance the equation of Malay and Muslim, if Muslims persist to divide knowledge into religious and secular, hence interpret religion with a focus on the spiritual and cut it off from the pursuit of knowledge and worldly progress. The New Malay ought to overcome the division of secular and religious knowledge, and "regard all knowledge as faith enhancing and therefore not only permissible but vital to the Muslims and their faith" (Hng, 1998, p. 91). The approach to the problem is still Orientalist though, for the dichotomy as such of "religious" and "secular" is not questioned but arranged in a manner that allows to make them useful for the modern Muslim. However, the basic argument concerning Islam, i.e. that it is not a hindrance but a help to modernisation, equals Anwar's argumentational line.

The difference between the "Orientalist" and the "holistic" argumentation, if this crude categorisation is allowed, can be illustrated by looking at how Asian history is perceived by the two politicians. Anwar stresses a major difference in the historical developments of Asia and the West:

> Unlike the West, Asia does not have its defining moments in history, and a common stock of ideas that moulds a shared outlook and conscious identification with a common civilisation. There was no Hellenic Age, no Dark Ages, and no French Revolution. Unlike the West, which has Christianity, Asia has no single religion.

> There was no Enlightenment as in Europe in the 18th century, to spawn a cluster of ideas and common attitudes towards life, the individual and society. (Anwar, 1996, p. 127f)

Nonetheless, it took the West a period of around 200 years to create a common identity. Asia is now on the way to develop a settled identity. It is just in the process of bringing about an understanding of itself that can be called common and disseminated to others. Mahathir takes a different stance:

> Asia is, of course, a huge continent, like America is a huge country. For every generalisation about Asia or America that is made, exceptions can be found. And yet, there is a body of common values and beliefs that most of us in Asia hold on to in order to guide our way in the world that can be called "Asian" just as there is a body of common values and ways that can be called "American". (Mahathir, 1998)[7]

Strikingly, both politicians intend to convey the same message in terms of achieving the objectives of the respective visions: Asia has every reason to be self-confident and to choose an "Asian way" of proceeding. In Anwar's eyes, it can be confident because history and traditions offer a great deal of connecting rods to build something common. By revitalising its traditions and absorbing from the West what can be utilised, humane governance, the ethical civil society and, eventually, a universal community of the human race can be created. In Mahathir's view, the common Asian elements are already given, they only need to be utilised to talk back to the West and show that "Asia can" — and of course Malaysia can: *Malaysia boleh*. Neither Anwar nor Mahathir want Asia and Malaysia respectively to adopt the Western model of modernity completely or to strive for a mimicry of the Western model. The concept of the *New Malay* puts a strong emphasis on knowledge and progressiveness to be developed by departing from a hereafter-oriented spiritualism, whereas the civil society model of future stresses the importance of ethics and morality, deriving from the revitalisation of Asia's various traditions. Since the view of Islam to promote modernisation and progress applies to both concepts, its critical role in

Malaysian politics should be looked at with respect to the functional relationship of Mahathir and Anwar.

Islam, Modernisation and Visions

The story can be traced back to the impact of Islamic resurgence on the Mahathir-Anwar era of Malaysian politics (1981–present), which also gives an idea of how "religion" is incorporated into strategic political thinking (Chandra, 1987; Jomo and Ahmad, 1988; Khoo, 1995).

When Anwar was co-opted into UMNO in 1982, he had been known in the country as an extraordinarily charismatic leader of the Islamic Youth Movement *ABIM*. His entry into UMNO was "one of the biggest coups ever achieved by the UMNO-led government" (Farish, 1999). The coup was important for several reasons: First, during the 1970s, and particularly in the wake of the victory of the Iranian revolution (1979), Islamic resurgence had gained momentum throughout the Muslim world. Politics in states with Muslim population were well advised to adjust to the spirit of assertion and revival. Second, for UMNO to present itself as a truly Malay-Islamic Party while distinguishing itself from the Islamist party PAS, a Muslim leader of good reputation was needed. The Prime Minister could not involve himself too much into Islamic affairs, for he had to mediate between commitment to the plural society as prescribed in the constitution, and the commitment to Malay-Islamic interests as expected by the Malay voters. It was thus logical and beneficial to co-opt somebody whose Islamic credentials stood beyond question: Anwar. Third, as Mahathir approached politics with the will to modernise and convert the country into a fully developed economy, Islam and modernity could not be projected as antagonisms, but rather as two sides of the same coin. Modern, reform-oriented Islam should be harnessed to the modernisation programme. Since Anwar had been educated and socialised by an outstanding proponent of the *De-Westernisation of Knowledge*, Syed Naguib al-Attas (1985), his bias towards the internationally initiated project of the *Islamisation of Knowledge* had become strong. Al-Attas founded the *International Institute of Islamic Thought and Civilization* (ISTAC), one of several research institutes installed under Mahathir to promote modern Islam in Malaysia. Al-Attas and the American scholar of religion Isma'il R. al-Faruqi, who

gained applause for his theses on Islamisation in Malaysia, exerted a piercing influence on young Anwar Ibrahim (Abaza, 1996).

Accompanying this new Islamic awareness was an understanding of Islam as a way of life (*ad-deen*), as a comprehensive system and model of behaviour, not merely as a religion, let alone an old-fashioned orthodox religion. Within such a political and social mood and atmosphere, Muslim youth leader Anwar could be integrated perfectly into the programme of modernisation and Islamisation the Malaysian government sought to carry out. Until Anwar's sacking in 1998, the orchestra of Mahathir and Anwar performed a symphony of mutually sustainable and beneficial concerns. No surprise then that the intra-party career of Anwar up to the position of Deputy Prime Minister also had a strong symbolic function:

> As long as Anwar was there in the cabinet, the politics that were pursued were somehow regarded to be "Islamically correct" and thus acceptable. In this sense, Anwar had become an Islamist symbol, a "master signifier" that somehow conferred additional meanings to the other signifiers in the discursive repertoire of UMNO. (Farish, 1999)

By the time of the mid-1990s then, Malaysia had become considerably Islamised without getting caught in the trap of Islamist extremism. Compared to many Arabic and African Muslim states, UMNO's Islamisation policy appears indeed as reform-minded and progressive.[8] The victory of PAS in the November 1999 elections, resulting in the political control of the Islamic party over two states in the north of Peninsular Malaysia, has alerted UMNO and the mass media. But it would be short-sighted to judge the election outcome a hint by the voters to boost UMNO's Islamisation policy again. The attraction of PAS lies in the fact that this party is able to provide what UMNO seems to lack, namely spiritual guidance in the struggle for political reform. If an interpretation was allowed in this context, the voter turnout can be seen as a hint telling UMNO that it was a shady idea to dismiss the party's Islamic conscience alias Anwar.

From the perspective of international politics, the end of the Cold War and the pressure of globalisation have facilitated the promotion

of the knowledge-based, IT-trained society model. The achievement of this objective, i.e. meeting the hard targets of Vision 2020, requires the support of UMNO by the economically well-off Chinese Malaysian communities. A concerted Islamisation is certainly not the best strategy to gain their support. According to the functional division of labour between Mahathir and Anwar, the person functioning as the "Islamic signifier" could retire, for he had served the purpose. The financial crisis that broke out in 1997 favoured this thought pattern, for Prime Minister Mahathir grasped the opportunity to declare that the too much IMF-oriented approach of his deputy to handle the crisis would lead to nothing but failure. Anwar's policy seemed "too soft", we might say, whereas Mahathir announced a "hard" but effective policy (capital controls and other measures). The circumstances denouncing Anwar also as a moral failure complemented the picture that legitimised his political ouster. To the disadvantage of Mahathir, the ouster of Anwar and the Malays' search for spiritual guidance by Islamic leaders have led to pressure on the ruling party to profess its will to reform politics.

The trajectory of Malaysian politics since September 1998 suggests that the call for a faster political change and democratisation has become louder. The pursuit of the soft targets seems to be carried out with more active engagement than the pursuit of the hard targets. The financial crisis rejuvenated the political discourse, and the sacking of Anwar triggered a wave of political action particularly among the Malay community, who split up in two factions. One faction is made up of reform-oriented supporters of Anwar and the opposition parties, commonly referred to as the *reformasi* movement, whereas the other faction is recruited from staunch supporters of Mahathir. The split can be discerned cross-communally, on the "macro-level", as well as within UMNO, on the "micro-level". Observers of the party have presumed a crisis of confidence in the leadership of UMNO (Santiago and Nadarajah, 1999). The talk of "Mahathir's faded vision" circulates in the public discourse (Koo, 2001). The fact that the split runs straight across Malaysian society and Malaysian political elite makes it difficult to employ the usual parameters of analysis, like government and opposition, patron and client, class distinctions or communal affiliations. It is more useful to approach the issue of the competition into which Mahathir and Anwar

have slipped perhaps more unwillingly than willingly during the recent years and even more so since September 1998. This will be done from the perspective of political culture. The concepts *politische Soziokultur* (political socio-culture) and *politsche Deutungskultur* (interpreted political culture) will serve as analytical categories to examine the competitive relationship of Mahathir and Anwar. The objects of reference are the two visions described above.

The Political Culture of Competing Politicians and Competing Visions

The analytical concepts *Soziokultur* (socio-culture) and *Deutungskultur* (interpreted political culture) have been invented and conceptualised by the German political scientist Karl Rohe. Political culture is understood in political science as a set of collectively shared ideas about the political world. However, Rohe argues, three different kinds of cultural manifestations have to be distinguished which "differ in their relation to political action and the importance of which can vary tremendously between political societies" (Rohe, 1993, p. 215). These cultural manifestations are (a) ways of life or codes of behaviour or political styles; (b) worldviews or mentalities as constituents of and conditioners for action; and (c) a group's culture as a set of cultural meanings, ideas and symbols typical of the group and the way they are communicated in public. "Wherever one deals with culture, one deals with ideas, concepts and designs for living" (Rohe, 1993, p. 216). In order to analyse relationships between different manifestations and levels of political culture, Rohe suggests to distinguish between *Soziokultur* and *Deutungskultur*. *Soziokultur* consists of "the mentally-based and collectively-shared assumptions and codes of behaviour which are more or less taken for granted," whereas *Deutungskultur* represents the interpretation of political culture and "may be conceived of as a kind of meta-culture or as a 'culture of a culture' on which it at least partly depends on how civilised a political socio-culture is" (Rohe, 1993, p. 216).

Soziokultur generally emanates among the ordinary people who make their own experiences with the political world and develop ideas and symbols of their own. *Deutungskultur* is rather the product of professionals — as e.g. intellectuals, politicians, journalists and the like, who interpret political reality in the sense of giving a meaning to it.

There is no hierarchical relationship between the two levels of political culture, each level exerts influence on the other, and it may well occur that socio-cultural changes evoke a change of interpretation among the "cultural managers" of the *Deutungskultur* (Vorlaender, 1997). Perception, interpretation and the communication of politics in the public are under challenge when the so-called critical junctures appear which question the shared meanings of a society. Applied to the case of Malaysian politics, a critical juncture came up when both the economic pressure (financial crisis) and the political pressure (leadership competition within UMNO) re-ignited a dynamic political discourse and generated political action in the society.

In 1998, Malaysians have learned about Vision 2020 as well as the Asian Renaissance. Both visions are arranged trans-communally, so they did not have to compete for a certain communal support. Support has to be sought among all Malaysians, regardless of status, race, class, religion or profession. There is no Malay nationalist element in the visions, except for maybe the *New Malay*, but even this figure is a vague one and perhaps not exclusively applicable to ethnic Malays (Milne and Mauzy, 1999, p. 166). To gain support from the whole nation, so to speak, requires commitment from the members of *Soziokultur* and *Deutungskultur* alike. *Wawasan 2020* can claim to enjoy considerable reception in both spheres of political culture: Who wouldn't like Malaysia to become a fully developed country within a couple of decades? If material welfare for the ordinary people also walks along with development and if development is understood as economic *and* political (read: democratic) development, there is even a chance to have the people believe that economic development (read: welfare increase) is the exercise of democratisation. It so happened, for instance, in postwar Japan and also in postwar Germany.[9]

The turn in these countries came when the appearances accompanying the rigid modernisation began to really affect the people badly. In Germany, but even more so in Japan a polarisation between government and industry on the one hand, and the people living in the heavy industrialised areas on the other hand gained momentum particularly in view of environmental pollution. The environment issue separated the members of the *Soziokultur* and the *Deutungskultur* for as long as it was not commonly acknowledged that the consequences

of a policy of forced industrialisation, hence environmental destruction, were more harmful than a blessing to Japan. The modernisation policy of the Japanese government had been appreciated for bringing welfare and democracy. It received a positive interpretation in every regard. It was brought into discredit, however, when the people were affected by the results of horrible environmental pollution and learned that the protest against environmental destruction was ignored by the government. The consequence was that in the late 1960s and early 1970s, more and more independent and opposition party candidates were elected into the prefectural parliaments. The interpretation of the government's policy, i.e. the *Deutungskultur*, changed considerably towards interpreting modernisation as a source of evil when it came to environmental pollution. The scenario resembles the case of Malaysia in several points, with the exception of the split running straight across the two political culture spheres here. The polarisation of *Soziokultur* and *Deutungskultur* in respect to Vision 2020 evolved when the socio-cultural attitude towards it shifted from a welcome of the hard and soft targets to open criticism. Criticism arose especially because the struggle for the soft targets received a severe blow, symbolised by the sacking of Anwar Ibrahim, and because the hard targets seemed to materialise predominantly in megaprojects that did not provide any welfare for the ordinary citizen. Many intellectuals and journalists also questioned the necessity of the superlative buildings. The discontentment grew even bigger when catchwords such as crony capitalism and nepotism spread during the high-time of the regional economic crisis. It reached its peak in the first months after Anwar Ibrahim's detention. Since that time, the polarisation of the two visions as the most telling symbols of Mahathir's and Anwar's difference became expressive. The *Asian Renaissance* with its core item *civil society* is one pole, whereas *Wawasan 2020* with its core item information technology forms the other pole.

Now that the *civil society* as a goal introduced and supported by the Malaysian government has suddenly broken off from the frame of targets set in Vision 2020, the task of interpretation has become difficult. The concept of the *masyarakat madani*, incorporated into the overarching dream of a renaissance of Asia, had been the perfect concept to interpret what the soft targets of Vision 2020 should be about. Whatever the

preferences of the "consumers" in the public be, everybody would find something to identify with — with the moral citizen, with the progressive citizen, with the *New Malay*, with the Islamic Malay, with the knowledge-driven society, with the ethical society, with the plural society and so on. Out of all these models, scattered as they are but servient to the addressed populace, some have been jettisoned because their mentor has been expelled from the very government that propagated the models of identification. One sign of open blame for this act of expulsion manifested itself in the elections of November 1999, when many of those who preferred to identify with the Islamic Malay voted for PAS instead of giving their vote to UMNO. In the Chinese Malaysian community, voters turned away from the opposition party DAP, obviously because of feeling uncomfortable with the coalition of PAS and DAP in the *Barisan Alternatif* (Alternative Front). The "cultural managers" interpreting the political reality in Malaysia find new constellations within the socio-culture. They have to interpret them anew, because the reform coalition of PAS, DAP, *Keadilan*, PRM and other opposition parties has brought partners together that did not even think of going together before. Seeming paradoxes like the permission for non-Muslims to build a church in Terengganu only after the Islamic party took over the rule (Pillai, April 10, 2001), have to be interpreted because they confuse the "traditional" picture of an Islamic party.[10]

Conclusion

Since the beginning of their political co-operation in UMNO (1982), Mahathir Mohamad and Anwar Ibrahim complemented each other in policy-making and representation of political interests of the Malays and later also of other communities in the Malaysian society. When Mahathir launched Vision 2020 in 1991, he divided the objectives to be achieved into hard and soft targets. Anwar advocated this vision and subscribed particularly to the soft targets, which were claimed to be the important ones but difficult to express in facts and figures. With the *Asian Renaissance* then, Anwar couldn't have picked a better present to meet the popular demand for a model way to achieve the soft targets. The recipe of how to achieve the hard targets has been presented in detail by Mahathir, but concepts like the *New Malay* were still too shallow as a means to mobilise active engagement for

reaching the goals. The concept of the *civil society* presented by Anwar, however, was an incentive for the political public (i.e. *Soziokultur* and *Deutungskultur* alike) to discuss, debate, write, interpret and form groups (NGOs) even if the material basis were limited. The high esteem of ethics and morality in Anwar's arguments can be shared by everybody regardless of his or her economic situation. In terms of prognostic scope and narrative fidelity, Anwar's vision outdo Mahathir's. The morally perfect man is a much more inclusive and integrative figure in a multiethnic society like Malaysia than the *New Malay*. And moreover, the convincing strength of Anwar's argument in the *Asian Renaissance* lies undoubtedly in the acceptance that certain ideas are universal, and in the claim that it is inevitable to seek cultural empowerment in the synthesis with other cultures. The competition of the two visions and hence of the two politicians bears an inner logic despite their complementarity.

For the political culture of Malaysia, the complementarity functioned to stabilise the political system. When, however, the economic crisis and the political rift of Mahathir and Anwar both hit the Malaysian society, the competitiveness of the visions came to the surface very clearly. The dismissal of Anwar from the government and from UMNO stands until today as a dismissal of the *civil society* in favour of the hard targets of Vision 2020, as the dismissal of the morally perfect man in favour of the progressive man (*New Malay*). Since the complementarity of these concepts is broken up, the members of the *Soziokultur* and the *Deutungskultur* realign themselves along the new lines of difference. This is not an easy task, as the fragmented picture of comments on the election results of 1999 shows (FEER, December 9, 1999, pp. 16-18, 31, 58; FEER, February 17, 2000, p. 22f; Chandra, 2000). Although the "Anwar faction" is disrespected if not turned out within UMNO, the new lines of difference have not yet fully been digested (recent example: the rally convened to address Malay unity by the Malay Action Front in February 2001, which turned out into open criticism of the UMNO leadership). The complementary government team had its merits and this fact went not unnoticed among the UMNO members. For the people interpreting political reality, the call of Perak *Menteri Besar* Datuk Seri Tajol Rosli Ghazali to grant intellectuals "a more flexible role" in the party may pose one sign of concern for a pragmatic-plus-intellectual

leadership, like it had existed until September 1998: "The ideas of Malay intellectuals and idealists are good and could be put to good use" (*The Star* online, January 14, 2000).

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Endnotes

1 A list of the persons who have been consulted can be ordered from the author upon request. I have chosen anonymity for reasons of personality protection.

2 For a detailed compilation of financial and non-financial incentives, other benefits and full package bills of guarantees see Mahathir, 1996b, pp. 47-53.

3 Then-Minister of Education Najib Tun Razak: "People should adapt to times"; Prime Minister Mahathir propagates the three "Cs" — capabilities, collaboration and creativity — as the key elements of a modern, knowledge-driven economy (NST online, Sep. 24, 1999).

4 The institution of *hisba* is somewhat difficult to explain in a one-to-one translation or even in a few sentences. It suffices here to extract the very first lines from the long and detailed explanation of the term given in the *Encyclopedia of Islam* (1996, III, p. 485) to provide the general idea: "... non-Kur'anic term which is used to mean on the one hand the duty of every Muslim to 'promote good and

forbid evil' and, on the other, the function of the person who is effectively entrusted in a town with the application of this rule in the supervision of moral behaviour and more particularly on the markets; this person entrusted with the *hisba* was called *muhtasib*." — The same difficulty to explain counts for the subsequent Islamic terms. I recommend the *Encyclopedia of Islam* to get a compact idea of their meaning.

5 The same as in the case of the Islamic terms applies to the Confucian philosophical terms. For a detailed explanation and discussion I refer to Fung Yu-lan's *History of Chinese Philosophy*, and for a general approximation to Schuhmacher/Woerner's *Encyclopedia of Eastern Philosophy and Religion*.

6 Modernisation wants to be understood by Mahathir as "the process of trying to enter the future without denying the past" (Hng, 1998, p. 96).

7 Mahathir uttered this understanding of Asia in a speech delivered at the 29th International General Meeting of the Pacific Basin Economic Council in Washington, DC, on May 21, 1996. The full text of the speech is reprinted in Hng, 1998, pp. 185-93 and entitled *The Asian Values Debate*. The Prime Minister's view is supported in several surveys, e.g. in interviews of 35,000 people in 35 countries, conducted by the firm of Roper Starch Worldwide Inc., which reveal the opinion that Asian countries share certain values (FEER, Jan. 22, 1998, p. 32). An Asian executives poll of the same magazine even suggests that 63.7% of the respondents consider Asian values responsible to a great extent for the rapid economic growth of Southeast Asian economies (FEER, Feb. 19, 1998, p. 32).

8 For a case in point see Asma Larif Beatrix (1999), who compares the new look of Islam in Malaysia to Middle Eastern/North African Islam in *Behind the Veil: Islam in Malaysia and Tunisia*.

9 After the war, the primary economic objective for Japan and Germany was recovery and reconstruction, whereas the primary political goal was democratisation. Economic recovery was automatically linked to the acceptance of the new political system. This relation counted for an important feature of political culture in both countries, namely the understanding that democratic stability walks hand in hand with economic resilience and material welfare (Sontheimer, 1990).

10 In Terengganu, the ruling coalition had rejected the wish of non-Muslims to build a church for 20 years. Only after PAS came in power in the State, the permission was given.

Mahathir, Islam, and the New Malay Dilemma

Patricia Martinez

> But since religious experts disagree among themselves, Muslims who have not specialised in religion have to make a choice based on meagre knowledge. Such is the dilemma faced by the Malays (all of whom are Muslims) in Malaysia. And such is the confusion in the interpretation of "spirituality" among the Malays today when they seek guidance from their leaders... the result of this bewilderment is a choice that is not only unwise but dangerous to the individual and society.
>
> *Mahathir Mohamad, 1997, pp. 105/6.*

In a close reading of Datuk Seri Dr. Mahathir Mohamad's speeches, interviews and writings on Islam, the premises in this quotation surface consistently. These are: that Muslims — not all of whom are knowledgeable about Islam — seek guidance from those who lead. Yet the varieties of positions and interpretations by experts in Islam are the source of confusion for Malays (and it is significant that he highlights ethnic identity — "Malays" — and then describes them all as "Muslims" making Malay ethnicity synonymous with Muslim identity); and that this bewilderment is dangerous for the individual and society. This worldview is the premise of the way Mahathir and his administration have shaped the evolution of Islam in Malaysia for 20 years. This worldview also reflects the way Islam has been invoked for political legitimacy, harnessed by a strong and daring leader for the national objectives of raising a race through economic and industrial development on par with nations of the First World.

I suggest that these fundamental premises — in flux, and with varying formulations — shape his perceptions, policies and politics. They are important because of his strong views and will; for what Mahathir wants or perceives as necessary is also about how Islam has evolved in his administration. This common perception was made tangible when in March 2001, the official news agency Bernama carried a report in which Mahathir's political secretary urged institutions of higher learning to offer a course on the thoughts of the Prime Minister. Dusuki Ahmad said, "The time has come for institutions to come up with a specific field of study on the thoughts of Dr. Mahathir who has contributed a lot to the country and to Islam..." (Bernama website, www.bernama.com, March 18, 2001).

I offer three reflections on how Islam has been redefined or reinvented by Mahathir and his administration (I use the term "reinvented" in the postmodern sense, indicating not a new creation but a reconfiguring):

- that Islam is racialised
- that Islam endorses unproblematically, "development" programmes premised on capitalism;
- that Islam disciplines and controls for political legitimacy.

In the brevity required of a chapter, I offer an analysis of aspects of Islam in the Mahathir administration, rather than a more general account. As such, it is important to point out that these analyses cannot and should not be interpreted as the only definitive characteristics of the way his administration has shaped the evolution of Islam. For example, Islam has been appropriated for political legitimacy throughout the history of modern Malaysia and more often by political opposition than ruling polity. In addition, it is also important that a larger context is acknowledged — which is that Islam is shaped by other actors, events and issues beyond Mahathir and his administration.

Islam in Malaysia

A comprehensive history of early Islam even up till the 19th century in Malaysia, does not exist. What can be gleaned is fragmentary at best, because what constituted the Malay-speaking archipelago had an oral

rather than a written tradition. There was no single major kingdom or centre of authority upon which a cohesive or linear narrative could be pieced together from these fragments (Wheatley, 1961; Johns, 1976; Gordon, 2001).

However, it is clear that Islam has defined Malay polity since the early 15th century. In this respect, Australian historian A. H. Johns' hypothesis is significant — it is premised on Montgomery Watt's theory that Islam was an urban religion because no peasant religion could have tolerated the Islamic calendar of 12 lunar months. Johns suggests that Islamic civilisation in Southeast Asia was essentially an urban (and largely middle-class) civilisation (Johns, 1976, p. 309). This hypothesis lends itself to the conjecture that Islam was a part of the politics and governance of Malay kingdoms for a very long time. This conjecture has credibility especially when read together with Johns' earlier caution against more simplistic understandings and interpretations of how Islam evolved:

> ..the blanket use of the word "Islam" conceals the fact that one is not coming to terms with an abstraction, but with people; that the term is complex: it cannot be meaningfully discussed as a tide, but rather as a web of dynamisms and tensions. Accordingly, any simplistic assertions about Islam being this or that, doing this or that, coming from here or coming from there, are fraught with horrendous limitations (Johns, 1976, p. 36).

The history of Islam as definitive of Malay rulers, and the (few) records of the interventions of the *ulama*[1] and pious Muslim scholars point towards an Islam that was appropriated or invoked for political legitimacy as well as for resistance (against the British), perhaps much in the way that it is in contemporary times (Milner, 1993; Reid, 1993).

Islam was politicised also when British treaties left Malay sultans with religion as one of their few bastions of power. Later, Islam was the site of confrontations and schisms between Malay conservatives and reformers at the turn of the 20th century and into the 1920s and 1930s. By the middle of the 20th century, Islam was invoked by Malay nationalists in their struggle for independence.

Husin Mutalib suggests that it was Islam and not Malay culture "which provided a vehicle of dissent against the Malay feudal system and checked the ruler's excesses..." (Mutalib, 1990, p. 12). Thus, Islam in Malaysia has always been fundamental for the way the nation has evolved, although most studies trace the trajectory of the nation through politics, race, and more recently, class.

Writing about how Islam has been politicised in the contemporary period is the leit-motif of numerous studies on Islamic resurgence or revivalism in Malaysia, from the 1970s onwards.[2] Jomo and Ahmad delineate three phases: the first was in the early 1970s among those educated in what constitutes the West when Islam became definitive in their search for identity and community. The second was in the late 1970s, when Islamic resurgence became politicised in the tacit alliance between the Malaysian Islamic Youth Movement (*Angkatan Belia Islam Malaysia* or ABIM) and *Parti Islam SeMalaysia* (PAS). The third phase was in the 1980s, when Islamic resurgence was tempered by the government's own Islamisation programmes. Camroux adds a fourth phase: "one in which the state attempted to channel the Islamic resurgence along a modernising path linked to the secular objective of Malaysia becoming a fully industralised country by the year 2020" (Camroux, 1996, p. 855).

The government's reactive and proactive agendas in response to Islamic resurgence may also be described as an intensifying Islamisation of Malaysia. This Islamisation has continued in varying degrees throughout the Mahathir administration, largely in response to the forces of political Islam. However, over the last few years from the period beginning September 1998, Islam is also the recourse and metaphor for Malay anger. This anger is largely over the dismissal and what many perceive as the persecution of former Deputy Prime Minister Anwar Ibrahim. He has also become the rallying point for the growing disenchantment with cronyism, corruption and the perception that affirmative action under the New Economic Policy (NEP) and its successor the New Development Policy (NDP) has favoured only a privileged class of Malays.

Mahathir's Views on Islam

As has become obvious during his tenure as Prime Minister of Malaysia, what Mahathir thinks has considerable impact: it translates — sometimes even directly — into policies and programmes in the government. This is not only because of his belief in strong leadership, but also because it can be argued that the civil servants of his administration privilege his opinions or even anticipate them. Thus, it is useful to explore what Mahathir himself has written about Islam.

As the quotation at the beginning of this chapter indicates, Mahathir has a disdain for *ikhtilaf* or the tradition of scholarly disagreements and varieties of opinion in interpreting Islam. In tandem with his philosophy of a strong leadership which defines and resolves, he has cut through the possibilities of various interpretations to provide his own. In an address to a gathering of Muslims intellectuals and professionals in London, he described how 1,400 years after the Hijrah, "...We are busy with our endless debates, our countries regress, are unable to cope with the changes around us ...we are dominated by others as we debate and disagree with each other over the minutiae of our religion" (Mahathir, London, 2000).[3] He has stated repeatedly and unequivocally throughout his tenure as Prime Minister, that he has little patience for considering multiple sources, or reifications of what constitutes tradition, or even of privileging what has emerged from the Middle East (the heartland of Islam) to the exclusion of all others.

In an article entitled "Adat and Islam" which was written in 1962, Mahathir described the integration of Islam and Malay *adat* is an established fact (he defined "*adat*" by its common translation and usage, "Malay custom"). He described the survival of various traditions, such as those in the *bersanding* ceremony in a Malay marriage, as "the tolerance of Islam and the strength of the Malay's attachment to his *adat*" (Mahathir, 1995, p. 103). This is indicative of one of Mahathir's concepts about religion and race: that Islam and Malay ethnicity are complementary, as negotiations and compromises. This insight enables an understanding of his perceptions and subsequent actions about Islam, beyond those interpretations that claim that he rejects or at least has little use for theological interpretations of Islam. I suggest that it is significant that the super-nationalist contextualises Islam within the ambit of

Malay ethnicity, and not by its ascendency over *adat* as do the *ulama* and PAS (Parti Islam SeMalaysia, the leading opposition political party). This Mahathirian logic is the premise of invoking Islam for national endeavours to achieve economic progress and development to raise race and nation.

Mahathir repeats this perspective in *The Malay Dilemma* (1970), while describing the influence of Islam on the Malays as tremendous. Islam is mentioned briefly and tangentially twice in the text: in the chapter on the influence of heredity and environment on the Malay race, and in a later chapter entitled "Code of Ethics and Value Systems of the Malays." In this chapter, Mahathir describes how culture is deeply interwoven with the code of ethics and value systems of any race, and that "the value concepts of Islam in Malaysia are affected by the much older faiths of the Malays" (Mahathir, 1970, p. 155). He writes that Islam is the greatest single influence on Malay value concepts and ethical codes, but that "it is important to remember that it is not so much the religion, but the interpretation of the doctrines of Islam which has the most significant effect...it is local contemporary interpretation which causes these adverse effects" (ibid.). Thirty years later, this quotation is relevant as a preamble in protean forms to most of his speeches on Islam, and seems to have been prescient of Mahathir's battle with Muslim purists, traditionalists, theologians and ultimately PAS.

As early as 1970, he found the way Islam has evolved and been interpreted by the Malays as problematic. He describes how spirituality is preferred (over philosophy) and how ritual supercedes all else: "in the Malay code of behaviour, form is more important than substance" (Mahathir, 1970, p. 158). This critique has endured over the years, as Mahathir's statements on Islam continue to resonate with similar sentiments which are a major factor in the way Islam has evolved under his administration. At the launch of an international conference on the Haj that was organised jointly by Malaysia and Saudi Arabia, he said, "I don't believe that the Islamic way of life is limited to the performance of the compulsory rituals and the acquisition of religious knowledge which gains merit for oneself only" (Mahathir, Kuala Lumpur, 2000).

The chapters in a later text, *The Challenge* (1997) reverberate with justifications from the *Qur'an* (with verses quoted in Arabic) and

Muslim religious tradition but in a consistency with his earlier perspectives about Islam and ethnicity. However, Mahathir is not a theologian. In his early reflections, Mahathir wrote as a Malay who was not educated in the religious schools system or in Arabic. He wrote as someone with perspectives on Islam but with no claim to religious expertise. For example, he writes about Malay values defined in terms of the Western Other, and less about Islam. In the chapter entitled "A System of Values and the Malays," Mahathir's argument is that many undesirable Western values have seeped into the Malay system (note, the system of values is described as "Malay" and not "Islamic"). He states that "Malay values are changing without systematic study and without guidance" (Mahathir, 1986, p. 103). He argues throughout the chapter against what he deems abhorrent western values. The issues and values which he describes range from sexual freedom between men and women, smoking marijuana, homosexuality, the problems of inter-racial marriage especially if it is between a Muslim and non-Muslim, the problem when police are demonised as "pigs," to the anarchy of western notions of "freedom" and "oppression." Many of these observations are couched as "deviance," a term which has considerable currency with his administration, as I will show later. Mahathir concludes the chapter with a statement justifying authoritative intervention:

> Those with the training and authority in a society must play significant roles in selecting and shaping new values and substituting these for the old. A situation here where anybody can bring about any change he fancies will lead to undesirable consequences. (Mahathir, 1986, p. 103)

The final paragraph makes no mention of Islamic ethics or the religious system which defines Malays. He writes only about how an attack on the current system and the setting up of new values results in conflict and confusion. He describes Malay society and Malay values as a vital and potent tool which can be used properly for the good of the Malay community. Thus, Mahathir maintains his consistency in his perception of the cleavage between Malay ethnicity and Islam, and in his privileging of ethnic consciousness.

In the next chapter entitled "Spirituality and the Modern Challenge" Mahathir describes the dilemma faced by the Malays as Muslims. He writes about "how something manifestly bad can be interpreted as being good by Muslims when they have a leader who deviates from the norm" (Mahathir, 1986, p. 105).

Here Mahathir is hitting out again at the power to define, and the "wrong" kind of leadership which departs from his norm. Later in his administration, since 1998 and the loss of large segments of UMNO's constituency to PAS, Mahathir has described this "wrong leadership" as pitting one Muslim against the other because of early reformists and the ascendancy of jurists. In a speech delivered to the Oxford Islamic Forum, he said,

> Unfortunately, with the advent of the Muslim jurists and the so-called reformists, studies other than those specifically related to religion and its practices were frowned upon and eventually proscribed. With this the Muslims regressed. True, it was the abuses and deviations from the teachings and practices of Islam, particularly by the elites which brought about the reform movements and the ascendancy of the Muslim jurists. (Mahathir, Oxford, April, 1997)

Further on in the chapter, Mahathir then argues that Islam does not encourage asceticism nor does it reject worldly wealth and quotes extensively from the *Qur'an*. He does not follow traditional Islamic scholarly practice of invoking sources from *tafsir*, the science of the interpretation of the *Qur'an*. He uses instead literal interpretations of the verses cited. Mahathir employs these literal interpretations of the *Qur'an* to engage with what in earlier years he had described negatively as the Malay's proclivity towards spirituality, arguing that materialistic values alone do not challenge spirituality. He attacks "wrong leaders and their interpretations" again, writing that "the more pernicious enemies are the unbridled passions and the shallow knowledge of those who wish to uphold spirituality" (Mahathir, 1986, p. 116). He has consistently attributed his perception of what ails Islam to bad leadership abusing the power to define, which in more recent times is attributed the *ulama* who lead PAS.

In the chapter entitled "Materialism and Spirituality," he both criticises and endorses capitalism if capitalists can be controlled and if their activities can benefit society. He rejects any interpretation of Islam as socialism or of having socialist elements. He describes Islam and socialism as diametrically opposed, arguing that Islam accepts the reality that in any society there will be class cleavages such as between rich and poor. He quotes Sura An-Nisa, Ayat 59 which is almost always, in *tafsir* sources, interpreted as validating the authority of the Prophet. Mahathir interprets it instead as indicative that there are hierarchies in a Muslim society, and that "if oppression does occur, it is not because there are groups that are not equal in wealth, but because the society or its members do no obey and do not practise the teachings and spiritual values of Islam" (Mahathir, 1986, p. 65).

Mahathir defines the teachings and spiritual values of Islam as described earlier in the chapter on spirituality and the modern challenge as entirely compatible with the pursuit of materialism despite the way the *Qur'an* reverberates with the ethos of social justice. He rejects the possibility of real equality or egalitarianism when he writes, "Islam accepts the reality that in any society there will be rich and poor, king and commoner, leader and follower" (Mahathir, 1986, p. 64). He expands this argument, that "unfortunately, material equality is impossible because it goes against nature" (Mahathir, 1986, p. 67) and is emphatic that "this truth cannot be denied. Any attempt at equalisation will not only fail but will give rise to problems that may lead to undesirable consequences" (Mahathir, 1986, p. 67).

Mahathir's argument against complete egalitarianism includes the problem of gender equity because among the ultimate results is that "prostitutes keep holding demonstrations and attacking churches until priests cease to discriminate between harlots and other women" (Mahathir, 1986, p. 70). He maintains this unique and complex logic to argue against what he calls western notions of equality. He concludes the chapter by stating that although Islam is compatible with materialism, materialism is not wealth just as poverty does not mean spiritual strength, and that not everyone can be wealthy. He explains that Muslims "need not reject wealth or endeavours which lead to wealth..." (Mahathir, 1986, p. 74).He quotes a verse from

the *Qur'an* to "emphasise the importance of a Muslim being grateful for what he has" (Mahathir, 1986, p. 75) and quotes another verse to exhort working hard.[4]

In the concluding paragraphs of this complex chapter about materialism and spirituality, it can be argued that Mahathir claims Islamic legitimacy for his administration. He writes that because Islam does not separate the religious from the secular, it is not totally separated from the political power of the government. "Islam can still influence, and in some important areas, control the administration of the country" (Mahathir, 1986, p. 82). In consonance with his commitment to modernity via the achievement of his Vision 2020, he writes that only when Muslims are equipped with the tools and skills of the modern world can they ensure upholding the spiritual values that will bring them happiness in this world and the next. In a logic that is uniquely Mahathir's, he then states — despite earlier discernment between wealth and materialism for Muslims — that without wealth and efficiency, Muslims will be oppressed and spiritual values lost.

It is these interpretations of Islam that put Mahathir at odds with intellectuals trained in Islam and theologians and religious authorities including those in PAS. This is not only because as most agree, Islam is appropriated by Mahathir and his administration for political legitimacy: I suggest that beyond the politicisation of Islam which would obviously place them at odds with each other, those who invoke Islamic legitimacy or authority in Malaysia speak at cross purposes. Although the authority of Islam is invoked by all quarters, the sources do not cohere. Mahathir and his administration — even the regular columns by government institutions — define Islam largely through literal interpretations of the *Qur'an* (and in this sense the argument can be made that they are fundamentalists!). On the other hand, PAS and the *ulama* resort to the "correct" traditional route of classical resources and the accepted methodology of *tafsir bil ma'athur*. To use common-sense and logic as the primary method of interpreting the *Qur'an* is to indulge in the least acceptable form of interpreting it — which is to enact *tafsir bil ra'y*. It is from such a premise also (among a plethora of reasons) that one can perceive the endorsement by some Muslims, of PAS and its *ulama* regarding their claims to "the right

kind of Islam,"[5] despite the pragmatic viability of Mahathir's ability to discern in a religious injunction what is relevant and what is inconsequential in contemporary context. This latter perspective has the most currency with those who write about Mahathir (Mauzy and Milne, 1983/4, p. 636; Milne and Mauzy, 1999, p. 84; Khoo, 1995, p. 166) but it is not necessarily the perspectives of a growing number of Malay Muslims — many of whom attended religious classes when young, or who continue to study their faith as adults.

Islam in the Mahathir Administration

The limitations of a chapter detract from providing a comprehensive overview of Islam in the Mahathir administration. In the interests of brevity, I refer the reader to studies by Mauzy and Milne (1983/4), Khoo (1995) and Camroux (1996), all of which explore how Islam has evolved in the Mahathir years (albeit briefly, for Mauzy and Camroux's are articles, Khoo's is a chapter).

Other studies on Islamic revivalism imply also that Islam is co-opted, as well as wielded as an instrument of authority and legitimacy by the government. I suggest that beyond these perspectives, Islam is invoked and reinvented (or reconfigured) in the Mahathir administration. I offer three aspects of how this is effected:

- an Islam which enables Malay unity and which is racialised for political expedience;
- an Islam which endorses and enables economic development to achieve the government's objectives;
- an Islam which disciplines and controls by defining as "deviant" those groups and individuals who threaten, even by being different, the relentless pursuit of the objectives of the Mahathir administration.

Islam for Unity of the Race

Mahathir strongly endorses the unity of Muslims, always in the context of how Muslims all over the world are now weak compared to the glorious first centuries of Islam, because "there is now total fragmentation, disunity and deep enmity within the Muslim *ummah*[6]" (Mahathir, 1998, p. 131). Speeches and statements on Islam by the Prime Minister and

his cabinet, as well as by the constitutional monarch on the occasion of Muslim festivals, all promote the notion of unity as a theme. But this is configured against a common enemy — mostly "the West" but also those who oppose the government such as political opposition parties especially PAS, as well as non-Muslim Malaysians.

"Unity" is the word which appears most in official speeches and statements about Islam, for it is a vital aspect of the way Islam is appropriated and politicised in Malaysia. Cohesion among Malays is obviously an issue when UMNO and PAS, the two main political parties whose constituency is the Malays, battle for the Malay vote by claims to champion race and religion. In terms of their political ideologies, UMNO champions race, and PAS champions Islam. However as their genealogies also show, these claims are not exclusive to each party.

As described earlier in this chapter, the history of Islam in Malaysia bears evidence that it is the site of inter and intracommunal resistance and opposition. However, I concur with Hussin Mutalib (1990) and Muhammad Ikmal Said (1996) that Islam also integrates the Malays and provides the necessary cohesion among a people with many parochialisms and schisms. Islam is invoked to effect intracommunal unity among the Malays, and a homogeneity that is not just nutured but also enforced for the *umma*.

There are numerous statements by the Prime Minister and members of his cabinet about the need for unity by Malay-Muslims so as to support the government's ability to ensure the progress of the Malays (via the NEP) or even the supremacy of the Malays (the concept of *ketuanan Melayu*), especially in the Malay press. This is described most often as the need for Muslim "unity," so as to ensure economic success. In an address to a Young Malay Professionals Congress, Mahathir spoke about the problems of Malays becoming "masters" and drew parallels with how early Islam drew the Arabs out of ignorance. He said, "The Malays are Muslims. If an ignorant people can become a dignified race with high civilisation when they accepted Islam, why is it today that the Malays do not succeed and could not build a more established civilisation?" (NST, February 28, 2000).

The word "unity" appears with parallel intent in discourse on Islam, and especially in statements that juxtapose Islam with what constitutes "the West": that Muslims must stay united against the neocolonialism

or hegemonic decadence of the West. An examination of the way the West is invoked in speeches and statements shows a strategy of enabling cohesion across the fractures and fissures in Malay-Muslim society against a demonised Other. For example, in his speech to the UMNO general assembly on May 11, 2000, Mahathir opened with the spectre of foreigners and the wicked West, describing how "doomsayers were pleased with the May 13 riots they believed Malaysia would be destroyed" (*The Star*, 12 May, 2000). He followed immediately with how UMNO has proven its wisdom, and spoke of Malay unity which enabled "the Malaysian economic miracle" (*ibid.*).

However, this use of the term "unity" is made contiguous with the notion of the *umma* or the brotherhood of all Muslims that is a defining element of Islam, but is used to enable the nation's economic progress.

In the King's speech (which is resourced by the government) at a rally to celebrate the birth of the Prophet Muhammad and featured prominently on the front page of the NST, he warns that "unity is vital for the country's success and prosperity"(NST, June 27, 1999). The speech describes how God has warned Muslims that they will undoubtedly fail if they have animosity towards one another, and that Muslims must guard against being "in a state of disunity, weakened and colonised,"(*ibid.*), for Muslims must not forget that there are elements constantly striving to weaken and destroy them. All the components of a formula for forging unity among Malay-Muslims are present in the full text of the speech: evoking the spectre of Muslim weakness and a history of being colonised, against the possible loss of "success and prosperity" which are the mantras of the government's modernity programmes to achieve economic progress and development.

This formula is replicated widely for any mainly Malay audience. For example, in January 2000 in London, in a session with Malaysian students who hold government scholarships, the Prime Minister warned about the "excessive freedom of the West; these foreigners will influence you and try to split our unity. They will control our culture, politics and economy. We will be colonised again" (Bernama website report, January 31, 2000).

However, it is not just the bogey of the West which is deployed to unite Malay Muslims against a common enemy, non-Muslim Malaysians

are invoked sometimes in this strategy. Islam is racialised to forge Malay unity over the non-Malay other.

The Prime Minister's message for Hari Raya Aidilfitri (the celebration of *Eid Al-Fitr* or the end of the fast of *ramadan*), was reported in *The Star*, January 19, 1999. He stressed the importance of Muslims in Malaysia preserving peace and order in the country. "For if there are racial riots in Malaysia, Muslims will also become victims and may become weak and controlled by others," he said.

In this statement, the Prime Minister is invoking the memory of the racial riots of 1969. In this quote, the Prime Minister is asking Muslims to preserve peace and order in the nation. However the reasons he gives, even the words used, evoke the way the riots of May 13, 1969 have been rationalised in numerous texts, papers and discourse in Malaysia, and in official analyses of the riots.[7] These analyses include the information that Malays rioted because they were victims, controlled by others. By the logic of invoking racial riots, the "others" alluded to who may control Muslims in Mahathir's Hari Raya message, are non-Muslim, non-Malay citizens of Malaysia. Another interpretation of such statements is that they are a dangerous but effective strategy of maintaining race and religion as primary weapons in the strategy to divide Malaysians, so as to rule a nation too fragmented to unite against those in power.[8]

Yet, Islam is supra-ethnic and supra-national. This is most obviously effected by the concept of *umma*, the community or family of believers which the *Qur'an* depicts as a plural community that is united beyond borders and colours. The passages in the *Qur'an* in which the word *umma* (pl. *umam*) occurs are so varied that its meaning cannot be rigidly defined. However, it always refers to ethnic, linguistic or religious bodies of people who are the objects of the divine plan of salvation. Even if at first it represented a community of Arabs, a number of variations and changes can be traced until the term *umma* finally came to mean for the Prophet Muhammad, the Muslim community in its most inclusive form during his lifetime. As early as 1979, Chandra Muzaffar wrote "That Bumiputraism cannot be defended from an Islamic point of view is something that very few Muslims in Malaysia are aware of" (Muzaffar, 1985, p. 357).

Nevertheless, Islam is racialised in Malaysia. Together with statements about material wealth from the government's programmes to develop the nation, "Malay" and "Muslim" are frequently conflated and used interchangeably. On the one hand, this is because the constitution defines a Malay as a Muslim. On the other hand, over time this identity is enforced by legislation in almost all the states which criminalise proselytising to a Muslim and makes *irtidad* (apostasy) an offence in some states. But conflating Malayness and Islam is also a construction. This is indicated, for example, by the common usage of the term "*masuk Melayu*" to infer a conversion to Islam. However, a careful reading of the particular context in which these conflations and elisions occur in public discourse, almost always in the context of speaking about the NEP/NDP or affirmative action, suggests that using Islam instead of Malayness is a strategy or device — perhaps inadvertently, but effective nevertheless — in making the policies of the NEP palatable to non-Malays.

The following newspaper report attributed to the then Foreign Minister who is now the Deputy Prime Minister, conflates being Malay with being Muslim in the context of speaking about racial supremacy. Datuk Seri Abdullah Ahmad Badawi said:

> What the government has done to advance the Malays, of whom 90% are Muslims, has been accepted by non-Muslims and their respective coalition party leaders in *Barisan Nasional*. This is due to the spirit of *muafakat* which in Malay literally means "working together with others for our mutual benefit." Through this practice, we can develop the status of Malays without facing any opposition from non-Muslims... (NST, February 29, 1997).

It is pertinent to note that because the NEP/NDP and other affirmative action programmes for the Malay majority distinguish between Malaysians according to race, in this speech, the lack of resistance or opposition to "the advance of the Malays" is attributed not to non-Malays (a racial category) but to non-Muslims. One interpretation of this partial elision of race is that it enables the message the Mahathir administration intends to get across — that the Malay race is progressing. Yet, it defuses resentment from the

non-Malays by seeming to leave them out of the statement by referring to a different logic instead, that of religious identity, as "non-Muslims." In other words, a Malay would be able to understand that he is advancing, but a non-Malay would not necessarily see himself at the other end of the equation because the other factor in the equation has changed: from race to religion, to defuse any conclusion about the advancement of one race only.

The same equation is used repeatedly in protean forms. For example, the Prime Minister is reported as saying that "the non-Muslims did not fight when the Government decided to restructure society to bring the Muslims up to be on par"(*The Star*, May 26, 1999). "Restructure society" is the way officialdom refers to the NEP or affirmative action. However, the NEP policy document does not use the word Muslim at all, but "Malay." Nevertheless, in this instance of the Prime Minister speaking about affirmative action for the Malays, religion instead of race is used to speak about it. This is another example of the elision of race: using religion instead to get the message across, yet making it less potent for those who feel that because they are not Malay, they do not get the preferential treatment accorded to Malays. There are many other official statements and speeches which use "Malay" and "Muslim" interchangeably.

Other instances of using this "formula" include appropriating Islam for the Malays although there is a significant Indian-Muslim population in Malaysia, and conversions to Islam by Chinese and indigenous people. For example, in the Bernama article exhorting institutions of higher learning in Malaysia to teach courses on Mahathir's thoughts, his political secretary is quoted as saying, "The Prime Minister also wants to make the Muslims in this country, especially the Malays, a model for the global Muslim community" (Bernama website, March 18, 2001). Another example is the statement by Datuk Seri Najib Tun Razak, the former Minister of Education, when announcing the government's intention to build 14 more religious schools nationwide at a cost of RM 280 million:

> The government views the welfare of Muslims, especially the Malays, seriously, considering there are still those who have not caught up with the other races.

Najib said as Muslims, the Malays should not allow themselves to be left behind in terms of knowledge.

> "We have to face this reality and work towards developing ourselves in various fields. Knowledge is integral if we want to remain competitive in the era of globalisation."
>
> "The country's education system is geared towards enabling Malays to succeed." (*The Star,* May 14, 1999).

In the first sentence, the welfare of Muslims is rationalised in the rhetoric of the NEP/NDP: "there are still those who have not caught up with the other races." Islam is thus racialised. Perhaps the extent to which this paradigm of a racialised Islam has become common practice is the way others perpetuate the conflation, and in ways that are as significant as the examples given earlier.

In an article in the journal *The Muslim World*, Judith Nagata makes a very important point that Islam, as the third element of what defines a Malay in the Malaysian Constitution, has superseded the other two definitive elements of language and custom. She then states, "Islam is a source of empowerment to the Malays, and a symbol of opposition to non-Muslims" (Nagata, 1997, p. 135). In this quotation — where the logic of an argument would presume a consistency of terminology — instead of writing "a symbol of opposition to non-Malays" as a continuum of her argument, Nagata suddenly introduces the term "non-Muslims." In this slippage, she removes Islam from the way it defines ethnicity in her argument, although the first part of her thesis makes Islam integral to ethnic identity, to being Malay. As Nagata is neither Malay nor Muslim but has researched Islam in Malaysia extensively over 20 years, one hypothesis about this curious slippage is that she is unconsciously replicating the consistent conflation of Islam and Malay ethnicity especially when speaking or writing about Malay empowerment.

The conflation of Islam and Malayness is also employed strategically by those who write from the concept of *ketuanan Melayu* or Malay supremacy. A text that is selling very well, (the English version is entitled *The Malays Par Excellence... Warts and All* and the Malay

version is *Takkan Melayu Hilang Di Dunia*) opens with the *surah* 3:110 from the *Qur'an* which describes Muslims: "You are the best community sent forth unto mankind; you enjoin the right conduct and forbid the wrong, and you believe in Allah" (Noor and Azaham, 2000, first leaf of the book, no page number ascribed). In these texts that are entirely about Malay ethnicity, a verse from the *Qur'an* is appropriated to sanctify Malay elitism.

Islam Enabling Economic Development

A legacy of the Mahathir administration is the way he has propelled the country towards achieving developed nation status by the year 2020. It is a plan, strategy and objective encapsulated by his Vision 2020, which is based upon achieving technological and economic progress on par with the leading nations of the euro-american west.

Mahathir has been both lauded and criticised for this single-minded vision and endeavour. It is significant that many Muslim leaders and intellectuals around the world have praised his ability to weld Islam with modernity.

This section of the chapter analyses how Islam as defined by the Mahathir administration has enabled the achievement of this vision. Islam in Malaysia enables the consuming project of nationhood which is to achieve developed nation status by the year 2020, much along the lines of Mahathir's interpretation of Islam as described earlier in this chapter. Although Islam does not repudiate economic prosperity for there are verses in the *Qur'an* which encourage material well-being, the seamless, accommodation in Malaysian Islam of capitalism and its paradigm of maximising profit and creating an underclass of poor (as cheap labour) is quite a feat, hence my use of the post modern phrase "reinventing Islam, earlier in this chapter."

The major thrust of the agenda to promote modernity and economic development and prosperity as compatible with the ethics, theology and philosophy of Islam is conveyed not only in the speeches of the Prime Minister, his cabinet and leading government officials, but by most institutions, ministries and agencies of the government. This is effected largely by the implementation of the Islamisation policy to which the Mahathir administration was committed from the inception of his tenure.

In the numerous feature articles in the media by various experts, as well as texts resourced by the government or government-related institutions on Islam and economics, business and finance, the concept of Islam as endorsing the capitalist-model of development that is embraced by the Malaysian government is promoted. Speeches and official statements to commemorate major Muslim festivals always describe wealth as "God-given."

Islam is not a religion of asceticism, and although charity is an ethos, poverty is neither enjoined upon a Muslim, nor glorified. However, it is the over-simplified assumption of Islam's complete compatibility with business, profits and industrialisation by the Mahathir administration that stands out. An article entitled "The Path to Business Success" carried the statement that "the bottom line in business is to make profits, and making profits is nothing negative religiously," is one example of this over-simplification. The article was one of a weekly feature on Islam by the government institution entrusted with enhancing the understanding of Islam, IKIM (*The Star*, January 18, 2001). There is a substantial corpus of literature on taxation, finance and economics in Muslim jurisprudence that explore carefully problems of many aspects of capitalism, especially that of making as much profit as possible. For example, *Riba* or profit maximisation by usury or levying interest, is problematic in Islam (Choudhury, 1992; Essid, 1995; Ibn al-Naquib Ahmad, 1992; Naqvi, 1981).

My point here is that Islamic-oriented institutions notwithstanding — two Islamic banks, an Islamic insurance agency, a Syariah Advisory Council for the Securities Commission, Islamic unit trust schemes and an Islamic Capital Market — the Malaysian state and its agents stretch the premise that Islam does not enjoin asceticism in ways that border on reconfigurations of Islam, such as with profit maximisation. This paradigm is replicated widely. For example, in a full-page article written by a respected economist of an independent think-tank entitled "Profit Maximisation Per Se is not unIslamic," the author concludes that the principle of profit maximisation in itself is not antithetical to Islam. He writes, "Maximisation of profits, subject to the rules of the game laid down by the *Qur'an* and *Sunnah*, is quite consistent with the Islamic emphasis on economic efficiency and social justice" (*The Star*, June

23, 1995). Nowhere in the article is "the Islamic paradigm" unpacked, or "the rules of the game" in the *Qur'an* and *Sunna* explained. There is no mention even of *riba*. Yet even a cursory examination of the term *riba* in the many texts on Islam and economics will show the complexities of the notion of "profit maximisation" and the capitalist model for Islam.[9] Such rationalisation is resonant with what was described earlier in this chapter as Mahathir's interpretation of materialism in Islam. It is perhaps indicative of the extent to which Islam in Malaysia has been redefined by him and accepted by many of the elite.[10]

In a speech at a Seminar on Developing Islamic Financial Instruments in 1986, Mahathir described *riba* as "an age-old injunction" and "a limited prohibition of usury," pointing out that the strict or narrow interpretation of *riba* is the cause of much loss and misery. In a speech to an international conference entitled "Islam and Industrialisation" that was organised by Malaysia's Central Bank, he first confronted pious Muslims' ambivalence about wealth and then reassured how "if we examine industry from a truly Islamic perspective, we will realise that industry is a service. While this service can bring evil if misapplied, it can also be beneficial and important to religion and our religious duties" without defining or explaining how this is "a truly Islamic perspective".

Many Muslim politicians with a position in the government and with the ability to dominate the public transcript have made statements on Islam, almost always endorsing the official line of Islam as enabling economic prosperity. The then Minister for Foreign Affairs, Datuk Abdullah Ahmad Badawi (who is currently the Deputy Prime Minister) is reported to have said that the "spread of Islam in Malaysia is in tandem with economic growth," (NST, February 25, 1997) and that the Malaysian model of Islam should be considered by other countries to be studied and adopted into their administrative systems. In this statement, it is pertinent to note also that the reference to a "Malaysian model of Islam" that should be adopted by other nations is an intimation of the government's consciousness that it is redefining Islam.

The government institution for promoting an understanding of Islam that is defined by the Mahathir administration, *Insititut*

Kefahaman Islam Malaysia (IKIM), produces numerous books about how Islam fosters economic progress and development. Among IKIM's many publications over a variety of topics is *Industrialisation from an Islamic Perspective* (1993) in which megaprojects are dealt with. "Engaging in monumental projects were not alien to the tasks undertaken by the Prophets. For this, the events related to the Prophets Sulaiman and Dzulqarnain are illustrative" (21). The section then quotes the *Qur'an*, 34:12-13 and 18:95-97 as validation. Metaphor and hagiography are exegeted literally across the chasm of centuries to endorse projects such as the Petronas twin towers (the highest in the world) and the new administrative capital of Putrajaya.

There are weekly feature articles that IKIM resources in the Malaysian media to explain aspects of Islam which enable the agenda of modernisation and economic development. These articles have been useful and important in enabling an understanding of Islam. However, some of these features can be described as geared towards explaining and endorsing the government's policies and programmes. Some IKIM articles over the years and up to the present have little or no reference to the *Qur'an*, *ahadith* literature (tradition and sayings of the Prophet Muhammad; sing. *Hadith*) or the *shari'a* (Islamic canonical law). These articles just describe a particular government programme, proposal or perspective in great detail, in the context of general statements about Islam or Muslims.

For example, a Saturday Forum feature by IKIM in the NST of February 13, 1999 describes how research and development as well as the internet, are important. There is no reference to Islam or Muslims; the article is mostly about a Japanese *sensei*. The article is devoted to the qualities of a good *sensei*, and ends with a reflection that to realise the government's vision of being a developed nation by the year 2020, "a research culture has to take shape in Malaysia" (NST, February 13, 1999). The words Islam or Muslim do not appear at all in the article, but the veneer of Islamic legitimation, provided by IKIM's seal and name which appear prominently.

Thus, in a close reading of the various reports of speeches and statements on Islam and economic development, a formula is discernible. The factors of the formula:

a. Islam must be taken into the 21st Century and brought into modernity.
b. Muslims should be united because Islam demands unity among its believers, it is the notion of the *umma*.
c. If Muslims in the nation are not united, then they will be weaker than the other races in Malaysia, or vulnerable to neo-colonialism by the West.
d. There is no conflict between Islamic values and economic prosperity, progress and development or capitalism. If PAS condemns this as secular, the large non-Muslim population which must be accommodated is invoked.

The formula appears in most speeches given on Islam. It was encapsulated succinctly in Dr. Mahathir's acceptance speech upon being conferred with the King Faisal International prize for Service to Islam. He described how Malaysia will continue to practise Islamic principles which are just to non-Muslims and pursue material progress even if this is deemed secular and condemned by other Muslims. The Prime Minister stated that political stability, good government, knowledge of science and technology, material wealth and modern sophistication are all part of the process of strengthening the Muslim *ummah* (brotherhood) for the future. He added, "Indeed, we believe that our material progress is in accord with and in full support of the teachings of Islam" (Mahathir, Riyadh, Saudi Arabia, March 1997).

Some milestones in redefining Islam: In 1981 and on assuming office, Malaysia's Prime Minister Dr. Mahathir Mohamad convened a high-profile seminar entitled "The Concept of Development in Islam"; in 1984, he declared his intention to "Islamise government machinery"(*Utusan Melayu*, October 27 and 28, 1984), and there have been many seminars and conferences convened whose titles include the words "Islam" and "development" or "progress" together. More significantly, the focus of many of the keynote addresses by Dr. Mahathir and other high-ranking government officials is about how Islam's past glory can be reclaimed by an economically powerful *umma* via progress and development. The Prime Minister makes frequent statements that "Islam is a progressive religion," (Mahathir, Kuala Lumpur, 1993), inserting the term "progress" which is synonymous

with economic development in Malaysian rhetoric, in a definition of Islam as a religion.

This strategy was replicated as early as 1986, and some Muslim women leaders adopted it, NGOs among them. For example at a seminar entitled "Women's Role in the Development of the *Ummah*" convened at the International Islamic University, university lecturer and the then head of the women's section of ABIM, Khalijah Mohd. Salleh titled her keynote address "Revaluation of Women's Role in Development." The title is already indicative of the larger agenda — that of economic development — in a conference about expanding the *umma*. Her opening paragraph states that Islam used to be associated with economic progress and a high standard of living during its golden age. She then asks what is the role of women in the future development of the country and *umma*, conflating nation and its objectives with the *umma*. In her conclusion, Khalijah describes women also as *khalifa* ("successor" or "vicegerent"), and that women need to perform tasks beyond those of wife and mother so as to "render service in various categories of society and thus participate in the development of the nation and the *ummah*.."(Mohd. Salleh, International Islamic University, Malaysia, 1986). Again, nation and religiosity are conflated, and women are enjoined to both. Service to the nation's development programmes is privileged, making the fulfillment of national objectives a religious duty.

An Islam defined as compatible with modernity has been appropriated by Muslim women as enabling of women, and this is another important dimension of Islam in the Mahathir administration. Muslim women in Malaysia have been successful in strategising their agenda for more egalitarian interpretations of Islam and the Shari'a by inserting their objectives into the government's project of becoming a modern nation through economic development and progress although in this paradigm, many women constitute the main source of cheap labour. Significant segments of middle class, educated working Muslim women are troubled by PAS paternalism and patriarchy, especially in the context of the Mahathir administration's good track record of enabling women and recognising their abilities.

Islam which Disciplines and Control

The word "deviant" appears frequently in the discourse on Islam by members of the Mahathir administration. First of all, "deviance" is a concept in Muslim tradition and sources and it is monitored and policed all over the Muslim world. "Islam" is invoked as a monolithic, unitary concept by an officialdom which holds its interpretations as normative. In Malaysia, the term is applied to a variety of subjects. The Al-Ma'unah cult (the word "cult" was used by the media and the police, the group did not consider itself a cult but a self-defense group) which created the worst public security scare in Malaysia in years has been appropriately described as "deviationist." Fifteen men from the cult raided two army camps in the state of Perak in July 2000, stealing more than 100 weapons and taking four hostages (two of whom were found murdered after a four-day stand-off). However the term "deviant" has also been invoked to include books, individuals and movements and political parties which are deemed "contradictory" to Islam — in other words, to normative definitions of Islam which are set out by those in power.

In 1999, the Director-General of Jakim (the acronym for the Islamic Development Department which is under the auspices of the Prime Minister's department) reported that the Ministry of Home Affairs had banned a total of 195 books and leaflets in Bahasa Malaysia and 80 in English, whose content ran contrary to Islam. He added that Jakim has "uncovered 94 types of deviationists teachings as being propagated nationwide since its inception in 1974" (*The Star*, August 6, 1999). At least once each year, there are announcements that the Government is monitoring the effects of Syiah (Shi'a) deviant teachings in the country, for Malaysia belongs to the Shafi'ie *madhab* or school of Islamic jurisprudence.[11] The argument could be made that the periodic ferreting out of Shi'a "deviants" is a reminder of power that the ability to discipline displays, as well as the formula of forging Muslim unity against an external other.

Sometimes "deviance" is applied to opposition politicians. For example, in June 1999 a Kelantanese former Second Finance Minister Mustapa Mohamad is reported to have said that "PAS possessed features of fundamentalism similar to deviationist groups,"(*The Star*, June 27, 1999) when addressing a one-day seminar "to tackle the Syiah

problem in Kelantan." More recently, the Minister for Islamic Affairs, Abdul Hamid Zainal Abidin described the existence of at least 17 deviationist Muslim cults, "many of whom are opposed to the government and are a threat to national security" (*Straits Times*, Singapore, June 9, 2001). On almost all occasions, what constitutes "deviance" is not defined, when it is pronounced upon individuals, groups or books and announced in the media.

In 1995 and 1996, there was considerable newspaper coverage of the Darul Arqam movement which was reported as having over 10,000 members and even more followers who were wives and children. Those in Darul Arqam were a different community of Muslims with a fidelity to a charismatic leader, and who chose to live away from the mainstream in a number of self-sufficient communes. Because of its sheer number of members, the movement itself represented a significant potential power base especially because of their devotion to their leader. Darul Arqam was ultimately branded "deviant." On July 10, 1995, Minister for Islamic Affairs in the Prime Minister's department announced that there would be a meeting of *ulama* to decide "whether or not the Al-Arqam movement is deviant, and then they will issue a *fatwa* about them" (*NST* July 10, 1995). The next day, the leader of the movement and some of his followers were arrested, but not for offences against the Shari'a. They were arrested under the ISA, for threatening national security. In this example, religiosity is purportedly disciplined, but a secular instrument of political domination that enables detention without proof of cause or trial, is employed to effect it.

In the same period, the Deputy Minister of Information announced that "the ISA would be used to detain those who promote religious fanaticism among Muslims" (NST, July 29,1995). In the next paragraph of the report, he identified the targets of this new strategy. He alleged that several PAS leaders including Kelantan *Menteri Besar* (Chief Minister) Nik Abdul Aziz Nik Mat spread religious fanaticism among their followers. "This concerns a deviation of faith. If they refuse to reform their followers, we will not hesitate to suggest that the Home Ministry detain them under the ISA" (*ibid.*). In this issue, the opposition political party, PAS, is targeted for "religious fanaticism" which was not defined, and that this fanaticism is described as a deviation of faith. One could conjecture that because a political weapon is threatened (the

ISA, and not the *Shari'a*), the "fanaticism of PAS followers" is also about their allegiance to their party. Since the 10th general elections of 1999 when PAS emerged as a formidable threat to the ruling coalition, there have been statements threatening to criminalise "religious extremism" by PAS by using section 298 of the Penal Code.

The section describes "Uttering words, etc., with deliberate intent to wound the religious feelings of any person," (109) and 298A states, "Causing, etc. disharmony, disunity, or feelings of enmity, hatred or ill-will, or prejudicing etc., the maintenance of harmony or unity, on grounds of religion," (*ibid.*). These large categories are defined as criminal offences. Since the wording is general enough to be ambiguous, and the power to define it is with those in authority, this section of the Penal Code can be used to contain deviations from the norm including contradictions by an opposition political party. Rais Yatim, the Minister for Law in the Prime Minister's department, is reported to have said that he was considering invoking the law on religious offences under the penal code because "those threatening national security and public safety are also terrorists for religion has been used to teach deviationists blind loyalty and hatred of government leaders" (Star, November 24, 2000).

In the wake of the arrests of the leader and some followers of the Darul Arqam movement in 1995, the government announced that it would spend RM40 million to build two Islamic faith rehabilitation centres under the Seventh Malaysia Plan. This was announced by the then Minister for Islamic Affairs in the Prime Minister's Department, Abdul Hamid Othman. He is reported as saying that the centres were "urgently needed in view of the increasing number of apostates and religious deviants detected over the last few years" (NST, September 19, 1995). Those identified for rehabilitation included "those who had misinterpreted the *Syariah* (Islamic law)" (*ibid.*). This is a rather generalised premise for "rehabilitation." It is significant that Abdul Hamid Othman contextualised these announcements with how the problems "could lead to or cause **disunity** (emphasis mine)...this problem has to be tackled to ensure balanced development and to attain success politically and economically" (*ibid.*). The components of the formula described earlier in this section on Islam are present — unity for economic development — against the disruption of deviance.

1995 also saw another aspect of Muslim "deviance" in Malaysia. Writer and academic Dr. Kassim Ahmad was described as one of two leaders of an "anti-hadith movement." The NST July 4, 1995 article begins by describing Dr. Kassim Ahmad as "a former Internal Security Act (ISA) detainee and leader of the *Partai Sosialis Rakyat Malaysia*," which is already indicative that Dr. Kassim Ahmad is considered a political threat. The report continues:

> The anti-hadith group has been ruled deviationist by the Federal Territory Fatwa Committee since 1987, and the Federal Territory Religious Affairs Council in 1988... the ruling means that the group is against the Shari'a and therefore they are illegal. The Chairman of the Malaysian Islamic Missionary Council, Datuk Dusuki Ahmad describes the movement as "dangerous, and we will do everything we can to check their influence, for we have been monitoring them for many years" (NST, July 4, 1995).

In his speech, Dusuki also describes the "anti-hadith movement" as "impatient revisionists who were out to disrupt Muslim society"(*ibid.*).

In an article with the headline "10 Anti-hadith Lecturers, Politicians, under Probe" (NST, June 22, 1995), the Minister for Islamic Affairs in the Prime Minister's department is reported as saying that the government would arrest the lecturers and politicians "if they continue with their activities that threaten to disunite Muslims in the country" (*ibid.*). The Minister described how "some of them have been writing to us to justify their views. Thus we suspect they are also distributing their writings" (*ibid.*). An academic explained that some colleagues were under investigation for simply saying that they did not think *ahadith* should be privileged over the *Qur'an* or even accorded the same reverence as the *Qur'an* — views which are not deemed deviant in many other parts of the Muslim world.

Women too are singled out as "deviant." For example, the then Islamic Development Department director-general Abdul Hamid Zainal Abidin defined women as among those prone to deviance, explaining that women and students form the largest group involved in deviant teachings. He said, "Deviant teachings influence men and

women. According to statistics, women, children and students form the largest group and are more prone"(Bernama report, July 21, 1999).

Perhaps "deviance" from what is defined as normative Islam by the Mahathir administration is a strategy to unite, contain, and also marginalise different or dissenting Muslims in Malaysia. Perhaps PAS, Kassim Ahmad and the "anti-hadith" group, Shi'is, and women are "deviant" because they are different. They create their own realities and threaten the notion of "unity," which is another way of describing conformity and homogeneity, the prerequisites for domination. The labels and ensuing sanctions of "deviance" enable discipline and control of those with the ability to disrupt structures of power because they have different needs, different agendas, and different motivations. Thus, domination is enacted by labeling detractors deviant — for example, those who support an opposition political party — and by defining this deviance as bad against what has been normalised as "good" for the nation.

Thus, two main premises of Islam in the Mahathir administration is that it is first defined by those with the power to dominate the discourse; and then used to discipline and control for the purposes of political legitimacy and hegemony, and as a means to effect the national agendas of achieving modernity and economic prosperity.

I do not claim that these are the only premises of government policy on Islam, nor that only the Mahathir administration defines Islam. Political opposition parties also appropriate and define Islam for their agendas. There are many descriptions of "the truth", or of what "Islam says" in even e-mail exchanges on discussion lists in Malaysia. However, no other party or institution besides the ruling coalition and its government has as much control over any of the mechanisms for defining Islam: the media, the Shari'a courts and the *ulama* employed by them, as well as the ability to enact and enforce laws.

The 10th General Elections, Islamisation Intensified

Mahathir's New Malay dilemma is both the result of his policies and programmes, as well as the new politics of Malaysia since the Anwar Ibrahim debacle and the last general elections.

In the 10th general elections of November 29, 1999, Islam emerged as definitive of the way Malaysians voted after a negative

election campaign, when significant voter sentiment was less about supporting a party and its platform and more about voting against it and thus for its nemesis. This dynamic translated into Malays voting against UMNO, perceiving it as the party that represented injustice and cronyism especially after the dismissal and assault of Anwar Ibrahim; and non-Malays voting against the spectre of an Islamic state signified by the opposition coalition's component party, PAS. The campaign wrought through the formidable BN machinery of media at its disposal presented different options to different races of the electorate. The Malays were presented with the option of continuing along the path of economic progress and development with the *Barisan Nasional* (BN). However, for the non-Malays, their ignorance about Islam and fears of an Islamic state was played upon. Women were courted by both parties, and one of the most prominent advertisements was that of a young Malay woman in a *tudong* (headscarf) with the words "career," "ambition," "future," and "It's My Choice" superimposed on her.

The *Barisan Nasional* won. However, compared to the 89 seats they had after the 1995 elections, UMNO won only 72 parliamentary seats, while the other BN parties won 76. Without the 46 seats from East Malaysia, the BN barely won a simple majority.

The general elections had been a watershed: they not only confirmed that the ruling coalition lost significant support from the Malays especially, but also other constituencies. Due to previous exercises of gerrymandering, the BN garnered 53% of the votes to win 103 parliamentary seats in Peninsular Malaysia, whereas the *Barisan Alternatif* (BA) received 43.11% of the votes cast to win 42 seats. 26 parliamentary seats were won by a majority of less than 5% and another 24 by margins of less than 10%. The BN won 29 of these seats, and the BA won 21, statistics indicative of non-Malay support despite generalisations about how the non-Malays ensured the BN win by voting against PAS' coalition partners. It also worth noting that a high number of spoiled votes was recorded in the elections — the national average was 2.14% — which is perhaps reflective of a significant but silent segment who could not relate to the issues or choices before them. I would include in this category Malay Muslims who do not subscribe to the platforms of either UMNO or PAS: UMNO's agenda of modernity

and industrialisation at all costs, or PAS' conservative, theocratic politics. One interpretation of the 10th general elections of 1999 is that a diversity of new imperatives shaped the electorate's choices. In the period since November 1999, the range of issues has broadened in tandem with the growing segment of Malaysians who repudiate the old style of politics contingent upon racial fears, stereotypes, and elitism, or upon the need to support economic development (as envisioned only by the ruling coalition) at all costs.

Nevertheless, maintaining its traditional strategy of offering development and reminding the electorate of gratitude due to them, the BN contested three by-elections during 2000. In April, the BN increased its majority by 1,038 votes in Sanggang, Pahang, defeating the PAS candidate. The defeat was partly due to the use of a slogan asking voters to reject the secular state which PAS blamed for the nation's moral morass. However, to non-Muslims this slogan translated into PAS' championing of an Islamic state, which they had rejected in the 1999 elections. In a June 2000 election, the BN retained its parliamentary seat in Teluk Kemang, Negeri Sembilan with a 5,972 majority. But this constituted a 40% loss (3,970 votes) for the BN candidate six months after the general elections. Finally, on November 29—exactly one year after the general elections—the BN lost by 530 votes a by-election for the state seat of Lunas in Kedah to a BA candidate, despite having won it by a 5,000 vote majority a year earlier. Of those who voted, only 32% of Malays and 35% of Chinese voted for the BN in Lunas, although it got 75% of the Indian vote. Analyses showed that the BA increased its Malay vote, but more significantly, enough Chinese voters supported the BA's Malay candidate to give him the victory. This, despite initial public squabbling between the parties that constitute the BA over the preferred ethnicity of a candidate and which party's turn it was to field one.

Because the stakes were high, this state assembly seat by-election in a small town warranted gargantuan efforts from both the BN and the BA. The BN's loss in this, the Prime Minister's home state, eliminated the party's two-thirds majority in the state assembly because PAS had won 12 seats a year earlier. The BA's win confirmed that despite widespread early cynicism about strange bedfellows, the opposition coalition was surviving beyond the general elections.

The power of Islam for the Malay electorate was recognised by UMNO, when the general assembly of 2000 called for the word "Islam" to be banned in the names of political parties. In March 2001, the Council of Rulers that comprises sultans from nine states who have authority over religious matters in their states, was asked by the government to consider such a ban. The National Fatwa Council submitted a recommendation that the Council of Rulers ultimately rejected, leaving PAS to keep "Islam" in its name.

In addition and as a result of the general elections, UMNO embarked on a *da'wa* (mission) to Islamise itself, the government and the nation.

Beginning in the year 2000 Federal and state governments announced measures which can be construed as steps towards an Islamic state, among them:

- Shari'a enactments in all the states in response to the federal government's urging in early April 2000 that state laws be amended to stop Muslims from "deviating" from Islam (Bernama report, April 6, 2000). Subsequently, for example, the state of Johore has provided for caning and jail sentences for lesbians, sodomy and pre-marital sex, as well as for pimps, incest, and prostitution (*The Star*, April 11, 2000).

In Perlis, a law on apostasy for converts entitled the Islamiah Qidah Protection (State of Perlis) Bill 2000 was passed. The Bill was a legislation drawn up by Pusat Islam in the Prime Minister's department. The legislation has been described as *ultra vires* of the Federal Constitution which guarantees an individual freedom of religion. The enactment will consign those sentenced under the law to an Aqidah rehabilitation centre. In debates over the Bill passed by Perlis, an even more elaborate version of the original piece of legislation was considered, whereby Muslims who are accused of misleading other Muslims to vote for an opposition party will be prosecuted (*The Star*, April 6, 2000). From April onwards, there was considerable consternation expressed by Muslims, especially over clause 7 (of the Perlis bill, for example). The clause provides that if there is sufficient evidence of an attempt to change *aqidah* (faith) by a Muslim, the Syariah Enforcement Officer shall apply to the Court to issue a summons requiring the attendance of the person in

court. 29 Muslims signed a petition protesting the Restoration of Faith Bill and presented it to SUHAKAM, the official Human Rights Commission constituted by the government. The federal government subsequently announced that the legislation would be withdrawn for further consideration.

- Numerous statements over the first six months of 2000 that the federal government would police whether the standard *khutbah* (or sermon) it provides is delivered, and that it would monitor other activities at mosques;
- the federal government's proposal to standardise the curriculum of religious schools, most of which are private or state-owned organisations.
- Beginning in July, compulsory attendance at weekly classes on Islam for all Muslim civil servants (but which never materialised);
- arrests by JAIS (Jabatan Agama Islam Selangor) of Muslims found working in establishments which serve alcohol, because they are guilty of "insulting Islam." Three outlets were raided, but the furore when it came to light that only women were being prosecuted had UMNO in what seemed like an about-face on championing Islam. Deputy Prime Minister Abdullah Ahmad Badawi called the action "extreme" and "unfair" (and other notables soon followed suit) and had it rescinded, after PAS issued a press statement supporting the JAIS action as being within the teachings of Islam.

Thus, in the midst of a flurry of Islamisation, there was a reining in of aspects of this fervour to Islamise the country.

The New Malay dilemma for Mahathir is in part one of his making: that for almost 20 years he has raised consciousness about Islamising government and nation; that he has made Islam and Malay ethnicity encumbent upon each other; and that he has forged an Islam synonymous with economic development (and its attendant problems, cronyism and corruption among them) that he identified as his but which now besets him. The issues that consume Malays at the turn of the 21st century are less about the imperatives of education, income and empowerment from a sense of being disenfranchised. In part because of the success of the NEP and Mahathir's economic programmes, their issues now are more about

those of a confident middle-class: identity and rights. It is Islam that defines Malay identity and Islam that proscribes perceptions of wrong doing — whether to a fellow Muslim who was Deputy Prime Minister or over the wealth that Mahathir enjoined as the fate of some Muslims among others who are to be poor, commoners or followers of a leader.

Only time will tell whether the Mahathir administration has succeeded in forging a legacy of a modern Islam interpreted by the man who has defined the nation for the past 20 years. However, regardless of what the ultimate judgement is, the significance of his courage and will to find constructive engagement for Islam in modernity and its attendant complexities, is considerable and will reverberate in history.

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Endnotes

1 In the history of Islam, the *ulama*, in whatever form they functioned, often came to have the ultimate decision on all questions of constitution, law and theology. The history of many Muslim governments provides evidence that whatever the *de facto* government might be, the *ulama* was curb upon it, as a surviving expression of the Agreement and of the right of the People of Muhammad to govern themselves. 1995, *Shorter Encyclopaedia of Islam*. Leiden: E. J. Brill.

2 Among the most useful: Chandra Muzaffar's *Islamic Resurgence in Malaysia* (1987) and *Challenges and Choices in Malaysian Politics and Society: UMNO Politics, Democracy, Ethnic Relations and Religion* (1989), Judith Nagata's *The Reflowering of Malaysian Islam: Modern Religious Radicals and their Roots* (1984) and her essay entitled, How to be Islamic without being an Islamic State: Contested Models of Development in Malaysia in Akhbar S. Ahmed and Hastings Donnan's *Islam, Globalization and Postmodernity* (1994), Zainah Anwar's *Islamic Revivalism* (1989), Husin Mutalib's *Islam in Malaysia: From Revivalism to Islamic State* (1993), the essay by K.S. Jomo and Ahmad Shabery Cheek entitled, Malaysia's Islamic Movements in Joel S. Khan and Francis Loh Kok Wah's *Fragmented Vision: Culture and Politics in Contemporary Malaysia* (1992) and Muhammad Ikmal Said's essay Malay Nationalism and National Identity" in *Malaysia: Critical Perspectives, Essays in Honour of Syed Husin Ali* (1996).

3 All quotations from Mahathir's speeches in this chapter are from the transcripts available on the website for the Prime Minister's Office: *www.smpke.jpm.my* or from newspaper reports. Malaysian newspapers often publish the full text of the Prime Minister's speeches. If the newspapers summarise and provide quotations, these too are deemed by most to be a reliable source because the main English and Malay-language newspapers are owned by BN-related enterprises. In addition the media is closely monitored and controlled (via the annual requirement for licensing) by the government.

4 Although *The Challenge* does not have a great deal on Mahathir's views on work, these are explained by Khoo Boo Teik in an interesting section in *The Paradoxes of Mahathirism* (1995). Khoo quotes Mahathir: "Our people must be encouraged to work under every condition, as a duty to Islam and the Ummah, as a battle to liberate Islam from dependence on the skills and manipulation of others" (173).

5 In even e-mail discussion lists, this position is common. For example in the Sangkancil discussion list, in an explanation provided by a Muslim about the frequent clashes on the list between the group described as GAH (Gabungan Anti-Hadith, or those who exegete directly from the *Qur'an*) and those who follow traditional scholarship, a subscriber wrote on Oct 22, 2000, "In Islam, reasonings or decisions fall back on the *Qur'an* and *Sunnah*. A Muslim may err or transgress the limits, due to his or her shortcomings... the GAH to us are those who wage war against Allah and Rasul. Mahathir is in this group too..."

6 In the way Arabic is translated or jawised into Bahasa Malaysia, *umma* is spelt *ummah*, *shari'a* is spelt *shari'ah* and so on. I use the standard translation of Arabic into English from Brill's Encyclopaedia of Islam — without the 'h' except when the word is in a quotation.

7 For detailed descriptions of the rhetoric that ensued after May 13, 1969, analyses of the governing council (the NOC) while Parliament was suspended, and summaries and perspectives, see Karl Von Vorys' *Democracy Without Consensus* (1975); John Funston's, *Malay Politics in Malaysia* (1980); and Ann Munro-Kua's, *Authoritarian Populism in Malaysia* (1996).

8 This strategy to divide and rule has become even more obvious in the aftermath of the general elections of 1999, when UMNO lost a considerable segment of its Malay constituency. During 2000/2001, in what is commonly-held as a strategy to lure back its Malay base, Mahathir and UMNO leaders have championed and, some argue, racialised and created controversies such as revisiting the review of the NEP that was made by Suqiu, an umbrella organisation of over 1,800 Chinese organisations before the general elections (which the BN had accepted before the general elections).

9 For a classical resource, see *The Reliance of the Traveller: A Classical Manual of Islamic Sacred Law* by Ibn al-Naqib Ahmad ibn Lu'lu. For contemporary sources see M. Fahim Khan (1995), Masadul Alam Choudhury (1992), Yassine Essid (1995) and Syed Nawab Haider Naqvi (1981).

10 Examples abound. In the letters page of the NST, Feb. 7, 2001, an academic from Universiti Kebangsaan wrote to congratulate the Malaysian government's privatisation programme. He states that Islam is against inflation but favours privatisation. It is quite a stretch that one can discern "inflation" and "privatisation" in the *Qur'an*, *Hadith* or *Sunna*, the traditional sources for the Shari' a and for interpreting the *Qur'an*. Often, such conclusions are effected by extrapolating a contemporary issue onto a *Qur'anic* injuction that seems to parallel the modern context, using one's rational skills of discernment. Such a practice constitutes *tafsir bil ra'y*, the exegesis of the *Qur'an* that is least desirable because it privileges the individual and his ego and bias, rather than the traditions, practices and sayings (*Sunna* and *Ahadith*) of the Prophet, or other sections of the *Qur'an* itself.

11 More recently, SUARAM (a Malaysian Human Rights group) announced that authorities had detained six people between August 2000 and February 2001 because they were identified as Shi'a muslims. They were arrested and detained under the ISA. (Malaysiakini website, *www.malaysiakini.com*, Feb. 8, 2001)

Conclusion: The Mahathir Legacy and Governance in the New Millennium

Ho Khai Leong

It is difficult, if not impossible, to present definitive conclusions about an administration which, in many ways, is still ongoing. However, there is little doubt that Mahathir's impact on the Malaysian polity is, to say the least, profound. Malaysians below the age of 30 know of no other Prime Ministers, his style and policies are so different from his predecessors that a direct comparison cannot be made. Under his leadership, the Malaysian economy underwent deep structural change while the political system, especially UMNO politics, arguably changed completely.

Although we have seemingly come to the end of the Mahathir era *per se*, following the 1999 general elections which Mahathir Mohamad said would be his last, many of the social, economic and political projects begun by Mahathir himself, have yet to come to fruition or are yet to have their full impact seen. His pet projects — *Wawasan 2020*, *Bangsa Malaysia* and *Melayu Baru*, will take several more decades to complete, if at all. The impact of his legacy on the Malaysian society as it embarks on a refreshing yet uncertain journey into the 21st century, is, as the chapters in this book demonstrate, profound and wide-ranging. In many respects, despite the early (and probably premature) judgments placed on him by critics, the jury is still out on the longest-serving Prime Minister of Malaysia; it will be some time before history's judgment on Mahathir finally crystallises.

The question that everyone is asking is: How enduring are the

changes produced by two decades of Mahathirism? Under the next Prime Minister, will Malaysia get a less adversarial government, and decision-making become more collective? Will consensus rather than conviction come to rule Malaysian politics? These are hard questions to answer, but what we are sure is that the content of Malaysian politics in the next decade will be greatly influenced by the major themes of the Mahathir decades. Mahathir may not have inculcated all his values into the Malaysian public, but he certainly did change the face of Malaysian politics.

Governance in Malaysia in the new millennium will depend on how the Mahathir legacy unfolds. Economically, the financial crisis was a lesson not to be dismissed, and its vulnerability and the entrenchment of party interest in business need to be addressed. Politically, the question of succession has yet to be resolved, and it would take some time before the next premier establishes his mark on a nation-building path that is full of Mahathir's footprints.

What is certain is that the process of globalisation has not escaped Malaysia. The Multimedia Super Corridor (MSC) will sorely test the resolve of the next leader of Malaysia when it comes to the free flow of information. This will invariably lead to a more open and transparent form of governance. Financial scandals and political mismanagement can no longer be hidden within the confines of the ruling elite. Rising education levels and access to the internet will create a society that will demand more accountability and transparency. Thus, the next Prime Minister of Malaysia will have to deal with this and the Mahathir legacy.

It is hoped that the analyses contained in this book will contribute, however modestly, to the crystallisation of fair assessment of the man who brought Malaysia on the road of modernisation and industrialisation, however unlikely that may have seemed in 1981 when he ascended to the top job in the nation, and of his on-going two decades as Prime Minister of Malaysia, years which were dramatic and paradoxical. Mahathir years of governance were indeed turbulent, often in unpredictable and unconventional ways. The question on everyone's mind, whether the new additions to the Kuala Lumpur skyline such as the Petronas Twin Towers and new capital of Putrajaya represent monuments to a man or monuments to an era, ultimately escapes a categorical answer.

The chapters in this book demonstrate that an evaluation of Mahathir governance and administration can be both frustrating and rewarding, and that his impact on Malaysian political and economic developments in the new century are likely to be perceived as substantial and wide-ranging. Mahathir's blueprint for society in his Vision 2020 will be put to the test as the nation embarks on a hazardous journey from the feudal, agrarian era to the new, and much more competitive and globalised environment in the 21st century.