

# THE MALAY DILEMMA REVISITED

*Race Dynamics in Modern Malaysia*

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*By*

*M. Bakri Musa*

**Merantau  
Gilroy**

**The Malay Dilemma Revisited**  
**Race Dynamics in Modern Malaysia**

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For information address:  
Merantau Publishers  
700 West Sixth Street, Suite S  
Gilroy, CA 95020, USA

ISBN: 1-58348-367-5

LCCN: 99-64068

Printed in the United States of America

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305.8009595

MBM

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1014710

21 AUG 2001

*Perpustakaan Negara  
Malaysia*

To My School-Teacher Parents, Cikgu Jauhariah binte Sallam  
and Cikgu Musa bin Abdullah

*"Orang yang berguru dengan orang yang meniru itu terlalu jauh bedza-nya."*  
Munshi Abdullah

(Translation: Between those who are taught and those who parrot,  
is a vast difference.)



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# Acknowledgment

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Writing a book is very much like performing surgery, with much cutting and patching. Skillfully done it can be almost painless and hardly bloody. At the end the surgeon rightly feels a glow of satisfaction and a sense of deep appreciation to others in the operating room who made it all possible. There is the anesthesiologist who skillfully keeps the patient pain-free, the colleague across the table who helps with the exposure, and the scrub nurse ever ready with the right instrument at the right time.

So it is with this writing operation. My friends and families in Malaysia and America were the valuable crew members.

Badri Muhammad, PhD, and Karen Crouse, PhD, Professors of Chemistry and husband and wife team at Universiti Putra Malaysia, are long time friends since undergraduate days. It is always a pleasure to be with them and to get the perspective of active "bench" scientists. To Karen, many thanks for all the books. You correctly read my taste as I thoroughly enjoy devouring them. Sharkawi Jaya, MD, formerly of Shell Malaysia and now at Petronas, and his wife Mary, family friends and ever gracious hosts, provided much information. With Shar I can always count on his quiet but convincing "That's where you are wrong, Bak" to make me review my thoughts.

This project began as family discussions. My parents, Cikgu Musa bin Abdullah and Cikgu Jauhariah binte Sallam, encouraged me to seek wider audiences for my views. My older brother Sharif and his wife Zainab, accountants by training, provided input from the corporate sector, he from a multinational and she, a government-owned corporation. The long night discussions at my sister Hamidah's house with my brother-in-law Ariffin Hamzah were always stimulating. To my younger brother and sisters, ever the receptive and possibly captive audiences, many thanks for your patience in hearing me out. Other members of that captive audience are my nieces and nephews. It is always refreshing to have the idealistic views of the younger set—Malaysia's future.

Across the Pacific in America, I am blessed with knowing a number of Malaysians whom I have known over the years. Being away from our native land

we share a ready common bond. Salleh Ismail, PhD, Chief Scientific Consultant, Cavilco Corp, Los Angeles, Ca, and his wife Norita, a psychologist, both have inspiring stories of their own. I am pleased that they willingly share them with me. Many thanks to Fathilah Kamaluddin, PhD, for going over some of my articles and expressing her take. Across the continent at the Centers for Disease Control and Prevention (CDC), Atlanta, Ga, molecular virologist Azaibi Tamin PhD, is always ready to hear me out. I like it even more when he agrees with me, which happily, is often. North of the 49th parallel, I am most appreciative to Thaddeus Demong, MD, and his wife Carol of Calgary, Alberta. Thad maintains close familial and professional ties to Malaysia, making his views that much more relevant.

Closer to home, Zaidi Ibrahim and his wife Zita help bring out the Malaysian in me. He and I share much in common. We are both from kampongs in Negri Sembilan and as a child I spent some time in his village of Lenggeng. Our friends thus readily excuse us when we inevitably reminisce about the old village and the water mill now long gone. I depend on him to refresh my childhood memories. To Kim Ahmad Sabian and his wife Rose, it is not a Malaysian get together without them. Kim grills a mean satay and Rose cooks an equally fantastic *rendang*. No wonder their home is a favorite among Malaysians here.

Much gratitude and appreciation to my father-in-law, Stewart Bishop, for going over the manuscript. No stranger to Malaysia, his completing his own book inspired me to get on with my project. My daughter Melindah's analytic mind, sharpened at Harvard Law School, helped me better rationalize my arguments. I am also indebted to her as portions of the chapter on Islam are from her undergraduate paper at UCLA. My son Zack's skills, honed as editor of his University of California, Santa Barbara's campus newspaper *The Daily Nexus*, came in handy. Many thanks for straightening some of the convolutions. I take to heart his gentle reminder not to be too hard on Malaysia. Now that the manuscript is at the publisher I can truly answer my younger son Azlan's interminable question, yes, I am done with the computer. Finally!

And there beside me almost at all times giving me moral (and grammatical) support is my wife Karen who seems never tired of my endless. "How does this sound?" and "What's another word for...?" Like an excellent scrub nurse, she was usually ready with the right word at the right time.

Ancient Muslim tradition has it that when skilled artisans finished weaving their finest tapestries, they intentionally left a loose thread hidden in some obscure corner, in deference to the belief that perfection is the exclusive attribute

of Almighty Allah. Rest assured dear readers, I have spared you that tedium with this creation. You do not have to strain to find the loose threads.

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June 1999.

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## A Note on Style

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In citing Malaysian sources, I use (in most cases) the style of Malaysia's *Perpustakaan Negara* (National Library). Thus it is "Mahathir Bin Mohamad" and not "Mohamad, Mahathir Bin."

When referring to Malaysian personalities I have, with rare exceptions, dispensed with their customary titles. I do this not out of disrespect for these distinguished Malaysians and their well-deserved honorifics, but for brevity and clarity. Thus "Mahathir," rather than "Datuk Seri Dr. Mahathir."

For geographic names I use the usually accepted international spelling and terminology instead of their Malaysian form. It is "Malacca" not "Melaka," and "Penang" not "Pulau Pinang."

When quoting currencies and other monetary values, I use the nominal figures. When the relevant time period is not apparent from the text, I have inserted the year in parenthesis. Obviously the Malaysian ringgit of 1996 is not the same as that of 1998, nor is the 1990 US dollar comparable to that of 1998.

I have not used footnotes to avoid clutter and distracting asides. The references to facts cited or statements made should be apparent from the list of sources for each chapter found at the end of the book.

When a Malaysian phrase appears, I give a brief translation immediately in parenthesis, thus saving readers from looking elsewhere in the book. Similarly with acronyms, the full name is given the first time it appears and at appropriate intervals thereafter. A fuller explanation appears at the end of the book.

I use the terms "Malays" and "Bumiputras" (lit. sons of the soil) interchangeably. Although Malays constitute the bulk of Bumiputras, there are other significant cultural and ethnic groups like Ibans, Kadazans and Melanaus. When I refer to Bumiputras I mean primarily Malays, in particular, Peninsular Malays.

posed for what they were—and could be—ordinary mortals capable of senseless butchery and irrational ethnic hatred for each other given the right circumstances. The only redeeming feature of that national tragedy was its brevity. The physical hostilities were mercifully over in a matter of days. The psychological trauma and latent mistrust lingered, afflicting some of the present generation.

It is in the nature of humans to minimize or forget painful and tragic events, a psychological defense mechanism. Hence the euphemism "incident." In much similar vein, the more devastating and still ongoing sectarian strife in Northern Ireland is simply a "disturbance," and the barbaric atrocities of the Serbs in Bosnia, "ethnic cleansing." All very detached and clinical, masking the underlying unspeakable human horrors and sufferings.

The May 13 incident was triggered by an election that had an unusually long and ugly campaign. The riot was not the first (though one prays it would be the last) racial conflict in Malaysia. The fact that most Malaysians feigned surprise at that outbreak of hostilities reflected the collective state of denial the nation and its leaders were in at the time.

Amidst the chaos and confusion, the country's hapless Prime Minister, Tunku Abdul Rahman, was reduced to tears in trying to comprehend the unfolding nightmare. The sight of its leader sobbing uncontrollably in front of the cold, unforgiving eye of the television cameras for the whole world to see was touching, but not pretty. Nor did the pathetic spectacle calm or comfort a frightened nation: a leader losing control of his followers who had collectively run amok. A sordid sight.

The Tunku (lit. Prince), as he was affectionately and respectfully known by his countrymen, had until the incident been idolized by the citizenry. And for good reasons. He led his country, then called Malaya, to independence from British rule in 1957. He did it peacefully through shrewd negotiations, instead of confrontations and glorified wars of independence. It was an achievement sufficiently rare and unique at the time. Six years later, again through skillful diplomacy, he brought the other British colonies of North Borneo, Sarawak, and Singapore to form Malaysia. (Singapore's inclusion was brief, only to separate two years later.) Thus he was adoringly anointed by his grateful countrymen with the much revered title of *Bapak Malaya* (lit. Father of Malaya) and later, *Bapak Malaysia*. The nation had much to be thankful to the man.

But, alas, how fickle are the followers' adulation of and faith in their leaders. At the most critical time in its history, when its frightened people desperately needed a sense of leadership and firm control, the weeping Tunku projected an

image of pathetic paralysis, incredulous incompetence, and desperate despair. Tunku was no Churchill. Fortunately for Malaysia, Tunku had as his deputy, an able and decisive leader in the person of Tun Razak. With his crisp leadership and legendary efficiency, Razak quickly brought the conflict under control. With law and order thus restored, he went on to take effective command, reducing the prime minister to a plaintive figure-head. Tunku was not just shunted aside: he was simply ignored, a political irrelevance. An unexpectedly swift and cruel twist of fate.

## Mahathir's Debut

THE HUMILIATION of Tunku did not end there. A young ambitious politician from his own political party publicly questioned Tunku's competence in leading the nation in her time of deep crisis. That the scorn was couched in the most polite and deferential form Malays are known for did not detract from its trenchant message. In the rigidly ordered and strictly stratified Malay society, such open defiance and public repudiation of the leadership were treasonous. Tunku was rightly incensed by such an affront to his authority, and the political upstart was swiftly expelled from the party.

To a lesser person that would have meant the end of a political career, or worse. Mahathir Bin Mohamad, however, did not languish following his removal from the ruling party, United Malay National Organization (UMNO). Within months he was back tormenting Tunku with the publication of his now famous book, *The Malay Dilemma*. Published in early 1970, less than a year following the riot and written rather hastily, the slim volume was merciless in its denunciation of Tunku and his brand of leadership. For a man who had lead his country peacefully to *merdeka* or independence, the stinging rebuke was intolerable, especially when it came from a political junior who had himself lost his parliamentary seat in the preceding election. True to form, Tunku promptly banned the book, deeming it "prejudicial to the security of Malaysia." That merely heightened public interest. Besides, copies were readily available across the causeway in Singapore.

Mahathir should be grateful that he was not imprisoned or banished. Opponents and critics of the country's leadership had been incarcerated without trial for far lesser offenses then, as now, courtesy of the country's draconian Internal Security Act (ISA).



was apparent that in the months preceding the expulsion, Anwar and Mahathir had radically different prescriptions for the country's economic problems.

Prior to the firing, Mahathir made it plain to all (except perhaps Anwar) his disdain and contempt for his deputy. Anwar obviously forgot an elementary precept of governance. That is, the ship of state can have but one skipper. Mahathir was elected leader by his party and by the citizens, and he in turn appointed Anwar. No chief executive would tolerate a subordinate with a conflicting agenda. If the No. 2 profoundly disagrees with his superior he should do the honorable thing—resign. Anwar failed to do that and a political crisis ensued.

In contrast to the economic meltdown which may have been externally triggered, this political confrontation between Mahathir and Anwar was definitely self-inflicted, and like the economic crisis, a speedy and smooth resolution is not assured.

## A Theory of Effective Leadership

THIS book was initially scheduled for publication in early 1997. The evolving economic crisis caused me to pause. Following my visit to Malaysia in early 1998, fully six months into the turmoil, I decided to incorporate the unfolding drama by adding a few chapters at the end and minimally revising the rest.

I have an observation relating inversely the effectiveness of Third World leaders and their exposure in Western media. Briefly stated, the more effective a leader is in his own country, the less well-known he is abroad, especially in the West. Conversely, the most incompetent presidents have the biggest fans overseas. Cuba's Fidel Castro is without doubt the world's most inept leader, economically, yet he has a star following in the West. When he addressed the United Nations, American journalists jostled to be at his side, listening intently to his every utterance. Likewise Daniel Ortega, the former Nicaraguan leader. While he was being fawned upon in Hollywood and the chic townhouses of Washington, DC, his people languished in abject poverty and endless civil strife. Corazon Aquino was lionized in America and given the rare honor of addressing the joint session of Congress. Her "people power" slogan was embedded permanently in Western consciousness. But Philippines remained an economic basket case during her tenure. The average American could not name the Prime Minister of Japan or President of Taiwan. Yet these leaders brought their people up to First

World standard of living. The transformations were spectacular, from destitute and mass starvation to affluence in a single generation.

Until recently, Mahathir was relatively unknown in the West. This, I am sure, was fine with him. Under his stewardship Malaysia performed impressively. Malaysians are indebted to him for uplifting their standard of living. The country was transformed from one highly dependent on only rubber and tin into a diversified manufacturing and trading power. Malaysians now are more educated, definitely healthier, better housed, and considerably tolerant.

Come the 1990's I noticed a definite change. Mahathir's name began appearing with increasing regularity in Western media. His address at the International Monetary Fund (IMF) meeting in Hong Kong in 1997 was much anticipated and prominently reported. His characterization of currency speculators as "the highwaymen of the global economy" and their activities "unnecessary, unproductive and immoral" were widely quoted. His writings and commentaries appeared in such venerable and widely-read Western publications as the *Wall Street Journal*. He was adoringly profiled in *Asiaweek* and *Far Eastern Economic Review*, publications of which he was so dismissive. His face frequently graced the covers of influential foreign magazines. Mahathir has his critics, of course. Many in fact. The point is, in the parlance of public relations industry, he received "a lot of ink."

In this particular instance I hope that my theory on effective leadership and Western media exposure would prove to be an exception. Malaysians are pinning their hopes very much on Mahathir at this critical stage in the development of their country.

## The Outline

IT IS nearly three decades since the publication of *The Malay Dilemma*. During the last half of this period Malaysia has been under Mahathir's leadership. It is timely to examine the extent to which modern Malaysia has been shaped by his convictions and assumptions, and to analyze the effectiveness of his policies and strategies in ameliorating the country's social and economic problems.

This book is organized in three parts. The first, *Malaysia Then and Now*, explores the ideas expounded by Mahathir and their impact on modern Malaysia. The second, *Modernizing Malaysia*, examines the nation's preferential race policy and how it impacts on the efficiency and competitiveness of Malaysians (es-

pecially Bumiputras) and their institutions. The last section, Malaysia in the New Millennium, looks to the future and the challenges facing the nation.

I begin by summarizing *The Malay Dilemma*. I have also included Mahathir's views as expressed in his other writings, including his latest books, *The Way Forward*, written just before the crisis, and *A New Deal for Asia*, released in the midst of the turmoil. Mahathir is unique among world's statesmen in that he has a long record of published works. As a medical student, his essays on the socio-economic problems of Malays appeared frequently in *The Straits Times*, the country's leading newspaper. His views over the years have been remarkably consistent. Other world leaders may have books and essays published in their names. Most are either ghost-written or merely the collections of speeches which may have been similarly written. Mahathir prides himself on his own authorship.

The next chapter narrates my experience growing up in a *kampung* (village) during 1950's and 60's, the time frame of Mahathir's book, to illustrate the issues he raises. His references to the lack of modern and educational opportunities in rural Malaysia, and the inhibitory influences of culture and religion, are best illustrated at the personal level. The next few chapters amplify on those defining aspects of Malay society, in particular, religion, royalties, and *Adat*, or value system, which Mahathir considers as impediments to progress. His views on the biological basis of intelligence, perhaps the most widely discussed and controversial part of his book, are extensively reviewed in light of the state of knowledge in 1970 as well as by today's understanding of the subject. The impact of urbanization, a remedy Mahathir and many contemporary Malay leaders strongly advocate for the advancement of Malays, is discussed at some length.

The central tenet of Malaysia's New Economic Policy (NEP) and its successor, the National Development Policy (NDP), is to increase Bumiputra participation in all sectors of the modern economy. The performance of the premier government agency, MARA, entrusted with this important mission is critically reviewed.

With the current economic crisis afflicting Malaysia, there is much debate within and without as to the appropriate policy to pursue. In particular, whether Malaysia should be fully open to global markets with all their whims and imperfections, or be insulated from such turbulence. Lost in such discussions is one fundamental issue. That is, no matter what macroeconomic policy Malaysia pursues, be it tight monetary policy as advocated by the IMF to protect the currency, or traditional Keynesian pump-priming fiscal stimulation favored by Mahathir, there is no substitute for enhancing the competitiveness of Malaysians

and their institutions. With this in mind I have set forth in the second section a number of strategies for achieving this, and contrast them with current preferential policies, subsidies, quotas, and other *modi operandi* of the NEP and NDP.

With the massive migration of people in the twentieth century and the arbitrary drawing of political boundaries, few countries have ethnically and culturally homogenous populations. Thus Malaysia's problems of socioeconomic cleavages paralleling ethnic and cultural lines are not unique. Numerous remedies have been tried in different countries to overcome these gaps within their populace. For a broader perspective, I examine the preferential policies in the two countries I am most familiar. The first is Canada, with its English/French drama, and the second, America, more specifically California, with its White, Black, and Hispanic dynamics.

The third section begins with a chapter on Singapore, an important neighbor which was once part of Malaysia. That tiny affluent republic affects Malaysia's race dynamics and perceptions. Mahathir similarly devotes a chapter on that island state, singling it over other much larger neighbors. I conclude by commenting on Vision 2020, Mahathir's view of the future, the "Look East" Policy, and the country's present economic and political turmoil.

Living abroad for extended periods of time gives me a distant and broader perspective on the problems facing Malaysia. I am mindful of the criticism that those of us residing overseas have lost touch with day-to-day realities of Malaysian life and are therefore not competent to comment on "home" affairs. Let me respond thus.

With modern communications, getting in touch is becoming increasingly easier. I can fly out of San Francisco and be in Malaysia in less time than it took me to get from my village to Kota Baru, Kelantan, during my youth. Through the Internet I have access to Malaysian publications and databases. The Malaysian government and other institutions are sufficiently "hi-tech" that I can have online important documents and data. Living in America and freed of censorship and other inhibitions inherent in Malaysia, I avail myself to a variety of information sources and opinions denied to Malaysians residing at home. Often I receive news days or months before they become public in Malaysia. Sometimes Malaysians never hear them at all. By living abroad I meet many influential Malaysians whom I would not normally encounter had I stayed in Malaysia. These Malaysians, away from the usual restraints of home, are surprisingly open and candid in expressing their views. Non-Bumiputra Malaysians, assuming that I am not a Malay (or one seemingly sympathetic to their plight), readily and with-

out caution pour out their innermost anxieties and frustrations. I am sure that back in Malaysia they would be much more circumspect. Because of the tough and uncompromising realities of ISA, Malaysians and their institutions have rightly internalized self-censorship as a mean of survival.

I bring a unique perspective, having experienced both sides of the special privileges and majority/minority equations. In Malaysia, I am part of the favored majority; in America I am a member of a non-privileged minority. I understand and appreciate both biases.

Now a disclaimer. As a Malay it is assumed that I am the beneficiary of Malaysia's preferential race policies. Probably. I say so advisedly. For my entire school years I was treated no differently than my non-Malay classmates. My parents paid the same fees, bought the same books, and contributed their share of school funds. Nothing special there. Through open competition, I was admitted into pre-university (sixth form) classes where I received, unsolicited, a stipend. For this I was most grateful. It eased considerably my parent's burden. They too were very appreciative. To be truthful, even if I did not get that modest help, my parents would still have scraped their limited income to pay for my education, just as they did during the previous eleven years.

My education abroad was funded by a foreign entity, again awarded through open competition. I pursued graduate and specialty work on my own. During my brief service as a surgeon with the Malaysian government, I did not receive any special consideration. Quite the contrary. I was stunned to discover that my Bangladeshi colleague not only earned considerably more but had a beautiful government bungalow on the hill, with gardeners provided, courtesy of the Public Works Department. The only dwelling I could afford on my modest salary was a row house, paying open market rent. And I did my own yard work. As for my income, I was actually earning considerably less than the physicians I was training, thanks to the quirks of the Malaysian civil service code (no seniority, *lah*). Some privileges for the native!

My children have not sought nor received any consideration from the government of Malaysia. On reflection, the only period when I would consider myself the recipient of special treatment was during my sixth form.

My brothers and sisters did benefit from these privileges. In fact, without them they probably would not have been able to go to university. My parents simply could not afford it. Directly as a result of these preferential policies, the next generation of the Musa family, like thousands of other Malays, are consid-

erably better educated and materially well-off. And their children, my nieces and nephews, continue to enjoy these special benefits.

Would my views be different had I, like my siblings, benefited more from these policies? What if I were a non-Malay? Within my own family and circle of friends, there are vigorous differences in opinion on the merits of these privileges and programs. They center on their effectiveness and on whether, under present circumstances, they foster undesirable tendencies. These discussions also revolve on whether these expansive and expensive social engineering experiments need refinements after being in place for nearly half a century.

Any major social initiative needs periodic critical evaluations. Times and conditions change. If a policy had succeeded, then the underlying assumptions would no longer be valid, thus necessitating the policy's modifications. For example, a generation ago the giving of a bursary to any Malay student would in all probability be to someone very deserving. Today, with a burgeoning Malay middle class, that is not necessarily so. On the other hand if the policy had failed, all the more that it should be revamped or scrapped entirely. Perhaps these programs needed to be better focused and targeted. Malaysians must also be mindful that social strategies, however well meaning, may have other unintended consequences. Temporary supports can become permanent crutches, reducing their recipients to a crippling dependency on them.

This book reflects the spirited debate on some of the issues of special privileges and race relations in the country of my youth. I hope it will also stimulate similar open and vigorous discussions within the larger Malaysian family and friends.

# Part One

---

## Malaysia Then and Now

*Sungguh Gemilang! Negeri Ku!*

*Yang Ku Puja, Oh! Tanah Melayu!*

Patriotic Malaysian song

Translation:

Notably sublime! This country of mine!  
Thee I praise, Oh! Land of the Malays!

## Chapter I

---

### The Malay Dilemma—The Book

THE THESIS of Mahathir Mohamad's book, *The Malay Dilemma*, is that Malays and other Bumiputras deserve the special privileges granted to them under the constitution. They deserve them because first, they are the "definitive" people or "rightful owners" of Malaysia and second, they lag behind the other races and therefore merit extra help.

Mahathir's arguments for assigning the "ownership" of Malaysia to Malays are essentially these. They were the first ethnic entity to form a recognizable and effective government in the Malay Peninsula. Their system of governance, with its sultans, ministers, and nobility predated the arrival of early Indian and Arab traders. The ancient government of China, through its emissary, recognized the legitimacy of the then existing Malay government: the Malacca Sultanate. When Western colonial powers (Portuguese, Dutch and later, British) entered the Malay world they dealt with an already functioning Malay government. The agreement to "protect" Malay States for example, was signed by the British and the Sultans, a tacit recognition of the legitimacy of Malay sovereignty.

Mahathir reasons that Malays have a more convincing argument to this claim over Malaysia than White Australians have over Australia, or Anglo-Saxon settlers over America. Malays have been domiciled in Malaysia far longer than English settlers in the New World. The fact that immigrants have been in Malaysia for generations does not diminish the argument. Chinese have been in Vietnam longer than they have been in Malaysia, but they are not recognized as being native of that country.



As Malays are the "rightful owners" of *Tanah Melayu* (lit. Malay Land), as the Malay Peninsula was then called, they have the implicit right to control the inflow of immigrants into their borders. Malays only temporarily surrendered that right during colonial rule. They therefore still have the right to establish the conditions of citizenship for newcomers. Thus when Malays, through their dominant political party, UMNO, insisted that would-be citizens be proficient in Malay language and that the educational policy be based on it, they were merely exercising their prerogatives. They did not expect to be challenged anymore than Asian or European immigrants to Australia and America would object to the supremacy of English language in those countries.

When non-English immigrants landed in the New World they willingly accepted the prevailing dominant culture and language—English. There was no question of the Italians or Swedes demanding that their language be recognized in their adopted land. Nor did they insist in having schools in their native languages. They came voluntarily to America. Presumably, if they had wanted to maintain their culture, language, and roots they would have stayed in their native land and not tempted their fates by crossing the vast ocean.

Mahathir argues in similar fashion that immigrants to Malaysia must accept the dominant culture, ethos, and language indigenous to the country: that of Malays. Indeed, earlier Chinese immigrants did exactly that. These "Straits" Chinese (so called because they settled mainly in the Strait Settlements of Penang and Malacca) accepted Malay language and way of life. Further integration and assimilation through intermarriages did not occur because of the religious barrier. In contrast, Arabs and Indian Muslim immigrants were more fully assimilated through intermarriages with fellow Muslim Malays.

Mahathir and other members of UMNO were incensed when they had to fight for what they obviously assumed to be an accepted fact, the primacy of Malay culture and language in Malaysia. Nor did they expect to be challenged on their special rights and privileges. These were viewed essentially as privileges of priority.

His second rationale is more pragmatic—to narrow the dangerous socioeconomic gap between Malays and non-Malays. Malays and other Bumiputras are underrepresented in all sectors of the economy, the professions and in higher education. All the social indices—infant mortality, per capita income, literacy rate—are lagging for Bumiputras. Because of these imbalances extra help is both morally and socially justified.

The colonial government was cognizant of this obligation. They established special scholarships, quotas in the civil service, and agencies like Rural Industrial Development Agency (RIDA) specifically to help Malays. Even advanced democracies like United States (US) have similar "affirmative action" programs to help disadvantaged minorities. As Bumiputras still trail the other races, such preferential policies or "constructive protection," in Mahathir's words, are warranted.

Mahathir is not content with merely providing an elegant and sophisticated defense of "his people." He goes on to analyze the historical conditions and presumed sociological and biological factors to explain Malay backwardness. In this he is brutally frank.

Mahathir firmly believes that the genetic make-up of Malays is a significant contributing factor. A frequently quoted paragraph in his book describes the experimental breeding of white and brown mice to produce the predictable skin color of their progenies. From there he extrapolates that genes must also determine other personal attributes, like intelligence. Collectively, as race is the extension of family, its general characteristics must also be genetically determined. He liberally quotes Malay aphorisms and proverbs (hardly convincing or scientific evidences) to buttress his arguments. Mahathir enthusiastically approves of racial intermarriages as means of introducing new and presumably "superior" genes into the community. He looks with much disfavor on the common custom of close relative marriages. Nor does he favor the equally prevalent practice of having everyone to be married. Mahathir would prefer that those with less than desirable characteristics (as perceived by him) be discouraged from marrying and procreating, lest they contribute to further polluting and weakening of the Malay gene pool.

After briefly delineating the less than desirable genetic make-up of Malays, Mahathir expounds at great length on what he believes to be contributing environmental (nurture) factors. Being mainly rural dwellers, Malays are plagued with parasitic diseases that sap their strength and vitality. The poverty and subsistence existence of rural dwellers merely compound their disadvantaged status. Their children lack access to good schools. Even when schools are readily accessible other barriers—financial, cultural, and religious—crop up. Being socially and physically insulated in their remote kampongs, Malays are not exposed to the positive and modernizing influences of other races in urban areas.

Among the litany of contributing factors, Mahathir reserves his harshest criticism on the Malay system of *Adat* or social mores and norms. Clearly he feels

that the traditional generosity, courtliness, and politeness of Malays are being abused and taken advantage of by "greedy" and "unscrupulous" immigrants. Malays, he reasons, blessed with the abundance and richness of their land and spared of nature's many calamities, readily share their bounty with newcomers. In Malay culture there is no need to rush to the serving pot as there is always enough for everyone, even those who come in late or are slow. The less fortunate are to be looked after, not taken advantage of. This social contract was severely stressed with the massive inflow of immigrants who did not share these values. They came from where nature had been less kind or forgiving. Or as the Chinese put it, "where the land is scarce and the people are many." And hungry. Consequently, their survival depended on their clawing and elbowing themselves against others. In this new social milieu, Malays were easily out maneuvered by aggressive foreigners.

No aspect of Malay culture escapes Mahathir's wrath. The traditional child rearing practices and system of extended families are similarly faulted. The indulgence of grandparents and the coddling of Malay children, according to Mahathir, contribute to their adult sloth.

Mahathir unsparingly condemns the British for the country's race problems. Had the British not intervene to "protect" the Malay states, there would not have been immigrants and the attendant communal problems. These immigrants were brought in merely to serve British economic interests. In time, through sheer numbers, immigrants drove Malays from urban areas, effectively decimating the existing Malay mercantile class. Mahathir accuses the immigrants of collusion with the British to control major sectors of the economy. Without this complicity the thriving Malay business community that existed in pre-colonial era would have persisted and flourished. He is convinced of British machination to deprive Malays of their rightful place in their own country.

With independence and British withdrawal, the Malaysian economy became even more firmly in the grips of non-Malays. They were the ones with the capability, experience, and networking. Malays, despite the preferential policies, found it impossible to establish a foothold. Mahathir is particularly angry and resentful of the monopolistic and predatory practices of non-Malay businessmen and retailers. He scathingly describes the "menace of Chinese economic hegemony" and quotes, as a typical example, the experience of an established British firm that appointed a distinguished Malay former diplomat to its board of directors. Chinese retailers retaliated by boycotting the company's products. In Malaysia of the 1960's, there were no such thing as antitrust laws or rules against

anti-competitive and collusive business behaviors. Mahathir correctly observes that if an established British company could not stand up to Chinese monopolists, there was slim chance that economically-poor Malays could.

Clearly, post-independence Malaysia was far from being a free market. The Chinese in particular, with their family-run businesses and system of guilds and clans, were in no mood to be generous to or welcoming of new competitors. Even if there were enterprising Malays they would be quickly shut out or made to pay premium prices for their supplies and services. In business terms, the existing system exacted a high cost of entry, especially for Malays.

### The Doctor's Prescription

MAHATHIR was not satisfied with merely diagnosing and delineating the etiology of the "Malay problem." Ever the physician, he goes on to prescribe the proper remedy. For Malays and non-Malays alike, the prescription of the good doctor is indeed bitter medicine.

For Malays, Mahathir advocates no less than a revolution to propel them into the modern world. They must completely break from the regressive and non-productive practices of their *adat* or social customs. He strongly believes that "...the Malay value system and code of ethics are impediments to their progress. If they admit this...then there is hope." Strong views.

In mapping out his strategy for the betterment of Malays, Mahathir is mindful of what he considers to be the central elements of Malay society. First, its feudal nature, with the special place and reverence for sultans, the hereditary rulers. They are not only the head of Islam, the faith of Malays, but they also personify Malayness. Mahathir therefore supports their retention. Second, the deeply religious nature of Malays. Islam is the "greatest single influence on the Malay value concepts and ethical codes." Thus measures that are contrary to perceived Islamic beliefs and tenets would not be acceptable or successful. Third, the strong hold *adat* exerts on the average Malay. Unlike the institutions of the sultans and Islam, Mahathir calls for Malays to abandon their regressive *Adats*. He prefers that Malays not be so generous and forgiving, and thus not be easily dominated again.

Recognizing the limitations of the rural environment in which most Malays dwell, Mahathir advocates massive urbanization. By moving into cities and towns, Malays would be able to take advantage of better amenities: superior

schools, healthier physical environment, ease of acquiring new skills, and better integration into the modern economy. By transplanting Malays into cities, away from their traditional rural surroundings, Mahathir hopes that they would escape the inhibitory influences of *adat*.

Mahathir is particularly disturbed by the traditional interpretations of Islam, which he believes to be anti-development and retrogressive. He is extremely critical of the undue emphasis on "other worldliness" or the world hereafter, and the excessive fatalism of Muslims. To Mahathir, Islam is a progressive religion and can be a positive element for development if only given the "proper" interpretation.

Mahathir is equally blunt in his criticism of non-Malays. He wants them to actively collaborate and encourage Malay participation in the economy. He claims that the traditional clannishness of Chinese and the basic structure of their businesses (primarily family-owned) prevent or inhibit successful entry by Malays. Clearly he wants non-Malays "...the Chinese in particular...to hold themselves back and appreciate the need to bring Malays up...[for without that]...even the determination of the Malays and the schemes of the government...[could not]...solve the Malay economic dilemma." Simply stated, for Malays to advance, non-Malays must be held back.

## Sino-Malay Conflict

MALAYSIA has a long history of Sino-Malay conflict. The supposedly communist uprising during the power vacuum following the Japanese surrender and prior to the arrival of British Military Authority at the end of World War II, was essentially a communal conflict between Chinese and Malays. That outbreak could at least be excused by the post-war state of general lawlessness. The May 13, 1969 riot however, was predictable and should have been anticipated. There had been rumblings of racial discontent and widespread rumors leading to the event.

Mahathir holds the leadership culpable for failing to prevent and prepare for the May calamity. He is particularly scathing and bilious in his judgment of Tunku Abdul Rahman. Tunku failed to heed the obvious early danger signs and signals. He is portrayed as someone preoccupied at "appeasing the Chinese" and ignoring the anxieties and concerns of Malays as expressed by rank and file UMNO members. Mahathir is disdainful of and appalled at the intellectual caliber

of Tunku's cabinet. These ministers were totally incompetent, in Mahathir's view, not to recognize the early interracial skirmishes and other manifestations of intercommunal discord, and failed to take necessary preventive measures to save lives and property. To Mahathir, the country's leaders were "intellectually deficient" and "devoid of ideas" on how to solve the escalating racial tension. These ministers were consumed with being Tunku's sycophants. Writes Mahathir, "The leadership's dereliction of duty resulted in the deepening of the cleavage between Malays and non-Malays that erupted in the riots of 1969." Non-Malay leaders, emboldened by their easy victories over Tunku, began voicing the extreme demands of their more chauvinistic followers.

Mahathir is unduly harsh in his judgment, considering that Tunku's cabinet included the brilliant Tun Razak. No doubt Mahathir was piqued that his considerable talent and brilliance were not duly recognized and utilized by Tunku.

What was perceived as racial harmony in Malaysia after independence was a mere mirage. "Racial harmony in Malaya was...neither real nor deep rooted. What was taken for harmony was absence of open interracial strife" observes Mahathir. He posits that "racial equality is a prerequisite of racial harmony, of national unity." Without equality there cannot be true or lasting harmony. The "harmony" between unequal, for example, between guards and prisoners or master and servant, Mahathir expounds, is merely acceptance, and therefore ephemeral. With stress, such relationships could easily be destabilized. Obviously in Malaysia immediately after independence, the glaring inequalities among the various races precluded any true and lasting harmony.

Equality and fairness, like beauty, are in the eyes of the beholder. With race relations, fairness depends very much on one's perspective and one's race. Many of the policies and practices that would be generally accepted as fair at first glance, would merely exacerbate existing inequalities. Mahathir illustrates this argument by citing the problems of North American Indians and Blacks. Clearly, if they are treated "equally," their positions in American society would deteriorate even further. Even with legal sanctions against discrimination, it would take generations before these minorities would be treated equally, socially and economically. To Mahathir, a policy is not unfair if it results in a more equitable distribution of the bounties and amenities of society. And a policy deemed "fair" and "equal" would not be so if it results in more inequities. To him, fairness and equality are operationally defined. If a policy results in more equity then that policy is fair and equal.

Mahathir echoes the view of that great American jurist, Felix Frankfurter, who eloquently wrote, "It is a wise man who said that there is no greater inequality than the equal treatment of unequal." President Woodrow Wilson, in referring to peace efforts in Europe after World War I observed, "Only a peace between equals can last. Only a peace the very principle of which is equality and a common participation in a common benefit [can last]." In Malaysia immediately after independence, Malays not only felt unequal to the other races but they were also left out of the common benefit of *merdeka*.

Rene Levesque, the leader of the separatist Party Quebecois which advocates the separation of Quebec from Canada, writes "The perception of unfairness or inequality or injustice... is tied to one's environment. You compare yourself with others, with people in your neighborhood, and with your peers." Objectively, Quebecois may not be oppressed when compared with South African Blacks, but that is not the yardstick they use. Such invidious comparisons are made with other Canadians, especially English-Canadians. Similarly, Black Americans may be far better off than their kin in Africa (there are more Black neurosurgeons in California than in the whole of Africa) nonetheless, Afro-Americans feel very disadvantaged when compared to their fellow Americans. Modern Malays are considerably better off now than they were under the British, but that does not assuage their feelings of discontent and envy when they see fellow Malaysians progress even further.

Despite the monumental obstacles and impediments facing Malays in the 1960's, Mahathir is optimistic that they can successfully adapt and be in the mainstream of modern society. He observes that Malays have shown remarkable capacity to change in the past. He elaborates on the most recent example, the current Malay passion for politics.

Previously, Malays had been totally apathetic towards politics and the affairs of state. They left all that to British "protectors." Malays did not resist the British for bringing in immigrants, even though that worked against Malay self-interest. What changed and galvanized Malays politically was the overreaching attempt by the British to establish a Malayan Union shortly after World War II. That would have made the country a permanent British dominion. Malays viewed this development as the ultimate surrender of their sovereignty. They had already lost their hold on the country's economy, now they stood to lose political power as well. Malays risked being marginalized. They envisioned a fate worse than those of Australian Aborigines and American Native Indians.

The Union proposal nearly succeeded, with the sultans set to sign the historic document. Malay *rakyat*s (citizens) however, were sufficiently incensed that they were able to mobilize and organize themselves out of their collective slumber in relatively short order. Led by capable and farsighted leaders Malays, with stunning effectiveness, stopped the constitutional process in its track. The Malayan Union proposal failed ignominiously. Malays had taken on, politically, the mighty British and won. Malays surprised even themselves!

Suddenly Malays realized that when the stakes are high and they are sufficiently threatened, they could put up a good fight and win. Even more remarkable, with the Union proposal defeated, Malays did not revert to their usual slumber, politically. Having tasted victory through the political process, Malays took to politics with a vengeance.

This Malay political awakening eventually propelled the country to independence. Non-Malays were content with their profitable economic activities under British rule. Their initial enthusiasm for self-rule with their fellow Malaysians was remarkably subdued.

Historically, Malay political awareness did not begin with the Malayan Union proposal. Malays, like other races, had always chafed under foreign rule. There had been uprisings against colonial powers in the past, but the seeds of modern Malay nationalism were planted when the Japanese defeated the British. The sight of the supposedly invincible White masters desperately running away in their sleek Rovers chased by short, stocky yellow soldiers on rickety bicycles must have made quite an impact on Malay psyche. The myth of British invincibility and superiority shattered forever. When the British returned after the Japanese surrender, the post-war Malays they encountered were not of the same mold the British were familiar with before the war. To rephrase a popular jingle, these were not their fathers' Malays. The independent streak in Malays had been irretrievably stirred.

Obviously, Mahathir fervently hopes that Malays would just as dramatically change and embrace modern business activities with similar zeal. And, with proper guidance and leadership, Malays would likewise be as successful.

## Author To Leader

THE SUCCESS of Mahathir's book (it has gone through numerous reprinting since 1973 when the ban was lifted) mirrors the meteoric rise of its author.



Malaysians and others are obviously interested in the views of a man who would later become prime minister.

When he wrote the book, Mahathir was in the political wilderness. He had just lost his parliamentary seat and then expelled from UMNO. Having frontally challenged Tunku, Mahathir was undoubtedly in mortal fear of being "deemed prejudicial to the security of Malaysia." Although he was out politically, to many UMNO members and the public at large, Mahathir was seen as an articulate, brilliant, and forceful politician. He had in effect "star" quality or charisma. No one was quite ready to write him off.

In reading Mahathir's book now, his obvious and frequent racial stereotyping seems oddly out of sync in the present era of political correctness. The irony is that Mahathir, more than anyone else, is responsible for eradicating racial stereotypes and stigmatization in Malaysia. But the book was of the era of the 1950's and 60's. Concepts of racial equality or human rights were alien. Colonialism, though waning, was still very much a reality in many parts of the world and with it, the attendant "White men's burden" mentality. In America, Blacks were not quite full citizens. Viewed in that context, Mahathir's perspective on race was, well, mainstream.

In the book's preface, its British publisher casts doubt on the veracity and accuracy of Mahathir's assumptions and facts. Nonetheless the book was published because "this is what an educated, modern, progressive Malay thinks and believes." Presumably, had it been written by an Englishman the book would not pass the publisher's muster. Such patronizing attitude towards "natives" reminds me of similar condescending mind-set of earlier White American editors and critics to the works of Blacks and other ethnic writers. Critical editorial judgments were suspended for fear of suppressing the voice of the "oppressed." Mahathir's British editors were obviously sensitive to the charge that vigorous editing could be misinterpreted as suppressing an authentic Malay viewpoint.

Had his editors rightly exercised their critical judgment and challenged Mahathir to substantiate his claims and verify the facts cited, the book could have been considerably enhanced. At the very least, careful editing would have eliminated the numerous repetitions and redundancies. If challenged, he might have produced more rigorous analyses and conclusions. The book might then have had a wider international appeal. The problems and challenges of intercommunal and inter-ethnic relationships are not unique to Malaysia. Witness the continuing strife in Bosnia and Rwanda. The lessons and experiences of Malaysians in dealing with these issues are applicable to the wider world.

The editors' low expectation was a reflection of the time. A native could not possibly produce something that would be of universal value or application. Such substantive inquiry and research were obviously beyond the capacity of local talent. These were best left to wise colonial scholars and administrators. Besides, those Orientals are all alike anyway, and the study of interracial dynamics could not possibly be a worthwhile pursuit.

It is instructive that the Malaysian riot coincided with the modern flare-up of sectarian violence in Northern Ireland. A generation later, while Malaysians are getting along well with each other and prospering, the Catholics and Orangemen are still busy settling deadly scores. Had the British colonials learned a thing or two about intercommunal relationships from Mahathir and applied that lesson to their own backyard, Northern Ireland would have been a far different and better place today.

With that minor digression disposed of, I now return to my book. The next few chapters will expand on Mahathir's observations and discuss their validity and relevance in solving Malay backwardness and the country's communal problems.

## Chapter II

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### One Malay Village

MAHATHIR has been rightly criticized for the lack of documentary evidence to buttress his many arguments and conclusions. His assertions and assumptions were based on his personal observations and experiences, with no empirical data to support them.

He cannot be blamed for that. There was precious little published material and scholarly research done at the time. Syed Hussin Ali's pioneering sociological treatise on contemporary Malay society for example, was not published until 1975. Further, during colonial times the different racial communities were effectively compartmentalized, with minimal group interaction. The few urban Malays occupied low-level public service jobs and the armed services. Most Malays were in the villages where they were essentially tillers of the land and primitive harvesters of the sea. The overwhelmingly urban non-Malays were content with being profitable producers of the economy. The study of interracial dynamics thus did not merit much attention. To be sure, there were quality studies done by foreign scholars, but these were more concerned with the exotic aspects of native culture.

Today, with over a dozen universities in the country, there are considerably more research and publications. Most are hidden in obscure scholarly journals and not readily accessible to the general public. Attempts at making them widely available have been less successful. Most of the ensuing books are nothing more than recycled doctoral dissertations, with minimal editing or revision to make them readable and comprehensible. Their genre tends towards obfuscation, heavy with sociological jargons and psychobabbles. In style they are dry and

pedantic, overloaded with footnotes and other distracting asides. No wonder professors are paid extra to read these theses! The outstanding exceptions are the works of Shaharuddin Ma'arof, of the National University of Singapore. His *Malay Ideas on Development* and *The Concept of Hero in Malay Society* remain seminal in the field. His prose are eminently readable and engaging; observations original and astute; and analyses rigorous and insightful.

Mahathir's book may lack the precision and rigor of a scholarly essay but it is pleasantly more readable. Granted, his depiction of rural poverty lacks the drama and pathos of great literature. For that one can read Shahnun Ahmad's *Ranjau Sepanjang Jalan* (lit. A Path of Thorns), a gripping account of the struggle and travails of a poor rice farmer confronting nature's many seemingly insurmountable hurdles, or Syed Othman Kelantan's *Angin Timur Laut* (lit. Easterly Offshore Wind), chronicling the plight of seasonal fishermen in poverty-stricken east coast Malaysia. These fictional portrayals of the gripping vise of rural deprivation have far greater impact than volumes of dry official statistics and position papers.

As a physician trained to be a careful observer and astute listener, Dr. Mahathir is eminently qualified to view events on a personal level. As a politician he views events at the macro level. A leader who does not correctly read the masses would not survive long. Thus Mahathir is uniquely positioned to view and comment on Malaysian society from two distinct but complementary vantage points.

## One Malay Family

THE TIME frame of Mahathir's book was also the period of my youth. It therefore gives me the opportunity to test his observations at a very personal level. I will examine three aspects of my village life: the institution of marriage and kinship, the state of health and medical care, and the schools.

Like the overwhelming majority of Malays of my generation, I was born and raised in a small village. Mine was near Kuala Pilah, Negri Sembilan, a town with a population of a few thousand. Located on the west coast it was, relatively speaking, more developed than villages further inland (*ulau*) or on the east coast. My family survived the widespread deprivation of the Japanese occupation with little or no physical sequele (except possibly for my being short). My school-

teacher parents, even though unemployed at the time, had somehow managed to take adequate care of the family.

My mother attended the local Malay school and completed the highest level attainable at the time—Primary Six. She was lucky or smart enough to be selected for teacher-training and spent an additional two years of post-primary schooling before being sent to Malay Women Teachers College in the neighboring state of Malacca. She was in the pioneer class of 24 students, being one of two representatives from her state. My father followed a similar path to Sultan Idris Training College (SITC), specifically for men, in another adjacent state.

Had my mother not gone to college, the only other avenue open to her would be nurse's aide training. Failing that she would be stuck in the kampong facing the fate that befell all her peers: learning to do household chores until a suitable mate could be found for her. For my father, it would have been the army or police force, if he was lucky. Such were the limited opportunities available to products of Malay schools. These schools, set up by the British, provided elementary level education aimed primarily, in the words of Sir Richard Winstedt, to "make Malays better farmers and fishermen." Judging how poor and inefficient Malay farmers and fishermen were (and still are), the British were not successful even with that modest mission.

Despite being free and accessible, not many children attended school. Perhaps they knew the futility of doing so. Even as late as mid 1970's, in a survey of one village, as many as a fifth of the population lacked any schooling. The school drop-out rates were as high as 72% among 11-15 year olds. Truly appalling.

My parents met when they were teaching at the same village school. Their marriage was unusual in that it was not prearranged. Their families were unrelated and physically widely separated. My mother's village was adjacent to the royal palace in Sri Menanti. Many of her elders served as assorted royal hangers-on. My father was from a village tucked amidst commercial rubber estates and tin mines, with their numerous immigrant workers. Though geographically less than fifty miles apart, nonetheless the two villages were a mountain and two rivers away. Very far indeed. And having lived amongst immigrant races, my father's tribe was not familiar with or sufficiently deferential to the norms and rituals of traditional feudal Malay society. There were concerns among my mother's kindred whether such an outsider, a stranger to royal values and protocol, would fit in. On my father's side, there were consternation and considerable anxiety that the village "gem," the only one who had been to college, was being

"given away" to benefit a faraway village. It would have been better if such a talent could be retained locally, with my father marrying someone close by, perhaps a relative. Thus, in their own little world of the kampongs, the chasm separating my parents was viewed as wide and deep.

It was perhaps because my parents went to college that they escaped the usual restraints of tradition and considered marrying someone they actually loved and with whom they shared a common interest and career. Their situation was not the norm for the village, however. Many had arranged marriages or married their relatives, a practice much decried by Mahathir. Compared with other states, close relative marriages are much less common in Negri Sembilan because of its traditional *Minangkabau* culture, which prohibits marriages within the *suku*, or tribe. As a matrilineal society, tribal heritage follows the mother. Thus it is still possible for first cousins to be of different *sukus* and therefore be permitted to marry one another.

My generation, as expected, strayed even further from tradition. There were only two close relative marriages, including one who married his first cousin. By the next generation, there were six interracial marriages, with three of the families residing abroad. What a transformation! With the last two generations there were perhaps half a dozen men with multiple wives, and a couple of divorces. This from a pool of about a hundred individuals.

Early observers of Malay society had noted the high rate of divorces. Recent studies have documented the high incidence of close relative marriages as well as divorces. Syed Hussin Ali's landmark study found 28% to a shocking 50% of all marriages in some rural communities were between cousins, including an astounding 14% among first cousins! Nor are the statistics on divorces encouraging. During 1970's, in the affluent and modern suburb of Petaling Jaya, a quarter of all marriages failed. These divorces tended to be among those who married young. There was no comparable analysis on whether close relative marriages were more susceptible to failure.

My village kin who married his first cousin consulted me as a physician, regarding a bleeding disorder afflicting his young son. He was not satisfied with the explanation of his son's western-trained doctor. Nor did he fully trust the village *bomoh*, or medicine man, who opined that the son's malady was the result of "bad blood" or family curse. His son did indeed have a well known heritable bleeding disorder characterized by the inability of the blood to clot. I explained to him the pattern of inheritance and why it affected only sons and only very rarely daughters. (It was X-linked and recessive, but more on genetics lat-

er.) The incidence of the affliction increases considerably among children of close relative marriages. Yes indeed, I assured him, the condition is due to "bad blood," using the loosely translated "blood" to mean inherited characteristics. There was something in the father's rather satisfied smirk that bothered me greatly. I discovered later that since the bomoh's revelation, the son's misfortune had been the subject of a brewing family dispute as to which side had contributed the curse. My rather detailed and clinical explanation had, far from enlightening the family and helping them cope with the illness, merely added fuel to the bickering.

Not withstanding such isolated misfortunes, my little town had its share of the nation's luminaries, including its leading scholar, Pendita Za'aba. On the occasion of honoring him upon his retirement from the University of Malaya (Singapore), the orator commented on how Kuala Pilah had produced more than its share of the country's intellectuals and scholars. Whether that has anything to do with the stability of marriages and the low rate of consanguinity is pure conjecture. Perhaps Mahathir is on to something when he rails against early and close relative marriages.

## Kampong Health Care

MY VILLAGE had a small health clinic staffed by a resident Hospital Assistant, Malaysia's version of China's "barefoot doctor," though much better trained and more hygienic. The one in my village had been at his job for many years. In fact, he retired with the position. He was the epitome of dedication and professionalism. He was not one to aspire for promotion to a cushy desk job in the city. The villagers greatly respected him. The government, in a misguided guise of modernization, had sadly discontinued producing such desperately needed paraprofessionals, arguing dubiously that the citizens would be better served by fully qualified and expensive physicians. Unfortunately, these better trained individuals rarely get back to the villages, yours truly included.

There was also a midwife. She was housed in a comfortable bungalow which also served as her clinic. Thus the villagers enjoyed some rudiments of modern health care. But despite the midwife, young mothers still died giving birth. Such deaths, all too frequent, were always frightening and tragic. Village lore had it that the spirits were particularly vicious and vengeful at such times.

Even though public health services were minimal, the roadside ditches and grass were well maintained to reduce breeding sites for mosquitoes. There were also regular pesticide sprayings. Regretfully, there was no mass immunization of children. Many succumbed to potentially preventable infectious diseases like diphtheria. There were also all too frequent outbreaks of highly lethal enteric diseases like cholera and typhoid. My village was spared the polio epidemic of 1950's, not because of superior hygiene but simply through good luck. Malaria was so common that anti-malarial medications were akin to taking vitamins, and accepted as normal. Yaws, another parasitic infestation characterized by swollen limbs, was equally prevalent. But as usual, the villagers had a ready explanation. The man with the elephantine legs, why, he kicked his mother in a fit of anger, hence the divine retribution. It is thus not a disease that can be treated or prevented, rather a symbol for the need to be respectful and deferential to one's elders.

There was a hospital in the nearby town staffed by British doctors, but the populace did not have much faith in them or in modern medicine. It was widely viewed, especially among pensioners, that these doctors were essentially agents of the colonial government. They were there to hasten the deaths of the elderly so as to reduce the government's pension liability! Such was the distrust.

I remember a child dying after receiving an injection, probably a severe allergic (anaphylactic) reaction. That definitely set back the villagers' faith in Western medicine. But modern medicine did have its redeeming moments. One of the children was plagued with terrible tropical sores that covered his entire scalp. He had been treated unsuccessfully by various *bomohs* with all sorts of traditional salves, messy ointments, and assorted concoctions. The father, a soldier in the British army, took the child to his base hospital. With effective antibiotics the child was back within days free of the festering sores. The village spin on the case was decidedly different. The child was treated at a British military hospital and thus received drugs not otherwise available to the average citizen.

Had there been reliable statistics in those days, the health indices of the villagers would have been appalling. For the country as a whole, life expectancy was barely over 50 years and infant mortality rate was in the high 20's. The figures for rural dwellers must have been considerably worse. Even today there is still a wide gap in the health status of rural populace as compared to urbanites.



## Education in the Kampong

THE SCHOOLS in the village were not much better. They provided vernacular instruction at elementary level only. But they were free. Pupils were taught basic reading, rudimentary writing, and simple arithmetic. Certainly no algebra or science. The better equipped and modern English school was in town and not readily accessible to rural Malays. It was also not free. In addition to tuition fees, there were numerous incidental expenses for transportation, uniforms, and books. Those were simply beyond the means of the typical village family. Apart from the costs, there were cultural barriers inhibiting Malays from attending such schools. Since they used English, it was equated with Christian teaching. It did not help that many were indeed set up by missionaries and had such names as St. Michael's Institution and Convent of the Holy Infant Jesus. This in conservative, rural, Muslim Malaysia! The few Malay parents who sent their children to these schools must have had considerable faith in their children's ability to remain true to their heritage. One of those parents would later become Tun Razak's father-in-law.

One of the girls in my village attended such a convent. In a display of cruelty only kids in peer groups were capable of, we mercilessly teased her about becoming a nun and wasting all that beauty. We would mockingly peek at her neckline looking for the holy crucifix. Now, because of the superior education she received, she is a poised, successful executive, well caricatured by the character *Rahimah* in Lat's famous cartoons. Recalling such incidents now would merely bring a bemused smile from her. Back then it wasn't so funny.

My father was awarded a scholarship to one of those English schools. However, that would have meant taking an hour's bus trip every day. The thought of sending his son into an alien culture and learning a foreign language did not sit well with my grandfather.

"What? You want to be a *Mat Salleh*? (an Englishman)," was the old man's devastating put-down.

Years later my father would never fail to remind his children of the lost opportunity of his youth, and the possibilities that went with it. His disappointment was more keenly felt when his friends from neighboring villages who took the challenge were all very successful. One became a doctor and later the chief minister of the state, another a successful engineer, and a third, a brilliant attor-

ney. I am sure my father, in his rare moments of solitude, never failed to imagine the what-might-have-been for him had events unfolded differently.

As Malay school teachers my parents were acutely aware of the shortcomings of these schools. Even though my father went to SITC, then a bedrock of Malay nationalism, he was determined that his children be educated in English. He had been unsuccessful in enrolling my older brother as space was extremely limited. When it came to my turn he was resolute in not repeating the mistake. My father did not fail to notice that a few months before the registration of new students, the school had conveniently launched a fund-raising drive. Never one to miss subtle signals, he immediately made his contribution. Sure enough, I was later accepted. I was very proud to see on opening day his name prominently displayed on the donors' list. He had indeed made a very generous donation. All to secure my place.

Now with my own children in schools and colleges, I am constantly inundated with requests for contributions and gifts. And I have given my fair share. But never, not even in my most generous moments, had I considered making a donation the equivalent of my month's income. Yet that was exactly what my father did—to secure for me a spot in Primary One at an English school. Such was his determination.

In later years the British expanded English schools and introduced remedial programs especially for Malay students. These Special Malay classes were for those pupils who were unable to enter at Primary One level. They were given two years of intensive instructions in English and then admitted into the regular stream. My older brother was fortunate to get into that program. After independence, Tun Razak as Minister of Education, instituted yet another entry program, the Remove Classes, where children who had completed primary school in Malay stream could, after a year of intensive language instruction, enter regular English high school.

Accessibility, costs, and distrust of the colonial English were not the only barriers preventing Malays from getting a better education. A greater insurmountable and self-imposed obstacle was unbridled nationalism. In 1950's the nation was consumed with the excitement of impending freedom—*merdeka*. Malays would then be in charge of their own destiny, the British yoke lifted forever. Everywhere there was unrestrained resurgence of pride in Malay culture, heritage, and language. Malay would be the national language of the new nation.

Soon following independence, Malay secondary schools were set up all over and patterned after the English model. There would be no need for Malay stu-

dents to transfer to or chose English stream. They could continue their education in Malay right up to university level, parents were soothingly assured by their leaders. Politicians and community leaders at all levels were extolling the virtues of these schools, and parents were strongly urged to send their children there. Among Malay school teachers, the peer and social pressures were intense and unrelenting. After all, if Malay teachers themselves did not show confidence in the new system by sending their own children, who would? Certainly not non-Malays. Subtle pressures and whisper campaigns were directed against those who did not exhibit sufficient enthusiasm. Parents who persisted in sending their children to English schools were variously labeled as stooges of the colonialists or worse, *petualang bangsa* (lit. anti-nationalists). Serious charges, bordering on treason.

Many in my village succumbed to the pressures, including many of my cousins and friends. But my father stood his ground. He was not about to experiment with or sacrifice his children's future, no matter how noble the cause or how intense the intimidation. He remembered only too well the missed opportunity of his own youth and he vowed never to repeat the error. Against tremendous social pressures, he kept us in English schools. For that, my brothers and sisters are most grateful.

My father had other very good reasons to be confident of his conviction. He noticed that while the leaders were loudly extolling these schools, they were quietly switching their own children into English stream. My village's own representative to Parliament, while he was so vociferous in expounding the worth of these new Malay schools, was surreptitiously transferring his own two daughters into English schools. With the exodus of Malay students opting out of the English system, he had no difficulty in securing places for *his* children. Many of the ministers including Tun Razak were sending their children to schools in Britain. My father wisely concluded that until these leaders heeded their own advice, he would continue to ignore them.

This dichotomy between what leaders say and what they actually do is of course not peculiar only to Malay politicians, then or now. In America, while President Clinton was singing praises for public schools, he conveniently sent his own daughter to an exclusive private school.

I felt very sorry for all those parents who blindly followed their leaders' dictates without critically evaluating the choices and consequences. Most of all I felt terrible for all those young children—my friends and cousins—their growth and

potential aborted because of their parents' blind nationalism and misguided allegiance to their leaders.

One of the more depressing aspects of my visits home is seeing my old friends who were pulled out of English schools. They are now stuck in the village, their Malay education had failed them despite the glowing promises. On seeing me I am sure they, like my father a generation earlier, must be wondering the what-might-have-been had their parents resisted and not succumbed to the political emotions of the time.

Nor was it smooth sailing or guaranteed success for those who chose English schools. Many dropped out, unable to meet the expectations or worse, because of self-fulfilling racial stereotypes of the day. It was widely perceived at the time that Malays could not pursue such high intellectual pursuits like science and mathematics. Hence many chose the relatively less demanding "Arts" stream.

This racial baggage was particularly oppressive and ugly during high school. Among my classmates, the greatest anxiety was that we would end up at the local university. At the time the science and engineering faculties of the University of Malaya were almost exclusively the preserve of non-Malays, in students and faculty. There was genuine fear that Malay students, unless they were demonstrably superior, would be "slaughtered." Malay students were made to feel as if they did not belong there. One of the few Malay lecturers in the medical school at the time was torn between wanting to leave for the more lucrative private sector or staying so as to deny his non-Malay colleagues the pleasure of his departure.

Many Malay students chose foreign technical colleges rather than chanced the local university. To Western readers and perhaps also to present-day Malaysians, such fears would seem irrational. But this was the 50's and 60's, where in the American South Blacks were not welcomed on any campus. In Quebec, Canada, the French were treated with barely concealed contempt by the English elite. The *Encyclopedia Britannica* of the day described Malays as "slothful," "easy going," and an "amotivational" lot. Racial stereotypes were alive and acceptable then.

Viewed thus, the fears of my compatriots were quite appropriate. Instances abound where Malay students who had flunked at the local university only to excel when they went overseas. I remember my teacher consoling my fellow classmates who would be attending the local university. They would have to work twice as hard, he advised, so as not to give their non-Malay professors any excuse to fail them. This from a non-Malay teacher!

There was much expectation that the new Malay secondary schools would greatly increase the number of Malay undergraduates. Generous resources were spent on them. They rivaled the established schools in the grandeur of their buildings and facilities. Unfortunately, bricks alone do not make a school. No one had fully thought out the new system—teachers, textbooks, and instructional materials. Existing Malay teachers were incapable of teaching at secondary level as they themselves had only elementary education. But that did not stop the more strident enthusiasts among them from proclaiming their competence to teach even at universities. There was initial enthusiasm in having teachers from neighboring Indonesia, a country with the same language. That soured very quickly when those teachers were found to be even more poorly trained. To compound the problem, there were no Malay science graduates who could write or even translate the textbooks. Many of the books were thus translated by individuals with absolutely no understanding of the subject. Their products showed. The translations were literal, and when they were not hilarious and silly, were simply incomprehensible.

### Teaching in Malay

BETWEEN high school and university, I taught science in one of these new Malay schools. I had absolutely no guidance as there was no one ahead of me. The textbooks and laboratory manuals were useless, their physical qualities wanting, with irritating typos, missing pages, and loose bindings. The paper was poor and thin, with the print bleeding through. The only way to lay the book flat was to squash it. The translations were erratic and inconsistent. They had simply phoneticized the scientific terms. This merely confused me and my students. In desperation I decided to teach in English, using readily available texts. My rationale was that I was teaching these children new ideas and it did not matter what terms I used so long as they understood the concepts. I did this with some success. The students appreciated it even more because they could improve their language skills by reading English books. They thoroughly enjoyed the new world of science and experimentation. With their new understanding of the environment around them, they looked forward to and thoroughly enjoyed the frequent trips to rice fields and rubber plantations where they could now identify the rich and bountiful life forms. Because I used English, the students had ready access to the numerous texts and reference materials. I had some problems

teaching mathematics as the students habitually tended to do their computations mentally in Malay.

Towards the end of my term I was suddenly gripped with an acute sense of guilt and apprehension. The principal had asked me to speed up so that I could cover as much of the following year's syllabus as possible. I was told that there would be no science teacher for these students for at least the next few years. There were none being trained. During the last few weeks I could barely look at those bright young faces without feeling sad. I would be abandoning them soon. Their next few years, in fact their whole future, remained uncharted. The kindest view would be to regard them as pioneers trailing new paths for others to follow. But in my heart I knew they were sacrificial lambs for a dubious cause.

I wondered whether the leaders knew the impact of their policies on these poor village children. These politicians knew they did not have the teachers or books in place, so why did they aggressively push the system? Why not start small, test the model, correct any deficiencies, and once well established, sell the idea? Perhaps the leaders considered these young minds expendable, so much cannon fodder for the nation's battle for supremacy of the national language. If so, they should have informed those innocent souls so they could at least savor some sense of martyrdom and sacrifice. They then would not have had their hopes so high or dared dream of a bright future. Or perhaps these leaders had supreme confidence and arrogance in their own ability that they zealously exhorted their followers to do their bidding. Whatever it was, these young promising minds bore the burden of the policy's idiocies. They were simply wasted.

This experience would repeat itself over a decade later. Teaching at the then new medical school of the National University, I was again confronted with the language problem. I was fully aware of the origin and heritage of that august institution. Established amidst the intense clamor of nationalism, it was the first university to use Malay as a medium of instruction. It had a mission to prove: that the national language is capable of being used at the highest level.

Like my earlier episode, I faced the same dilemma—lack of textbooks, references, appropriate terminology, and teaching devices. The stakes this time were considerably higher. I was now training future doctors and lives would literally be at risk. As before, I decided to use my old technique—teaching in English. Recognizing that the medical school was the government's showpiece project, I had to be especially circumspect. At my first lecture, using some rather flowery Malay prose and in the most deferential tone, I profusely praised the national language policy and paid generous tributes to the founders of the university. I

was extraordinarily effusive in complimenting the students, describing them as noble pioneers and fearless trailblazers for a glorious cause. And that I was particularly proud to be part of this grand endeavor. I then went on, with considerable apology, that because of my own limitations and in the interest of ensuring that graduates of this fine university would succeed and be highly regarded, I would be teaching in English. I stressed that it would be only temporary until my skills and the situation regarding the texts improved. I emphasized the benefits to them. They would read English texts and journals but would not have to translate them for their assignments. With those preliminaries taken care of, I proceeded to lecture in English. I also made them present their clinical cases and conferences in English.

It was rough for the first few months but by mid-year the students were sufficiently fluent as to be indistinguishable from the students I had from the other, English-medium, medical school. It was pure joy to see the sense of confidence and accomplishment on the students' faces when they could present their cases and seminars so flawlessly in English. Looking back, that should not have been a surprise. These students had eleven years of English, starting from Primary One. It was simply that they were never encouraged to use their skills. Fluency in English or any other language was not regarded as an asset. Worse, it was regarded as anti-nationalistic. Malaysian leaders were obsessed with Malay language, overriding every other consideration. That sentiment filtered through to the young.

There were moments of tension and apprehension. I was constantly leery and in fear that some disgruntled students would report me to the language police and that I would be made an example of a language saboteur. Luckily my paranoia was unfounded. There were no tongue troopers to harass me.

Years later, when I met these students, the events that they recalled most vividly were not the surgical skills or clinical pearls that I had imparted, rather my making them learn English. That was the facility they found most practical. It opened a wide world of knowledge to them.

Recently on visiting a dear friend at a Malaysian university, I complimented him for his paper being published in a highly reputable foreign journal. I was surprised when he responded that he had been severely criticized by his colleagues for not showing sufficient national pride. They would have preferred that he publish it locally, and in Malay. Having read some of the local journals I understood why my friend chose to send his abroad. It is sad that decades later the

same parochial preoccupation with nationalism still exists even at the highest level.

I was also saddened that at the school where I once taught, conditions have not improved. The texts, laboratory facilities, and libraries were as wanting as they were three decades earlier. These bright young minds are again being wasted.

### Many Changes, Little Progress

AS I recollect the events of my youth, the trials and tribulations enumerated by Mahathir in *The Malay Dilemma* ring true. I had hoped that a generation later, with the country enjoying an economic boom and with the world's tallest building gracing its capital, there would be commensurate improvements in my old village. Alas I was disappointed. There were many changes, to be sure. The village now has electricity and piped water—significant progress. When those pipes were laid the villagers were jubilant. They quickly filled in their perfectly functioning wells, now regarded as superfluous. No more dragging cans of water on poles strung painfully across their shoulders as in days past.

Those pipes, like the Malay schools earlier, had been over promised. Pipes there were, but the water did not flow, at least not consistently. During droughts the villagers had to rely on quickly-dug shallow, polluted wells. Similarly, the ditches and drains that were so carefully maintained in the past are now cesspools, perfect breeding grounds for mosquitoes. The rice fields that were productively tilled during my youth are now dried and overgrown with wild bushes. The only reminder of the once thriving rice mill that the villagers had built themselves without any government help is the heap of rusting metal in the overgrown weeds. The previously functioning British-built irrigation channels that made possible those bountiful rice fields are now choked with weeds for lack of maintenance. It is beneath the dignity of the district officer to preoccupy himself with such mundane minutiae; he would rather engulf himself with the lofty details of the Umpteenth Malaysia Plan.

With massive urbanization, previously well kept village dwellings are now deserted and dilapidated, their previously pastoral yards quickly claimed back by the ever aggressive tropical jungle. Similarly, with the emphasis on few elite residential schools, country schools like the one in my town, are neglected. De-



prived of their best students and teachers who would normally be the nucleus for excellence, these schools continue their decline.

No, this is not simply nostalgia on the part of a long departed native. Nor is it a dreamy remembrance of and yearning for the good old days of the simple kampong life under the swaying coconut fronds. The destruction of Malay kampongs is a deliberate government policy. To Mahathir and those of his persuasion, the kampongs represent everything that is wrong with Malay culture and ethos. They are the barnacles that impede Malay progress, the fetters that bind them to a primitive and backward existence. Progress to these leaders is thus measured by how far physically and psychologically Malays have moved away from their kampong roots.

I recognize the many constraints and opposing forces that prevented Malay villages from progressing. Unfortunately, many of the impediments—excessive nationalism, unreliable public services, bureaucratic neglect—are clearly self-imposed. In the country's preoccupation with the big picture and grandiose plans of its forest, it has lost sight of the trees, the villages. By destroying kampongs, the very essence of Malayness, they destroy Malays. The consequent massive urbanization, as we shall see later, exacted its own heavy toll.

## Chapter III

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### It's Not All In Our Genes

NO PART of Mahathir's book is more controversial or quoted more frequently than the few paragraphs he devotes to the genetics of intelligence. Mahathir firmly believes that a major contributing factor to Malay backwardness relates to their genes. It is in the very nature or genetic make-up of Malays that makes them less smart than others. He is very forceful in expressing this viewpoint, the few paragraphs notwithstanding. He expressed similar sentiments in his earlier writings and speeches. Partly out of this conviction, he strongly advocates interracial marriages, both to encourage greater integration between the races and to enhance Malay gene pool.

Two decades later, writer Rehman Rashid expresses similar views. Rehman pins his hopes on the future of Malays on those with "new and improved" non-Malay genes. He is especially approving of *Bumiputehs*, as he adoringly calls them—children of Bumiputras and *Orang Puteh* (lit. white people). My preferred term would be *Bumisalleh*—Bumiputra and *Mut Salleh* (or *Mom Salleh*), the Malay epithet for Englishmen (or women). Rehman is undoubtedly envious of his good friend Karim Raslan, Cambridge-educated quintessential *Bumisalleh* and popular columnist turned soft-porn writer. Why Rehman would single out this particular combination rather than Indo-Malay or Sino-Malay, escapes me. Perhaps the colonials influenced Malaysians more than they would like to admit. Rehman and Mahathir share more than just similar views. Both are the product of Malay out marriages: Rehman with a Malay father and Indian mother; Mahathir with Indian paternal ancestry and Malay mother.

In another part of the world and a century earlier, several Japanese writers, preoccupied with their own racial inferiority at the time, similarly recommended intermarriages with Whites as a way of improving their nation's gene pool. By "Whites" they meant Anglo-Saxons, not the Caucasian aboriginal of their northern islands, the Ainu, whom they treat with undisguised contempt. Mahathir is an unabashed Japanophile, perhaps that's where he gets the idea.

I willingly concede that close relative marriages are common among Malays, a fact supported by many sociological studies. But to conclude from this (as Mahathir did) that the problems facing Malays are rooted in biology takes a huge leap in faith. The difficulty with such a glib assertion on a very complex issue is that first, the evidence is simply not there and second, one finds ready exceptions. In geographically isolated Iceland, "in-breeding" has been common for generations. Icelanders are physically almost all alike—blond, fair-skinned, and blue-eyed. Similarly, Ashkenazy Jews of Eastern Europe rarely married outside their group because of their cultural and religious segregation. Because of the lack of new genetic infusions, they were readily distinguishable physically from their gentile countrymen. Yet both groups have produced more than their share of geniuses and artists. And Iceland is far from being a backward country.

Ironically, former Japanese Prime Minister Nakasone once smugly attributed the success of modern Japan to the "purity" of its gene pool, in contrast to the "mongrelization" of Americans. He was probably unaware of the recommendations of his earlier compatriots.

A more telling and relevant example of the silliness to attribute human successes and advancement to biology is illustrated by present day Koreans. North and South Koreans are of the same race. A generation apart and what a phenomenal difference. South Koreans are highly educated and moving rapidly into the First World, but their kin to the north are starving and barely surviving. Same biology, only the environment is different.

My reaction to Mahathir's book in reading it for the second time a quarter of a century later was the same as when I first read it in 1970: a mixture of rage, sadness, and incredulity. Rage because a man of his intellect and standing should have been more careful and thorough in his facts and analyses, his conclusions deliberate and considered. In 1970, when Malays were unsure of themselves and needed the most support and encouragement, their leader confronted them with a devastating assessment of their collective self-worth and timbre. I am also saddened that he made these profound and far reaching conclusions after the most cursory and superficial review of the subject. It was incredulous that his editors

suspended their professional judgment and did not challenge Mahathir's biological assertions.

My friend who lent me his copy of the book back then was a doctoral candidate in social science. He wanted specifically to know whether Malay backwardness was indeed due to our genetic heritage, as claimed in the book. As a recent medical graduate, to him I had scientific credibility. That same question was posed to me a year earlier by a rather shy and timid young student at a "pep" talk I gave at my old school. Specifically, she wanted to know whether the views prevalent among her classmates that human brains of different races being anatomically different were indeed true. Thus we have in late 1960's and early 1970's, two individuals—a doctoral candidate and a high school student—who had been led to believe that there might be something wrong with the very nature of Malays. And in that environment out came Mahathir's book with its sweepingly outrageous conclusion which says essentially that Malays have "dumb" genes.

### Genetics in 1970's

WHEN Mahathir wrote his book, the knowledge of genetics, specifically human genetics, had advanced far beyond the simple mendelian concepts he described. The chemical nature of genes, *Deoxyribo Nucleic Acid* (DNA), had been elucidated a decade and a half earlier and research was expanding rapidly. The nature of sex chromosomes and thus the genetic basis of sex determination, for example, was already well understood.

Take the relatively straight forward example of the genetics of sex. The role of sex chromosomes (X and Y) was well documented and the mechanism of sex determination unraveled. Despite the clear-cut role of genes in determining one's sex, it was also generally known that certain environmental conditions would alter the genetic expression (phenotype) of genes. In fruit flies for example, the sex ratio of their progenies is altered by manipulating ambient incubation temperature even though there is no change in the genetic composition. An example of the environment altering genetic expression.

Even in 1960's it was widely known that environmental factors play important roles in determining the phenotype. The understanding of nature versus nurture, or the relative roles of genes and environment, had advanced beyond the simplistic explanation that certain characteristics are genetically determined and others by the environment. For Dr. Mahathir to categorically assert that

hereditary factors are supreme in the determination of complex human attributes like intelligence is simply not supported by the then known facts. Neither can his reckless conclusion be readily excused by his preemptory caveat of the book being "...not pretend[ing] to be a scientific study [but] at best...an intelligent guess." He needs more than a few paragraphs and superficial references to breeding of white and brown mice to make such a profound conclusion. Words have consequences; written words more so. Dr. Mahathir should have known the reverence Malays have for the printed word and thus exercised caution in his writings.

By 1970, the understanding of intellectual and brain development was substantial. At that time we knew of a number of genetically-determined causes of mental retardation. One in particular, is phenylketonuria (PKU), a rare genetic condition characterized by a deficiency of a specific enzyme needed to break down a particular amino acid. If recognized early, and with special dietary modifications aimed at reducing the intake of that particular amino acid, these children can have normal mental development. In the West, newborn babies are routinely screened for this deficiency and many are saved from the subsequent debilitating mental retardation through timely dietary intervention. Thus we have a clear, genetically-determined cause of mental deficiency successfully "cured" by manipulating the environment. Nurture overriding nature.

Similarly, hypothyroidism (low thyroid hormone level) in infancy causes severe mental retardation if untreated. Again, newborns in America are screened for this condition. Given simple hormone supplement, these babies will develop normally. Thus whether the deficiency is due to a genetic condition of the fetus or environmental factors (iodine deficiency in the mother), the subsequent mental retardation is preventable. Hypothyroidism and PKU are only two of the many well known diseases causing mental retardation that can be effectively treated and prevented if recognized early.

The value of screening newborns for such diseases was dramatically demonstrated recently in my medical practice. A young student consulted me prior to attending the University of California, Berkeley. At birth she was diagnosed with hypothyroidism and had been on thyroid supplement ever since. Seventeen years later she was poised to enter one of America's most competitive universities. Imagine if she had been born in a kampong. Her condition would not have been detected and the poor soul would be left severely retarded, perhaps totally dependent on her relatives. To Mahathir she would have been the perfect example of "bad" Malay genes. How tragic. Biology is not necessarily destiny.

These facts were well established in 1970. They were written in all the standard biology and medical texts and thus widely known, including at Third World medical schools.

Malaysian babies, even those born at major hospitals, are rarely screened for such diseases. We will never know how many of the retarded and slow children have underlying treatable medical conditions. Chronic lead poisoning, like PKU and hypothyroidism, is another preventable cause of mental retardation. A major source of the chemical, lead-based paints are banned in American homes. Even low, hitherto considered non-toxic levels, can cause irritable behaviors and learning difficulties. With Malaysia's congested streets and widespread use of leaded gasoline, the air (and subsequently the soil) is polluted with tons of the chemical. In Shanghai, 40% of babies had toxic lead levels (over 10 mcg/dl). Similarly in India, more than half of the children under 12 years of age had elevated lead levels, with urban children having higher readings than rural ones, a reflection of the degradation of Indian cities. In one Malaysian study, 43% of children in the industrial outskirts of Kuala Lumpur had lead levels that put them at significant risk for stunted intellectual development. A team from the Universiti Kebangsaan Malaysia led by environmental health expert Jamal Hisham Hashim is doing longitudinal studies of pregnant women and their babies. Thus far he has found that an astounding 28% of pregnant women in Klang valley had elevated blood levels of lead. It would be interesting to see the effects on the subsequent intellectual development of the babies of these women. In the West, Dr. Jamal's findings would result in a huge public outcry. In Malaysia it is doubtful whether officials in the Ministries of Health, Education, or Environment are even aware of the research.

A few years ago in America there were clusters of lead poisoning caused by the ingestion of lead-based paints from children's furniture, and another from the leaching of the chemical from glazed pottery. There was considerable public concern and the Centers for Disease Control and Prevention (CDC) tightened the rules in the face of this new public health hazard. Home-made pottery is widely used in Malaysia and with it the potential for poisoning from lead and other heavy metals. In parts of India where home-made pottery is also commonly used, there have been similar clusters of heavy metal poisoning.

The interactions between environmental and genetic factors are complex and often not readily predictable. In introductory human genetic classes, such complexities are illustrated by the relatively straight forward examples of skin pigmentation and body height.

Melanin, the principal pigment that imparts dark color to human skin, hair, and eyes is produced through a series of biochemical reactions. Each step is regulated by a specific enzyme, which in turn is controlled by a distinct gene. An error at any of the gene sites would block melanin production, resulting in albinism, a condition characterized by the absence of pigmentation. You could have two albinos where the error occurs at different genes. Because these "errors" are recessive, not dominant, when such albinos marry they could still produce normal-pigmented children, contrary to Mahathir's assertion.

As skin color is determined by many genes (polygenic) we can expect that when all the genes are fully expressed one would have the potential for developing the darkest skin. If skin color is determined by only two forms (alleles) of the gene, that is the ability or inability to produce the pigment, we would have only two skin colors, albinos and dark skin. Instead there are the full gradations in skin color. Despite such clear cut genetic control of skin pigmentation, environmental factors (exposure to sun, ultraviolet light, and certain hormones) still greatly influence skin color. The booming skin tanning saloons in America attest to that.

Another ready example is body height, which like skin color, is also polygenic. A number of genes such as those that code for growth hormone, intestinal enzymes for the absorption of nutrients, and growth plate maturation affect the final outcome—one's height. Thus, childhood malnutrition would impact the expression (phenotypes) of these genes. Asians of the post-war generation, freed of starvation and malnutrition, are considerably taller than their parents. It is extremely unlikely that the genes governing height would change to such a degree in one generation.

This obsession with the intelligence gene reminds me of the current preoccupation with similar genes for obesity, or fatness. Americans are notoriously overweight and instead of blaming themselves for overindulging and not exercising, they would prefer the easy excuse of blaming their genes. Even if scientists discover such genes, rest assured that they would never be expressed in war-torn Somalia. The reason is that overriding dietary dictum: no excess calorie, no fat.

When considering important human attributes like intelligence, the relative contributions of heredity and environment are even more complex. Consequently they cannot be readily summarized in simplistic terms. The "nature versus nurture" debate has long been contentious. The British philosophers John Stuart Mill (environmentalist) and Francis Galton (hereditarian) who first coined

those terms and who themselves were well known child prodigies of their time, had crystallized their respective ideas with considerable elegance and rigor but came to dramatically different conclusions. Whether one agrees or disagrees with them one is at least satisfied that they had indeed given the matter their utmost deliberations. No reckless or sweeping statements.

Despite the considerable advances in biology and social sciences since Mill's time, the nature/nurture debate continues. Often they take on increasingly harsh and vitriolic tones aimed not at enlightening but more to rationalize one's racial prejudices. In America, public discussions on race biology seem to be re-ignited with dissatisfactions over current affirmative action programs aimed at advancing minorities.

Genetics has certainly advanced dramatically in the past few decades. An entire industry, biogenetic engineering, has emerged producing life-saving vaccines, superior seeds, and improved livestock. With gene splicing techniques biologists can isolate specific genes and transfer them to other organisms, conferring on the recipients properties of the transferred genes. Such "transgenic" organisms, plants, and animals are the new efficient biological factories of the future. In medicine, such splicing and transfers are the basis for modern gene therapy. They have been used to treat such genetic diseases as cystic fibrosis.

## Biology of Brain Development

WITH the present superior understanding of genetics we appreciate even more the crucial role of environmental factors—physical, emotional, and social—in human intellectual development.

A well recognized nurture factor that impacts mental development is nutrition. The traditional understanding is that malnutrition, especially during the critical first few years when the brain achieves 80% of its adult size, retards mental development. Studies of such children during World War II clearly demonstrated this. Mahathir must have read this during his medical school days. You may be endowed with the genes of Einstein but if you are starving all your effort is consumed with survival, not intellectual or creative pursuits. Intuitively everyone understands that.

What is not generally appreciated is that the malnourished infant is also lethargic, inactive, and not responsive to external stimuli. In the animal world, as well as with humans, such babies are often protected and shielded by their car-



ing mothers. They are not likely to be receiving much needed stimulation, factors which are known to enhance neural (brain cell) development. To brain cells, such stimulations are akin to physical exercises for muscular development. Thus to what extent is their retardation due to malnutrition as compared to the lack of emotional and intellectual stimulation? It is difficult to differentiate, but what is known is that these unfortunate children suffer twice the handicap.

Our understanding of the role of nutrition, external stimulation, and learning on intellectual development goes far beyond the simple linear relationship accepted decades ago. Studies on poor rural Guatemalan children demonstrated that these children, given proper nutritional supplement high in protein, did indeed have higher Intelligence Quotient (IQ) scores than those fed poorer diets. Such differentials extended right into adulthood, long after the supplements had stopped. It is also known that children from higher social economic status who are under-nourished because of medical conditions have higher IQ than children from low social classes who are similarly malnourished. The assumption here is that these infants from rich families, even though malnourished, were subjected to more stimulation and emotional support than children of poor families. Thus such apparently inconsequential activities like playing with toys, cooing, and other social interactions stimulate intellectual development. Children from poor and large families are deprived such positive influences. Consequently they have lower IQs.

A long ignored critical factor is the womb, the baby's prenatal environment. Fetal brain achieves a quarter of its adult size at birth. Neural development is fragile and sensitive, readily impaired by vitamin deficiency, malnutrition, infection, and exposure to chemicals. Similarly, prolonged difficult labor, with the brain cells deprived of oxygen, results in varying degrees of brain damage. These conditions are endemic in poor socioeconomic and disadvantaged groups.

With the present greater understanding and better appreciation of the contributions from both environmental and hereditary factors, and their complex interactions, sweeping claims such as Mahathir's on the critical or supremacy role of one over the other would bring widespread condemnation. Witness the controversy and rousing denunciation of the authors of *The Bell Curve: Intelligence and Class Structure in American Life* following its publication. The book, written by two social scientists rather than geneticists, purports to show that differences between racial groups (specifically between Blacks and Whites) in every aspect of American life—academic achievements, social class, earning power, and including the divorce rates—are related to their inherent differences in intelligence or

"cognitive ability." These authors are convinced that such differences are inherent or genetically determined and that remedial programs like Head Start aimed at helping children of disadvantaged families are not beneficial.

The authors of *The Bell Curve* make much ado of the fact that IQs of East Asians, (Chinese, Koreans, and Japanese) are consistently higher than Whites. The two White authors repeatedly emphasized that observation as if to prove their objectivity. I wonder what their findings would have been a few generations ago when these East Asians were simply "dumb Japs" and "coolies?"

Back in Asia, the Japanese do not think highly of the Koreans. No surprise then that Korean children in Japanese schools consistently score lower than their Japanese counterparts on IQ tests administered by, you guessed it, the Japanese. In contrast, in America Koreans outscored every one else, including Japanese-Americans. So much for the reliability of these comparative studies.

The IQ scores of various social and racial groups are invariably higher by as much as 25 points in subsequent generations. It is highly unlikely that genetics could explain such rapid changes in a characteristic. This phenomenon, first observed by of all people a political scientist, is called the Flynn effect. Today's Blacks may score lower than contemporary Whites but they did better than Whites of a generation ago. This increase reflects the better nutrition, parenting, and extensive schooling of today's children, Blacks and Whites. This further suggests that IQ tests are not independent of these factors. In America today, no one refers to "dumb Irish" or "dumb Italians" now that some of them have become presidents and supreme court judges.

Those scientists with strong views on the genetic basis of intelligence tend to be social scientists—practitioners of the soft science—rather than biologists. To these social scientists intelligence is a statistical concept, something that correlates with their IQ test scores. There are few "hard" or natural scientists who subscribe to the genetic view, most notably the Nobel laureate (in physics) William Shockley. He believed so strongly in genetics that he started a sperm bank of PhD and Nobel laureate donors (presumably all Whites). So far no notable personages have claimed to have come from that source. Stephen Jay Gould in his book *The Mismeasure of Man*, debunks the premises and methods of the soft sciences. With his usual eloquence and scientific rigor, Gould dismisses IQ measurements of the different races as the modern equivalent of nineteenth century craniometry, the "science" that attributed human behaviors and traits to various skull and body conformations.

## Correlation and Causation

THE TOOLS of the social scientists are population surveys and tests. They have an obsession with statistical analyses and often make preposterous conclusions based on correlation. In statistics, one of the first things drummed into students' heads is that correlation does not imply causation. That is, just because an event is linked or correlated with another does not mean the first caused the second, or vice versa. The example used to permanently imprint this caution on student's mind is the simple experiment correlating the rate of drowning with that of ice cream consumption. Sure enough, at least in temperate zones, during hot summer months when ice cream consumption is highest, they have the largest number of drowning. Conversely, when ice cream consumption is low in deep winter, the incidence of drowning is negligible. The correlation is almost perfect. But no one in his right mind would rationally suggest banning ice cream sales to prevent drowning based on such a spurious correlation.

Too often in social science and epidemiological studies much is made of such links. When one reads that coffee causes cancer or red meat is related to heart disease, these are the sorts of studies upon which far reaching public policy recommendations are sometimes made.

Much of the data on the inheritance of intelligence comes from studies on twins, especially monozygotic (those arising from a single fertilized egg that splits early, so the twins have identical genes) who were separated soon after birth. Their IQ scores were then compared with those raised together, other dizygotic (separate eggs) twins, and siblings. Similar comparative studies are also made of adopted children. By comparing the degree of differences and similarities of their IQ scores, scientists can speculate on the relative contributions of genes and environment. But twins are relatively uncommon and those separated at birth, rarer still. In statistics, fewer samples amount to greater errors. Hence the difficulty in interpreting these studies. Besides, it is simply erroneous to attribute the striking correlation between the IQs of identical twins raised apart to their genes alone. The similarities may reflect their identical prenatal (womb) environment which they share for the critical first nine months of their existence. Thus to truly separate genetic and environmental factors one would have to have an identical twin pair that was the result of *in vitro* fertilization, implanted into separate wombs. Only then can one fully attribute any differences to the envi-

ronment and similarities to the genes. Such an experiment, though technically possible, would raise serious ethical concerns.

Nonetheless, from various studies of twins and siblings raised together and apart, various estimates on the heritability of human intelligence or IQ scores (the two may not necessarily be the same) have been made. These range from 0.4 to 0.8. A score of 1.0 means it is completely genetically determined and 0, wholly environmental. Interestingly, the highest figure (.8) is from an English series, an impressive study in that it has the greatest number of twins involved. Unfortunately, that survey had been the subject of much criticism, with charges of outright fraud leveled at the author. More recent composite statistical (meta) analyses of the various studies indicate a heritability factor of less than half (0.48), indicating a major role for nurture.

There is still the intriguing observation that there are indeed persistent differences in IQ scores of various races even after such environmental variables as social status and economic conditions are factored in. The implication of this finding is unknown. But whatever it is, it certainly merits scientific inquiry. The insight and wisdom accrued from such studies should be for enlightening and better understanding of the differences in the various races and not, as now, be used to aggrandize one's sense of racial superiority.

## Measuring Intelligence

**IQ TESTS** are a series of patterns, shapes, and geometric forms that one has to match. These tests are supposed to be culturally neutral as no language is involved. Another consists of written instructions on word comparisons and associations. It thus requires a certain familiarity with language. Both forms are objective in the sense that no subjective judgment of the examiner is involved. The tests can be scored by machines, hence they can be administered en masse. I remember being tested while in primary school. Frankly they were fun, much like a game. Furthermore, unlike regular school tests, one did not have to study for them. Those same tests I had in 1950's are being used today with minimal modifications.

In real science or even in the everyday world we hardly use the same measuring devices or tests that were used a decade ago. Take the device to "test" weights. The familiar *daring* (traditional weigh scale) gave way to the balance scale, which in turn yielded to the electronic machine. Similarly, to gauge tem-

perature we had the mercury thermometer. Now electronic ones, based entirely on different physical principles. They are more accurate, fast, and safe: no glass to break, hence no cuts and risk of mercury poisoning. Even with the simple task of assessing temperature, no one device or test is good for all circumstances. Mercury thermometers are useless for extremely high temperatures because the mercury would vaporize. Nor is it accurate at extreme cold.

Social scientists would like us to believe that the same IQ tests they used for the last fifty years are just as good and valid today and under all circumstances. They claim that cultural biases have been eliminated. Thus the tests could be administered to children in Boston as well as Botswana. They could but whether the results would be valid or reliable remains to be proven. I venture that pygmies do not excel on modern IQ tests because geometric shapes and patterns are alien to them. Theirs is a world of different hues of green and varying sound pitches. If pygmy psychologists were to design IQ tests they would no doubt use shades of color and different sound pitches. Imagine how well we would do on those tests. Yet would our shortcomings be indicative of lower intelligence? There are different cultural interpretations of intelligence. The smart pygmy hunter is one who can tell the difference between the hissing of a poisonous snake and the wind rustling through the leaves.

To prove his point that these IQ tests are akin to the discredited science of craniometry, Gould administered them on his Harvard students. Just over half of them had superior scores. Astoundingly, 10% performed poorly. So much for the test. Or perhaps Harvard was not that selective a college after all.

Many psychologists now believe that intelligence is not the one dimensional entity (the "g" of general intelligence) as it is widely understood. Harvard educational psychologist Howard Gardner postulated at least seven aspects of human intelligence. These are linguistic, mathematical/logical, spatial, musical, bodily kinesthetic, interpersonal relationship, and intrapersonal understanding. Different cultures emphasize different attributes. Western cultures put a premium on linguistic and logical/mathematical concepts. East Asian cultures, with their *kunji* scripts and the need to memorize thousands of symbols, appropriately value memory and mathematical aptitude. In the South Seas where survival depends on the skills to read the subtleties of wind, waves, and stars for navigating their sailing crafts, spatial ability and bodily kinesthetic are important. That intelligent pygmy hunter relies very much on his keen hearing and eyesight to bring home game, and to survive.

## How Genes Operate

LET US, for the sake of argument, assume that intelligence is primarily determined by genes, as Mahathir posits. The way genes work is as follows. They are portions of the DNA molecule that act as templates for the production of specific proteins, usually enzymes. These proteins in turn control a particular development or metabolism in the body. The gene is localized on a definable part of the chromosome. Thus the gene for blood type is located on chromosome number 9. If one has the gene for type A or B, that will be one's blood type; if one has both (our chromosomes are paired, so A could be on one chromosome and B on the second) then one's type is AB; if one has neither A nor B then the type would be O. (Because the gene for O is recessive, it is not expressed in the presence of either A or B genes, which are dominant.) Thus, we have the four blood types, A, B, AB, and O, but no gradations of A or B.

If intelligence is the result of a single gene, then those who have the gene would be intelligent, conversely those who don't are "intellectually challenged." On a population basis, the result would be a group of people who are intelligent (those fortunate to have the gene) and another who are mentally-challenged (without the gene). A bipolar distribution in statistician's verbiage. Instead, intelligence is distributed along a bell curve, so named because it resembles a bell, fat in the middle and tapering symmetrically at both ends. The largest groups are people with average intelligence, and smallest numbers are those who are extremely intelligent or very retarded.

To explain this bell or normal distribution, we have to postulate not one but multiple sites or genes for intelligence, just like the earlier example on body height and skin color. Those lucky enough to have all the gene forms would have the highest intelligence and those with the fewest would have the lowest. As with height, most of the population are smack right in the middle, the safe average. In modern genetics there is the concept of suppressor and enhancer genes which function to regulate other genes. Those would also contribute to the normal distribution of a characteristic.

Having accepted that intelligence is polygenic, one still has to explain how the proteins produced by these genes affect intelligence and brain development. One would postulate that these proteins control neural development and/or the way brain cells communicate. Brain cells communicate through transfers of chemicals called neurotransmitters. Dozens of these substances have been iden-

tified. It may well be that intelligent people have an abundance of these "smart" transmitters allowing their brain cells to communicate easily and rapidly.

People with depression, for example, are known to have low levels of serotonin, a particular neurotransmitter. The importance of this discovery is that there are now effective medications that would increase the level of serotonin. Today, the lives of millions of depressed people are enhanced by such drugs as Prozac. Some cases of depression are clearly inherited, as judged by their familial pattern. Regardless, because of the greater understanding of its neurochemical basis, depression is a highly treatable condition. The genetic aspect of the disease thus becomes merely a point of interest and not the overriding concern.

With regard to intellectual function and development, I trust and respect the work and conclusions of neurobiologists working with living brain tissues, rather than social scientists with their scantron machines and #2 lead pencil tests. If future biologists discover the neurochemical basis of intelligence it would likely be along the pattern of depression. Then, even if we do discover that intelligence is primarily genetically determined, we would put that information to beneficial use, just like we did with the knowledge on depression. Perhaps there will be "smart" foods and medications that would increase the level of neurotransmitters responsible for intelligence.

Will it mean that one can, by simply popping pills, understand quantum physics or appreciate the subtleties of Shakespeare's characters? Hardly. What it would probably mean is that those presently retarded could be helped with medications to open up new pathways in their brains to facilitate the learning process. Or those whose brains are damaged by trauma or stroke could relearn basic functions. Unlike the discoveries of social scientists which so often play to one's prejudices and feelings of racial superiority, such neurobiological findings would instead be used to help our less fortunate fellow humans.

There are already tantalizing discoveries along these lines. There are indeed chemicals and extracts of herb (Ginkgo, for example) that have been shown to improve or retard the memory loss in Alzheimer's disease. They appear to increase the microcirculation, thus the supply of nutrients and oxygen to the nerve cells. There have been anecdotal reports of enhanced memory function in normal individuals taking these herb. Memory and intelligence may or may not be related. The present strategy in treating Alzheimer's disease is to increase the levels of these neurotransmitters with drugs like Donopezil and Ticrine.

## Race and Intelligence

WHEN psychologists talk about racial differences in intelligence, what they mean is that the median (roughly translated, the mid point) IQ score of one racial group is significantly different from that of another. Thus, Blacks are perceived to be less intelligent because their median score is about 15 points less than that of Whites. Because the scores for each group is normally distributed, there is considerable overlap between the different populations. Therefore there would still be Blacks with IQ over 120, but their numbers would be fewer than those of Whites.

Transferring the findings to Malaysia, this means that there would be fewer Malays, as compared to other races, with an IQ of over 120. Perhaps instead of 12%, Malays would have only 5%. That being the case, all the more we must emphasize environmental factors so that those few bright and talented Malays would develop maximally and none wasted. Thus, instead of constantly carping on how dumb or less smart Malays are, the emphasis should be in ensuring that every Malay with potential be given all the opportunities and encouragement to maximize his or her talent.

In Malaysia the exact opposite is done. The best and brightest are often neglected. There is no reward for excellence or merit. Nor are bright students sufficiently challenged. Far too many are taking the easy way out by pursuing such "soft" disciplines as Malay or Religious Studies. If Malays believe in their genetic inferiority they should spare no effort in developing and encouraging the precious few who are smart.

Shaharuddin Ma'arof in his perceptive book, *The Concept of Hero in Malay Society*, recalls the story in classical Malay literature, *Hikayat Pelayaran Abdullah* (lit. The Voyages of Abdullah) about an intelligent young boy whose bright idea saved hundreds of his countrymen. The kingdom was frequently attacked by flying fish. The sultan, with typical disregard for his subjects' lives, had ordered his men to line up to block the attack. Consequently many were killed, impaled by the fishes' sharp snouts. The smart boy suggested that banana plants be grown along the beaches to absorb the attack. It worked wonderfully and the sultan was most grateful. But the gratitude was short-lived. The sultan was warned by his ministers that such a brilliant young mind would only cause problems later. Imagine what other bright ideas he would come up as an adult. Sensing a threat,



the sultan promptly killed the young man. With leaders like that it would be hard to find smart subjects.

Dr. Mahathir's rash assertion that Malays just "don't have it" is bunk. At a time when Malays needed the most encouragement, guidance, and direction, uncertain of their own abilities, they received the equivalent of a knock on their collective heads with a brick. There is no telling how many young impressionable Malay minds have been damaged and stunted by his irresponsible statement. Mahathir is quick to chastise Malays for their excessive fatalism which he blames on their ancestral animist beliefs and misinterpretation of Islam. Malays now have yet another reason to be fatalistic and to accept things as they are. Thanks to Mahathir's pseudo scientific treatise, they can now blame their genes for their failures and inadequacies, a biologic determinism just as destructive as the religious one.

I am reminded of the eloquent prayer to have the serenity to accept things that cannot be changed, the courage to change things that cannot be accepted, and the wisdom to tell the two apart. There is nothing that one can do about one's genetic makeup. That is what God has bestowed uniquely upon each individual. But we can, with training and proper guidance, make the best use of whatever talent He has endowed us.

As one of the few Malays in his time who was trained in the sciences, Dr. Mahathir had considerable credibility in the community. He was rightly looked upon as someone with a special knowledge on human biology. If Anwar Ibrahim, Mahathir's erstwhile deputy, were to make similar assertions even buttressed with his usual penchant for quoting various experts and philosophers, he would be simply ridiculed and ignored. After all, what does a graduate in Malay Studies know about genetics and human intelligence?

In 1960's Mahathir, as Chairman of the Higher Education Commission, effectively and persuasively championed the cause of Malays in higher education. Indeed, many of his suggestions on reforming schools and criteria for admission into universities were subsequently adopted. In his early writings and speeches Mahathir rightly enumerated the various mitigating environmental factors that prevented Malay excellence in higher education and the professions. These were well articulated, elegantly convincing, and eminently rational viewpoints. It is unfortunate that in his book he did not amplify them.

As Minister of Education, Mahathir greatly expanded educational opportunities for Malay youths. He increased the number of residential schools and emphasized the sciences. As Prime Minister he built many new universities. Directly

as the result of his many initiatives Malay scientists, engineers, and doctors are no longer a rarity. One of the more gratifying sights today is to see even in small towns, private clinics operated by Malay physicians. During my youth there were very few Malay doctors and almost all were in government service, doing administrative chores. Today, thanks in large measure to Mahathir's effort, old racial stereotypes have disappeared. If I were to go back to my old school now and tell the students that Malays cannot handle the sciences and engineering, I would get a stunned look of disbelief from them. And rightly so.

Despite Mahathir's reservations on the intelligence of Malays, we have made remarkable progress in education and the professions simply because of the better opportunities provided. Imagine the headway Malays would have made had Mahathir not handicapped us with his half-baked theory of genetic inferiority. How more effective Mahathir's policies would have been if he did not harbor reservations on the innate capabilities of Malays. I am astounded that Mahathir willingly accepts the premise that Malays are less smart than others. If others are so much smarter by virtue of their racial heritage, how come India and China are so backward? Indians in India could hardly arrange a two-car parade without a heated argument. As for China, it is only now enjoying some semblance of stability.

One of my greatest regrets is that I did not rebut Mahathir soon after the publication of his book. As one of the few Malays in science then, I felt an acute and particular sense of obligation to challenge him. His thoughtless and unsubstantiated claims did considerable harm to Malays. On the contrary, Mahathir should be encouraging and inspiring the younger generation. It is incumbent upon those Malays who are fortunate to be well endowed intellectually to inspire and encourage those less privileged to overcome their handicaps.

Decades earlier, another illustrious Malaysian, Pendita Za'aba, in an eloquently simple essay recounted the varied causes of Malay backwardness and poverty, attributing them to "factors of geography." The hot stifling heat for one, is hardly conducive to hard physical labor or vigorous intellectual discourse. Surprisingly, his lucid commentary elicited no widespread reaction. Perhaps it was the reflection of the pseudo sophistication of the time that equated simplicity with simple-mindedness. Thus Za'aba's views were easily ignored.

A Malaysian doctor who read Mahathir's book as a teenager two decades earlier, on hearing of my project wrote me to express his contempt for Mahathir's ideas. *The Malay Dilemma*, this young doctor told me, does not deserve the dig-



## Chapter IV

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### Ugliness of Urbanization

TRADITIONAL Malay society is primarily rural and agrarian. Like other indigenous populations, Malays were poor, existed on subsistence living, and unaffected by modern development.

Urbanization is one remedy prescribed by Mahathir to overcome the economic dilemmas of Malays. He reasons that moving Malays into towns and cities would usher them into the modern economy. It would encourage them to interact with other cultures and thereby acquire some of the positive habits of the industrious immigrants. Through urbanization, Malays would avail themselves of superior amenities: better schools, improved health care, and most importantly, brighter job opportunities. Malays would not then be trapped tilling rice fields or tapping rubber trees.

The migration of Malays out of the kampongs has been truly massive. In 1957, 81% of Malays lived in rural areas but by 1995 the figure had dropped to below 50%. Whether this is the result of an effective government policy or merely reflects a worldwide trend seen in both developing and developed countries is uncertain. Other Third World countries experienced similar high rates of urbanization without there being any overt encouragement from their governments.

The 1957 figures are misleading and overstate the case. Town Malays were for the most part segregated from the urban mainstream. They lived in enclaves of traditional kampongs within the municipality. As Malaysian towns and cities were not fully developed or modern then, such villages with their stilt houses did not stand in stark contrast to the equally drab urban surroundings. In Kuala Lumpur

one such enclave was Kampong Baru. In social dynamics and economy such Malay urban settlements, like Muar's Lorong Sembilan in Norazil Selat's sociological treatise *Urban Survival*, were essentially kampongs. The remaining urban Malays not in such kampongs were public servants living in their equally segregated government quarters.

Mahathir is not the first leader to sense that there is something inhibitory associated with kampong milieu and lifestyle. Soon after independence, Tun Razak tried to instill some of the characteristic resourcefulness and industry of the immigrant races onto kampong Malays by encouraging them to undergo similar migration, only internally and within the country. He astutely recognized that the successes of the immigrants were not the function of their race or cultural superiority rather the fact that they were immigrants. Presumably, the Chinese and Indians who were content with their lot would remain in their native land rather chancing their future in an alien country. These immigrants then were a self-selected group of hardworking and determined individuals who seek to better themselves by emigrating. It was hoped that if Malays could be similarly encouraged to leave their kampongs, some of the positive attributes of the immigrant spirit would rub off on them.

Thus was born the massive rural development scheme. Vast tracts of virgin jungles were cleared to prepare for rubber and palm oil plantations. These were coordinated by the Federal Land Development Authority (FELDA) to ensure success. Malay villagers were encouraged to participate with the promise that once the lands were developed these "pioneer" families would receive titles to their acreages. The scheme resembled the land grants of early America except that the government played a major role in their development.

There was little enthusiasm initially among the villagers for these projects. Rightly so, as these developments were in deep remote jungles. To the peasants, moving from the relative comfort of their kampongs to the dense jungles was not exactly enticing, despite the glowing promises of land ownership. The government wisely did not compel them, rather it persisted through gentle persuasions hoping that success would sell the project.

In my village a farmer and his young family took the offer. The family's departure from the village must have looked like what immigrants experienced when they left their native land. There was much hugging, sobbing, and the repeated questioning of the wisdom of leaving one's family and friends. All these mixed with proffered prayers for success and a safe journey for the departing members. Very emotional. In reality the risks and challenges faced by them were

nowhere comparable to those of the real immigrants. They were not crossing vast oceans and their future was more or less planned. They were promised land, support, and guidance from their government. Still, leaving one's loved ones and familiar surroundings can be very stressful indeed.

Within a few years, just as the planners predicted, this young man returned to the village for a visit, bringing with him the bounty of his endeavor for all to see. He brought tales of a wonderful new life and the benevolence of the government. Although he worked very hard nonetheless, three years later he was ready to reap the tangible rewards. His rubber trees were now ready for tapping and he would expect an income exceeding the village school teacher. As if to prove his point he showed off his brand new motorcycle. To top it, his comfortable new home built by the government had electricity and piped water, a far cry from the village stilt shack he left behind.

Suddenly, other success stories similar to that villager began to spread and interests in these new land schemes exploded. Today, FELDA is one the largest operators of palm oil and rubber estates. These pioneer farmers did very well indeed. With the country becoming more developed, the once remote jungles where they were settled are now no longer so isolated. Many in fact are close to major developments. One scheme in particular was near the country's spanking new airport. Consequently, some of these pioneers received untold riches when their land suddenly rocketed in value. Many became instant millionaires when they sold their holdings.

FELDA and other similar projects were remarkably successful in reducing rural poverty. Tun Razak managed to graft some of the positive attributes of the immigrants onto Malays through such schemes. They were also successful for a variety of other reasons. Tun Razak properly emphasized rural development, in words and in deeds. He had a special ministry exclusively for this purpose, with him in charge. He put the full weight and prestige of his prime ministership to that undertaking. Equally important, transplanting Malays out of their kampongs and onto these land schemes was not so disruptive socially and psychologically.

Unlike Tun Razak, Mahathir prefers that Malays leave the kampongs for the cities and towns. Unfortunately, Mahathir's positive views on the benefits of modern urban life are not shared by many Malays. Their image of urban living, as portrayed in movies and popular literature, is where everything goes; with tradition and the usual social restraints abandoned. A place where everyone is for himself and success means doing whatever one can get away with. In Malay pulp

novels of the 1950's and 60's, the heroes are invariably portrayed as libidinous swindlers, living on seedy streets, cavorting with prostitutes, and constantly out-smarting the authorities. Every pursuit except honest clean living.

Nor has the image of big city changed substantially since. In contemporary literature and popular media, the city is where the fabulously rich flaunt their opulent lifestyles; with their family members squabbling over the spoils. A place where wealth is rarely acquired through honest and diligent work but through political connections and corruption. Rare indeed is the city portrayed as where one can better oneself by going to night school; a place where international trades are transacted or serious issues of the day deliberated.

The reality of urban life is of course vastly different. The bulk of Malay middle class are adjusting quite well to living in the modern urban environment. Despite the many constraints, they try very hard to maintain their traditional kinship and family bonds. Like urban dwellers everywhere, they are very much concerned with matters of daily living: making house payments, getting kids to school, and being at work on time. One of the positive legacies of the NEP is the sizable and stable Malay middle class urbanites. Their critical mass eases considerably their adjustment to the new and alien environment.

### Slumville, Malaysia

NOT ALL urban Malays live in neat suburban terrace houses or bungalows. Many are either compacted into huge high-rise and high density public housing projects or worse, strewn in totally unregulated squatter slums.

These slum dwellings have a particularly apt Malay name—*rumah kilat* (lit. lightening houses). So-called because of the lightening speed with which they get built. These shacks are literally none today, here tomorrow. They are the typical Third World shanty dwellings with tin roofs and plywood walls. Perhaps they are slightly better than the cardboard "dwellings" of America's homeless. Often, their only source of water is a long slender hose attached surreptitiously to a public pipe some distance away. Those are the lucky ones. Most rely on the roof run-offs. Fortunately Malaysia has abundant rainfall. But during the dry season these poor folks revert to rivers and streams, which also serve as their out-houses. No wonder the rivers are so polluted.

To fully appreciate the situation, visit these settlements after a heavy down-pour. With their inadequate drainage and lack of sewer facilities, the stench is

unbearable. Everywhere are pools of stagnant water, serving as ready breeding grounds for mosquitoes. No wonder deadly diseases like dengue, transmitted by mosquitoes, are endemic in urban Malaysia.

What is frightening is that the foods sold at roadside stalls, marketplaces, and school canteens are cooked in many of these huts. The public health implications are just horrendous. Granted, these slums are light years ahead of those in Mexico City, Manila, or Dhaka, but that is little consolation for the customers and children who would be infected from eating contaminated foods produced under these unhygienic conditions. Like other Third World countries, outbreaks of enteric diseases due to food contamination occur with sickening regularity. Even in supposedly modern Kuala Lumpur and Penang, outbreaks of cholera and gastroenteritis (a clear reflection of an appalling level of public health) are not rare.

Clumps of these squatter huts are readily visible and obvious to all except the city planners. Often these dilapidated shacks are incongruously juxtaposed to the palatial mansions of Kuala Lumpur. Attend an elegant party at one of these estates and amidst the beautiful people and refined furniture, and barely hidden from view, are these shabby huts. The guests' sensibilities, much less their appetite, are hardly affected by such jarring images.

These slum settlers are not politically naive. Displayed prominently somewhere is a plaque indicating an active branch of UMNO. Banners and other symbols of the party are also conspicuously displayed. It is difficult to tell whether these settlers are loyal party supporters or merely using the pennants as protective devices, much like ancient villagers hanged branches and dead animals as talisman against evil spirits. They must be effective for these settlements endure, unmolested by the powers that be.

To solve the squatters' problem the government built numerous low cost multistory housing projects. These units are materially superior to *rumah kilat*. At least they have indoor plumbing, piped water, and electricity—when they work. But they are just as cramped and devoid of privacy as squatter huts. And unlike the squatters, these high-rise dwellers have little sense of community. They are families thrown together by the housing bureaucracy, a mass of total strangers forced to become neighbors overnight. In the slums one usually has to be "invited" by those already there to set up one's hut. As a result these squatters have a remarkable sense of solidarity and social cohesion, a definite sense of community.



These multistory complexes are impressive only as models displayed at city hall or the housing ministry. That's where visiting dignitaries are taken to see the elegant plans and layouts. The reality is dramatically different. The beautiful green spaces with the toy swings and other amenities of playground seen in the models are in actuality, nothing but rusted metals with sharp edges strewn all over the overgrown grass. The surrounding open ditches are plugged and stagnant, with a stench to match. Further, since the lifts (elevators) never seem to function, the poor souls in the "penthouse" suites have to trudge up many stairs. Now I understand why those upper units are cheaper. On the rare occasions when elevators do work, no one wants to use them because of the awful smell. Likewise, corridors and hallways are littered with garbage. If there are refuse bins they are usually overflowing and never emptied. Inspecting these units one finds broken windows, bashed up doors, dangerous loose wiring, and overloaded electrical outlets. These poorly maintained and inadequately supervised buildings are magnets for vandalism and other undesirable behaviors. These *rumah pangsa* (lit. compacted homes) resemble the decaying inner city projects that blight major American urban centers.

The chaotic and generally unattractive physical surroundings are matched only by the listless, apathetic, and psychologically numbed inhabitants. These high-rise complexes are nothing but a collection of human pigeon holes rather than a community or social unit. The sense of social anomie is self-evident. It is not surprising that these complexes are breeding grounds for many social pathologies. In many buildings, drug use is rampant and done very openly.

Despite the obvious social pathology there are remarkably few studies on the human dynamics of these new urban environments.

There is a concerted political effort to encourage Malay urbanization in part to counter non-Malay urban voters. In many Third World countries there is the "push" factor of rural poverty: shortage of arable land and increasing population. To a large extent these are absent in Malaysia. More likely it is the "pull" factors of the city: better job opportunities, city lights and amenities, and perhaps to escape the stultifying traditions of rural communities.

Often people do not have a choice. Whether they like it or not they are simply thrust into an urban environment—*in-situ* urbanization, or "urbanization without migration." The whole island of Penang is now semi-urban. Former fishing villages had been swallowed up by encroaching city development. These formerly close knit communities were senselessly truncated and bifurcated by new roads and developments, cutting off the coastal accesses for these fisher-

men. As if those were not enough, their usual fishing grounds had been decimated by pollution, depriving them of what little livelihood they had.

When the colonial British brought in immigrants from India to work on the rubber estates, they provided respectable living quarters, complete with temples and schools. The British masters did their best to provide for their workers a living community. These communities still exist to this day, their familial and community bonds maintained through generations. A tribute to their enlightened employers of the past.

Today's businesses, local and foreign, have no comparable compassion for their employees. A few provide spartan hostels for their single female workers but nothing more. There are no attempts at ameliorating the social conditions or providing amenities for the workers to improve themselves. There are no organized recreational, social, or educational activities. The employers' interest extends only to ensuring that their workers get to work on time. Hence the *bus kilang* (factory buses). No wonder there are huge turnovers of workers and consequent low productivity. No matter, these employers would simply go back to the villages or neighboring countries to recruit new ones. A few union activists and social workers have attempted to organize rudiments of a community life at these factory hostels, but their efforts are thwarted by employers fearful that the workers would get uppity or become unionized.

With the lack of proper dwellings, shanty towns arise around factories and towns. These settlements are neither rural nor urban. They have none of the convenience and amenities of a city nor the comfort and tranquillity of a kampung. Settlements like Rawang, near Kuala Lumpur, which sprung around an industrial plant, are "an industrial limbo, for which no name exists" (Seabrook.)

The city that Mahathir describes in his book, with modern facilities, parks, orderly, and well-maintained, is an illusion. Malaysian cities, like other Third World metropolises, have expanded far too rapidly and their physical and social amenities have not kept up. These "conurbations of the South" writes Seabrook, "are vast wastelands of polluted, disease-ridden miseropolis." They are giant public health time bombs. For decades Kuala Lumpur, despite a burgeoning population, did not add a single hospital bed. Until recently, the sewer facilities were what the British left behind.

Because of the shortage of central sewer treatment plants, developers had to provide individual septic tanks for each home, even in large projects. This highly inefficient system is subject to frequent breakdowns. Stroll along the exclusive neighborhood of Damansara Heights, Kuala Lumpur, and one sees green slime

on retaining walls, telltale signs of leaking septic tanks. From the odor there is no mistaking what they are. Many builders purposely break the bottom of these tanks once they passed inspection so they would never have to be pumped out. It is no surprise that in Klang Valley with literally millions of septic tanks, there are few companies involved in pumping or maintaining them. Homeowners may save on the cost of maintaining their tanks, but the price is massive ground water contamination affecting the whole community. Around Kuala Lumpur, over half of the test wells have contaminated water. Frightening.

Other public facilities are similarly severely strained. Schools have not kept up. The water treatment plant was what the British left behind, never expanded or upgraded until very recently. Interruptions in water supply are so routine that households have adjusted by installing holding tanks. Unfortunately, these tanks are totally unregulated and are often rusty, posing yet another health hazard. Similarly with the roads. A tract development with thousands of units would have only one narrow access street. With such congestion, traffic accidents and fatalities are truly horrific.

## Social Ills

COMPOUNDING the deterioration of public facilities is the epidemic of social pathology—drug addiction, *lepak* (loitering and mall rats), *bohria* (delinquency), and the breakdown of families—afflicting urban Malays. These ills are a barometer of an underlying disintegrating social system.

Whatever good urbanization has done for Malays, the price has been high. The urban lifestyle is foreign to them. It is not surprising that they are disproportionately represented among the socially dysfunctional. It is time to examine these attendant social costs and institute plans to alleviate them. Unfortunately, official responses to date have been nothing but platitudes: more religion, more morality, and more discipline. There is minimal attempt at studying these problems or even trying to get an accurate estimate of their magnitude.

Malay urbanites of the 1960's adapted remarkably well. Malaysia's first suburb, Petaling Jaya, was very successful. And for a number of reasons. First, these settlers were almost all government servants already familiar with urban environment. Second, their numbers were not overwhelming and thus easily manageable. Third, the town itself was rationally planned, with high density terrace houses mixed with detached bungalows. There were plenty of public spaces for

shops and parks. Fourth, because of their common background (public servants) there was quick social bonding and the establishing of a sense of community. It did not take long for these homeowners to put their own individuality on their dwellings. Communities quickly developed around mosques and *surraus* (prayer houses).

In contrast, modern Malaysian towns are unrestrained developers' products with rows and rows of monotonous design duplicated endlessly. There are no provisions for parks, schools, clinics, or shopping areas. When one looks at the master plans at city hall or in the developers' attractive brochures, there are elaborate designs for parks, common areas, and the ever optimistic projections of smooth traffic flow. They even have impressive environmental impact studies. Just to be sure, these projects undergo lengthy reviews, vetted by various impacted departments before being approved. Alas, only the process is impressive. The results were as if there was no planning at all.

I lived for a year in Bungsar, a modern suburb of Kuala Lumpur. Until recently, despite the ballooning number of homes there were no parks, shopping areas, library, or school. The only access was a narrow road off a busy throughway and without a controlling traffic light. No wonder it was in constant traffic jam. To make it worse, the slightest downpour would cause severe flooding as no one from city hall had ever thought of maintaining the culverts. Rains were truly gifts from heaven for the nearby squatters, an opportunity for them to earn extra money rescuing stranded cars.

## Alternatives to Urbanization

MALAYSIA can reap the benefits of urbanization that Mahathir writes about without there being massive migration of its people and the attendant social trauma. It can do this by bringing modern amenities to rural areas. Alternatively, it can cushion the negative aspects of urban living through proper planning and adapting some of the comforting and psychologically stabilizing aspects of kampong society onto these new urban settlements. In short, making kampongs more urban-like in terms of creature comforts, and cities more kampong-like in their social atmosphere. Both measures would not only reduce urbanization but also make the problems associated with it more manageable.

It is not enough for Malays be urbanized, they must also become more urbane. Crudely put, it is more important to take the kampong out of Malays than

to take Malays out of the kampongs. A recent example provided by that outspoken advocate of "New Malay," Muhammad Taib, illustrates my point. Taib, the Chief Minister of Selangor, Malaysia's most urban and prosperous state, was arrested in Australia for carrying cash on his person to the tune of several millions. Obviously that "New Malay" had not heard of such modern financial instruments as bankers' checks and wire transfers of funds. Not only did he incur the risk of loss and robbery, but he also lost sizable interest on the cash while he was traveling. Taib may look suave with his double-breasted suits and other trappings of the "jet set," but scratch a bit, and the kampong oozes out of the man. Taib was acquitted on a technicality; his sharp counsel pleading that he (Taib) could not understand the custom's declaration. The facts of the case were not disputed. Apparently, despite decades of living in the city, Taib has yet to learn English.

Far too often urban Malays are like Taib. They may live in cities and have all the trappings of a modern lifestyle, but in attitude and mentality they are very much still in the kampong. They continue having large families despite the added difficulty brought on by the compactness of urban living. Nor do they take advantage of the better schools and other modern facilities. In terms of interest lost and safety, carrying large amounts of cash is akin to the old kampong habit of putting money under the mattress.

Of the two alternatives stated earlier, modernizing the kampongs would be far simpler and cheaper. Basically it involves bringing in modern infrastructures—electricity, potable water, roads, good schools—into the villages. These basic amenities would greatly relieve the burden and discomfort of rural life. Potable water, even if it has to be heavily subsidized, would bring tremendous savings in terms of improved public health. By building roads, the modern facilities of nearby towns and cities would be readily accessible. Presently, many kampongs have water piped in but the supply, as in the cities, is erratic and unreliable. Similarly, village roads are poorly maintained and represent major hazards. They contribute a disproportionate share of highway fatalities. If means of communications are improved, these rural folks would not feel cut off from modern civilization. If rural schools have electricity and Internet access, for example, the whole wide world would be open to the students. In truth, there is very little wrong with kampong life that modern amenities would not correct.

One way to stimulate as well as underwrite the costs of rural modernization would be to relocate government agencies to small towns. The incremental costs of expanding the services and amenities to surrounding rural areas would then

be considerably reduced. The Rubber Research Institute could be moved to Kuala Pilah, where most of the rubber estates are anyway, and Palm Oil Research Institute to Kluang, the heart of palm oil region. Imagine the impact of such moves on the area's schools, businesses, and recreational facilities. The scientists and workers would send their children to local schools and their presence would enhance the quality of these institutions. As parents these scientists would insist upon higher levels of performance. Their well-educated spouses could also be recruited as teachers. Part of the difficulty in getting good teachers in rural schools is their spouses work in the cities. These professionals would also make great school board members. With a critical mass of well-paid and highly-educated citizens, these rural and small communities would get much needed social and economic boosts.

There is no advantage in having the national oil company, Petronas, in Kuala Lumpur. Why not Kertih, where the oil is? Because of its sheer size, Petronas would act as an economic anchor and magnet for the community, attracting support and related industries. Besides, the rent is considerably cheaper at Kertih. Sarawak Shell is located in the remote village of Lutong. Because of Shell the facilities in that little community are vastly superior. Its recreational amenities, housing, school, and hospital would shame many Malaysian cities. The employees demand so and the local citizens benefit as a result.

Malaysia could relocate FELDA to Segamat, a small town in Johore, and the Fisheries Department to Kuala Trengganu, where the fishermen are. By putting these agencies closer to the people they serve, they become more effective and better attuned to the problems of the front-line.

Moving these departments into small towns would greatly catalyze the modernization of these areas. With superior facilities readily available nearby, there would fewer reasons for these people to leave.

The colonial British knew something about this. They located teachers' colleges in small towns like Tanjong Malim. Similarly, Kuala Kangsar, another small town, is synonymous with Malay College. These institutions are significant economic assets to these communities. I fail to see why agencies concerned with rural development like MARA and FELDA should be in the heart of Kuala Lumpur. Transferring them into small towns would bring their personnel closer to the problems. Perhaps then they would not be distracted by such expensive frills as country club memberships.

Malaysia can learn from America about decentralization. While the political capital is Washington, DC, the financial center is New York. Similarly, the Cen-

ters for Disease Control (CDC) is in Atlanta, the repository for gold in Fort Knox, and the Space Administration, Houston. The educational institutions are similarly widely dispersed in towns like Princeton, New Jersey; Colorado Springs, Colorado; and Corvallis, Oregon.

In America there is a resurgence of interest in the rural way of life. This "beyond the sidewalk" or back to the country movement is brought on by the increasingly negative aspects of urban living: congestion, crimes, and pollution. I live in rural America, but because of modern amenities I do not feel cut off socially. Within an hour's easy drive are several colleges and universities, theaters, and an international airport. Through my computer the world is at my finger tips. I too, have a well for water supply, but with an electrical pump I enjoy indoor plumbing just like in the city. A far cry from the village I grew up in.

The second approach is to make cities more kampong-like in their social atmosphere. In the villages, as Lat's cartoons so perceptively portray, there are rivers to swim, coconut trees to climb, and shady trails to ride one's bicycles. What's a city youth to do? Climb telephone poles and fly kites on busy streets? In the village, with its warm and supportive system of extended families, a wayward youth gets an uncle's early and kind reproach, a forlorn child his grandparent's indulgence. Pity the urban young. Their parents are already exhausted trying to cope with the realities of city life that they barely have time for themselves, let alone for their broods.

In America, the municipalities are deeply involved in numerous recreational activities for the young and adults alike. There are little league teams, swimming programs, arts and crafts, and music classes. These publicly subsidized and highly affordable programs provide healthy outlets for youths' bountiful energies. Bandarayas (City Hall) should institute similar programs in its housing projects. Each complex should have its own pre-and elementary schools, clinic, recreational area, and *surau* (place of worship). We should encourage, with appropriate inducements like reduced rents, teachers, policemen, and *imams* (religious leaders) to live in these complexes. The presence of these authority figures would deter anti-social behavior among the tenants.

These housing projects have minimal sense of community partly because their inhabitants share little in common. Why not experiment with different social groupings? For example, have families from the same state or village or those with children of similar age groups share the same floor. Or perhaps those working for the same department or company live in the same wing. In this way there would be some commonality and a ready sense of connectedness among

the dwellers. This would accelerate community bonding and provide a pseudo extended family environment, just as in the kampongs.

Visit an American suburb in the weekend and you see the entire community involved in sports, social activities, and festivals of various kinds. Bandaraya can organize leagues and encourage athletic competitions between housing complexes to stimulate similar community spirit.

A major problem with these housing projects is their remote management. Their managers are desk-bound at city hall or housing ministry, unaware of the smoldering problems back in the projects. Nor do they care because they do not live there. Thus minor problems rapidly degenerate into major difficulties because they are not attended to early. Enlightened law enforcement agencies are familiar with this "broken window" syndrome. Ignoring seemingly small problems like broken windows invites other more serious vandalism. Blight begets more blight. It would not take long before drug addicts and other undesirable elements begin to move in and the whole complex would be destroyed. By taking care of these little problems early we send a message to would-be bad elements that somebody is watching.

These housing projects must have on-site management. There should be a caretaker on every floor. The complexes should be managed like a village, with their own *penghulu* (headman). After all, many of them have populations far exceeding the average kampong. California has a law requiring an on-site manager for any complex with more than five units. These managers get subsidized rents in return for their on-site supervisory services. Being available round the clock, they can attend to problems quickly. They also keep a watchful eye on the surroundings.

Life at these *rumah pangsa* would be enhanced considerably by having social amenities conveniently available. Having structured adult education and tutoring classes would enable the residents and their children to improve themselves. With adequate libraries and computers the residents would have better opportunities to keep themselves informed. At the bigger complexes, there should be facilities where a community college could provide extension courses or adult education programs. And with good recreational programs and well-maintained playgrounds, the young would be less likely to be loitering "mall rats."

In New Orleans, Louisiana, Tulane University has a unique partnership with the local housing authority. Like other major urban centers in America, New Orleans has its share of blight. With Tulane's help, these previously neglected public housing residents are receiving much needed attention. Tulane



undergraduates provide tutoring and mentoring services to the children, its law and medical students man the clinics, while the faculty lend their expertise while conducting much needed research.

These social aspects of urban living are extremely important. Malaysia should not be content with merely providing physical dwellings for its citizens. It must also provide them with a livable, thriving, and healthy community to bring up their families.

Expensive remedies? It would cost more if these children become drug addicts, criminals, and other sociopaths. Not only would they be non-productive, they would also be a burden on the rest of society. It was not coincidental that during the racial riots of 1969, the most hard hit areas were Kampong Kerinchi, a dense cluster of *rumah kilat*, and the Chinatown slums of Chow Kit Road. It is imperative that Malaysia pays close attention to these important social factors in high density urban living.

Malaysia is blighted by a variety of social pathology. It is not surprising that Malays should bear the brunt of these maladies as they have the highest rate of urbanization. Non-Malays are already urban dwellers and thus spared much of the problem. The country is fortunate that it does not have the added problems of alcohol abuse and widespread availability of firearms, a lethal combination that bedevils Americans inner cities. Further, unlike many Third World countries where similar problems are compounded by widespread poverty, Malaysia is fortunate that its relatively healthy economy permits it to commit the necessary resources to solving them.

Urban Malays still maintain their kinship ties with the villages. Witness the exodus of *balek kampung* (lit. return to the village) during holidays and festive seasons when entire cities and towns are deserted, their inhabitants making their retreat to the villages. The flip side to this phenomenon is that it reflects the lack of community ties within urban Malay society. Thus the need to return to their villages to maintain their social ties.

These periodic family reunions are not without their tensions and problems. Often they exacerbate family feuds rather than promote ties. Far too often the urbanites take these opportunities for lording over their poorer rural cousins with flashy new cars, expensive clothing, and fine jewelry. These town relatives failed to contribute their fair share, making these periodic visits burdensome intrusions rather than welcomed interludes.

Properly managed, these periodic pilgrimages can be made positive for all—visitor and visited alike. Americans who have townhouses in Manhattan or Los

Angeles often have secluded country homes in Lake Champlain or Lake Tahoe for their weekend retreats. These rural solaces are effective antidotes to the grim realities urban life. Urban Malays already have built-in advantages with their existing rural ties. They should build on that. They should maintain their *kampung* dwellings and use them for their weekend hideaways, their *ducha*. In this way they would not impose on their poorer country relatives when they *balek kampung*. By maintaining ties with and contributing to their *kampongs* they help elevate the quality of village life.

Despite these obvious social problems there is unfortunately, little scientific and empirical research on them. Is *lepak* confined to children of poor families? How widespread is it and what are the risk factors? Likewise with school drop-outs. Why are schools not attractive to them? There are precious few hard data on these and other social problems.

There is a danger that in the current frustration the government would resort to short-sighted, expensive, and gimmicky remedies. Already there are public calls for the religious department to take over these massive social problems despite its obvious lack of expertise. As if more religion would solve all problems. I am equally skeptical of the merit of national service, the current panacea. It is naive to assume that by simply marching our youths under the searing Malaysian sun would somehow make them stop taking drugs or become model citizens. Malaysia already has the massive *rakan muda* (lit. Friends of Youth) projects. No one has yet analyzed their effectiveness even though more money is being poured on them.

It is gratifying that Malaysian leaders are now recognizing the enormity of these social ills. Solving them would require an extraordinary commitment of resources, resolve, and patience. Malaysia must experiment with different strategies and be receptive to innovative ideas. More importantly, these programs must be rigorously and critically evaluated. Ineffective ones must be quickly eliminated.

We can identify and intervene early on at-risk youths. Community workers must frequent the factory hostels to guide the young ladies to improve their social skills. These are ideal sites for social agencies to provide adult education classes so these factory hands can better themselves. We should encourage these workers to believe that their present jobs are just the beginning and that they could improve themselves. And as they better themselves, the country benefits.

Malaysia must be aggressive in dealing with drug addiction, another major social problem. Having the death penalty alone will not suffice. One does not have to look far to see these addicts: the streets, empty buildings, and under bridges.

They are done so openly and with impunity. This seeming tolerance reflects poorly on our commitment to solving this complex problem. It also sends the wrong message.

With no clear models of a successful drug eradication program to emulate, Malaysia must experiment with its own and be very pragmatic. With limited resources, these programs must have clear objectives and subject to rigorous scrutiny. Social programs tend to acquire their entrenched bureaucracies and interest groups quickly. These constituencies quickly assume their own momentum regardless of the effectiveness of the program.

One has to be hard-headed in dealing with these intractable social problems. For the hard-core addicts, given our current understanding, there is not much that can be done except under some carefully conducted research protocols. For the bulk of the addicts the aim should be a more modest one—simply containment. The overriding concern should be public health and crime reduction. These addicts are reservoirs for such lethal communicable diseases as AIDS, hepatitis, and tuberculosis. Quarantining them to an isolated island where they can learn new trades and be self-sufficient would be a good start. It would certainly greatly reduce the associated criminal activities and public health hazards. That, by themselves, would be major achievements.

The recent setting of counseling centers by the University of Malaya is a very positive start. From such centers these youths can get much needed counseling and our researchers valuable data and insight.

Law enforcement agencies must step up their drug interdiction. America is deploying its armed forces to stop the drug flow from south of the border. Malaysia should do likewise. Unless the inflow is cut off, all other efforts would be in vain. In the last century, the British nearly succeeded in destroying Chinese civilization by bringing in cheap opium. Unchecked, Malaysia's drug problems would do the same for the nation.

Urbanization dramatically changed the racial demography and political patterns of Malaysian cities. The rapid migration of rural Malays into cities helped usher them into the economic mainstream. Less widely acknowledged are the attendant social costs. Unless these are recognized and solved they will continue to fester and overshadow the other benefits of urbanization. To the extent that these problems affect predominantly Malays, solving them would positively impact the nation's race dynamics.

## Chapter V

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### Islamization of Malaysia

ISLAM is central to Malay life and culture. The very definition of a Malay is one who professes to be a Muslim. And Islam is Malaysia's official religion, although there is considerable freedom of religious expression, by law and in fact.

The faith was brought into the Malay world in the thirteenth century by Arab and Indian traders. It did not land on a cultural vacuum as Malays were already steeped in Hindu-Buddhist practices. Significant elements of those traditions and rituals remain entrenched in everyday Malay life to this day. Royal installations and other ceremonies reflect that ancient influence. Classical Malay literature have Indian or Sanskrit roots as are many Malay words. Rituals associated with marriages, births, and illnesses retain much of their Hindu attributes. These pre-Islamic cultural artifacts are very much part of and help define the Malay character.

Every so often young Malays, fresh from their religious studies in the Holy Land would, with typical evangelical fervor, try to stamp out those cherished elements of Malay heritage deemed un-Islamic. Despite the many such attempts at Islamic cleansing and purification, remnants of Hindu culture are still prevalent and obvious. What these present day Islamists forget is that Hinduism has been part of Malay ethos for centuries and is an integral part of Malay legacy. Attempts at replacing them with an alien Arab culture are both futile and ill advised. Islam is not synonymous with Arabs. Malays should be proud of their own heritage and not try to ape the Arabs. Nor should Malays automatically consider things Arabic, their culture and language, to be superior.

The sultans retain exclusive jurisdiction over religious affairs of their Muslim subjects within their own states. Federal control over Islam extends only to the federal territories of Kuala Lumpur and Labuan, and to those states that do not have hereditary rulers: Malacca, Penang, Sabah, and Sarawak. By coincidence, these states do not have large Muslim populations. Thus one would expect the federal religious department to be small. Quite the contrary.

The Islamic department is a major unit within the prime minister's office, with its own minister, secretariat, and research center. Like other bureaucratic agencies, it has expanded tremendously under its own momentum. Islamic institutions—educational, judicial, administrative, and law enforcement—have proliferated. The department also collects the mandatory tithes imposed on all Muslims, a *de facto* taxing authority. Thus in modern Malaysia, Islam is more than a religion. It is a government within a government. Religious functionaries are as well versed with their civil service codes as the holy Koran, if not more so. Because of the exalted status they enjoy in Malay society, religious officials feel appropriately important and glorified. The government has made them so and they in turn behave accordingly. Hence their frequent overreaching attempts at imposing their views on the rest of the country, on non-Muslims and on matters outside of religion.

In early 1997 as acting Prime Minister, Anwar Ibrahim tried to ingratiate himself to the powerful Islamic establishment by forcing non-Muslim undergraduates to take courses in Islam. That move quickly backfired amidst considerable public protests from non-Muslims.

The Syariah (Muslim) courts have exclusive jurisdiction on religious and family matters as they affect Muslims. They are on par with the civil and criminal systems. All Malaysian lawyers, Muslims and non-Muslims, must be knowledgeable in Islamic laws. Despite the Syariah's elevated status, the rules and procedures have yet to be streamlined and codified. Aggravating the situation is the lack of uniformity, with each state interpreting Islamic laws differently. Thus edicts issued in one state are not enforceable in another. As Syariah courts deal primarily with family disputes, divorces, and traditional inheritance, they do not attract talented legal minds.

With the increasing bureaucratization of Islam, the traditional ways of taking care of the needy and less fortunate have also changed radically. In the past, tithes would go directly to local religious elders who in turn would distribute them to indigent families within the area. All done locally, and very personal. The emphasis was in sharing and doing what was right, not charity. Tithe-giving

strengthened community bonds. The system was self-correcting and self-policing. The villagers trusted their Imams (religious leaders) as the flocks had anointed them. These Imams knew who were the needy. There was no need for officious social workers to make lengthy studies. Now tithes are collected formally, with official receipts no less, and the money sent to a central treasury. The system resembles a huge tax agency and a welfare department combined. And the workers have as much compassion and empathy as, well, a tax collector. They are a far cry from the humble and pious religious leaders of yore.

I do not know whether the less fortunate and disabled are better taken care of today. But I do notice that Malaysia has an abundance of ornate Islamic centers and mosques. The opulent and grandiose one at Shah Alam cost a staggering US\$50 million. And religious events like Koran reading contests have become more elaborate, drawn out, and very expensive.

Muslim educational institutions too have proliferated. Because of the cachet of Islam they are very popular with Malays. Even in universities that are supposedly devoted to science and technology, the biggest departments are often that of Islamic Studies.

Malay politicians outdo themselves to be seen as more Islamic than their opponents. They pepper their speeches with lengthy quotes from the Holy Koran or *hadiths* (sayings of the Prophet) much like the politician Sutan Baginda, the lead character in Shahnun Ahmad's satirical novel of the same name. Like Sutan Baginda, their knowledge of Islam is often limited to parroting holy passages. At times, their speeches are nothing more than steady streams of Arabic incantations. The fact that most Malays do not understand the language does not perturb these orators. Their objective is not communication or illumination, but simply to dazzle their listeners. Not satisfied with merely displaying their proficiency in Arabic, they also take on frivolous accouterments of Islamic piety: sporting thick green (the color of the Prophet) robes, elaborate turbans, and untrimmed beards.

Mahathir's second book, *The Challenge*, is embellished with Koranic verses and religious quotes. Often the citations bear no relevance to the ideas discussed, their purpose seems purely decorative, or perhaps to suitably impress readers of the writer's familiarity with the Holy Book.

I am simply amazed how easily well-educated and sophisticated Malays can be silenced and intimidated once Koranic quotations and religious authorities are invoked. Malays seem slavishly credulous when it comes to matters religious. Perhaps this is an attempt to cover their own ignorance of Arabic, the language

of Islam. Religious scholars hide behind their Arabic much like modern lawyers with their arcane legalese.

To me the beauty of Islam is its simplicity. The faith began in a remote Arabian desert. The vastness of the heavenly sky upon the open space is conducive for man to commune with his Creator. Unlike most religions, Islam lacks a structured theocracy. Islam is elegantly egalitarian—a major attraction. In Islam, it is us mortals and Allah, there being no need for an intermediary. Islam has no bishops, priests, or popes. Sure, we have Imams and *ulamas* (religious scholars) but, to paraphrase a familiar saying, they are Imams because *we* (the flock) call them so. There is no prescribed course or diploma entitling one to be a mullah. This attempt at bureaucratization of Islam, with its elaborate titles and officialese, is purely a modern Malaysian phenomenon.

### The Islamic Party

THE OPPOSITION Islamic Party, PAS (its Malay acronym), is astutely playing the religious card. It succeeded, at least among simple rural Malays and God-fearing students, to be perceived as a religious organization rather than a power-seeking political entity. It portrays itself as the champion of Islam so as to advance its political agenda. When Mahathir proposed the Multimedia Super Corridor to propel the country into the Information Age, PAS ridiculed the whole idea and trumpeted its own "Super Corridor to Mecca." In what manner was not known, but the sound bite resonated with pious Muslims. Some of the antics of PAS leaders are patently absurd and ridiculous. To wit, the Chief Minister of Kelantan, the only state under PAS control, decreed that movie houses leave their lights on lest their patrons might engage in "unreligious" activities in the dark! No wonder that state remains backward. Their leaders cannot possibly be effective when they are so preoccupied with such trivialities.

The latest crack pot idea of PAS leaders is their advocating that women should stay at home and not work outside. I readily agree that raising children is an important role and should be duly recognized. Most women would rather stay at home and be with their young children. This is indeed a difficult choice for career women but the difficult decision should be left to each family. The role of the state and husbands should be to support the women's decision. Thus, if some decide to continue with their careers the state should help by having readily available child-care services. In America, many companies are finding that for

them to retain valuable female employees, they have to provide quality day care services. Similarly, if a woman chooses to temporarily forgo her career to raise her young children, the state should encourage this by providing tax incentives and other facilities. In America, there is a growing movement to do just that.

My wife took time off to raise our children, and they benefited greatly. She would not trade that experience for any job. We were fortunate that my income enabled us to enjoy that luxury. And when our children were older she resumed her career. But I can appreciate some families having to have two wage earners. To categorically prevent women from working outside her home would one, deny them their freedom of choice and two, ignore the potential of half your citizens. What other freedom would these Islamist leaders restrict next? If the reasoning of PAS is carried to the next step, Malaysian girls would soon be prevented from getting an education. PAS also advocates strict sex segregation, insisting for example, that female patients be examined only by female physicians. Now if women are not allowed to have their own careers, who would treat these patients? Such are the idiocies of these proposals. No wonder PAS could never capture more than the fringe votes.

Tun Razak, prime minister in 1970's, co-opted PAS in a grand gesture of political reconciliation and appointed a number of its leaders to ministerial and other high positions. None of them showed any spark of executive talent. Mahathir also appointed many Islamic Studies graduates to senior posts. Again, not one of them shined, despite their seemingly impressive doctorates. Obviously their religious training prepared them poorly for secular functions.

The Islamic establishment is becoming increasingly assertive. Publicity-savvy religious leaders appear with irritating regularity on television and public forums propounding their views even on matters unrelated to religion. Their ready access to public airwaves would make Billy Graham, America's celebrated television evangelist, envious. During the heavy haze that engulfed Southeast Asia in 1997, these religious scholars were never short of explanation. To them the haze was simply God's punishment for the nation's errant ways. Although what exactly Malaysians did to deserve such a cruel retribution from a supposedly generous Allah, we know not. Or why a benevolent Allah would command those ignorant Indonesian farmers to recklessly burn their forests and thereby create the pollution. To punish Malaysians? These Islamic bureaucrats are fast with their explanations. What they lack, and nobody seems to point this out because of sheer reverence, are practical solutions to these modern problems.



Malaysian Muslims are like Orthodox Jews, preoccupied with rituals. There are sacraments and prayers for everything. An invocation before stepping out and an ablution after every bodily function. These rituals and other superficial trappings of Islam have become ends unto themselves. Many of these practices have sound scientific basis, but they are lost or hardly emphasized. Ablutions are very hygienic and cleansing. Fasting too can be rationalized scientifically. Obesity is a major public health issue in advanced societies and fasting is a simple and economical way to reduce weight. Unfortunately, in Malaysia during Ramadan, daytime fasting is followed by an evening of culinary extravaganza. Many Muslims actually gain weight during Ramadan! So much for the restraint and moderation that are called for during that holy month.

Similarly with charity. Doing good is reduced simply to the garnering of holy "brownie points" to be cashed in at the gates of heaven. That helping your fellow man should be reward in itself is lost. The benefits of prayers are exactly quantified, so many extra points for praying on a particular day or at a specific location. That perhaps prayers are a time for reflection and contemplation, an opportunity to replenish one's soul, are lost to the minutiae of accounting of benefits. Friday congregations are reduced to performing the right prayers and rituals. That these weekly gatherings could be for the renewal of communal bonds are lost. One comes, one prays, and after some perfunctory handshakes, one exits. The ritual is the supreme event.

Visit a mosque during Friday prayers. The streets outside are choked with cars parked haphazardly, blocking streets and intersections, their owners oblivious to the inconveniences and dangers posed in their pious pursuits. Never mind that should an emergency occur, fire trucks and ambulances could not make their way. The exodus after Friday prayers rival that following a soccer game. One would have thought that after such a meaningful religious experience, some of the piety and generosity of spirit would linger for just a few moments outside the mosque.

Some zealots get carried away. Reading somewhere that destroying one idolatry shrine equals forty days in heaven, these misguided souls go on rampages destroying the religious symbols of other faiths. All to ensure for themselves a perpetual spot in heaven. If I do get to Paradise, I certainly do not want to share the Place with such characters.

In 1998, the celebration for the end of Ramadan (*Hari Raya*) coincided with Chinese New Year. The government rightly seized on the unique opportunity to remind its citizens of the virtues of tolerance and harmony. Businesses too,

joined in the uplifting mood with their own creative commercials celebrating the two joyous occasions. But at the *Hari Raya* prayers I attended at a mosque in a cosmopolitan part of Kuala Lumpur, very little of that generosity was expressed in the sermon. The Imam venomously lashed out at those who dared elevate non-Islamic festivities to the exalted status of *Hari Raya*, a direct assault on the government's noble intentions. Long soporific sermons affect me quickly, but the ferocious intensity of the Imam's fulminating tirade on that occasion kept me awake. Words like heathens, blasphemies, and sacrileges were liberally spouted to the point of profanity—irreverently incongruous at a place of worship and at a traditionally forgiving season.

### In the Name of Religion

WHILE working in Malaysia, I once reprimanded a subordinate for abandoning his patients while he was off to his Friday prayers. Obviously, his personal salvation was more important than the plight of his patients. Unfortunately, far too many young Malay officers and professionals get away with using religion as an excuse simply because their non-Muslim superiors are afraid of being tarred as anti-Islam should they (superiors) criticize their Muslim juniors.

The reverence religious leaders enjoy means that the laity rarely challenges them. These new elite are no longer considered mere mortals. Their very utterances are interpreted as divinely inspired. In fact, their bodies are regarded as holy. In parts of Central Asia and also in the past in Malaysia, after Friday prayers the flock would line up to collect and taste the spits of these holy men, in the mistaken hope that some of the piety would be transferred. The public health implications of such odiously unhygienic practices are just horrendous.

The exalted position of these ulamas is well caricatured by the main character of another Shahnon Ahmad's humorously titillating novel, *Tok Guru* (lit. The Teacher). Here, the religious teacher's every lust and sexual desire is interpreted as expression of God's wisdom and gift. No, modern mullahs can do no wrong.

This reverence is expressed in other equally absurd ways. Once, while visiting my family, I turned off a television set that featured a boring "talking head." Immediately there were spontaneous howling protests that I had cut off a religious speaker. Blasphemy! Never mind that nobody was paying attention or that those were simply bits of electrons scanning across the screen rather than a real person.

I am reminded of similar absurdities among religious groups in India where burial ceremonies are reduced to a corpse laying in front of a boom box blasting out taped funeral prayers. Very moving, I am sure.

### Mahathir and the Islamic Establishment

IN HIS presidential address to UMNO General Assembly in 1997, Mahathir lashed out at Malaysian Muslims' obsession with the superficial trappings of Islam while ignoring the more glaring and dangerous problems facing the faith. While Muslim clerics are endlessly preoccupied with prescribing proper attire for schoolgirls and whether there should be coeducational classes, the rates of incest, child and spousal abuses, drug addictions, and other indicators of social disintegration explode among Malays. It took the person of the prime minister to frontally challenge the excesses of the Islamic establishment. No one else dared. Mahathir's speech was widely criticized and ridiculed, even at Friday sermons. He was accused of being an apostasy of Islam, a traitor to the faith. Criticisms of the leadership in Malaysia are undertaken only with the greatest trepidation. Much less criticism of the leaders had resulted in imprisonment, courtesy of the ISA. Such are the powers of these new religious elite that they can with impunity level the most serious charges on the prime minister and get away with them.

It was extremely disappointing to note that except for few muted voices, there was no outpouring of support for Mahathir. Surely progressive, modern, middle class Malays agree with his stand. The fact that they do not join in to denounce the new religious tyrants reflects the tight stranglehold these doctrinaires have on the community. In striking contrast, when Mahathir was criticized in the West over his handling of the 1997 economic crisis, every little organization and ambitious politician in the country rallied to his defense.

The few supporting voices came from, surprisingly, Malay women. Zainah Anwar, of the Sisters In Islam, is highly critical and worried of the increasing and unchecked powers of the ulamas. "In a democratic society," she writes, "Islam cannot be the exclusive preserve of the ulama. [When] Islamic laws affect our very way of life...the decision-making process must be participatory and reflect the diverse and changing nature of Malaysian society." She courageously calls for "the abrogation of...those practices and legal provisions that give the ulama the sole power to decide on matters of religion and criminalize those with

differing opinions." Brave words, and from a lady. It is significant that her essay appeared in a foreign publication as no local media would dare print it.

This tendency to criminalize those with differing views of Islam is particularly menacing. While Malaysia prides itself in its religious tolerance, it has one glaring blind spot. It does not tolerate dissenting or "deviationist" views of Islam. The nation is seeing more and more Islamic scholars and religious leaders being incarcerated under the ISA for propagating views at variance with the official stand.

Muslim women are particularly sensitive to the growing influence of these fundamentalists. Despite the rhetoric of women having an honored and exalted place in Islam, the reality as seen in Saudi Arabia and Iran is far different. There women are not allowed to drive cars, be outside unaccompanied by their husbands, or pursue their own careers. So much for the honor and exalted status.

Non-Muslim Malaysians look on the religious squabbles of Malays with bemused detachment. Perhaps they have an ulterior motive in letting Malays be distracted by such unproductive religious matters so they (non-Muslims) can better position themselves competitively in the economy. Or perhaps non-Muslims consider such disputes do not affect them. If so, they were rudely disabused of their complacency when these fanatics recently advocated that Syariah laws be applied to non-Muslims and Islam be taught to all students. Fortunately, such overreaching proposals were swiftly dropped amidst intense opposition. As usual, not a single Muslim organization or leader dared criticize these proposals for fear of being branded un-Islamic.

This obsession with religion distracts Malays from the more important and very difficult task of preparing themselves for the highly competitive world. While Mahathir talks endlessly about "smart" technology, religious leaders concern themselves with whether school girls should wear silly head gears and provocative (to them) athletic shorts. While educators in other countries are busy trying to equip their schools with computers and modern curricula, Malaysian educators, in deference to the religious fervor, keep pushing for more religious studies. While high school students in advanced countries are studying differential calculus and molecular biology, Malay pupils are preoccupied with learning the correct technique of performing ablutions and proper prayers for burials.

Some observers describe the current heightened interest in Islam as a resurgence, a reflowering or even a renaissance of the faith. To me it is more of a regression—to a form of Islam more suited for ancient Bedouins.

## Reform in Islam

ISLAM has a healthy tradition of reformist and revivalist movements, and of innovative interpretations to meet new challenges. These adaptations and modifications have enriched the faith. Many of these thinkers, like Sayyid Ahmad Khan and Muhammad Iqbal, were non-Arabs. The wisdom of Islam is not the exclusive domain of Arabs.

Muslims recognize that while the essence of Islam remains immutable, its many manifestations and interpretations must of necessity change from time to time and from place to place. It is unrealistic to expect the socio-cultural expressions of Islam in Saudi Arabia at the time of the Holy Prophet to remain intact into the present time. We should expect some superficial differences in various cultures and at different times. The beauty of Islam is its ability to incorporate indigenous practices and values, be they African or Chinese, to the tenets of the Faith.

It is supremely arrogant for any Muslim to piously proclaim that his version of the faith is the one and only true or pure path. It is equally dangerous for leaders to decree that only the form of Islam acceptable to them is the correct one.

Malaysia presents a particular set of circumstances. Its plural society puts to severe test the Islamic precept that there be no compulsion in matters of religion. It is also one of the few Islamic countries that have progressed economically. Most Muslim countries, including those well endowed with rich natural resources, are mired in stagnation, their *ummas* (subjects) existing in abject poverty. Muslims everywhere share in the reflected glory of Malaysia's success. They look askance at the inadequacies of their own leadership. When Prime Minister Mahathir addressed the Islamic Chamber of Commerce in Silicon Valley, California, in 1996 he was pleaded to share his secrets or at least use his positive influence on other Islamic leaders. In 1998, a group of influential editors from Muslim countries visiting Malaysia expressed similar sentiments. It is ironic that while Muslims elsewhere greatly admire Malaysia, local mullahs would prefer that the country follow in the footsteps of Iran and Afghanistan. Malaysian ulamas should spend a few years in those countries. That would effectively disabuse them of their naively romantic view of fundamentalist Islam.

These Islamists realize only too well that they cannot win their battle politically in plural Malaysia. PAS had never been able to extend its influence much

beyond primitive Kelantan. It never made much impact on modern Malays. These fanatics' remaining hope is creeping incrementalism. They count on Malaysians being too busy in economic pursuits to notice these slow insidious religious incursions. Fortunately for Malaysia, and unfortunately for these Arabists, they are not very good or even subtle. Their ambitious and blatant over-reaching often provokes a severe backlash. There is nothing Islamic or glorious about arresting teenage girls taking part in beauty pageants. Islam prospers and spreads because of its tolerance.

With the expansion of Islamic institutions, the influence of religious elements will surely increase. Malaysia may wake up one day and suddenly realize that it is another Iran or Algeria. By then of course it would be too late. Algeria is engulfed in a barbaric battle between fundamentalists and their secular brethren. Muslims keep harping on Islam being the most tolerant religion and there be no coercion, but they are showing very little of that in Afghanistan and Algeria. Basic human rights in most Muslim countries are treated cavalierly, if not with contempt.

Malaysia is already seeing expressions of these intolerances. In many communities religious schisms have split families and neighborhoods. There are now separate mosques within the same village or even separate services within the same place of worship. This is especially evident in Kelantan and other areas where PAS is dominant. It is ironic that PAS which expounds such holy Islamic values could not practice them within its own localities. Such hypocrisy.

Prime Minister Mahathir must do more than just criticize and confront these militant Islamists. He must expose their hidden agenda, which have nothing to do with religion. They are a political power group. Theirs is to make Malaysia into a theocratic state, the Iran of Southeast Asia. Their struggles have nothing to do with Islam or salvation of the soul. They aspire for power—economic, political, and social—like their peers in Iran and Afghanistan.

The fact that those countries are backward and economically stagnant is irrelevant. Having seen their counterpart gain political control and enjoy the worldly trappings of power in these countries, Malaysia's religious establishment is not content with merely ministering to the spiritual needs of their *ummah*. These clerics would prefer to be in charge of a decaying entity rather than be a participant in a thriving and robust economy.

Mahathir must refocus the activities of the religious department. Islam is a religion, not a bureaucracy. The Islamic division should be relegated to the Council of Rulers where it rightly belongs under the constitution. The prime

minister's department should stick to secular matters and let the rulers deal with Islam. The mullah's usual argument that Islam encompasses both spiritual and secular, without differentiating between God and Caesar, is mere excuse. These ulamas should be freed from their desks and made to do what they are trained for: to preach and mend souls. They should be concerned with the dispossessed and the disadvantaged, not their civil service grades.

The rationale for centralizing Islam is to have some semblance of order and uniformity in the interpretations and applications of Muslim laws. At present, the religious head in each state issues his own *fatwa* or religious rulings. Consequently, interpretations vary from state to state, making enforcement that much more difficult. Child support penalties imposed in one state, for example, cannot be enforced in another, providing a handy escape for irresponsible fathers.

While there may be some merit in centralization and the consequent consistency, one should be mindful of the dangers and risks. The present plural system gives Muslims a diversity of opinions. This is healthy. Further, Muslims have the option and freedom of expressing their views on these religious rulings. Thus, if one state imposes strict rules on dress codes, marriages, and divorces, Muslims in that jurisdiction can voice their dissatisfaction by moving out. In effect, voting with their feet. This would serve as a powerful and effective checks and balances on the ulamas. I would imagine that if Kelantan imposes a Taliban-style government, there would be a mass exodus. That state may have very Islamic rules and regulations, but no one to obey them.

Now imagine if there is a powerful central agency whose rulings are enforceable throughout the land. What if that *mufti* (religious head) is of the persuasion of the one in Kelantan, the state that kept lights on during movies? The whole country would be destroyed. Decentralization, with the consequent diversity of opinions and rulings may be messy and cumbersome, but think of the alternative.

There is already very little tolerance for diversity of religious opinions in Malaysia. Any interpretation not officially sanctioned is heresy. Islam is what those scholars and bureaucrats deem it to be so. There is only one religious truth. One deviates from or questions it at one's own peril. From one religious truth it is an easy next step to have only one political truth. A very slippery slope. And thereafter, only one truth—the official version.

There are already glimpses of this. The views of moderates like Zainah Anwar are rarely heard. One of Malaysia's original thinkers, Kassim Ahmad, had his book, *Hadith*, vehemently condemned and banned for daring to challenge reli-

gious orthodoxy. Presumably, the authorities fear that Kassim Ahmad's refreshingly enlightened views might pollute pristine Muslim minds.

## Islamic Educational Institutions

MAHATHIR must steer Islamic educational institutions away from producing only future religious functionaries. These schools and colleges must do their part in preparing young Muslims for the modern economy. America too, has many church-based institutions but they produce the country's engineers, scientists, and managers. Georgetown University, a Jesuit institution, has outstanding law, medical, and diplomacy schools. Only a very tiny fraction of its graduates end up in the clergy. Harvard started as a religious college but it is now famous for other than its divinity school. These universities do not insist that their students or faculty share their faith. Many Muslims, Buddhists, and Jews enrich these campuses. It is unfortunate that Malaysia's International Islamic University insists that its faculty be Muslims. It does not enhance Islam's reputation for tolerance. More importantly, it is not serving the students' best interest by restricting the pool of potential lecturers.

Religious schools are very popular with Malays because of their Islamic cachet. Unlike regular schools they have low drop-out rates. Malay parents recognize the value of education when couched in Islamic terms. Because of this natural affinity it is all the more important that the government must not fail the students. Capitalize on Islam to educate Malays. These schools must emphasize relevant modern subjects like science, mathematics, and English. These institutions should not be the equivalent of Muslim seminaries. Nor should they be a refuge for Malays who wish to withdraw from modern Malaysia.

Islamic Studies is popular with Malays because it is widely regarded as a less demanding way to get a degree, and hence to improve one's civil service status. Encouraging it only feeds on an already unhealthy emphasis on credentialism. The cause of Islam is enhanced considerably if future ulamas have broad-based liberal education. It gives them a wider and better perspective in serving their modern parishioners. An understanding of biology, for instance, would make them appreciate such modern complexities as organ transplantation, *in vitro* fertilization, and gene therapy. Similarly, a knowledge of modern economics would make them better understand such sophisticated financial instruments as equity funding, bonds, and venture capital, and how these relate to and differ from Is-



lamic financial principles. And if these leaders have an understanding of social and behavioral sciences, they would be better prepared to deal with the social ills facing the community.

By making Islamic Studies students fluent in English they could communicate better with and make a greater impact on non-Muslims. Recently, a missionary from Malaysia's Islamic Institute came to preach in America. Unfortunately, the poor soul could hardly speak a word of English. Some missionary!

Earlier, I recounted how in the years following independence thousands of young Malay minds were wasted in the relentless pursuit of the national language policy. The nation is now repeating the same mistake, this time with its zealous emphasis on Islamic Studies. The government should abolish the Islamic High School Certificate and make Islamic Studies only one of many subjects, instead of filling the entire curriculum. These Islamic schools must be like the church-affiliated schools in America, where although religion is emphasized, it is not all consuming. These church-sponsored schools regularly produce the nation's top students who go on to become the best scientists, engineers, and managers.

With the present glut of Islamic Studies graduates there is no sense in giving out scholarships and loans for that discipline. Similarly, in its hiring for the civil service the government can send a strong message that it prefers graduates with a worldly knowledge rather than those with Islamic credentials. There is only so much talent in the Malay community, and if those precious few are diverted to Islamic Studies there would that much fewer to pursue the sciences.

By insisting on rigorous scholarly requirements, Islamic Studies would no longer attract academic loafers. And the nation would get better religious leaders. They would then be less likely to resort to simplistic recitations of the *hadiths* or passages from the Holy Koran when confronted with complex problems. Perhaps then they would be able to make real and meaningful contributions to their *ummahs*.

When Islamic institutions produce their share of scientists, professionals, and artists, the socio-economic gulf separating Muslims and non-Muslims would narrow. This could only improve race relations in the country.

## Islam as Antidote for Communalism

MUSLIM politicians naively believe that the country's communal problems would be solved if only all Malaysians share the same faith. At one time the authorities pursued this idea by encouraging Muslim immigrants from China, hoping that they would entice Malaysian-Chinese to convert to Islam. There have indeed been some high profile conversions. To their credit, these recent Chinese-Muslims are extremely enthusiastic about their new belief. What's more, they are also very articulate and fluent in Malay and Arabic, a sure-fire way to capture Malay hearts. These new Muslims are also highly visible. Their faces regularly grace the nation's television screens. They are a striking contrast to earlier converts who were essentially social dropouts (derisively referred to as *minakoff*) hoping to benefit from the benevolence of Muslims. Modern Chinese-Muslims are super achievers in the professions and businesses. They have successfully integrated and are extremely popular and admired in Malay society. They have frankly become "more Malay than a Malay." As a result they have essentially lost their Chineseness and with it their value as role models for the rest of the Chinese community.

Even if the fantasy of Muslim politicians is realized, that is, all Malaysians are Muslims, that would still not guarantee racial harmony. Witness the killings between Muslims Kurds and Arabs in Iraq. There would then be invidious comparisons between well-to-do Muslims (read non-Malays) and poor Muslims (Malays), and peace would still elude the nation.

PAS shrewdly tried to capture non-Muslim votes by emphasizing Islam's concept of equality. With Muslim rule, they soothingly assured non-Malays, there would be no special privileges for anyone: a seductively potent argument to non-Malays. There was considerable initial enthusiasm among non-Muslims for this seemingly enlightened approach. Unfortunately, this political strategy misfired badly. UMNO astutely seized the initiative by planting the morbid fear among Malays that they would lose their cherished special privileges under PAS. This was apparently a more powerful argument than any "points" gained from converting the infidels. What little PAS gained in non-Muslim votes was overwhelmed by its loss of Malay support over the special privileges issue.

PAS would have better luck with Malaysians if it could demonstrate some competence in modern management. Kelantan is a sordid example of PAS's worldly expertise. That poverty-stricken state is bypassed by modern develop-

ment. Non-Muslim Malaysians are simply too sophisticated to be easily bribed by such tantalizing hopes as eliminating Malay special privileges. But one can never underestimate the crafty ingenuity of politicians chasing votes.

Communal harmony is greatly enhanced, as the late Tun Razak so wisely observed, when there are no gaping socio-economic and educational disparities between the various groups. The Islamic establishment must not, through its zeal and preoccupation for life in the world hereafter, lead its followers into economic decline. Muslims still have the present life to live, and live it productively.

The best tribute to Islam is not for Malaysia to build ornate and grandiose mosques or to endlessly proclaim its lofty status as a state religion. Malays would best symbolize the glory of Islam by assuming their rightful place in the modern world. When Muslims once again contribute their share of inventive scientists, creative artists, and resourceful entrepreneurs, then they are indeed following His command.

## Chapter VI

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### The Sultan Syndrome

FORMER Deputy Prime Minister Ghaffar Baba once remarked that Malaysia has more royal heads than any other nation. It has nine sultans, four non-royal governors who behave just as regally, and the Sultan of all Sultans, the Supreme Ruler for the whole country. The nation is unique in that the Supreme Ruler is elected by his brother sultans. Each sultan supports an elaborate system of extended royal families, nobility, and assorted hangers-on. There is indeed a surfeit of blue blood and their pretenders, with the civil list long and royal emoluments substantial.

Ghaffar Baba is technically correct, but Liechtenstein and Monaco have even fewer subjects per royal head.

In 1950's it was widely predicted that within a generation Malaysian monarchs would go the way of the Sultan of Sulu in the Philippines and Indonesia's Sultan of Jogjakarta—fading into oblivion and irrelevance. This explained their initial resistance to Malaysia's independence. They saw what happened to their kind in Indonesia and India, and didn't like it at all. At least with the fervently monarchist British these Sultans felt safe, or at least they thought so.

A generation later, the institution of royalty in Malaysia, far from fading, has expanded greatly. Malaysians, including non-Malays, are even more enamored now with and consumed by matters royal.

Royal events are plentiful and elaborate—installations, weddings, and birthdays. Sultans' birthdays in particular are keenly watched. That's when civil awards and decorations are bestowed on deserving (in official eyes) Malaysians. It is a time for the fortunate few to practice their new appellations. Thus plain Puteh

bin Hitam becomes Tan Sri Puteh bin Hitam, P.M.N. (Second Class); and Pendek bin Panjang, Datuk Pendek bin Panjang, P.S.D. (Third Grade). Newspapers have extra runs as honorees eager to see their names in print generously snap up extra copies for friends and neighbors. New, expensive, and ornate uniforms are ordered for the special occasion. The offices of these honorees are, for the next few weeks and perhaps months, essentially non-functional, their occupants distracted by the rounds of congratulatory messages and celebratory functions.

Royal visits and tours are even more elaborate, a feast of pageantry to behold. Dignitaries in crisp and elaborate fineries obsequiously wait in long lines to shake and kiss the royal hand. Facilities that have never seen a coat of paint suddenly look bright and gleaming under the hot Malaysian sun. The usual clutter and chaos that is the public service miraculously becomes seemingly orderly and purposeful. And of course, all meaningful work cease. Perhaps that's why these visits are so popular, apart from the genuine loyalty and affections Malaysians have for their royal rulers. Besides, these visits provide the only opportunity for much-needed repairs and general sprucing up of the facilities. Who knows, the sultan may even, in a gesture of generosity, declare a holiday the day after!

### Trickle Down Royalty

BECAUSE of the ubiquity of royal events it is not surprising that some of the regal glamour and glitter would trickle down to the masses. Many Malaysians, Malays especially, unabashedly imitate these princely models. Malay weddings in particular are mini royal galas, excessively embellished and long drawn out. The bride and groom are treated as a royal couple of the day, with guests dutifully paying homage just like with the real king and queen.

Since matters royal are regarded so deferentially and perhaps enviously, it is no surprise that senior public officials and other dignitaries would ape the ways of the sultans. They become engrossed with the trappings of elaborate ceremonies, functions, and titles. If imitation is the ultimate flattery, Malaysians do certainly flatter their royals. Officious Malaysians outdo themselves to acquire just the right royal finesse: from the limp handshake and lordly blank stare to the large entourage of hangers-on. And being customarily late at functions.

The sultans are symbolic heads of state. Executive power resides with the prime minister and chief ministers. The Council of Rulers, made up of the sultans and governors, was once thought of as the Third House of Parliament, pro-

viding oversight to the elected House of Representatives and appointed Senate. This function is irrelevant today as recent amendments to the constitution effectively made sultans figureheads.

The royals get, well, royal treatment, with generous civil allowances for themselves and their ever expanding extended families. Their royal pedigree opens up lucrative business opportunities and government contracts, possibilities not readily available to commoners. The luxurious perks lavished on them and their preoccupation with extravagant ceremonies and glamorous events make them essentially expensive constitutional ornaments.

It is no surprise then that ministers and department heads outdo themselves to mimic the sultans. These officials behave more like ceremonial heads rather than chief executives of their respective agencies. They delegate their work and defer important decisions to their subordinates while they become totally preoccupied with the grandeur of their office and ceremonial minutiae. They have come to believe that whatever they say will automatically be done, just like the sultan's *titah* (royal command). Thus one reads with irritating regularity in newspapers of ministers exhorting "Be efficient," "Be productive" or other equally inane commands, as if their words are magic wands. Ask them as to how to be more efficient or productive, and they are clueless. These leaders act as mini sultans of their bureaucratic fiefdoms, issuing endless royal edicts. No wonder things don't get done, there is no executive in charge.

As a young surgeon in Johor Baru, I had the occasion to prepare for an official visit by the new Director-General (DG), the top official of my department. The gentleman, a career medical bureaucrat, had just been promoted and was anxious to "show the flag." At that time my hospital had a rash of negative publicity, occasioned by the less-than-exemplary services provided. The DG was keen to be seen as a hands-on, decisive manager, and this would be his first opportunity to demonstrate his mark. Expecting a tough grilling, I was thoroughly prepared for his visit, canceling my operating schedule and checking every detail of my department.

The meeting was scheduled for ten in the morning. By 9 a.m. we doctors and senior officers were already gathered in the lobby. I was unbearably tense and anxious but my more experienced colleagues were, I thought, curiously nonchalant and relaxed. We waited and waited. Eleven o'clock came and still no DG. Instead, we had a message that the delegation was delayed for another thirty minutes. It was well after noon before an expensive, dark-tinted limousine swung up to the hospital's porch. The hospital functionaries rushed to be the first to

open the rear door. Out came a diminutive, balding man, self-consciously adjusting his locally tailored suit. After an agonizingly long series of introductions and handshakes (limply, as was the style) it was decided that since it was close to lunch time, we would simply adjourn to the nearby club house. He did manage to make a brief visit to my ward and asked some inconsequential questions.

I had been in knots all day anticipating a vigorous interrogation. Instead, I was treated to a flying mini royal visit, complete with an elaborate luncheon and long winded congratulatory speeches. I finally understood why my more seasoned colleagues were unperturbed by the whole affair. They had seen too many of these "official" visits. I would later discover that Johor Baru was a favorite, especially near weekends when these officials would later quickly disappear to shop across the causeway in Singapore.

Since that episode, I had many more opportunities to attend business meetings and visits by senior Malaysian officials, including ambassadors and cabinet ministers, in America as well as Malaysia. The pageantry was always the same, with the appropriate top official or guest acting as the sultan for the occasion, affecting the appropriate royal demeanor and of course, arriving late, often very late. Totally preoccupied with the splendor of the ceremony, these officials forgot the purpose of their visits. This behavior among Malaysian officials is so predictable that I now label it the "Sultan Syndrome." That is, senior officers behaving as detached figureheads rather than engaged executives.

Rehman Rashid, in his *A Malaysian Journey*, recounted a similar episode when an entire department was consumed with scheming to hoodwink a minister on an official tour. This particular politician's pet project was artificial reefs and how they would help the country's poor fishermen. The department had months earlier, on the minister's directive, sunk some old tires for such a purpose. He now insisted on results. The problem was, reefs there were but the fish weren't. The water was so polluted that nothing could thrive. But the minister had long proclaimed the project a resounding success, so there had to be fish. Sure enough, the wise young scientists quietly bought some prized catch from nearby fishermen and slyly attached the fish to the reef. The minister arrived (in full ceremony and late, of course), the scientists dived in, and lo and behold a huge fish was brought up. Never mind that it was limp and lifeless. The whole charade succeeded and everyone was happy, most of all the politician. The scientists had their project funded, and the fisherman had a good price for his catch.

The syndrome involves more than just appearing sultan-like during official functions. It goes right down to the day-to-day work and general attitude of

these officials. They are no longer the responsible executive but reigning monarchs, to be waited upon by their fawning underlings. These pseudo sultans rationalized that they had worked hard for their promotions and therefore deserved to relax and enjoy the perks. Moreover, they had patiently waited their turn in the time-honored Malay tradition of *tunggu geleran* without ruffling feathers. Work and difficult decisions are for their deputies. Like the real sultans, they too are treated royally: first class travel on Malaysia Airlines for example, where again they are pampered regally. Their subordinates treat them with almost imperial devotion, hoping and dreaming that their (the subordinates) day too will come, and soon.

The distinguished former Governor of Bank Negara, Tun Ismail Ali, must be thinking of the sultan syndrome when he remarked, "One can easily be obsessed with the trappings of power and entrust the responsibilities to someone else, usually to their [sic] underlings who take blame when the business goes wrong."

These officials, reaching the peak of their careers in their late forties or early fifties, have a definite sense of entitlement. As the retirement age is 55, their days to enjoy the trappings of their offices are limited, and they make the most of their time. Apart from being distracted by the perks, these senior civil servants are also busy lobbying for their post-retirement jobs, or making the interminable farewell tours and speeches. Thus they have little time or inclination to do much effective work. The lucky few, those sufficiently supplicant or effective lobbyists, would be rewarded with plump post-retirement chairmanships of various government-owned companies like Pemas, Petronas, and other 'Nases, where they would continue their sultanish at an even higher plane. The rest would simply disappear into oblivion, their retirement days filled with regaling their grandchildren, neighbors, and fellow mosque attendees with inflated stories of their past glories and achievements.

That pitifully few of these retired senior civil servants are sought after by private industry is embarrassing testimony to the caliber of these people.

The sultan-like mentality of these officials are manifested in many other annoying ways. It is impossible to get by the loading and unloading zones at airports and other public buildings because so many of these official cars are parked there, despite the clear "No Parking" and "Loading Zone Only" signs. These officials are oblivious to the inconveniences posed by their thoughtless acts. They obviously feel that those traffic signs are only for peons and peasants, not for sultans or their wannabees. I have a prized photograph of an expensive limousine, with the plate "*Hukim*" (lit. Judge) emblazoned prominently on its



grill, parked illegally at the airport. Obviously that judge, like the real sultan, felt that he was above the law.

Junior functionaries, seeing the patterns set by their superiors, naturally ape such behaviors with gusto. It is common to see lowly officials thumping around in the kampongs with humble villagers holding umbrellas over them, just like with the real sultan. Time and effort are wasted at long reception lines, droning and effusive welcoming speeches, and the ever present *bunga mauar* (floral) processions and *kompang* (drum) troupes. Under such circumstances these officials never get to see the real problems, much less solve them.

In 1996, a group of Malaysian students at an American college were having difficulty, their stipends having been prematurely cut off. Tragically, many had to terminate their studies just a few courses shy of graduation. I brought their plight to the relevant authorities but, typically, no one seemed to be in charge. I finally contacted a senior Malaysian diplomat who in turn, dispatched an advisor to check on the matter.

On the appointed day the official came, late as usual. He was appropriately honored by the students with the prerequisite long drawn-out welcoming ceremony, complete with a touching *pantun* (poem) penned by one of the students, profusely praising the visitor. True to form, the official proceeded with a long boring speech, laden with blarneys and platitudes, exhorting the students to uphold the honor of Malaysia. I had to leave momentarily and on my return, he was gone. Only the lingering applause of the students was left. I quickly went out only to see him entering his minivan, his screaming kids in the back seat. I politely asked him to stay for lunch as the students had worked so hard to prepare it. That would also give them an opportunity to ask questions. No, he had to leave as he had promised his family a holiday at the nearby resort.

The students never had the opportunity to air their problems and the official never knew what was going on. He was merely using the visit as an excuse to take his children for a vacation, at government's expense. And another problem left unattended and to fester. The students were still stranded.

It is sad that decades later and thousands of miles away from Malaysia, this junior functionary was behaving just like my DG in Johor Baru, acting as the sultan for the occasion.

## Those Adoring Appellations

DURING a visit to a Malaysian university I was struck by an impressive set of lettering on a door—Professor Tan Sri Datuk Dr. Haji Hitam bin Puteh. I think that was the right sequence. These were further followed by a string of alphabets signifying no doubt, momentous achievements of the occupant of the room. I was too intimidated to knock on the door. Inside I was sure, were paneled walls with framed pictures of the man with important figures conspicuously displayed. There might even be a few academic journals. If I was lucky I would probably meet the gentleman himself, immaculately attired in a three-piece suit and a matching tie. This in hot, humid, tropical Malaysia! Obviously he, and others like him, were dressed not to work but to enjoy the cool comfort of their air-conditioned offices. They were literally not ready to roll up their sleeves.

I have always wondered how such officials, with their impressive titles and decorations, get addressed by their mothers back home in the village. I am sure that when Professor Tan Sri Datuk Dr. Haji Hitam *balek kampung* on *Hari Rayas* he would no doubt, away from the pomposity of his office and in an unguarded moment, respond to "Ooi, 'Tami!"

It is important that senior officials be disabused of the sultan syndrome and its attendant destructive princely mentality. Such behaviors do not enhance competitiveness. Worse, they are a poor example to the younger generation. Already the nation is seeing among the younger set an inflated sense of their self-worth. They have come to believe that their degrees are enough proof of their ability; now they are deserving of the perks. Unchecked, the sultan syndrome would be Malaysia's undoing.

The reform must begin with those presently in positions of leadership, not with the young. They must demonstrate a greater sense of responsibility and accountability. They are ultimately in charge of their departments and their subordinates. They are executives, not figureheads. The game of blame and excuses must stop. The perennial excuses of incapable juniors, lack of funds, or worse, the nation not being ready, are just that. Incompetence and dereliction of duties at high levels must not be tolerated. When serious problems occur, be they repeated bank failures, foreign exchange debacles, or breaches of airport security, the man in charge must be held accountable. Heads must roll. Too often only the most junior officials are reprimanded. Their supervising officers get

reassigned where they would continue with their incompetence and sultan-like pretense.

I have never seen a senior public servant being fired or reprimanded. They cannot all be excellent. The committees that promoted them are not made up of infallible people. They must have elevated some losers. Presently, the worse penalty senior civil servants face is delayed promotion or not being invited to serve past their retirement. Tolerating incompetence only encourages it. Sadly, this sultan syndrome is fast becoming entrenched among the elite.

There are other less desirable characteristics of the ruling class. Shaharuddin Ma'arof says it best in his book, *Malay Ideas on Development*. "One characteristic of...the ruling elite is its lack of self restraint...wielding absolute and arbitrary power and of being obeyed unquestioningly. The ruling class did not value moderation and humility...always craving to indulge its desires...The driving spirit was basically egoistic." Such are the traits of Malaysia's many sultans—the real and the pseudo.

Malaysia's administrative service is overwhelmingly Malay by design. Rigid quotas ensure that. It is the traditional elite of Malay society. It also where the syndrome is most pronounced. Because of its prestige the service acts as a sponge on Malay talent. In recent years with the increasing vigor of the private sector, the civil service has lost much of its luster. Bright young Malaysians, especially Malays, now increasingly look to careers outside government. For the ambitious and resourceful, the horizon is no longer politics or civil service, but their own businesses or the corner offices of multinational corporations—the new status symbol. A daring few look beyond the shores of Malaysia to fulfill their career dreams, where their talent and skills are pitted against the world's best.

These ambitious young Malaysians who dare break the mold are not concerned with being the sultan of anything. They are more interested in demonstrating their abilities and talent rather than be enamored with titles and labels. Their performances and achievements speak for themselves. They are more likely to go to work with their pig tails and jeans rather than in three-piece suits. They may not be sufficiently deferential to their superiors or those with impressive titles, but they certainly recognize and respect excellence and superior performance.

On the campuses these are not the individuals one sees on stage during elaborate convocation exercises, or standing in line awaiting visiting dignitaries. But their names appear on scientific publications or as speakers at academic meet-

ings. In the hospitals these are the doctors whose names do not appear on doors because they simply do not have offices. They are busy seeing patients or in the laboratories. Only years later, with their government's obligations fulfilled, would you see their names adorning some clinics. And their faces would reflect the quiet confidence of someone whose destiny lies in their own hands. On royal birthdays they would be more likely enjoying scuba diving off some islands or keeping track of world markets in the *Wall Street Journal*.

Ungku Aziz, Malaysia's eminent economist and educator, feels very strongly that the institution of monarchy is anti-democratic by nature. This from the scion of the Johore royal family. Ungku Aziz is one of the few members of the royalty who excelled purely on his own brilliance. And, most remarkable because of its rarity, he has forgone the trappings of titles and other decorative appellations. His students, now successful bureaucrats, may ostentatiously display their *Tan Sris* and *Datuks* but Ungku is satisfied with his original name.

In the early years I was truly impressed with Mahathir. He too appeared not enthralled with these royal titles. A few years into his prime ministership, he too was endlessly honored by one sultan after another. The number of royal awards reached inflationary proportions during his tenure. The foundation plaques of luxury resorts, skyscrapers, and other Mahathir's monuments are getting increasingly large and cluttered to accommodate his ever lengthening string of titles and honorifics. On one luxury hotel in Langkawi Island, the string of letters include P.L.S. It is a good thing that he received only one such award. I hope Mahathir does not create yet another honorific, say the Supreme Holder of Imperial Titles—S.H.I.T.

## Sultan in Malay Society

AS HEAD of Islam, the sultan is the embodiment of holy divinity—*rahmat*. He is God's representative on earth, hence the exalted position in Malay culture and society. But it is be a mistake to assume that this is the natural order of things in all Malay societies and at all times.

As late as 1960's, royal influence rarely extended much beyond the surrounding villages. In urban communities (except royal towns like Johor Baru and Pekan) and in villages away from palaces, royalties were irrelevant. But with the help of modern media and the government's emphasis on matters royal, the sul-

tans' influences have extended throughout the nation. And with their greater exposure old feudal habits get resurrected.

In the past the sultans treated the villages and their inhabitants as royal possessions. It was common practice for a sultan on his regular rounds to pick the fairest maiden for his palace pleasure. For the involved families, such events were looked upon favorably, a chance for the infusion of royal genes into the family tree, much like a traditional Chinese family pleased when their daughter was seized for the Emperor's concubine collection. Nor were village males spared. Malay peasants with minor transgressions had been forced into essential slavery in the palaces—*orang hamba* (lit. servants).

In feudal times such plunderings were tolerated because the loot, apart from the village maidens, consisted perhaps of a prized buffalo or two. But in modern Malaysia the consequences of such errant behaviors are considerably more destructive. When a sultan commandeered a Malaysia Airline's 747, not only did it cost the company a bundle in lost revenue, but considerably much more in goodwill from outraged stranded passengers.

To further denote their plebeian status, villagers call themselves *hamba* and *patek* (lit. slaves) when addressing members of the royal family. Formal royal petitions have long drawn-out preambles in which the petitioner takes great pains to degrade himself. In the introduction to his *Hikayat Abdullah* (lit. The Legends of Abdullah) the writer, a man of letters and of considerable learning, went to extreme length debasing and prostrating himself for having the pretensions of writing what turned out to be a literary classic. He did this so as not to offend the sultan and nobility. In Malay society status is measured by the depth of separation between the ruler and the ruled. Thus the lower one demeans oneself, the loftier is the sultan. Hence the despicable sight of Malays prostrating themselves in servitude and other self-degrading postures when approaching the sultan. All in an attempt to make His Highness feel suitably honored and elevated.

Malaysian sultans look enviously at the Sultan of Brunei (another Malay state, not part of Malaysia) who treats the oil-rich kingdom as his personal fiefdom. To that sultan there is no differentiation between public and personal. No wonder he is the world's wealthiest man: the country's treasury is his.

The constitutional crisis of 1990 pitted the executive branch against the sultans over attempts at reigning in royal excesses. To help whip public sympathy for the government's cause, newspapers of the day were filled with prurient details of royal transgressions and aberrations, real and imagined. Politicians were obsessed with trying to portray the rulers in unsavory lights. For a while I

thought Malaysia was on an irreversible path to becoming a republic. Alas that struggle ended quickly. It was nothing more than a power struggle between two ruling elite, the elected and the hereditary, over the nation's bounty.

Having been raised in a royal village and worked in a royal town, I too had seen my share of imperial excesses. In one particularly unpleasant episode, an obstetrician colleague was called in the middle of the night to attend to a sick mother. On seeing a stranger seemingly loitering outside the ward, the doctor politely asked as to the gentleman's intention. Unfortunately, that gentleman was one of Malaysia's many sultans. For that innocent affront the good doctor was banished out of state within 24 hours. While that sultan was appeased with the swift summary punishment, the brunt of the penalty was borne by the good doctor's poor patients. They, including some very sick ones, were simply abandoned.

Royal excesses and over indulgences did not develop overnight. The executive branch had catered to and abetted royal intemperance; thus the sultans got carried away. As with a child, the best way to stop misbehavior is to nip it early, before it becomes a habit. Sultans were accorded extravagances and expensive habits without question in the beginning. Naturally they assumed them to be their divine rights. It took an unnecessary and divisive constitutional crisis to finally restrain the more egregious abuses.

Surprisingly, outside of Malaysia these princes and princesses behave very well. They are only too aware that should they put on their royal tantrums, they would face the full consequences. Nowhere is this sharp contrast in antics more noticeable than in Johor Baru. North of the causeway and safely in Malaysia, they ignore traffic and other laws with impunity; but over in Singapore they meekly and dutifully obey all traffic lights and speed limits.

Despite the generous civil allowances and preferential treatment, Malaysia's royal families generally are an unspectacular lot. Very few are college graduates or excel in anything, except perhaps expensive habits. Of course aberrant royal behaviors are not the sole prerogative of Malaysia. The shenanigans of British royalty are the staple of tabloids.

The very notable exceptions to the sorry state of royalty in Malaysia are the royal houses of Negri Sembilan and Perak. Unlike the other states where succession is strictly based on lineage, the Sultan of Perak and the Ruler of Negri Sembilan are elected by a council of nobility. A few decades ago, the *Undang* (Territorial Lords) of Negri Sembilan for very good reasons bypassed the eldest son of the previous ruler and picked another member of the extended royal

family, someone with a decidedly superior qualification. The new ruler they chose was a barrister with postgraduate training at Oxford and a man who had distinguished himself in the foreign service. A rare resume for a prince anywhere. Similarly, Perak council of nobility, *Dewan Negara* (lit. National Council), chose a former Chief Justice as their sultan. Not surprisingly, these two rulers later served with great distinction as the country's Supreme Ruler.

It is not coincidental that the states which "elect" their royal rulers also have well-educated and distinguished royal families. It is amazing what a bit of competition could do. When these princes know that they do not automatically become sultans they better themselves to increase their odds. No surprise then that the offsprings of the rulers of Negri Sembilan and Perak are graduates of such venerable institutions as Oxford, Cambridge, and Harvard. There is a lesson here for the greater Malay society. That is, privileges alone without competition, do not guarantee excellence.

Perak's Sultan Azlan Shah, the distinguished former Chief Justice and King of Malaysia, deserves special praise for yet another reason. Recalling my earlier chapter on genetics he, unlike many of his brother rulers who have a fondness for their first cousins and other close relatives, married a commoner. No wonder they have such beautiful and brilliant children.

Mahathir's assertion that "Malays are feudalists and wish to remain so [and that] without the rulers would mean the complete eclipse of the Malays" has no credence. Among modern Malays, especially those in the professions and private sector, the monarchy is irrelevant. For Malays across the strait in Sumatra, sultans and nobility are alien concepts.

As a youngster, I remember accompanying my mother and others fishing in the river. For safety the women would go in groups. It was at the end of the war when times were tough. Later in her life my mother would recall fondly that one of those women would later be the Queen of Malaysia. No, this was not an attempt at name dropping on my mother's part, rather to impress on us, her children, that when times are tough we all have to do our part. Stripped of their privileges by the Japanese, members of the royalty adapted quickly to being simple folks. There was nothing regal about bending over in one's wet sarong to scoop for the next supper. Royal extravagances and regal tastes are definitely acquired habits.

It can be persuasively argued that the monarchy is a drag on Malay society, impeding its progress. Imagine if all the resources allocated to royal institutions—luxurious palaces, tax-free status, elaborate ceremonies and investi-

tures—were instead given to bright Malay students and rural schools, Malays would advance much faster. And if our senior civil servants perform more as seasoned executives and not be consumed with being sultan-like, how far ahead the nation would be.

The institution of monarchy by its very nature encourages a non-competitive and non-productive milieu. The sultan syndrome is only one of many such manifestations. This negative influence affects all Malaysians but more so Malays. Non-Malays have learned to successfully exploit royal institutions to their benefit. Lavish gifts, tributes, and other expensive professions of loyalty, while not exacting a *quid pro quo*, nonetheless are appropriately reciprocated with royal favors. It is not coincidental that royal titles and honors are conferred on business tycoons.

Most importantly, a system of hereditary rulers perpetuates and legitimizes entitlement at the highest level. It is difficult for the nation to instill in her young the value of hard work, diligence, and intelligence when the ultimate rewards and honors are conferred based on other than those esteemed values.





## Chapter VII

### MARA—The Great March Backward

AT THE height of the 1969 riot, vigilante groups of self-righteous UMNO youths rushed to protect the MARA headquarters in Kuala Lumpur from the rumored attack by bands of Chinese hooligans. The imposing building, a landmark of the city at the time, was widely regarded as the citadel of Malay prestige and power. It symbolized the government's solid commitment to Malays.

Fortunately the assault did not occur. If the thugs did indeed have a plan to storm the building they would have wasted their time, effort, and lives. They could have waited, for a few years later the relatively new building was condemned because of structurally unsafe cracks in its foundation.

That crack in the basic structure of the MARA edifice is an apt metaphor for the organization as a whole. MARA, the Malay acronym for *Majlis Amanah Rakyat* (lit. Council of Trust for the Indigenous People), was established in 1966 by Tun Razak, then Deputy Prime Minister. It replaced the Rural and Industrial Development Agency (RIDA), a brainchild of another Malay leader, Datok Onn Ja'afar, and established by the colonial government in 1953.

#### Old RIDA

RIDA's success in developing Malay entrepreneurs and businessmen was less than spectacular. Its efforts were woefully hampered by the lack of imaginative and creative management. Indeed, as Mahathir observes, "...RIDA [is] run on

the lines of a welfare department...[it] denied money to capable Malay businessmen but gave hand-outs to poor people with vague notions of going into business." Often these Malays with their subsidized RIDA loans ended up competing with established Malay companies. Worse, RIDA would loan enormous sums to individuals who had no inkling or guidance of what to do with the money.

In my village, a well-connected politician (it seemed that every recipient of RIDA's largesse was somebody well connected) was given a handsome loan, together with a valuable timber concession. The first thing he did, even before acquiring a single saw or truck, was to buy a gleaming new limousine. He would spend most of his time showing off his latest toy and barely bothered to inspect his mills (you can't drive the Mercedes into the jungle) or visit his customers. Not surprisingly his enterprise collapsed. A few years later all that was left of his company was an impressive and expensive nameplate on some office door. The luxury car was long gone, as was the money.

How could the outcome be otherwise?

It was outrageous that a poor villager, though well-connected politically but with absolutely no knowledge of or experience in business, was given such huge sums of money, an amount that he could only dream about. To him it was more like winning a lottery, a welcomed bounty rather than a loan that had to be repaid. Hence the purchase of frills rather than capital goods. He was completely clueless at running a business. Many such inept and inexperienced "businessmen" were given these generous loans and potentially lucrative government contracts. Lacking rudimentary business skills and more concerned with displaying their new wealth, these RIDA-sponsored "entrepreneurs" floundered within a short time.

It would be easy and tempting to blame those clueless aspiring businessmen and to make sweeping and unjustified comments on Malay business aptitude. More culpable were the officials who approved those loans without there being covenants or guidelines whatsoever. These loan officers should have at least insisted that the money be for capital equipment, like trucks and logging equipment. Or they could have staggered the disbursement or made the checks directly to the suppliers. Perhaps RIDA could have negotiated to buy the supplies and capital goods on behalf of these new businessmen. With the organization's clout and purchasing power it could extract considerable savings from wholesalers and suppliers. RIDA officials could have instructed these nascent entrepreneurs on such elementary business concepts as cash flow management,

inventory control, and the need to service those loans. Impressed on these budding businessmen that the money was not income but a loan. It had to be repaid, with interest. They better make sufficient profit in order to service it. Given those admonitions and close monitoring, these entrepreneurs would have thought twice before acquiring frivolities.

The truth was, these loan officers were themselves inept.

The example cited was not isolated. The files at RIDA were filled with similar unfortunate cases. Nor has it improved decades later. In one detailed sociological survey of one village in 1980's, Shamsul A. B. similarly documented widespread political patronage in the awarding of contracts and licenses. Yet the authorities would feign surprise when such enterprises failed, blaming the incompetent and hapless borrowers. These results were predictable. RIDA then, like MARA now, was run as a government department with civil servants ignorant of market realities. As public employees their paychecks were assured whether the loans were recovered or not. The concepts of credit assessment, customer service, and asset monitoring were alien to them. RIDA never thought of getting input or advice from existing successful entrepreneurs. These RIDA officials functioned more as funds disbursers rather than assessor of risks and viability of commercial projects. RIDA was essentially a corporate welfare agency rather than a source of venture capital.

RIDA also tried its hands in training Malays for the private sector. Those early attempts at vocational training were abject failures partly because the teachers lacked business or private sector experience. They had a tailoring school in my village where the students were taught outdated techniques and outmoded fashions and styles. No surprise that the students did not flourish in the marketplace. Similar ventures at secretarial training met with predictable failures, again for lack of private sector input. The skills taught were not the ones needed by employers and the products (graduates) were thus not readily employable. As usual, the authorities blamed the students for not showing sufficient initiative when the problem was clearly the system: primarily the curricula for their lack of relevance and practicality.

RIDA's ventures into academic training met with similar shocking failures. In the 1950's it was widely assumed that Malays were not interested in or worse, not capable of mastering the sciences and mathematics. In actuality they were never given the opportunity. In my rural high school science class there were about 20 Malays in a class of about 30. Because of the severe shortage of pre-university (sixth form) classes only four students were admitted. Of those, two were

Malays. Six other Malay students who were denied admission managed eventually through the circuitous route of teachers' and technical colleges to get their degrees. Among them, one became an engineer, another a veterinarian, a third a PhD, and another had a graduate degree from an Ivy League university. Had there been adequate sixth form spaces then, the number of potential Malay science college students would have been eight instead of two: a four fold increase. Additionally in my estimation, given the right circumstances another four to six of my other Malay classmates were also potential university caliber, making the increase even more dramatic. Alas, they were wasted for lack of sixth form slots.

In response to the shortage, RIDA started its own classes. But instead of taking those capable Malay students who just missed making the grade like my dozen classmates, RIDA chose from the very bottom of the barrel—the third graders. It was as if they were trying to prove their supreme ability to transform any student, no matter how dumb or unindustrious, into college material. As expected, the results were appalling. For the first few years not one of their students matriculated.

Despite such abysmal performance there was no soul searching analysis or reassessment of the program. More funds were simply expended on the failed project. Those responsible were, as usual, promoted to continue their incompetence at an even higher level, and with far greater consequences.

Tun Razak in transforming RIDA into MARA expressed high hopes of "...giving a face lift and a new life to RIDA." MARA did have a new face lift with its new name but, for the organization as a whole, life went on as before.

In Malay, the acronym MARA means to boldly march forward—as to victory. A review of the history and accomplishments of the organization indicates more like a great march backward. To many, MARA is unfortunately synonymous with mediocrity.

Along with a fresh name the government built a new, more imposing and grandiose structure to replace the cracked headquarters. There may not be cracks in its new building but walking into the massive complex one is struck with the noticeable lack of intensity and urgency expected of an organization entrusted with such a noble and vital mission. The palpable somnolence is akin to visiting a mausoleum. The first few floors, a shopping arcade, are noted for shops with half-empty shelves and indifferent salesladies. The contrast is even more striking with the mall across the street, which bustles with throngs of customers.

Entering the upper level office suites one is again struck with the spaciousness and the massive doors with impressive titles on them. But alas, no sense of activity or purpose. Try to meet a senior official and you are likely find him either reading a newspaper or out of the office, his whereabouts unknown to his clerk. If per chance you do meet one and discuss the problems of Malays and you will hear, almost reflexly, the chronic lament of shortage of funds. Yet this is an organization that provides its senior personnel with luxury cars, expensive country club memberships, and first class air travel.

In early 1990's a major financial scandal erupted at MARA. As a result it had to substantially curtail its student loans and scholarships. Many of their sponsored students were stranded abroad because of turmoil at headquarters.

One feature of the scandal was the non-recovery of hundreds of millions worth of study loans. There was much public outcry about the morals of these students and the decline of ethics among the younger set. Missing in all the discussions were what steps the authorities had taken to collect these debts. It turned out that many of the records were lost. The most ignoble sight was when the Director of MARA went on national television and gleefully told his interviewer how some students had bribed MARA workers to destroy their records. He was implying that it was not his or the organization's problem—it's those evil and ungrateful students. The pathetic aspect of the whole sordid affair was that high MARA officials were oblivious of their own incompetence. They were not even embarrassed by their shoddy record keeping and lack of security. In these days of computerized databases it is incomprehensible that they did not have back-up files and cross references. Such lax record keeping went beyond incompetence. It was criminal.

It seems that every few years MARA is embroiled in some major scandal. In mid 1980's disruption broke out at MARA Institute of Technology. This institute, which MARA unabashedly referred to as MIT, was its academic flagship. It occupies an imposing campus on the hill at Shah Alam overlooking grandiosely at Klang Valley. Like everything else associated with MARA, money was never a problem. The campus is an architectural showpiece. Academically, despite its MIT moniker, it is at best a lackluster trade school. The campus conducts clerical courses of the variety that are offered at many commercial downtown storefront enterprises, to advanced engineering diplomas and even MBA's. This hodge podge offerings revealed the muddled thinking of those responsible. They were confused on whether they should be producing clerks and mechanics or executives and engineers. And just as typically, they decided to produce all. The prod-

ucts reflected their unfocussed strategy. With such an academically diverse student body it was only a matter of time before conflict and acrimony would break out.

As a result of the turmoil and confusion, the Ministry of Education took control of MIT. Unfortunately that was the only change. MIT continued with the same personnel and policy. The board of directors was unchanged. What was thought to be a significant shakeup in response to a major crisis turned out to be merely yet another cosmetic makeover, but enough to silence the critics, at least temporarily.

Nor did MARA show much competence in running smaller institutions. In addition to its showpiece MIT, MARA also operates a number of science residential schools and junior colleges. In 1980 there was a riot at its school in Muar over some trivial class rivalry.

Despite the large number of schools and junior colleges under its wing, MARA's aggregate achievement remains underwhelming. The number of its students accepted at prestigious universities is easily outnumbered by Penang's Chung Ling High School or the private Taylor College. This despite the fact that MARA gets the best students. Unfortunately, none of these observations embarrass MARA officials.

When things do not work or begin to fall apart in any large organization, the tendency is for management to blame workers, markets, or other extraneous elements. With MARA, its response to the poor performances was to blame the students for being lazy and lacking industry, and for being dishonest in not repaying their loans. And that perennial excuse—lack of funds.

When IBM and General Motors (GM) were floundering in late 1980's, their market shares and stocks in the doldrums, their managers similarly blamed extraneous factors: unionized workers, cheap foreign imports, and onerous government regulations. Everything and everybody, except themselves. All sorts of restructuring and reorganizations were instituted. The end results were the same mediocre performance. Not surprising as the same management was involved. Many IBM directors at the time for instance, did not even have personal computers and thus were not familiar with their company's main product. Nor did they own significant shares of IBM. Their chief executive was busy preoccupied with public "do good" projects like United Way and other social activities. Only after the whole board was replaced and a new chief executive from outside brought in did IBM began a slow and painful recovery. The story at GM was the same. Management blamed cheap Japanese imports, recalcitrant workers, and

everyone else except their own incompetence. Again, only after the entire upper management revamped and its chief executive canned did GM made significant progress.

To analyze MARA's mediocre performance one must critically examine its structure and senior management. MARA is a government agency under the Ministry for Entrepreneur Development. It is, like its predecessor RIDA, run by civil servants and with all the constraints of the public service. In terms of pecking order, that ministry is just above the Sports Ministry. Consequently there had never been a shining star appointed to that portfolio. Presumably, civil servants assigned there must be those not needed at the Prime Minister's Department or Treasury. The chairman of MARA, its chief executive, had never been individuals with proven managerial talent or brilliance. They were chosen because of their high political positions within UMNO. They might have had university degrees (often in Malay or Islamic Studies) but that was the limit of their accomplishment. None had significant private sector experience, much less superior achievement.

MARA is overseen by a board comprising of representatives from Treasury, Prime Minister's office, and other government departments. Again they are all civil servants busy with their own problems to be much concerned with the tribulations of MARA. Nor do they have the expertise to know or anticipate the needs of the private sector. Thus it should surprise no one that MARA stumbles from one crisis to another and its overall performance wanting.

## A New, Improved MARA

MARA needs a major overhaul; its basic structure, senior management, and overseeing board totally revamped. It must be more focused and divisions better defined. As a government agency MARA, like its RIDA predecessor, is unable to respond quickly to changing market needs and circumstances.

MARA's mission should be simple and clear—to increase Bumiputra competitiveness and participation in the private sector. Its performance must be transparent and accountable. Its annual reports must be widely and readily obtainable so its achievements can be easily evaluated.

Establishing MARA as a separate autonomous entity, akin to a foundation, would be a good start. The government should appoint prominent Malaysians who have excelled in the private sector (not politicians or retired civil servants)



to its governing board. The nation is fortunate now in having many outstanding Malaysians who are chief executives of multinational corporations, successful professionals and entrepreneurs who would make excellent candidates. The chief executive should similarly be someone with proven private sector credentials and managerial excellence. He should be able to choose his own senior team without the usual constraints of the civil service.

By selecting top quality people with proven track record of achievement to lead the organization, the battle is half done. Once selected, give these talented individuals the freedom to run the agency without petty micromanagement from the ministries.

MARA should not duplicate other government functions. There is no reason why it should have its own schools and colleges. Leave that to the Education Ministry. Where there are no appropriate public institutions, MARA should contract with existing private colleges. These private institutions do a far superior job than MARA's own. It would also be cheaper and more flexible. If the college performs well, MARA could give extra bonus. For example, for every MARA student the private college sends to Cambridge or Stanford, it gets a special monetary reward. Alternatively, if it does not perform MARA could terminate the contract: a very powerful incentive.

Presently there is minimal accountability on the part of the administration and faculty of these MARA bodies. Whether their students excel or end up at mediocre universities, these lecturers and administrators get their pay and promotions anyway.

The recent proposal by MARA to have its own university is precisely the wrong strategy. MARA did not show much competence in running MIT. One can anticipate the same dismal result with its new university. It would be far better for MARA to contract with a reputable foreign university to establish a campus locally. Besides, having its own university would distract MARA's personnel from other equally important activities.

There should clear divisions within MARA—one for manpower and training; and the other for economic development. MARA should concern itself with facilitating the training of Malays, from carpenters and plumbers right up to sub-professionals and professionals. It should not be doing the actual training. Instead it should contract on long-term basis with private entities to train Bumiputras in these fields. MARA's role would be to monitor the performances of these institutions. It can begin by offering to help its present cadre of instructors to establish their own training institutes. Thus instead of being employees

of MARA they would become private contractors. In this way MARA would quickly find out from among its employees those with entrepreneurial flair and help them through with their new enterprises. These instructors, unlike the usual lot who are content with merely getting their paychecks, would make excellent role models for the students. Imagine if the present apprenticeship programs are run and owned by the teachers. It would encourage them to be efficient and innovative.

MARA could act as a stimulus and catalyst for the development of quality private colleges. Concerned only with monitoring the quality and performance of these institutions, it would be spared the minutiae of administering them.

By using private colleges MARA students would interact and compete with students of other races. At present MARA students are isolated, competing only in the very limited sphere of Bumiputras. They do not get to know other cultures and races: a severe handicap later when they would have to do business or interact with other than their own kind. The National Economic Action Council's recognition, though belated, that young Bumiputras be exposed to greater competition is commendable. Sending MARA students to private institutions is one way to expose them to greater competition.

Similarly at the professional and university levels, MARA's job should be to provide grants and scholarships. It should not be concerned with the administrative details of filing applications or selecting universities. Let the students do all that. The present loan and scholarship programs should be streamlined and consolidated. MARA should have scholarships and grants only. And fewer of them, with emphasis on quality rather than quantity. One Malay at Stanford or Oxford is worth a hundred going to marginal universities. And considerably cheaper. Conditions for these awards should be clear and explicit. Any Bumiputra who meets the requirements would get the appropriate award. No need for lobbying or looking for the right connection. Students can thus concentrate on preparing themselves academically instead of trying to navigate MARA's bewildering rules and regulations.

Scholarships would be for those admitted to elite universities: the Harvards and Stanfords in United States; the McGills and Torontos of Canada; and the Oxfords and Cambridges of Britain. With these scholarships the students would be free to choose whatever field of study. After all, if they are brilliant enough to be accepted into these prestigious universities they should know better than any MARA bureaucrat what's best. Give these bright students the latitude if they so desire to proceed directly to graduate studies or work abroad to gain experi-

ence. By granting them these privileges, others would be encouraged to apply to these outstanding institutions.

The grants would be for those accepted into the next tier but nonetheless still highly selective universities. They must, however, pursue courses that are desperately needed in the country. At present these would be the sciences, engineering, medicine, and English. But unlike scholarship holders, parents of these students would be assessed a percentage of their income (I propose 10%) towards the grant. For students from poor families the grants would be the same as scholarships in monetary terms.

MARA should discontinue its present student loan program. For one, it is a sham. The delinquency rate is so high and efforts at collecting these loans distract officials away from current students. Sell or write them off and learn from the experience. These loans again duplicate yet another government's program. If MARA insists in continuing them, then they should be revamped to resemble America's Sallie Mae program where MARA would merely guarantee the loans but the actual lending is done by banks and financial institutions. And these loans should be tenable only at local institutions. It would be cheaper and students would not be burdened by a crushing debt. These loans must be repaid in full, with interest. MARA should definitely stop funding students attending third rate colleges abroad. When they return with their worthless diplomas they encounter difficulty finding a job and servicing their huge debt. Besides, by not rewarding mediocre performance MARA is sending a clear message on excellence and merit. At present there is little incentive for these students to excel. Far too many with marginal grades are rewarded with an overseas education. It is a sheer waste of precious public funds. These students would be better off going to teachers colleges or similar institutions in Malaysia.

One of the positive impacts of the economic crisis of 1997 is that MARA and other government agencies are no longer sending students abroad in large numbers. The few being sent are only to high caliber institutions. It is a sad commentary that it took a crippling economic crisis to knock much needed fiduciary sense in local officials.

The other division in MARA should be for economic development. Here too, the focus should change. MARA's present mode is to start a company and when it is successful, to sell it. Unfortunately these plum enterprises were sold to favored individuals without there being any competitive bidding. MARA gets shortchanged in such deals. Worse, employees who worked so hard at making these enterprises successful were not rewarded or given a chance to participate

in the new ownership. Far too often the new owners would exact a stiff price on old loyal employees. And for every successful MARA enterprise there are dozens that are struggling and failing. Their continuing losses and inefficiency drain resources from MARA. Simply let the weak ones go and sell the rest to the highest bidder.

MARA should serve more as a source of venture capital. It should actively seek out Malay entrepreneurs and professionals and fund their expansion or new businesses in return for an equity stake. As any diligent investor would do, the manner in which the money would be spent should be spelled out, with clear covenants. No funds for frills. It is important that the entrepreneur involved should also share in the risk either by contributing his share of the capital or his expertise. It is amazing how cautious and prudent one becomes when one's own capital or future is at stake.

MARA should be doing this at all levels, from the "mom and pop" operations (satay sellers, hawkers, fishmongers, small time mechanics, tailors) to multimillion dollar corporations seeking to expand. The approach for each would necessarily vary. The capital requirements and expertise needed for a restaurateur is different from that of a professional or exporter. MARA would have to develop specific skills and programs for each level and kind of enterprise.

With hawkers for instance, MARA could help design efficient, small, mobile stalls with built-in tanks for water and a portable power supply for refrigeration. With MARA's might it could buy these units in volumes and pass the savings to the hawkers. This would not only make them more efficient but their stalls would be considerably cleaner and more sanitary, to the benefit of the whole community. MARA could arrange for classes on simple management skills: cash flow, inventory control, and elements of marketing. By working closely with them MARA would get valuable feedback and suggestions on improving the program. MARA could select from among the successful individuals the few who could teach or be mentors to beginners.

MARA could help tailors, mechanics, and technicians start their own businesses. Again, acting as an agent, MARA could acquire tools and inventories at deep discount. MARA could underwrite the design of simple workshops and retail outlets which could be duplicated easily so that each new entrepreneur does not have to go through the whole process every time and at considerable cost. MARA should act as a repository of business knowledge, skills, and resources for budding businessmen.

At the next level, MARA could help identify existing Malay contractors and entrepreneurs to encourage them to expand. Again here, MARA would act as a catalyst and a source of venture capital, with equity participation the goal rather than simply being a loan dispenser. With time, MARA should have a core of capable, enterprising, and ambitious entrepreneurs who would act as a critical mass and be ready to expand on their own.

There are plenty of these enterprising individuals. You would not find them at UMNO divisional meetings or political rallies. Visit them at Sunday and night markets, roadside stalls, on the beaches, and in small towns all busily hustling for customers.

Instead of simply waiting for government money, MARA could start its own venture capital funds. It can solicit funds from Malay investors to finance these new ventures. This would give yet another avenue for affluent Malays to invest besides the stock market and real estate. In time, with experience and expertise, MARA could be a major source of venture capital for Malay entrepreneurs.

MARA's present policy of creating companies merely perpetuates and encourages the employee status of Malays. Instead, it should encourage its workers, lecturers, and managers to venture out and start their own businesses. The new status symbol or valued culture within MARA should be the ones who leave to start their own businesses and not those who stay and endlessly exhort others to be enterprising while they themselves are content with cashing in on their seniority and pensions.

Despite the litany of problems and scandals plaguing MARA, with the billions poured into it the organization has done some good. Today, thousands of Malay professionals owe their successes in part to that body. But if MARA concentrates only on the successes and ignores the failures, especially the spectacular ones, it will never progress. Pilots do not dwell on the routine landings and takeoffs. It is the few (hopefully) mishaps, close calls, and tragic accidents that are tediously and meticulously examined. Often better designs and improved procedures result from these critical studies and rigorous analyses.

Unfortunately in Malaysia, the prevailing attitude seems to be the reverse. It wants the successful landings to be headlines, not the botched ones. Thus any criticism, no matter how valid and well reasoned, is ascribed sinister motives. It is hard to progress with such a mind-set.

It is the worthy mandate of MARA to prepare Malays for the competitive world of the marketplace. To achieve this MARA must itself be the epitome of an efficient and competitive organization. It must act as if it has a limited time

to complete its noble mission. There must be a greater sense of urgency. Special privileges for Bumiputras may not be forever. MARA must be totally transformed, with a whole new cast of characters. It must do away with inept political appointees. MARA's mission is far too important for its senior positions to be made into political plums. It must have a different attitude and considerably higher expectations.

MARA was last reorganized in 1966 to replace RIDA. It is time to carefully evaluate the organization again and to institute innovative changes so it can better fulfill its important mandate. MARA cannot fail. The stakes are just too great. For non-Malays, its failure would inevitably increase their resentment for all the money being spent, paid in part by their taxes. For Malays, failure would mean yet another crushing blow to their collective sense of self-esteem and confidence.



# Part Two

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## Modernizing Malaysia

*"Takkan Melayu Hilang Di Dunia"*

Hang Tuah

Translation:

"Malays shall not perish from this Earth!"





## Chapter VIII

# Enhancing Bumiputra Competitiveness

MALAYSIA'S basic instrument to reduce the socio-economic gaps separating the various races is its preferential policies. They began as "Special Malay Privileges" initiated by the British and continued with minimal changes during the first decade after independence. The glaring inadequacies and failures of that program resulted in the May 1969 riot. Out of that tragedy the New Economic Policy (NEP) was conceived, with its central objectives of eradicating poverty and restructuring society to eliminate "the identification of race with economic function." Eloquent phrasing aside, the NEP basically continued the special privileges but with greater aggressiveness and decidedly more massive funding. It had, among other objectives, 30% Bumiputra participation in the corporate sector. NEP was an expensive and expansive social engineering program. It satisfied those who measure success by the amount of money spent.

By 1990, the end of NEP, Bumiputras did not feel any more competitive. Their participation in the corporate sector, though considerably improved when compared to 1970, was still far short of target. With its objectives unmet, NEP was replaced by the National Development Policy (NDP), scheduled to last this time for three decades, until 2020. If past performance is any predictor, by 2020 the NDP would undoubtedly be replaced by some other fancy acronyms for still another set of preferential policies, this time to last perhaps another four or five decades.

The NDP continues the same stalled strategies of NEP, but at a considerably higher price, much like NEP over earlier Special Privileges. There has been surprisingly little or no rigorous and systematic analysis of the economic impact of

these policies or to assess their effectiveness in enhancing Bumiputra competitiveness. In fact, such studies are not encouraged. Any criticism or challenge to Bumiputra special privileges could be construed as offenses under the ISA: hardly conducive to enlightened public discourse.

There is also minimal debate on how much of a price Malaysians are willing to bear to achieve these lofty goals of social and economic equity. An even more pertinent question is whether such inefficiency is inevitable or necessary. As a result, there is little impetus to seek alternatives. The emphasis had been on some preconceived targets, with no clear understanding whether those targets are appropriate or even meaningful. Thirty percent Malay participation is pointless if those are concentrated on few favored individuals and achieved through massive public subsidies. Similarly, quotas in the teaching profession could be counterproductive if they unnecessarily limit the pool of qualified candidates, to the detriment of students.

Bumiputras must enhance their competitiveness to compete effectively both within and without the country. If they are more competitive, increased participation in the economy would automatically follow. Otherwise no amount of special privileges, quotas, and other legal crutches would help. No group can be forever protected under insulating shells. Bumiputras should not be like the seemingly healthy decorative vines, blossoming with flowers and rich foliage only to collapse under their own weight when the supporting trellis is removed. They should be like our native giant durian tree, requiring careful staking and tender care only in its formative years to later soar high above the rain forest to provide generous bounty.

There is a general feeling, shared by many in the ruling elite, that for Malays to advance, non-Malays must be held back. Malaysians must be disabused of this ingrained mentality, with its "zero sum" assumptions. The premise instead should be "win-win," where, if non-Malays advance so would Malays, and vice versa.

A common analogy is to compare Malays to big-footed, slow, and heavy farm horses unsuited to compete with thoroughbreds—non-Malays. To enter the race Malays would need a generous head-start. Implicit in this imagery is the pathetic acceptance of the non-competitive nature of Malays. Also implied is that Malays would forever remain at a competitive disadvantage, needing special privileges and protection permanently. Farm horses never become thoroughbreds.

Another common metaphor is that of a novice golfer. In order for Malays to participate, they must be given an appropriate generous handicap to make the

game competitive and interesting. At least with this analogy there is the possibility that with skillful coaching and persistent practice, the handicap could be lowered and eventually eliminated. Malays would then be on par with the rest.

Even if one accepts the farm horse analogy, with some smarts one could still come out ahead by making full use of one's competitive advantage. Thus instead of competing on speed, choose physical strength—as who could pull the biggest plow or heaviest carriage. Heavy, strong Clydesdale farm horses will outclass the Arabians every time. At least with plowing or pulling carriages one is engaging in some productive activity.

This whole business of racial handicapping is counter productive. It must stop. Instead, the nation must concentrate on making all its citizens competitive so they can compete effectively at home and abroad.

In the preamble to the NEP much was said about restructuring within the context of growth. The exercise was not meant to be strictly redistributionist, robbing Peter (non-Malays) to pay Paul (Malays), but for the latter to have a larger share of an enlarging pie. The emphasis was rightly on growth and only secondarily on redistribution. To his credit, Mahathir had in the past pragmatically relaxed some of the stringent requirements of NEP during recession or sluggish economic growth. Implicit in such a strategy is the recognition that these preferential policies and restructuring exercises carry an economic burden.

Malaysia's preferential race policy is much more pervasive and aggressive than America's affirmative action program. It has been remarkably successful in creating a sizable and stable Bumiputra middle class. But the price tag is significant: massive government intrusion in the marketplace and the consequent distortions and inefficiencies. Thus they can be justified only if they serve a larger purpose of social justice.

Apart from its direct economic impact, the consequences of these policies on their beneficiaries must also be examined. Are Malays better off and more competitive now after a generation of special privileges? If they are, is it because or in spite of these policies? How about a generation hence? It is possible that these policies may in fact hinder, not enhance, Malay competitiveness. The universal laws of diminishing returns and unintended consequences may intrude. Malays may become dangerously dependent on and cannot exist or compete without these legal props. And once acquired, such "dependency syndrome" or "subsidy mentality" is extremely difficult to eradicate.

## Privileges of Priority

TO MAHATHIR, Malays deserve these privileges because one, they are backward and two, that they are the "definitive" people or "owners" of Malaysia. With the first premise, one can anticipate an end to the program when Malays are sufficiently advanced and competitive in their own right. In the second, these privileges would be permanent.

There is nothing unique, unprecedented, or even racist with the second claim. Other ethnic groups and nations have freely exercised similar privileges by virtue of their ancestry. Jews in Israel are favored over Arabs. A Jew born and raised in Chicago has more rights and privileges in Israel than an Israeli-born Arab. Koreans in Japan, despite having lived there for generations, still do not enjoy comparable rights as Japanese. The same with Chinese in Vietnam.

When China took over Hong Kong, only ethnic Chinese of that island were granted citizenship of China, but not non-Chinese. Nor were the British any more generous in granting its citizenship to non-Britons of that colony. In contrast, it granted automatic British passports to citizens of her other colonies—Malta and Falkland—simply because they were Anglo Saxons. In Germany, only those of Teutonic stock are regarded as proper Germans. Australia only very recently discontinued its "White Australia" policy of limiting immigration only to Caucasians.

Malays therefore are in good company in asserting these privileges by virtue of their being the indigenous people of Malaysia—the privileges of priority.

But that is a distracting side issue.

The biggest challenge facing Malaysia is how to enhance the competitiveness of all its citizens, especially Bumiputras, so they can become productive and contribute effectively. To the extent that these privileges enhance competitiveness, they should be retained. But Malaysians have to examine fully the ramifications and possible adverse consequences of such policies.

The analogy I prefer is a horticultural one. Bumiputras are the equivalent of stunted saplings in an otherwise productive orchard. The farmer must of necessity pay special attention to them as it is simply not possible to uproot and replace them. Thus more frequent watering, generous helping of fertilizer, regular weeding around the bases, and careful staking. And if that struggling plant is overshadowed by the vigorous growth of neighboring trees, the shrewd farmer would prune off the offending branches. But he has to do so carefully. Too vig-

orous or haphazard pruning would destroy the previously healthy tree. Properly done pruning enhances the growth of new and productive branches away from overshadowing struggling saplings.

Plants given too much special care and extra nutrients would grow rapidly, producing abundant foliage and branches. Unfortunately, with too rapid a growth the branches tend to be weak, easily snapping in the first storm. And their luxuriant foliage may not necessarily translate into heavy fruit bearing. The thick foliage may in fact overshadow other hitherto productive plants. In such instances the orchardist must not hesitate to prune these non-productive branches. And he must do so early, before they completely sap the inner strength of the tree. Thus skillful horticulturist would cut off early the non-productive "water sprouts" and inward directed branches. Similarly, too much fertilizer can burn young stems and too heavy watering can cause root rot, both devastating consequences. Too much of a good thing can be destructive to plants as well as humans.

If the planter simply ignores the struggling saplings and let Darwinian forces (survival of the fittest) take over, these plants would gradually get weaker and wither. They would then be prone to diseases and pests which in turn could spread and threaten the whole orchard. Thus by giving extra care and support he not only turns these stunted plants into productive ones but also simultaneously protects the rest of his cultivation.

And so it is with the dilemma of Malaysian society. Relying on market forces alone would aggravate existing racial inequities. Members of the backward races may feel left out and disenfranchised, making them vulnerable to sinister influences that would threaten the stability of the whole society. But too much attention to correcting the inequities would foster unhealthy tendencies, societal equivalent of root rot and heavy but weak and non-productive foliage.

The issue of Bumiputra backwardness is one of poverty generally. It is not simply a Bumiputra problem. It is an economic problem, not cultural or genetic. Solving them requires formulating imaginative and effective policies, not some silly notions of improving the genetic stock or for Malays to abandon their cherished values and culture.

## Pilgrims Savings Fund—Tabong Haji

ONE needs to see the enormous impact of an effective policy to appreciate its importance. Take Tabong Haji (Pilgrims Savings Fund). That program more than any other helps Malays save and become active participants in the economy. It is more effective than all the rhetoric of "New Malay" and calls for various *revolusi mental* (lit. mental revolutions). Because of its spectacular success it is worth reviewing.

In 1950's and 60's, it was generally assumed that Malays had no concept of the value of savings. The greater the inducement (higher interest rates) the less responsive Malays were. It appeared to conventional economists that Malays did not react to the usual pecuniary incentives. It took the brilliance of an indigenous economist, Ungku Aziz, to appreciate that, on the contrary, Malays were indeed diligent savers.

Visit any kampong house and there standing in the hallway is a bamboo stem, *tabong*, with a small opening at the top for the homeowner to stuff his money. When the time of need comes, the bamboo is simply split open and out comes the savings. Malay villagers save for pilgrimage to Mecca (dear to all Muslims), their children, weddings, and old age. That they did not use conventional institutions like banks merely reflected their distrust for such bodies. To compound the issue, Malays equate interest with usury, which is prohibited in Islam.

To overcome traditional Malay reluctance with banks, Ungku Aziz proposed an independent trust fund. He shrewdly called it Tabong Haji, thus taking full advantage of the association of the words "Tabong" with savings, frugality, and prudence; and "Haji" to add an Islamic cachet to the whole endeavor. To enhance its attractiveness, Tabong Haji was explicitly prohibited from investing in companies involved in activities at variance with Islamic values. (Such "social agenda" mutual funds are very much in vogue in America today.) Unlike traditional bank lending, the fund would swap equity participation in these new enterprises, much like modern venture capitalists. Malays could now save with an institution of their own, confident that their money would not be used to fund some casinos or other un-Islamic investments. Tabong Haji was an instant success. The cachet of Islam (and Mecca) again, sells. Ungku Aziz rightly convinced fellow Muslims that the earnings and returns are not interests but benefits (*faedah*) or dividends—thus very Islamic. Today Tabong Haji is one of the largest mutual funds in Southeast Asia, with over 3.4 million depositors. Its headquar-

ters in Kuala Lumpur is an imposing architectural landmark. A tribute to the productive imagination of one man.

The brilliant man that he is, Ungku Aziz's many contributions are legendary. As a scholar, he advanced greatly the body of knowledge on Malaysian economics. His one innovation that touched me immensely was his *Kursus Ekonomi Radio* (lit. Economic Courses via Radio). In 1950's long before the concept of distant learning, he conducted a very popular weekly radio course on economics. I marveled at his ease in explaining modern concepts of that discipline, especially considering that his audiences were primarily village dwellers. What I remember most was, although his explanations of the concepts and ideas were in Malay, he would liberally interpose the English terms like "supply curve" and "inelastic demand" thus making it easier for listeners to look them up. Further, unlike many contemporary educators then he did not mangle those terms by haphazardly translating them into incomprehensible Malay. Perhaps it was his example that I emulated during my brief teaching career. That *Kursus* was also instrumental in lighting my interest in the subject.

The challenge for Bumiputras is to produce many more such imaginative concepts and strategies exemplified by Tabong Haji.

## Competitive Advantage of A Community

LET US assume Malays to be a nation and not a separate community. One can approach the economic problems in one of two ways. First, one can study successful nations and discern the common elements and adopt them. Michael Porter's *The Competitive Advantage of Nations* is one such eminent study. Second, one can review the strategies of various developing countries and co-opt their successful initiatives and programs. There is now a considerable body of literature on the economics of development that has withstood the test of time. Up till a decade ago there was fierce debate between two diametrically opposing schools of thought. One is the centrally planned Soviet model, with heavy government involvement in all sectors; and two, the laissez-faire, market-driven mold exemplified, at least until very recently, by Hong Kong.

With the collapse of the Soviet State and the rise of capitalism everywhere, the heroes of modern economists are the likes of Friedrich von Hayek, Lord Bauer, and Milton Friedman, advocates of minimal government and open markets. The Fabian socialists and those of the London School of Economics with



their advocacy for massive state interventions have few present day followers except in such places as India. In later chapters I will incorporate the ideas of these modern free market devotees as they relate to Malaysia.

Michael Porter, the Harvard Management professor, studied ten highly successful and competitive nations. These countries share no common physical, cultural, or geographical attributes. Three are in Asia (Japan, Korea, and Singapore). Geographically there is Britain, an island nation, and Switzerland, a land-locked mountain state. Their sizes vary from tiny Singapore, with about three million people compacted on a few hundred square miles, to United States with a population a hundred times larger and a land mass that spans six time zones. The others are Germany, Sweden, Denmark, and Italy. These nations are widely acknowledged as successful, productive, and highly competitive. Their companies are renowned worldwide for the superior quality of their products and services, and their exemplary management.

Among his findings, Porter shows that the success and competitiveness of these nations are not the result of some natural attributes (abundant natural resources) or the accidents of geography (strategic location). Nor are they dependent on the size of their country or their population. Instead, among the common elements he observes these countries invest heavily in education and training of their citizens; encourage vigorous competition among their industries and people; have a low rate of population growth; and are open and eager to learn from others. Equally pertinent is that their successful industries and companies are not those that have been protected and heavily subsidized or targeted by their respective governments for success, but the enterprises that had survived rigorous competition at home.

Essentially these countries are not naturally endowed with their competitive advantages. They have minimal of what traditional economists refer to as "comparative advantage." Rather, their governments had specific and highly effective roles to help nurture and enhance those qualities that would lead to their citizens' and institutions' increasing and continued competitiveness. They became successful as the result of those well-defined policies.

Countries like Brunei and Saudi Arabia, fortunate to have abundant natural resources and thus enjoy high per capita income, are not competitive or considered successful. They do not have a single home company that has captured markets beyond their borders. Nor have their citizens made significant contributions to the betterment of mankind. Rich they may be, productive and creative they

are not. One can easily imagine these countries sliding rapidly back into Third World status once their oil runs out.

The highly developed nations managed to sustain a rising standard of living through continuously improving the productivity and competitiveness of their people and industries. A key element is their highly educated and skillful work force. Hence the heavy emphasis on and investment in education. South Korea has near universal twelve years of schooling. An astounding one third of their school graduates go on to post secondary institutions—universities and technical colleges. The same with Germany.

Many other countries have also high literacy rates and universal education but very few have the economic growth that Korea enjoys. Education and literacy alone therefore, are not adequate by themselves. India has a high percentage of college graduates but most are in liberal arts and law. As a result it has many taxi drivers with college degrees and very well-trained petition writers. But its economy remains stagnant.

What seems important is that the educational system must emphasize the sciences, technical training, and a foreign language—usually English. These countries also set high national standards and hold their students to those norms. Their teachers are highly regarded and well paid and their students are exposed to rigorous competition at all levels. The legendary intensity of Japanese examination system spawns their brutal "cram" schools.

The German and Swiss educational institutions, especially their vocational and technical institutes, are closely linked with industries thus ensuring the training the students receive is relevant and up-to-date. The majority of their students are not university-bound but receive education and training with practical orientation. Their apprenticeship system is the envy of the world for their efficacy and responsiveness to the needs of industry.

America has similar practical orientations as exemplified by its Agricultural and Mechanical (A&M) universities. It is these rather than the elite Ivy League colleges with their heavy liberal arts curricula that contributed greatly to America's advancement.

The best and brightest in these successful countries choose the sciences and engineering, rather than liberal arts or law. They are attracted to these fields because these are the training that will propel them to prestigious and leadership positions in both government and industry. Major German, Japanese, and Korean corporations are headed by men with engineering or science backgrounds. Their senior civil servants are similarly qualified. Thus they are fast to grasp the

implications of new technical and scientific development without having to be thoroughly and exhaustively briefed by their subordinates.

In Malaysia, top civil servants and senior executives of most companies (especially those controlled by the government) lack professional or technical training. Even ministries with high scientific and technical component like Telecommunications, Public Works, Energy, and Health are headed by civil servants with only liberal arts education. It is very difficult to convince them on the merits of computerization, for example, when they do not know the difference between bits and bytes. Similarly, how does one convince them to try innovations like using genetically-altered bacteria for pollution control when they do not even know what bacteria or DNAs are.

The second commonality with these developed countries is the vigor and intensity of competition at all levels and in all sectors. There is intense competition for students to enter universities. Similarly, their industries face brutal competition at home. Only the most efficient, innovative, and responsive are successful and able to take on the world. Contrary to conventional wisdom, their successful companies are not the ones protected by the government or targeted by some elite civil servants as their "national" companies. Japanese financial institutions are not competitive globally, despite or perhaps because they are protected from foreign competition. Their unprotected auto and electronic industries, survivors of vigorous competition at home, are global leaders.

These successful industries do not partake in any subsidies. Subsidies are the favorite tools of governments to nurture new industries and can take many forms: subsidized research and capital costs, export incentives, and non-competitive bidding for government contracts. They are politically attractive as the benefits are readily discernible but the costs are hidden and borne by the diffuse general public. But as Porter observes, "Subsidy is rarely associated with time competitive advantage." Subsidies delay rather than promote adjustments and innovations needed to meet new challenges. "Ongoing subsidies dull the incentives and create an attitude of dependence...[And] once initiated, are difficult to terminate," he adds.

In America the deleterious effects of subsidies are illustrated by the farm industry. Heavily subsidized Mid-Western farmers (special water rates, subsidized transportation and crop insurance) need ever increasing public grants. In contrast, vegetable farmers in California's Salinas Valley, left alone, are highly efficient and compete effectively against low-cost Mexican producers.

The third common element in these highly developed countries is that they have low rates of population growth. Except for Singapore and Korea which grew at 2.5% (still low), most of the other countries have rates under 1%. The US rate of 1.6% reflects the large influx of immigrants rather than the natural growth rate. Most Third World countries have rates in excess of 3%. Ireland has a superior system of education and highly educated work force, but it lags behind Western Europe because its rapid population growth outpaces its economic development. But more on population later.

In reading Porter's extensive research, I am struck by the fact that these countries all have secular governments and societies. None of their governments emphasize religion or have official faiths. Italy might be the possible exception, but the influence of the Vatican on public policies is minimal. The Catholic Church has far greater influence in Ireland and Poland, two countries not noted for being economic trend setters. Not coincidentally, some of the poorest countries in Latin America have entrenched religious establishments. The cathedral in Mexico City would shame Washington, DC's National. Many Middle Eastern states fall into this category too. It is significant that the two most modern Muslim countries today, Malaysia and Turkey, have secular governments.

It is for this reason that I view the increasing emphasis on religion and the rapid tempo of Islamization in Malaysia referred to earlier with considerable unease. Within Malaysia, the observation cited above is very much valid. Non-Malays are for the most part secular while Malays are increasingly becoming more religious. No surprise then that the former are more advanced and competitive. Among political entities, states like Kelantan and Trengganu which are heavy into religion, are among the most backward. That is no accident. This inverse correlation, that is heavy state emphasis on religion equals less competitiveness, is also seen among non-Muslim Bumiputras. Ibans, consumed at being good Catholics with their elaborate rituals and masses, have difficulty adjusting to modern Malaysia. Muslims may argue that Islam is not anti-development or anti-progressive, rather its our "misinterpretation" of the Faith. Pray tell us where we have gone wrong and give us examples where it is done right. Saudi Arabia and Iran? They are even more backward than Malaysia. Religion is what the masses practice, not what some isolated scholars think it should be.

Europe would still be in the middle ages had the Catholic Church succeeded in maintaining its unchallenged grip. Not until Luther's Reformation and its questioning of the fanatic assumptions of Catholicism did Europe flower into the Age of Renaissance.

I do not suggest that Malays be less Islamic. Quite the contrary. Islam is a very personal faith. It does not need the worldly trappings of elaborate contests, ornate buildings, and leaders with embellished titles. What I do advocate very strongly is that the State should get out Islam and let the *ummah* (community) deal with matters of faith. Islam survived communism and totalitarianism; it would survive secularism too. American-Muslims are just as pious as their brethren elsewhere precisely because there is no government in Washington, DC exhorting them to be more religious. Islam in Malaysia should not emulate the imperial days of Catholicism of the Middle Ages with its emphasis on gilded cathedrals, ostentatious rituals, rigid dogmas, and all powerful clergy.

Malaysia can adapt some of Porter's findings—emphasis on education, increasing competition, weaning off subsidies, and lowering the population growth rate—to enhance the competitiveness of its citizens and institutions. By making them, especially Bumiputras, more competitive, Malaysia can look forward to the day when these special privileges would be viewed as superfluous. To a time when Malay students would flood the gates of the country's universities because competent schools and teachers had produced thousands of excellent applicants. A day when quota in the civil service would be an embarrassment and unneeded as there would be an abundance of superbly qualified Bumiputras. To a future when Malay entrepreneurs and businessmen would compete aggressively, locally and abroad, based on their abilities and talent, and on the quality of their products and services.

Malaysia must look to a future when these special privileges and rights enshrined in the constitution would be of interest only to legal historians and social scientists as they would have become irrelevant in the lives of ordinary Bumiputras.

These are ambitious but appropriate aspirations for the nation as it enters the new millennium.

## Retention of Preferential Policy

AT THIS stage dismantling these privileges is both unwise and politically ill-advised. It would be very socially divisive and economically distracting. It would aggravate racial polarization and stir repressed ugly emotions. For Malays, despite the obvious advances of the present generation, such questioning of their rights would be viewed as an insulting affront. It would open old wounds and rekindle

raw passions of the past. To non-Malays, it would unnecessarily raise unreasonable expectations, whetting an appetite that could not possibly be satisfied. This at a time when Malaysians are just gaining confidence and beginning to enjoy the fruits and benefits of social accommodations and tolerance.

Most non-Malays are resigned to the present state of affairs. As long they can continue to enjoy a comfortable lifestyle and their own aspirations not unreasonably thwarted, they are not particularly perturbed by these privileges. They are only too aware of the devastation racial and ethnic conflicts can inflict. Malaysians realize that with peace everything is possible, with conflict nothing is. The argument during peace time is who gets what gravy and goodies. With strife the citizenry would be consumed with counting the casualties and exacting their revenge. If these concessions, special privileges, are the price for social harmony than so be it. Culturally, non-Malays have rationalized the costs of these privileges as societal's equivalent of "protection money." Unpleasant, perhaps evil, but a necessary cost of doing business and maintaining peace.

The off-repeated criticisms that these privileges breed abuses and therefore should be discontinued are totally off base. Any privilege is subject to abuse: that is part and parcel of human nature. The privilege of diplomatic immunity is frequently exploited. Cases of contraband are often smuggled through these protected diplomatic pouches and deliveries. United Nations officials routinely flaunt New York traffic laws. Diplomats who commit outrageous crimes often invoke diplomatic immunity and are quietly sent back home without facing prosecution in the host country. When senior aides to the President of the United States were given the privilege of using presidential helicopters, a few of them abused the perks by using them for their weekend retreats and visits to their home town dentists. Despite such abuses these privileges continue because they serve some useful purpose.

The mere fact that abuses occur is not sufficient reason in itself to terminate these privileges. They are tolerated simply because the cost of policing or monitoring would outweigh the potential savings. If the abuses are widespread and glaring to the extent that they undermine the integrity of the whole system, then a stronger argument could be made for terminating these privileges. So far no one has made that claim with regard to Bumiputra special privileges. This does not mean that egregious abuses be tolerated. Quite the contrary. They should be nipped early before they undermine the whole system.

In the following chapters I will expand on the strategies that would enhance Bumiputra competitiveness. The changes and policies I am advocating are in-

cremental in nature, evolutionary not revolutionary. They do not involve Malays giving up their cherished values and norms, and thus are not socially and culturally disruptive.

Mahathir posits that "...For Malays to progress...[the] first need is a revolution," a complete break with their past and heritage. Others, then and now, have called for similar radical changes for *Melayu Baru* (New Malay), one with a completely different persona. Some would like Malays to be aggressive, to the point of arrogance and impertinence—*kurang ajar* (lit. not well tutored). In my youth to be so labeled was the height of insult. Still others exhort Malays to adopt a colonial mentality and subjugate their fellow man in order to get ahead.

I disagree. There is nothing wrong with the "old" traditional Malay that new and enlightened leadership would not right. Nor do Malays need to be rehabilitated. They do not need to be ripped away from the anchoring stability of their customs and *adat*. Frankly, Malays are "battle fatigued" with such calls for revolutions. They have heard them too many times in the past—*revolusi mental* (mental revolution), *Melayu Baru*, *Berdikari* (lit. self reliant), and the latest, *reformasi* (reformation). Malays are tired and fed up of being cajoled, admonished, and continuously criticized by their leaders to do this and that. What is particularly galling is that, while these leaders are calling for radical changes in their followers, the leaders themselves are stuck in their own primitive ways. Thus while the leaders with nauseating frequency exhort Malays to be thrifty and frugal, they themselves indulge in opulent lifestyles: lavish weddings for themselves and their children, multimillion dollar homes, and fancy vacations abroad. While they endlessly exhort Malay students to opt for science and engineering, they cannot convince even their own children to do so. And as they stridently exhort the masses to be *berdikari*, they are the first to hog the public trough.

To ordinary *rakyat* (citizens) such leaders have essentially lost their credibility. The changes I am advocating must begin with the leaders. They have to "acquire new ways of thinking and a new system of values...and adjust their thinking to the new realities," to quote Mahathir. A Malay proverb says it best. A mother crab cannot ever hope to teach her progenies to walk straight when she herself is crawling sideways. Once Malay leaders start walking straight, the masses would surely follow.

## Chapter IX

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### Competitiveness Through Education

MALAYSIA must modernize its system of education to better meet the demands of a globally competitive economy. Our students must be well grounded in the sciences and mathematics, and be fluent in English. All other objectives, including national unity and developing the Malay language, are secondary. If Malaysians are successful economically, national unity would be that much easier to achieve. Similarly, Bahasa Malaysia (Malay language) is more likely to thrive if the nation prospers. Malaysians have a slogan, *Maju Bahasa, Maju Bangsa* (lit. As language advances, so does the nation) and *Bahasa Jiwa Bangsa* (lit. Language—the soul of a Nation). Those were the mantras in the days following independence. The more appropriate slogan should be *Maju Bangsa, Maju Bahasa*—language follows the nation, and *Bangsa Jiwa Bahasa* (nation is the soul of a language). If Malaysians and Malays thrive economically, the language too would flourish. Swahili is unlikely to be a significant language unless that African economy improves dramatically. English would not have been a major international language had Britain and United States remained third rate economic powers.

Worldwide, the better educated nations are also richer and more advanced. This strong correlation between income and educational attainment is seen not only between but also within a nation. But, as noted previously, correlation does not imply causation. It may simply mean that the rich have the luxury of spending more on education. Nonetheless, there are ample research to support the contention that well educated and better trained workers are more competitive, productive, and innovative. They are more efficient. In California, studies by the



Public Policy Institute showed that in 1969, someone with a bachelor's degree earned almost 50% more than a high school graduate; but by 1997 that differential had widened to an impressive 70%. In 1969 that same high school graduate earned only 9% more than someone without a high school diploma, but by 1997 the gulf widened to 37%. Hence the importance of investing in education and training of workers and youths. Such investments in human capital is as important for economic development, if not more so, than spending on physical infrastructures.

Gary Becker, the American Nobel laureate in economics, noted that human capital is the most important type of wealth of modern nations. This wealth consists of the present and future earnings as a result of education, training, knowledge, skills, and health of the citizens. Because of this dominance of human capital in the aggregate wealth of a nation, large changes in the value of stock market, currency, and other assets will not greatly influence the behavior of citizens.

Malaysia's earlier educational mission was unnecessarily distracted by the politics of national language. In the process the nation lost its greatest asset—fluency in English. Now with the status of Bahasa Malaysia firmly established, it is time to move on with the real business of educating Malaysia's young and of preparing them for the outside world. As someone once remarked, in the new economic order there is only one official language, that of one's customer. As the bulk of the country's trade is with English-speaking countries (America, Britain, Singapore) it stands to reason that Malaysians must be well versed in that language.

"Education, beyond all other devices of human origin, is a great equalizer of the conditions of men," wrote Horace Mann in 1848. Or as another American patriot, John Adams, observed a century earlier, "Education makes a greater difference between man and man than nature has made between man and brute." Immigrants to America were able to achieve in one generation full integration through education. They worked hard to ensure that their children excelled in school to enable them to enter college, the springboard for entry into middle class.

The offsprings of early immigrants, discriminated at and denied admission to the prestigious New England universities with their emphasis on traditional Latin-heavy curricula, flocked to the new and open state universities, taking practical courses like engineering and the professions. With their skills and professional prowess they quickly climbed up the social ladder. Within a generation,

non-Anglo-Saxons like Iacocca and Scalia would occupy the corner offices of old line companies like Ford and sit on the highest court of the land.

My parents escaped the grip of kampong life through education, even though it was only at the primary level and in Malay stream at that. Through it they became teachers and were able to taste the rudiments of middle class life. The transformation is even more spectacular for another Malaysian family. Through education, the descendent of a real life Iban headhunter was able to become a corneal (eye) transplant surgeon. Nothing miraculous, just hard work and dedication. I loved to tease mercilessly my dear friend Dr. Thaddeus Demong, intimating that he is merely following in the grand tradition of his ancestors. Except that he is more refined: harvesting only part of the eye instead of the whole skull!

## Traditional Malay Learning

HISTORICALLY, learning in Malay society involved memorization and recitation of the holy Koran, and perfecting the prayers and rituals of Islam. Instruction often took place in the homes of Imams or small *surau* (prayer houses.) Everything was laid out and there was no room for discussion or questioning. It was not so much education as indoctrination. The quality of teaching and the pedagogical skills of the teachers were marginal, at best. These schools were no place for inquisitive minds. Any challenge to the orthodoxy or expanding of the thought processes were actively discouraged. Worse, they were regarded as machinations of the devil. Even in today's more modern and formal religious schools, the same ambience and attitude persist.

The British introduced formal education to Malays. They also systematically studied Malay grammar, romanized the script, and instituted the phonetic-based system of spelling. Romanizing the script was perhaps the greatest legacy of the British. With it Malays are at a significant advantage in this computer age, as compared to Japanese with their *kana* and Arabs their *jawi*. The phoneticised spelling also eased considerably the absorption of new scientific terms and foreign words, enabling Malay to expand rapidly.

Malay schools were mainly in rural areas, with instructions only at the primary level. The "real" schools, using English, were in towns and cities. These schools replicated the British system of six years of elementary followed by five of secondary education. Later, two years of form six or pre-university classes were in-

roduced in some of the bigger schools. Because these were in urban areas, their students were mainly non-Malays.

The British did try to accommodate rural Malay pupils by having hostels attached to these schools. They also built two, sex-segregated, fully residential schools exclusively for Malays—Malay College and Malay Girls (now Tunku Kurshiah) College. These schools were initially meant for children of nobility and royalty, to prepare them for junior administrative positions in the colonial government. Despite those lowly goals, to Malays, Malay College was *Babut Darjat* (lit. Gateway to Heaven). In truth the school was not much more than "...a reformatory for princelings whose discipline their fathers had despaired" (Roff).

Shortly after independence the government expanded residential schools, gradually at first and then with greater tempo under Mahathir's tenure as Minister of Education. Malay College also began admitting bright students from less than noble background, partly because there was not enough talent from the aristocracy to fill the classes. Despite the expansion, Malay College did not have a science stream until 1961, way behind the other schools.

Until the frenzy of nationalism overtook them, Malays recognized the value of English proficiency. In response to the limited opportunities, enterprising and thoughtful Malay parents on their own initiative started private English schools in the villages. Their physical facilities were often wanting as they did not receive any state support. The teachers were "rejects" from government schools, as were most of the students. Consequently these schools did not contribute significantly to the betterment of Malays. Nonetheless they did play some role, a fact that is totally ignored in the archives of the nation's educational history.

Under the imaginative leadership of the country's first Minister of Education, Tun Razak, Malaysia invested heavily in education. He began by taking a census of every child, an exercise appropriately called "Operation Torch." This helped considerably in planning. New schools literally mushroomed all over to meet the new demand. Adult education classes were also started. The literacy rates for both adults and children soared. As indicated earlier, Tun Razak also introduced Remove Classes to provide yet another portal for Malay students to enter English stream. But by mid 1970's, in deference to the nationalists, English schools were discontinued entirely and instruction at all schools (except for primary Chinese and Tamil schools) were in Malay.

## Malaysian Schools Today

IF, AS the Chinese proverb proclaims, the schools of the country are its future in miniature, then Malaysia's prospect is not very promising. Crowded rooms with nearly 50 pupils per class are the norm. Teachers are demoralized and physical facilities over-strained, with double sessions a permanent feature. Very few schools, not even the elite ones, have enriched academic offerings. Libraries and laboratories are inadequate, and few schools have computers and music programs.

Superficially the statistics are impressive. More Malaysians finish more years of schooling today than a generation ago. While there was no university at the time of independence, now there are over a dozen. New schools continue to be built everywhere. Nonetheless there is a gnawing feeling that while the nation has done well quantitatively, the quality leaves much to be desired. English fluency has deteriorated markedly, as has science literacy and numeracy skills. The system is top heavy with academics at the expense of technical and vocational training. Granted, Malaysia has done much better than most Third World countries, but that is no consolation. Malaysians now rightly have higher expectations for their children. They are not comforted when told that their schools are better than those in Zambia.

Barely half of Malaysians of high school age complete secondary education. The statistics for rural children, who are overwhelmingly Bumiputras, are even more appalling. Their schools are even more deplorable and poorly equipped. They lack piped-water, electricity, and other modern amenities. No wonder they have difficulty attracting teachers or retaining pupils.

Malaysian schools are patterned after the British, with early streaming of students into either science or arts at Form IV (American Grade X) level. Judging from the syllabus and textbooks, students in the arts stream have minimal exposure to science and only the most elementary of mathematics. At university, unlike the liberal American system, students begin concentrating on their majors right away. Thus arts graduates from local campuses, who make up the bulk of the administrative service, have science literacy and mathematical competency of an American Grade 10, at best. They are ignorant of modern science and their skills in mathematics do not include much beyond elementary algebra. Certainly no statistics or calculus. Yet these are the graduates who will eventually be in

charge of departments concerned with environmental pollution, energy, and high finance. Frightening.

A telling indicator of the lack of confidence in the school system is the declining number of students taking Higher School Certificate (HSC) examination for matriculating into universities. In 1995, over 61,000 candidates sat for it but the number plummeted to 46,800 by 1997. This examination is optional, unlike other public examinations at lower levels. The decline means that when Malaysians are given a choice, despite the considerable added expenses, they choose foreign matriculating examinations especially those of Australia, Britain, and Canada.

With rigid quotas, low pay, and poor prospects, the teaching profession no longer attracts the brightest and most talented. This declining status is best illustrated by that keen observer of Malaysian scene, cartoonist Lat. One strip in particular, portrays a small town scene, circa 1960, with a father riding a bicycle with his son on the crossbar being passed by a teacher in his comfortable car. The next strip shows a modern era. This time it is the father who is driving a luxury car, overtaking and splashing the teacher who is on his decrepit motorcycle.

### Modernizing Malaysian Schools

MALAYSIA must overhaul its entire educational system, starting with preschool. At present these kindergarten classes are exclusively in urban areas and catering to the well-to-do. The need is most acute in rural areas. These children of poor rural families need the most intervention. Enrichment programs at this level pay the greatest dividends. In addition to providing a playful and stimulating environment, these preschool classes must also provide nutritional and health services as the children are at high risk because of poverty and other deprivations. America's Head Start program provides not only preschool but also health, nutritional, and social services for needy pupils. These programs are very successful, with studies indicating higher graduation rates and more satisfactory job placement for these children when they become adults.

Early intervention also benefits children with low IQs. In one well-designed and carefully monitored study involving 3- and 4-year-olds with subnormal IQs from poor black neighborhoods in Michigan (Perry Preschool Program), children who had intensive interventions similar to Head Start were less likely to

commit crimes, performed better at schools, and earned more as adults when compared to control groups. The economic benefits, both direct (increased earnings and productivity) and indirect (less crime, lower overall educational costs) far outweigh the program's costs. These are truly rewarding investments. Malaysia cannot afford to ignore these successful models for its own disadvantaged children.

The nutrition and health programs must also extend into primary and lower secondary levels. By providing health services in schools, problems can be detected early before they deteriorate and interfere with learning and good health. Even in relatively affluent Santa Clara county, California, as high as 25% of students in poor neighborhoods have severe dental problems that interfere with their learning and well being. During the British administration it was common to have regular school visits by dental hygienists and nurses. Specially equipped rooms were set aside for such a purpose. The need still exists today. Now it would be more efficient to have a fully equipped mobile clinic. These visits could be integrated with lessons on public health and personal hygiene. Keeping children healthy helps keep them in schools.

As former US Surgeon General Jocelyn Elders once remarked, "You can't educate a child who is not healthy, and you can't keep a child healthy who isn't educated." The poverty and health problems of a generation ago so well described by Mahathir still plague many rural children today. By providing these ancillary services parents might well let their children stay at school, thus improving the nation's shamefully high drop-out rates.

The curriculum of primary schools is excellent and the teachers well trained. All are now college graduates rather than product of "Normal" classes.

Malaysia should extend the secondary school years from five to six, in a 2-4 format. That is, after Primary Six all students would continue for two years of middle school followed by four years of high school. At high school the students would be streamed. The top quartile, university-bound, would enter the academic stream, emphasizing college "prep" curriculum. Encourage a similar number to opt for trade and vocational training. The rest would continue in regular stream. From this would come future primary school teachers, policemen, soldiers, and clerks. The new standard should be twelve years of schooling for all.

The present curriculum for secondary schools is overloaded. There should be only four core subjects—Malay, English, laboratory science, and mathematics. The bulk of the instructional hours should be devoted to these subjects. They

must be taught throughout the four years. Thus graduates, regardless of their ultimate career goals, would have substantial understanding of science, enhanced mathematical skills, and be fluent in English. All other subjects including religious studies should be electives. The electives should be both wide and rich to include fine arts, music, and foreign language.

There is still a severe shortage of suitable texts and instructional aids for science and mathematics especially at higher levels. Why not teach these subjects in English? This would help improve English fluency and enable students to access the massive resources available on the Internet and published world. Facility in English would also markedly enhance their future marketability. The status of the national language would not be degraded by emphasizing English.

Islamic schools too must be upgraded to minimize rote learning and catechism. We should use the rich Islamic scholarly traditions to explore and expand the natural inquisitiveness of students. Unfortunately, the scene in many religious classes even at the upper levels is typified as follows:

Teacher: "What proof is there of God?"

Students (in unison and scripted fashion): "There is earth, fire, air, and water."

End of discussion. Both students and teacher are satisfied. The answer would again be regurgitated at examination time.

Ask why the presence of these elements is proof of God and they are baffled. Extend the inquiry on whether the absence of these elements on the moon means that God is not there—that's heresy! Proceeding further, query why God has to be "proven" as in a scientific method, they, students and teacher alike, are totally lost.

The goals of religious schools should not be to turn students into mullahs but to expand their intellectual horizon. At present religious instructors view their students as empty dishes to be filled with dogmas. There should be, for example, discussions on how Muslim's God differs from those of the Greeks and Hindus, and from other monotheistic faiths like Christianity. Perhaps an analysis of the tithe from an economic perspective and how it differs from or resembles modern income taxes. Would, for example, a tax based on wealth (the basis of tithe) rather than income be more equitable? Interestingly, Switzerland has a system of income tax comparable to the Muslim *zakat* in that it is based on assets. Similarly, how does the concept of hell and heaven in Islam differs from that of other religions. Give the students hypothetical situations. Imagine had Prophet Mohammad been an Eskimo, would the imagery of hell be the place of intense

scorching fire or a cold frozen dungeon? And would zealous young Muslims then be sporting thick parkas to emulate the Holy Prophet? These are the kinds of exciting and stimulating intellectual discussions that could bring the religious class out of its usual slumber. And the answers are not given at the end of the book!

## Elite Residential Schools

IN ADDITION to regular day schools, Malaysia has an extensive system of elite residential schools. Bright Malay students are selected for these exclusive schools based on their Primary Six performance. These schools are expensive as both tuition and room and board are provided free by the state. Despite the fact they get the cream of the students, the best teachers and superior facilities their academic results are underwhelming. The reasons are many. For one, these students often felt that since they had been pre-selected they must be smart and therefore need not put out much effort. Thus a culture of not having to study develops. During my days at Malay College there was serious competition as to who would study least. The hero was the fellow who scored good grades despite not putting much effort. Or seeming to. Thus the pathetic sight of students surreptitiously studying late at night in bathrooms and closets to avoid detection. Simply hilarious! Not surprisingly, the examination results were disastrous. For a long time Malay College had less than sterling academic reputation. Judging by present day results, that culture is still very much alive.

The second reason for the poor results is that these students are selected at a very young age when the predictive value of these tests is only marginal. Further, they are separated from their family at such a tender age that psychological and other problems develop that could interfere with their intellectual development.

To enhance the competition, the selection for entry into these schools must be rigorous, with no room for favoritism or influence peddling. And once accepted these students must earn their spot every year. The bottom 5% low or non-performers should be deselected, that is, transferred back to regular schools. The expensive resources of these schools should not be squandered on slackers. This would also serve as a sobering reminder on those remaining. Additionally, the schools should admit sufficient number of new students at every level to further increase the competition.



These schools must also admit non-Malays, including foreigners. At present Bumiputra students compete only in the limited spheres of their own kind. Admitting non-Malays would stiffen the competition. To soothe Malay sensitivity, these non-Malays must bear the full costs. Exposing young Malays to other cultures would also better prepare them for the global marketplace. Bright Malay students must not be isolated from other races. In my survey of Malaysian students studying in America, those attending the competitive universities are more likely to come from mixed rather than exclusively Malay schools.

Students from affluent families must also pay full costs. With the extra funds these schools could expand their programs and facilities. If these schools must have any preference it should be for poor rural students. Thus, if the usual requirement is all A's, for rural children and for those whose parents are not college graduates, a B should get you in. And if they do not shine given the improved facilities they should be deselected at the end of the year. In this regard I find the present policy of Malay College having quotas for sons of "old boys" reprehensible. It is an affront to meritocracy.

I visited one of the elite residential schools recently and was appalled at the laboratory facilities. Experiments that used to be done by students in my days are now only demonstrated, for fear of breaking the limited supply of test tubes and beakers. Modern teaching aids are non-existent, except for a pathetically torn poster of the periodic table to remind one that this is a chemistry laboratory. The curriculum has been steadily downgraded with materials once covered now omitted. Consequently the students are poorly prepared for universities.

There is less need for these expensive boarding schools now that the country is more developed. A cheaper alternative would be to revert to the smaller, less expensive hostels attached to leading day schools to cater for rural students. This would also be less disruptive psychologically for these youngsters. And by having in-house supervising teacher to maintain discipline at all times, and with well-structured "study halls" or "prep time," these hostel students would do very well.

Yet another way to cut costs would be to make each residential school take in students from its immediate areas only. Thus Malay College would enroll students from around Kuala Kangsar, and Muar Junior Science College from around that town. The present practice of spreading students all over the country wastes money and time on travel. By reserving hostel facilities to out-station students only, these schools could cut their costs even more. Further, eliminat-

ing the two lower grades would expand the output without incurring much added costs.

Most importantly, these schools must have stable and dedicated leadership. It is simply disgraceful that Malay College had more headmasters during the last 25 years (since locals took over) than in its first 70. There was an instance when a local fellow stayed barely a few months, just enough to put an additional entry on his resume! The headship of these schools should be highly rewarded so that it becomes a highly-sought terminal appointment. The post should not be a stepping stone for a career educator on his way to be undersecretary for procurement at the ministry. The last expatriate headmaster at Malay College stayed for over a decade, until he retired. *He* left a legacy.

Visiting another leading boarding school recently, I was astounded that the principal could not name his current top students or the universities they would be attending. Obviously there is minimal personal or professional commitment from these modern Malay educators.

To support the headmasters and teachers, these schools must have equally committed local board of trustees. There is no point appointing prominent Malaysians living in Kuala Lumpur and who make only occasional visits to the schools. The country is fortunate now in having many outstanding Malaysians residing nearby. Appoint them. These local physicians, lawyers, and engineers would provide much needed leadership. They would also serve as valuable mentors to the students.

These expensive residential schools consume more than their fair share of resources. During this time of economic difficulty they cannot continue in their present form.

## Vocational Training

MALAYSIA must also have well-organized vocational schools patterned after the Swiss and German models for those not academically inclined. Students would attend classes in the morning and work in factories, hotels, or mills in the afternoon. The curriculum could be integrated with industries' apprenticeship programs. In Germany, these Dual System (DS—dual because students spent time at both places) are very popular with students and industry. It is not a dead end stream as students can continue on to technical colleges and even universities. Many Asian countries are trying to adopt DS with varying degrees of suc-

cess. Malaysia must pursue it with greater vigor, much more so than building new universities. These schools should also emphasize English, mathematics, and sciences. It is important that the curriculum be designed with input from industry rather than ministry educators. In this way changes in industries' demands and requirements are quickly adopted.

Making the curriculum relevant, meaningful, and with a high degree of practical orientation would help reduce the unacceptably high drop-out rate for those students who lack academic aptitude.

Malaysia should emulate America and mandate twelve years of schooling. America is now considering going further, to make two years of college the norm in recognition of the need for a highly educated work force. One potential drawback of compulsory education is that students who have absolutely no interest in learning end up as trouble makers and "polluting" the rest of the student body. This is a particular problem with American public schools as students are not streamed. It is not unusual to find students of vastly differing capabilities in the same class, the rationale being that the better students would help the slower ones. In practice, the teachers are so absorbed in catering to the slowest pupils that the whole process grinds to a halt. Malaysia can avoid this by streaming so students with similar abilities and interest share the same class. The remarkable success of American higher education system is partly attributable to this streaming. The crowd at Harvard is far different from those at Creekville State University. And both are needed by the nation.

America has dealt with "at risk" students by establishing continuation schools where the curriculum is less rigid. These students are taught less academic and more living skills, and in a more personalized fashion. Frankly, vocational and trade schools would be far superior alternatives.

The main purpose of vocational and non-academic streams is to produce what Robert Reich calls the "routine production services" and "in person services" workers. The former includes the traditional factory, blue collar, and clerical workers; the latter would be those in the service industry like hotels, hospitals, and security guards. Both these groups may appear insulated from global competition and standards, in reality they are not. If our "routine production workers" are not as productive or efficient as those in China or Mexico, multinational companies would not be attracted to Malaysia. Similarly with our "in person service workers." If our hotel waiters and tour guides are rude and cannot make the experiences of tourists pleasant and memorable, those tourists would choose other destinations the next time around. American clerical work-

ers are finding out that they are very much in competition with the rest of the world as when American Airlines recently moved its ticket processing operations off shore to Jamaica. With modern satellite transmission it matters not whether the processing is done in Timbuktu or Toledo, the data can be flashed back instantaneously. Major insurance companies too are shifting their claims processing offshore to Ireland, where it is much cheaper. The corollary to this globalisation is that if Malaysian workers are competitive, then the world is their market. There is no reason why Malaysians cannot do the back office work and database inputting for major American banks and brokerage houses. With modern telecommunication, the end of the globe is just as accessible as the next town. Because of these global implications, Malaysia cannot ignore the non-academic stream.

### Tertiary Education

MALAYSIA'S post secondary institutions are clearly not meeting the nation's needs. Consider these facts. Less than 7% of high school graduates go on to local universities. Impressive compared to Zambia, but not so great when we look at Taiwan or South Korea. Some 50,000 Malaysians study abroad, costing the nation over RM2.5 billion annually and severely aggravating the trade deficit. (The figures are considerably less now with the economic crisis.) Lastly, and perhaps the greatest indictment, employers rate local graduates unfavorably.

The universities are the source of highly valued workers for the "symbolic-analytic services," the ones who would solve the nation's myriad problems, execute its complex transactions, and keep the nation's institutions running smoothly—engineers, analysts, consultants, and accountants. Like the previous two categories of workers, they too are very much in the global mainstream except in a somewhat different form. Because of their superior skills they are in demand everywhere. Whereas with the "routine production" and "in person service" workers global competition would result in their losing their jobs, with the "symbolic analytic" workers, the country could lose them. The skills of software engineers in Bangalore are in great demand in India as well as in Silicon Valley, California. These workers are truly global in their perspective. If India cannot afford to pay them they will go to countries that will. Increasingly, that means the West.

One of the excuses for Malaysian universities not aspiring to greater heights is that their graduates would then be recognized by the First World, thus encouraging them to emigrate. The dean of a Malaysian medical school pointed out to me that graduates of India's leading schools end up in America, to the detriment of India. True, but that is a convoluted logic. Surely by producing quality products the nation would benefit in the end. Many of those who left would later return with enhanced experience and expertise. This contorted thinking is the underlying reason why Malaysian academics discourage English proficiency among their students. If graduates are fluent only in Malay, they will never leave Malaysia. Trapping by handicapping. Reminds me of the ancient Chinese custom of binding the feet of female infants so when they grow up to be wives they would not run away. Unfortunately, those tiny clumsy feet came in the way of being an efficient housewife. Similarly, trapping local graduates by limiting their English proficiency severely handicaps their future growth and development, to the detriment of the nation.

Local graduates suffer in many other ways for their poor English. The most significant of course, is their limited value in the private sector. And with the rapid explosion of knowledge there is no way translations would ever catch up even if the entire intellectual resources of the nation are devoted to that activity. Malaysian scholars fluent only in Bahasa would forever be at a significant disadvantage. International trade and finance, science, and technology are conducted in English. Eighty-five percent of the Internet traffic and the bulk of published materials are in that language. All these wonderful rich resources would be denied to those fluent only in Malay.

Our universities are also "Malaysianizing" professional qualifications, a particularly retrogressive step. It is one more attempt at discouraging local professionals from improving their English and acquiring recognized foreign qualifications. During my brief association with Universiti Kebangsaan (UKM) medical school, I was adamant that it did not develop its own specialty examination but to rely on well-recognized international qualifications like MRCP (Membership of the Royal College of Physicians) and FRCS (Fellowship of the Royal College of Surgeons). Unfortunately, UKM is abandoning that philosophy now in favor of its own invariably inferior Master of Medicine (MMed) diploma.

The rationale of Malaysian academics that these foreign examinations are "tough" and not geared for "local conditions" is nonsensical. There is little difference in managing an appendicitis on an Australian or a Malaysian. It is the

same operation and same antibiotics. The other more practical (but often hidden) reason is that local candidates fare poorly on these foreign tests. It was the rare trainee who passed at the first crack. But during my time, I introduced a rigorous training program similar to that of a typical American hospital: structured teaching rounds, seminars, and lectures. And all four of my trainees passed, including two who sat for the examination for the first time. One of the two was Freda Meah, now Professor of Surgery at UKM, and the other Dzulkifli Laidin, who later became head of the department and now a pediatric surgeon in private practice. During my year long association, these two trainees and a third, Yusha' Wahab, each managed to produce a scientific paper that was published in an international refereed journal. When young Malaysian doctors are rigorously trained and high standards set, they respond in kind.

The other major problem facing the country's institutions is that they are top heavy with academics, with emphasis on universities over technical colleges. This is misguided. For every engineer there should be four or five technicians and draughtsmen; for every doctor, a dozen nurses and allied health technicians.

The current fad of upgrading technical colleges to universities when the need for technicians and sub professionals are more acute aggravates the situation. Graduates of non-degree granting institutions like Tunku Abdul Rahman College (TARC) are in great demand because they fill a need. Their products are more useful and productive for the economy than the legions of liberal arts graduates produced by local universities. To their credit, TARC trustees resisted the frenzy of academic upgrading. They stick to doing what they have always done best, producing desperately needed sub-professionals and technicians.

Despite the clear and desperate need for scientists and engineers, the country's universities still grind out huge quantities of liberal arts graduates. The International Islamic University (IIU) does not even have a science faculty. It had only recently started engineering and medical schools. Commendably, IIU uses English. Its graduates are unique in that they are fluent in at least three languages—Malay, Arab, and English. A definite edge in the job market.

Similarly, with the nation severely short of English teachers, very few universities has departments of English. This glaring disconnect between reality and academia is obvious to all except the authorities and professoriate.

Because of these inadequacies private colleges proliferate. They prepare their students for a variety of foreign professional and technical qualifications or are involved in myriad twinning programs with foreign universities. These institutions are unlikely to lead Malaysia to academic excellence. Their primary mission

is that of feeder schools for their main campuses overseas. Besides, the quality of some of their parent institutions is suspect and their motives for setting branch campuses are purely monetary. In America, because of the flight to quality, many lesser known and marginal institutions have difficulty filling their classes. Foreign students, because they pay full fare, are particularly appealing to these struggling institutions. These are the very institutions that are keen on having academic partners in Malaysia in order to fill their campuses back home. It is unlikely that the likes of Harvards or Stanfords would establish twinning programs in Malaysia or elsewhere.

Many of these twinning programs are overly ambitious. One involving the University of Sheffield started a medical school. Less than three years later the program, despite strong state support, is in danger of folding and stranding its students.

Most of these private colleges are nothing more than glorified and expensive "tuition centers" or "cram schools." Few have amenities one normally associates with traditional colleges—athletic facilities, cultural, and other extracurricular activities. They are less academic institutions and more profit centers. The nation deserves better.

Recent changes in higher education (privatization, setting of private universities, reduction of the undergraduate years to three, and tax break for foreign professors) are merely *ad hoc* responses to immediate needs and demands. What is needed is a comprehensive review of both structure and content of higher education. Such an assessment exercise must have input from the private sector and leading academicians, foreign and local.

The 1997 privatization exercise for the University of Malaya was badly executed. The faculty was divided and non-academic staff bitterly opposed. These could have been avoided given adequate prior consultations and good faith bargaining.

In theory, privatization would empower and liberate these universities from the controls of Treasury and Ministry of Education. At present for example, all senior academic appointments are made by the minister rather than the university. Malaysia's academic community, long used to the command and control milieu of the civil service (and have themselves developed similar mentality), greets such policy with considerable anxiety. For successful privatization, the government must appoint to the boards of these universities distinguished Malaysians from the private sector. The present board members are mostly civil servants and politicians. I doubt whether these boards and the present cadre of adminis-

trators, unguided, could perform under the competitive private sector environment.

The government had also misguidedly granted charters for private university to Petronas (National Oil Company), Tenaga Nasional (Utility), and Telekom Malaysia. These companies lack expertise or experience in such matters. It would be cheaper and more effective for them to support and expand facilities on existing campuses. Besides, Tenaga Nasional would serve the country best by assuring no further blackouts and power interruptions rather than producing scholars and PhD's. There is no model anywhere of a private company successfully running a quality university.

A better solution would be for these private companies to provide generous endowments to a leading foreign institution to establish a university locally. The Malaysian University of Science and Technology (MUST), set up in collaboration with Massachusetts Institute of Technology, is one excellent model. My only criticism is that such a partnership is unnecessarily expensive as Malaysia is in effect paying a "franchise fee" for the academic glamour of the MIT connection. MUST would have to develop its own reputation anyway. It would be cheaper and more productive had Malaysia simply hired the best American academics and give them the resources to develop a fine university in the country. Alternatively, the private sector could endow generous professorships at local universities to enable them to attract outstanding scholars world wide. Arthur Andersen, the giant multinational consulting firm, recently endowed a Chair in Accounting at IU. Other companies should follow this fine example.

Reducing the undergraduate years to three was equally unwise. I cannot see how this would enhance the already poor perception of local graduates. At many elite American universities there is a trend towards graduating in three instead of the traditional four years. They do this by admitting students with "advanced placement," that is, students who have taken college-level courses at high school and not by reducing or diluting the curriculum. In the past Malaysia had similar "super fresh" students admitted directly to second year based on their superior performance at HSC examination.

American colleges are also expanding their inter-session or summer schools so students could accelerate their studies. Malaysian universities should similarly offer courses year round, making full use of their facilities and enabling students to graduate faster.

One cannot solve the problems of the universities without improving the schools. At present, large numbers of students are admitted into universities for



*matrikulasi* and *pra* programs. These are nothing more than sixth form classes. On some campuses these students constitute nearly half of the new registrants. Malaysian universities are squandering their limited physical and academic resources doing something that could be done more cheaply and effectively by schools. Whatever the initial rationale for establishing these classes they should now evaluate and possibly eliminate them. Schools must be upgraded to enable them to better prepare students for colleges.

Many of the country's universities have diploma programs. While this represented the optimal use of scarce and valuable resources during the early days after independence, it is time now to transfer them to technical colleges. Universities should concentrate on doing what other institutions cannot do, that is, education at the undergraduate, graduate, and professional levels.

Malaysian universities must also improve their undergraduate programs. It is widely acknowledged that local graduates have limited English proficiency. Why not make English compulsory, at least for the first two years? Local students are also commonly viewed as passive and compliant. To stimulate active class participation and to sharpen their verbal skills, have small group seminars. Such seminars consisting of 12-20 students are widely used on American campuses, with the students graded on their participation.

The caliber of the universities cannot be improved unless they attract the best talent. The present salary schemes are attractive only to those from Third World. To widen the pool, the remuneration packages must be significantly augmented. The recent policy of giving tax relief to foreign lectures is counter productive and unfairly discriminates against local citizens. That is no way to attract bright young Malaysians. It would be easier to simply raise the salaries for all rather than tinkering with the tax code.

At present, non-academic matters (hostels, staff quarters, loans) consume an inordinate amount of time and resources. Contract them out, thus freeing the administration to concentrate on academic matters. Many American colleges use outside vendors to serve these non-academic functions. Marriott, the huge food service company that caters for airlines, feeds many a college student. Put the whole business of student housing into private hands, eliminating the need for a deputy chancellor for housing. Let private contractors lease campus land to build and operate these dormitories.

In budgeting for a new university in Malaysia, the top items of expenditures are invariably administrative salaries, vice chancellor's residence, and dormitories. Only at the very bottom, almost as an afterthought, are funds for libraries and

laboratories. Often there is just sufficient money for an imposing building, and the faculty would be left to beg for equipment, supplies, and teaching assistants.

Malaysia is rushing to build new universities without pausing to learn from each one. As a result the same mistakes are repeated, and they call that experience. While ample funds are provided for new campuses existing ones struggle, with libraries not expanded, laboratories not updated, and astounding in this "hi-tech" age of multimedia super corridor and computers, students still queuing to register. Each new campus cannibalizes resources and personnel from already strapped existing institutions. These new campuses are also very distracting with their flurry of recruitment. Local academics are so busy polishing their resumes that they neglect their basic work of teaching and research.

This point was vividly demonstrated recently when a former dean at one of the established universities was on sabbatical leave in America. He readily admitted to not doing any scholarly work for the past decade, busy being dean, department head, and deputy chancellor. Only towards the end of his tenure did he belatedly recognize the need to upgrade his scientific skills, modern concepts and techniques now alien to him. Many young Malay scientists and academics are unfortunately distracted and seduced into taking these administrative positions thereby stunting their professional development. I do not blame them for often that is the only way for promotions and salary increases.

## Products of the Educational System

Clearly much needs to be done to revamp the educational system. The process must start at the earliest level (preschool) and work up to the universities. I am reminded of the experience of my youth in helping my grandfather clear the stream prior to rice planting. We would first go to the headwaters and clear the rivulet at its very source. Once flow is established, the momentum of the flood would help clear the debris further downstream. The water would also soften the bed making it easier to widen or alter the channel.

So it is with clearing our clogged educational system. If we can better prepare our young at preschool, they would do well at primary classes, which in turn better prepares them for high schools. And good high school students make good undergraduates.

The quality of a system is reflected in its products, the young men and women they graduated. That something is not right is self evident. Fewer and

fewer of the students, especially Malays, end up at competitive universities. In many of the country's major projects, be it Petronas Towers or Light Rail System, few local professionals are involved. The expertise is almost all from abroad. Major employers, especially multinationals, complain of the lack of qualified local personnel. The nation's younger diplomats, the product of the educational system since independence, just don't cut it. Myriad other examples come readily to mind.

In the recent Third International Mathematics and Science Study (TIMSS), Singapore and Czech Republic were tops, with America somewhere in the middle. Malaysia did not participate. Most revealing were the reactions of the various officials. In America, there was much hue and cry and public debate. Singapore's education minister meanwhile was busy studying the leading American schools. When it was suggested that perhaps maybe Americans should be learning from him, his response was instructive. Singapore's students are good at taking tests, he said, but are woefully deficient in problem solving or being creative, unlike American students. The Czech minister was equally critical of his schools for being too performance oriented. These obviously capable ministers were not content with resting on their laurels. They are constantly striving for improvement and learning from others. Contrast them to Malaysia's leaders who are forever bragging about the country's schools being the best in the Third World and Malaysia being a center of educational excellence.

Not too long ago I met a trust officer from a Malaysian bank who was visiting America. He was flaunting the portfolio under his management, fairly substantial. He also showed me the financial assets (not cash) he was carrying on his person, equally sizable. I inquired why he did not simply wire the funds and save on the "float." He appeared baffled and could not get my point. In his case, during the two weeks he was traveling, the interest accrued on the funds he was carrying could have easily paid for his trip and more. He was also mystified by compound interest, although he could easily figure it out by using his pocket calculator. But the concept of "interest on interest," the basis of compounding, seemed to elude him. And the man was managing millions!

I am also amused by the accusation of Anwar Ibrahim that Daim Zainuddin, a former finance minister, purportedly carried a billion in cash in his briefcase to be deposited in a Zurich bank. Frankly, I was stunned by the stupidity of the charge. If indeed it was true, then Daim is not much of a money man. The loss of interest alone during the long flight would have been substantial, not to mention the risk of plane crash and robbery. The accusation was so ridiculously stu-

pid for yet another reason that it could not possibly be true. Even if the cash was in RM1,000 denomination, Daim would need a huge sack, not a briefcase, to carry them. Obviously this brings to mind Anwar's understanding of cash management and computational skills. When one is dealing with a few thousand dollars, a few idle months or decimal points on interest rate matter little. But with hundreds of millions or billions, one wants the interest rate quoted to fifth or even sixth decimal point. And days, if not minutes, translate into substantial interest costs. In the transaction to buy a hundred million dollar plane, no one carries checks. The funds are transferred instantaneously via computer. No "float."

As noted earlier, many of these administrators, like the trust officer and Anwar Ibrahim, are liberal arts graduates of local universities. They have the numeracy skills of an American Grade 10 student. Slightly complicated computations (like the number of ringgit notes to make a billion) and concepts of higher finance elude them.

Perhaps the best way to illustrate the difference between Malaysia and America towards educating their young can best be illustrated by the following scenario, with the characters the product of their respective educational system.

An exalted Malaysian ruler stepped out of his palace and commanded: "It is dark today."

His assorted hangers-on quickly gathered, and one timidly whispered: "Fetch an umbrella, our beloved highness must not get wet."

Chimed another, not to be outdone: "Our ruler is truly a wise man. He can predict the weather!"

Chirped a third: "Our ruler must be thinking of his loyal subjects, how they suffered during the last flood. We must warn them ahead this time."

At least this third underling was using the information and planning ahead. Now to America.

The President stepped out of the White House and observed: "Gee, it's dark out, let's cancel the ceremony!"

"The people have waited a long time for this, sir" responded his young aide.

"The press has been critical of your accessibility lately, Mr. President" reminded another.

"Take your sun glasses off, it's actually sunny and nice!" observed a third.

If one is betting as to which society would progress faster, which would one choose? The non-fawning American aides may sound impudent and disrespectful to Malaysian ears but they get the job done. What Malaysia needs are precisely those kinds of workers, and the educational system must be reformed to produce them.



## Chapter X

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### Seventy Million Malaysians

A COMMON feature of developed societies is their slow population growth despite the lengthening life span of their citizens. Typically, the rate is around 1% annually, compared to over 3% for poor countries. This low rate is directly due to reduced birth and fertility rates, typically below 10 per thousand and under 2 per thousand fertile women, respectively. The comparable figures for undeveloped countries are high 20's and over four.

A growth rate of 3% versus 1% means a three-fold (or 300%) increase. Malaysia's population growth and birth rates have declined only minimally over the past few decades, hovering just under 3% and 27 per thousand respectively. On further analysis, the patterns among the different racial groups are striking. Between 1991-95, Malays expanded at 2.9% per annum, while the comparable figures for Chinese and Indians were 1.3% and 1.5% respectively. This high Malay growth rate is directly due to increased fertility, with a rate of 4.5 per thousand, more than double that for non-Malays. Thus Malays have growth rates typical of Third World and non-Malays, First World.

This link between low population growth and economic prosperity is evident in China. It is only now beginning to enjoy some semblance of prosperity and material well-being. For once the Chinese are free from fear of famine and mass starvation. This prosperity is the result of their highly successful one-child policy. An economy must grow as fast as the population just to keep pace. A population growing faster than its economy is a sure recipe for a declining standard of living.

Economic expansion, per capita income, and population growth are all inter-related. Per capita income is the gross national income divided by the number of people. With fewer people (smaller denominator) the per capita income would be larger given the same national output. Malaysia's economic growth during the past few decades is only slightly lower than that of Singapore, but because of Singapore's lower population growth, its per capita income far outstrips Malaysia's.

There are those, among them Prime Minister Mahathir, who believe that people are necessary resources and engine for economic growth. Thus more people, more growth. This is the basis for Malaysia's Project 70 million, where it hopes the population would be by year 2040. With a large domestic market, industries and manufacturers would achieve economies of scale and the resultant efficiency would enable them to compete effectively abroad. That is Mahathir's rationale.

Unfortunately there is no empirical evidence to support such a contention. There is no country anywhere that has experienced high population growth and economic prosperity simultaneously. It is easy to fall for the simplistic logic of Mahathir's argument. To the simple villager the more bodies, the more land that could be tilled and more rice planted. Hence the seemingly obvious causal relationship of more workers equals more rice (economic) output.

But as Porter so rigorously points out, the key to economic prosperity and a sustained high standard of living is not simply economic output or growth per se, but the increasing and continued productivity of workers. Ten farmers may produce ten times more rice and thus increase the economic output ten-fold. Unfortunately, the production per farmer remains the same; hence there would be no corresponding increase in productivity or standard of living. However, if one farmer by using modern techniques (high yielding seeds, effective fertilizers, and efficient tractors) can produce ten times more rice, then his productivity has increased ten-fold, and so is his standard of living.

That is the success story of American farmers. In 1900 it took 20 farmers to feed one hundred mouths, now it takes only two or three. American farmers are tremendously productive and efficient. They are better trained, use modern machinery and high yielding seeds. The typical farmer has a degree from the local state university and millions worth of farm inventory. He is also supported closely by the extension department of the nearby agricultural college.

This distinction between economic growth due to increased productivity and growth from merely more input (extra workers or capital) was persuasively ar-

gued by Paul Krugman, the MIT, Boston, economist. In a widely read 1994 article, he predicted that the much ballyhooed miraculous growth of Pacific Rim countries, Malaysia included, cannot be sustained. At best those were only one time achievement, the result of "perspiration, not inspiration." He noted the lack of sustained increase in productivity of workers in these countries and compared their economies to that of the Russian republic. When he wrote that Asia was basking in the glory of high economic growth. His views were thus widely ridiculed. Lee Kuan Yew, the former prime minister of Singapore, sniffed and smugly dismissed Krugman for daring to compare Singapore Airlines (a highly successful enterprise and widely acknowledged for its superior service) to Aeroflot (famous for its grumpy crews and unreliable schedules).

Now with Asia reeling, Krugman's views are not so readily dismissed. In fact he was singularly prescient. Even Singapore is belatedly realizing the wisdom of his observation and taking appropriate steps to increase the productivity of its people and economy.

Economists have elegant formulas linking economic output, physical capital, and labor in the "production function." They are linked by a constant ("productivity factor"), which is dependent on a number of variables including the skill of the labor force, the level of technology, and the legal and economic environment. On a qualitative level the concept is easily understood. One American farmer with a tractor can produce considerably more than one Chinese coolie with a bucket and hoe (higher technology). Similarly, two workers with one tractor would produce more than one worker with a single tractor (more labor input) as the machine could then be operated almost continuously. American farmers with access to crop and flood insurance can weather adversity better than Asian farmers left to the whims of nature (legal and economic environment). Quantitatively, modern economics is heavy into calculus, with logarithmic functions, differentials, and exponentials. Fortunately one does not have to understand fully the intricate mathematics to follow the analysis.

When Malaysians were primarily rural dwellers living on subsistence and outside the money economy, the financial burden of a large family was minimal or not readily felt. With extended families the burden of child rearing was shared. Living off the land the more bodies, the less work. Besides, with high infant mortality and shortened life span, high fertility did not translate to large population. But with better health care and the consequent decreased infant mortality and increased longevity, the population increases rapidly with high birth rates.



In a modern money economy large families are a financial burden. As any parent knows, it is much more expensive to raise five children than two: extra clothing, shelter, and food. And when they are ready for school the expenses just explode: books, uniforms, and transportation.

In United States it is estimated that for a child born in 1997, it costs cumulatively about US\$300,000 to raise to age 18. The cost is considerably more for higher income families with their more expensive tastes. The marginal costs of additional children are reduced by about 25% each. That figure does not even include the most expensive item of all—college costs which can easily exceed over US\$120,000. An even bigger consideration, though more abstract but no less real, is the foregone income of the mother. American mothers commonly put their careers on hold while bringing up a child. This loss of income is also an expense item. Malaysian mothers typically return to work sooner and leave child rearing to maids, thereby reducing the income loss. The comparable costs of child rearing in Malaysia are considerably less but as the country develops and more women enter the work force, these costs would surely increase. Children are expensive, and therefore very precious.

There are of course other emotional and non-quantifiable rewards for having children. Economic analysis can sometimes be carried to absurdity. From the economist's point of view, the birth of a calf adds to the GDP—through increase beef and milk production—but the birth of a child reduces per capita income! In developing societies children are regarded as "producer goods" to augment the family's income; in developed countries they are "consumption goods"—cost items—hence smaller families.

Historically, especially in Asian societies, children are considered their parents' old age security. More children, more secure retirement years. Hence the traditional resistance to family planning.

## Economic Impact of Low Birth Rates

ON A broader level, the benefits of family planning and slower population growth can be readily demonstrated. Assume that as of today, Malaysia has an effective, cheap, and readily available family planning program. Within a few months the country would see the immediate positive impact. With fewer pregnancies there would be reduced hospitalizations for such complications of early

pregnancies as miscarriages, bleeding, and ectopy. These are just the beginning of the savings.

Nine months later, the resultant reduction in the number of births would incur even greater savings. In America, the costs for a normal delivery is about US \$4,000. Then there are the costs of caring, immunizations, clothing, and toys. With fewer births the country would save, cumulatively, a hefty sum. Six years later, with fewer children there would less need for teachers and classrooms—major budget items.

The savings are additive. And they begin with having fewer pregnancies. The money thus saved could be diverted to building better homes, roads, schools, and other amenities. These facilities would also be less crowded. Spared a respite from having to frantically keep up with the burgeoning population, perhaps the government could afford smaller classes and single session schools.

For the individual family, fewer children will result in immediate improved living standards: the same family resource now concentrated on fewer dependents. Grandparents, instead of being inundated with scores of grandchildren, can shower their affections on the few. Perhaps they can then remember their grandchildren's names and birthdays. Children from small families generally receive better nurturing—more attention and increased social stimulation—all of which contribute to their healthy physical and emotional growth. It is not surprising that children from such families tend to have higher IQ's than those from large broods.

With special privileges, the costs of child rearing are hidden or subsidized for Malays. Those who are carried, goes a Nigerian proverb, do not know how far the town is. Insulated from economic realities Malays generally have large families. The pervasive and pernicious habit of Malays having more than one wife aggravates the situation. If Malay parents were to experience what an average American (or non-Malay) family went through in providing for medical care, clothing, and education for their children, Malays would definitely be disinclined to have large families.

The ostensible reason Malays give for having multiple wives is to emulate the holy Prophet. It is pathetic that of all the sterling qualities of our holy Prophet—his enterprising skills, generosity, and leadership—modern Malays choose to imitate this particular trait. When Prophet Mohammad had multiple wives, it was an expression of his charity, a means of taking care of widows and orphans during times of social stresses. A very noble gesture, very unlike the prapic propensities of present day Malays.

Visitors to present day China are rightly impressed by the well-fed and healthy-looking children. With the one-child policy mercilessly enforced, Chinese children are precious. Hence they are adoringly taken care of by their parents and grandparents. In fact, these overindulged children are often referred to as "little emperors," their every whims and needs catered. What a difference from a mere generation ago when they had to fend for themselves, starvation and abandonment were grim realities.

Malaysia does not need such a strict and crude policy like China's. All it needs are readily accessible family planning clinics providing reliable and affordable contraceptive services. Malaysians are sufficiently well educated that they need not be coerced. They can be readily convinced on the merits of family planning.

Iran, a favorite model for Malays, is only now realizing the errors of its previous high growth policy. Following the 1979 Islamic Revolution, the Ayatollahs decided to have an instant Islamic generation and encouraged their citizens to breed. The marriage age was lowered to an absurd 9 years and family planning banned. Iranians responded enthusiastically, procreating prolifically such that by late 1980's they had the highest growth rate in the world, nearing 4% annually. The massive slaughtering of its citizens in the war with Iraq did not dampen the pattern. Now, unable to feed, house, and educate the masses, the mullahs belatedly reverse course. Today every Iranian must pass a course in family planning before being given a marriage certificate. Contraception and sterilization, heavily subsidized, are readily available. Most importantly, the mullahs have spread the word in their sermons and preaching that family planning is no longer the scheming of Western devils but a decidedly sensible policy.

There are other very good medical reasons for family planning, or at least spacing births. Infants conceived between 18 to 23 months after the last childbirth have lower risks of perinatal complications. They are less likely to be underweight for their gestational age or have low birth weights. They also have less risk of premature births. In primitive societies nature has taken care of this problem culturally, as babies are breast-fed which delays the mothers' return of menses. But with pseudo modernization and mothers abandoning breast feeding in the misguided notion of being "sophisticated," fertility returns very quickly after delivery. Thus contraceptives are needed to delay or prevent conception.

Coercive family planning policies can also be counter productive. A generation ago Singapore essentially forced contraception on its citizens. It was so successful that now it is desperately trying to reverse gear to stem further decline in the population. But people, unlike farm animals, cannot be bred and furloughed

at the whims of their masters. In China similar harsh and rigid policy breeds evil consequences. With the cultural preference for a male progeny, the old gruesome practice of female infanticide is resurfacing. And with the ability of ultrasounds to detect the sex of fetuses, late term abortions of female babies have reached horrifying proportions. If this trend continues China will one day be populated with males only. That would be the ultimate population control. The uncompromising and overbearing implementation of its one-child policy frequently resulted in severe affronts to human dignity. The resultant dehumanizing of fetuses and deformed babies further desensitizes the nation.

Many societies have succeeded in slowing their population growth without resorting to intrusive and offensive policies. Western societies in particular, see no need to be coercive. Sri Lanka, a Third World country, also succeeded in reducing its growth through gentle persuasion. The sudden decline in fertility, referred to as fertility transition, is seen in other poor countries. Bangladesh, a Muslim country, experienced similar fertility transition, again without the government resorting to crude policies. It simply increased the availability of contraceptive and health services to rural women. Bangladesh has a cadre of trained peasant women dressed in full Islamic attire going into villages dispensing health and family planning advice and giving out contraceptives. Bangladesh radio runs daily programs on health and family planning. Its Grameen Bank ties its "micro-credit" lending policies to their grantees promising to have small families. All these initiatives help.

If Malaysia had grown at First World rate since independence, its population today would be about 13.5 million, instead of the present 22. Assuming the same economic growth, the country's per capita income would have risen from RM 1,106 in 1970, to RM 15,600 in 1997, instead of the present RM 9,600. Quite a difference. Imagine how pleasant life would be in Klang Valley with a smaller population, compared to the present congestion and pollution.

## Population Growth and Worker Productivity

ECONOMIC growth and increasing standard of living are predicated on the continuous improvement in worker productivity. Rapid increase in population, by providing a ready source of cheap labor, is a disincentive for companies to upgrade the productivity and skills of their employees. There is little need to invest in efficient earth moving equipment and train skillful operators when there

are thousands of cheap *coolies* readily available. Unfortunately, the economy as a whole is not significantly advanced through such strategies.

That is precisely what is happening to Malaysia's two basic industries—rubber and palm oil. With cheap immigrant labor from Indonesia and Bangladesh, there is no incentive to modernize. Rubber is tapped and palm nuts harvested in exactly the same labor intensive ways as they were a century ago. Had the supply of cheap labor been restricted, industries would be forced to innovate. Perhaps trucks with hydraulic ladders would be designed to harvest palm oil. American agriculture has to mechanize and be more efficient precisely because labor is expensive.

Similarly with the construction industry. Malaysia's building sites have minimal labor-saving and efficient machinery like conveyor belts and mechanical lifters, again because of readily available cheap labor. These unskilled workers are inefficient in other ways too: unacceptably high industrial accidents and poor workmanship. In the long run they are not cheap.

The assumptions behind Malaysia's 70 million policy must be re-examined and critically analyzed. For if that policy is wrong it cannot be easily turned back, as the Iranians are now finding out. Increased population may not usher in the hoped-for prosperity and rising standard of living. It would most likely aggravate pollution, congestion, crime rates, and other social ills. Mahathir is aggressively advocating rapid population growth in the mistaken belief that a large domestic market is a prerequisite for manufacturers to expand and compete globally. The fallacy of this assumption is clearly demonstrated by Switzerland and Sweden. Despite their small domestic markets, their companies are highly efficient and competitive. Nestle, Ciba, and Saab are premium brand names worldwide.

Mahathir argues that Malaysia's population density is considerably lower than its neighbors and it can therefore absorb a higher growth rate. It is somewhat disconcerting that he would look to Indonesia and Thailand as shining examples to emulate. If anything those two neighbors should remind Malaysians of what *not* to do. Malaysia rightly points to many advanced countries (Japan, Western Europe) that have dense population to buttress its argument for a bigger population. True enough, but those countries have very low levels of population growth. Their fertility rates are just above replacement level. It is their low rate of population growth, not the density, that enables them to enjoy their modern and comfortable lifestyles.

From the business perspective, it is not the size of the population that matters, rather its buying power. There is no correlation between the value of a market and the "body count." There is not much market for consumer products or services (except perhaps charity) among 17 million starving Somalians. Australia, with a similar-sized population, is a highly sought market. Their affluent consumers have more buying power than 125 million destitute Bangladeshis. In 1995 Malaysia's trade with Australia totaled RM 8 billions; with Bangladesh, negligible, except for remittance of its workers. I do not see many multinational corporations rushing to establish beachheads in such markets as Bangladesh or Egypt despite their huge populations.

Mahathir's iconoclastic view on the economic benefits of a large population is shared by few. The assumption that a country's inhabitants are assets, not liabilities, is true only if they are productive and contribute to the economy. But if they are unhealthy, poorly educated, and crime prone, then they are significant liabilities.

## Population Growth and Pollution

THERE is a vicious circular relationship between poverty, high population growth, and degradation of the physical environment. Each factor aggravates the other two. The Indian sub-continent and Sub-Saharan Africa are but two tragic reminders. Of the three elements, the one that would be the easiest to intervene and that would have the most immediate impact on the other two, is population control.

Malaysia's 70 million people policy was conceived without much serious and critical discussions. Why 70 and not 100 million? I doubt very much that the figure was arrived at after much rigorous analyses or sophisticated econometric simulations. Rather it was probably picked simply because the number 7 holds a particular superstitious mystique among Asians. I am surprised that Mahathir did not choose 77 million. It would be doubly auspicious.

The explosive population growth of Third World countries has been likened to that of bacterial colonies or cancerous tumors. Bacteria proliferate exponentially, as long there are sufficient nutrients. When those are gone, the whole colony disintegrates rapidly. Similarly, cancerous growth ultimately results in the demise of the host body, and the tumor itself. Societies with rapid population growth are similarly stressed. Diseases like AIDS and influenza exact far greater

toll in Third World than in the West. Natural calamities—earthquakes, floods, and volcanic eruptions—claim thousands when they occur in Third World. Earthquakes in California are remarkable for their low casualties. With their developed economies, advanced countries can design better buildings and enforce stricter building codes. Their well-educated citizens, with superior communication facilities, are better prepared to handle such disasters.

High population growth by itself is not necessarily detrimental. Rather, it is uncontrolled or unmanaged growth that is disruptive. Because of liberal immigration policy, United States and Canada have relatively high rates of increase (though not as large as Third World). But that growth is manageable and controlled. Very much like the growth of an embryo or a baby, rapid but systematic and purposeful.

With Malaysia's current (1998) population of 22 million, Kuala Lumpur is already unbearably congested, paralyzed with traffic, and severely overwhelmed with pollution and garbage. Imagine the city triple its population.

Before Malaysia considers expanding its population it must first do a better job of looking after its present citizens. The school drop-out rates, especially in east coast, Sabah, and Sarawak are shocking. The country is regularly afflicted with such preventable diseases like cholera, malaria, and dengue, reflective of an appalling standard of public health. Water supplies are regularly interrupted, this in a country with generous rainfall. Malaysia cannot even manage the social ills of its current population. It is not coincidental that these maladies disproportionately affect Malays, the group with the fastest population growth. If Malaysia struggles to solve these problems now while the country is enjoying a robust economy, what hope is there when it experiences the inevitable downturn? And with triple the population?

A generation hence, Malaysians who grew up in the row houses of Bungsar would not be content with living under similar condition, with only the ceiling fan and a single phone line, just like their parents before them were not satisfied with living over the stores or in wooden stilt houses. These future citizens would want detached bungalows, probably with swimming pools in the backyard, central air-conditioning, and separate phone lines for computer, fax, and teenagers. As society progresses, expectations rightly increase. If Malaysia has difficulty coping with the present demand, how can it ever hope to cope with the heightened expectations of an enlarging population?

## New Immigrants

APART from the high rate of natural growth, Malaysia is also inundated with recent immigrants, legal and otherwise. Between 1991-95, the number of foreigners grew at the explosive rate of 12.5% annually. No country, no matter how advanced economically, socially, and culturally, can absorb and smoothly assimilate such rapid increases. At last estimate, Malaysia has over two million aliens. On a proportionate basis, that would be the equivalent of United States having 25, instead of its present 2-3 million. Even with this far lower number America, with its much larger and more efficient economy, is experiencing severe social stresses and strains accommodating these foreigners. California, the richest state in the union, is feeling the impact on its schools, social and health services, and criminal justice system. Imagine Malaysia with its more limited resources dealing with a much larger foreign population.

It is naive to think that these foreigners would meekly and willingly return home once their contracts expire. Consequently, Malaysia can expect the social impact of these foreigners to last for decades, if not generations.

Ironically, those opposing these foreign workers are mainly non-Malays, who were once immigrants themselves. Surprisingly, Malay politicians who were indignant of the British bringing massive numbers of Chinese and Indians early in the country's history are the most enthusiastic in having these unskilled foreigners. I can understand the parochial interest Malays have for bringing in Indonesians. We share the same religion, culture, and language. Their assimilation would thus be relatively painless and easy. In fact, shortly after independence there were concerted efforts at encouraging immigration from that country to balance the racial calculus in favor of Malays. But I fail to see any similar advantage in having unskilled Bangladeshis. Their integration would be that much more difficult. This is not racism but simply a reflection of realities. Even with the Indonesians there are considerable difficulties in absorbing them.

Non-Malays see these foreign workers less as assets and more as liabilities. Non-Malays, being the major taxpayers of the country, readily see the burden imposed by these foreigners. Similarly in California, those most opposed to new immigrants are White middle class citizens, the economic backbone of the state. They see their precious tax dollars being wasted on these newcomers (schools, clinics, police) and conclude that whatever the economic advantages these foreigners confer, they are not worth it.



Malay politicians-turn-businessmen favor these foreign workers for their unsophisticated businesses: lucrative timber concessions, highly profitable public work contracts, and valuable land grants. These "Pernas entrepreneurs" have no expertise or long term interest in modernizing their companies. They are competitive only because of the meager wages they pay. They do not contribute much "added value" to the economy. Even their capital is provided by the state. These are the very enterprises Malaysia should be discouraging. Depending on cheap labor as a competitive advantage is risky and unwise. It makes one extremely vulnerable as there will always be someone, somewhere who would be willing to work for even less. China is using forced prison labor for free. Try undercutting that!

Many present day immigrants to the West are highly skilled, well educated, and affluent individuals. Thus they contribute greatly to the economy of their adopted land. Many of the emerging enterprises in Silicon Valley are started by these foreign-born new Americans. In striking contrast, nearly all foreign workers in Malaysia are unskilled and from the bottom of the socio-economic pile. They are not likely to enhance the economy. The overwhelming majority of permits are for unskilled construction workers and domestic help. These are not exactly the type of workers who will propel Malaysia into the next millennium. And the nation is paying a considerable social price for having so many of them.

If Malaysia must have foreigners they should be the talented scientists, engineers, musicians, and artists. At least they can then impart their skills and talent to local populace. Foreign maids contribute nothing except to make Malaysians feel smug and lordly superior. With a generation of young Malaysians brought up by nannies no wonder they disdain hard work and honest physical labor. The solution to the country's household help problem is not to import more Indonesian maids, but to modernize homes with washing machines, vacuum cleaners, and microwave ovens; and to have professionally run day care centers.

In California, where both parents usually work, it is the rare family that has a full-time in-house maid. Most have someone coming one morning a week to help with the general cleaning. Full-time domestic help is expensive as employers have to provide social security (equivalent to Malaysia's Employees Provident Fund). The lady who helps part-time in my house has a son at university. More importantly, I do not consider her a servant, rather someone who helps my family. My children still have to make their own beds and do their own laundry. Doing laundry is no big deal—simply putting dirty clothes into the washing machine.

Mahathir rightly condemns the British for bringing in massive influx of foreigners to Malaysia during colonial times. In part, he assigns the root of the current Malay economic dilemma to that flood of immigration which he refers to as "...the single most important change in the Malay environment...next to Islam." A century later, Malaysia is still trying to resolve and define the Malay/non-Malay relationship. It remains the focus of many economic, social, and political deliberations. It is ironic that Mahathir would, for similar short term economic reasons, repeat the mistakes of his British predecessors by bringing in yet more foreigners. Malaysia should expect new and even more dangerous dynamics injected into its already complex race relations in the future.

For Malaysians (Bumiputras in particular) to prosper, they must emulate the qualities and characteristics associated with successful and developed societies. One such important feature is low fertility rate, small families, and the consequent slower population growth. Within Malaysia, communities that have these First World demographic traits, primarily non-Malays, enjoy high standards of living. In contrast, Malays, with a Third World growth and fertility rates, have corresponding Third World living status.

## Chapter XI

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### The Subsidy Mentality

THE PARKING lots of government buildings are packed with late model, expensive cars. The costs of many of these luxury sedans easily exceed the annual income of the highest paid civil servant. One wonders how these public servants could afford such extravagances. In many Third World countries the immediate thought would be corruption. But Malaysian civil servants are relatively honest and well-paid, and they could all afford cars though not necessarily those high-priced models.

Let me review the financial status of the average civil servant. Typically he is a Malay who went through university on public bursary, courtesy of special privileges. Thus he has no worries about student loan repayments. Nor does he have much concern about saving for his children's education. Most likely they too will get scholarships or generous loans through such agencies as MARA. Those expensive cars are also bought through the generosity of government loans. While commercial car loan rates may be in the high teens, these public servants get theirs, thanks again to public subsidy, at a fraction of that. Senior civil servants need not bother with loans at all. They are simply given luxury limousines and generous allowances to operate them.

But the biggest subsidy of all is for their homes. Public employees get highly discounted mortgages, to the tune of five to seven basis points. On an average loan of about thirty years, that represents a subsidy equal to twice or thrice the size of the loan: several hundred thousand ringgit. While average citizens have to put up hefty down payments, these lucky civil servants get by with the bare minimum. To sweeten the pot further, their homes are on prime public land

sold, again, at far below market price. Those who are not homeowners are provided government quarters. For high officials these quarters are in fact elegant mansions on huge lots, located in the most desirable part of town. On the open market such homes would lease for RM 8-10,000 per month, but these lucky top public servants pay a mere fraction. To top it off, the landscaping and maintenance are taken care of by the Public Works Department, right down to the mowing of grass and unclogging the drains.

Unlike other Malaysians who have to worry and save for such major expenses as housing and their children's education, these fortunate public employees are spared such concerns. Nor do they fret about their health care or retirement. These too are generously taken care. Their salaries are thus their disposal income, except for taxes. Hence they splurge on conspicuous living: lavish weddings and expensive lifestyles.

These perks cost the public a bundle. The government rationalizes them on the need to attract capable talent into public service. Fair enough. While it is true that it has difficulty attracting and retaining professionals (doctors, engineers, and scientists) there is no shortage of general administrators. Every year thousands vie for these openings. With a glut of applicants one would think there is no need for extra inducements. For many (graduates in Malay Studies, History, and Islamic Studies) the public sector is their only avenue of employment. Even if the salaries were halved and the perks discontinued, there would still be a flood of applicants. And few would quit. It would have been smarter and considerably cheaper for the government to restrict these expensive perks on hard to get, and harder still to retain, professionals. Handing out attractive benefits for easy to get administrators is akin to a farmer fertilizing weeds—*membajakkan lalang*. Totally wasteful.

Apart from the direct costs the government is saddled with the burden of running these superfluous ancillary services. There is actually a federal bureaucracy to take care of government houses and loans, activities that could be done by real estate companies and banks. Senior civil servants themselves are distracted by these trivial details. Milton Eisman, the Harvard expert hired by Tun Razak in 1970 to spruce up the public service, was dumbfounded to discover that at official meetings of the nation's top civil servants, the hotly discussed topics were often such inconsequential items as who gets which prized housing!

More important than the expenses is the corrosive effect these subsidies have on their recipients. Spared of the need to save, these individuals do not develop prudent economic habits. They squander their income on consumable and friv-

olous luxuries. They are consumers rather than investors and savers, with the consequent negative impact on the economy. These subsidies also insulate them from realities of the marketplace. gyrations in interest rates are of no personal concern to them as their mortgage rates are fixed and subsidized. Similarly, fluctuations in exchange rates have minimal impact as their children abroad are on scholarships. No wonder the policies they make often bear little relevance to the real world.

Even more pernicious is that these individuals would, through their daily actions and behavior, transmit these extravagant and wasteful values to their children. When these children become the next generation Malaysians, they too would expect and demand these perks and subsidies as a matter of right. An attitude of expensive entitlement bred early. Hardly a trait that makes them competitive.

## Corporate Welfare

THESE benefits to civil servants represent only one of a myriad of subsidies and public largesse dispensed to various favored groups. Prime public land, lucrative timber concessions, monopolistic licenses, and valuable corporate assets are routinely given away at obscene discounts. Often these valuable properties are appraised ridiculously low by civil servants who are totally ignorant of their true market value.

Take the common example of timber concessions. In Malaysia these are truly manna from heaven. Vast tracts of jungles would simply be given away with absolutely no realistic valuation. In contrast, in 1979 the American government auctioned off its vast lumber holdings in Oregon. Because of open bidding, with buyers from all over the world, the final sales were ten times the best official estimate. Thus even American officials who are vastly more knowledgeable (many having degrees in both Forestry and Economics or Management) have difficulty assessing the true market price of an asset. Imagine how realistic the valuations in Malaysia are where civil servants could not even differentiate one tree specie from another. No wonder Malaysian timber merchants are instant millionaires. They have been given, by their government, pearls for peanuts. It's better than winning a lottery.

A few years ago Malaysia sold its controlling interest in the national airline, Malaysia Airlines (MAS—its corporate crown jewel), to Tajuddin Ramli, a polit-

ically well-connected businessman. Again, there was no competitive bidding. Granted, he paid a premium over prevailing market price, as expected for a controlling interest. But what was unknown was how high that premium should be. Perhaps another Malaysian or even a foreign airline seeking to expand in the region would be willing to pay an ever higher price. Only through the process of open market and competitive bidding can one determine the true value of those controlling shares. If all the bids were within range then it would certainly make sense to sell the company to a Bumiputra rather than to a foreigner. But if the foreign buyer offered substantially more, then the difference between the bids would represent a subsidy to Tajuddin Ramli. It would be the same as if the government were to simply write a check for the difference and handed it to him.

Prime Minister Mahathir frequently cites with considerable pride that in Malaysia a son of a paddy farmer could own an airline. Well yes, but only with considerable help from a friendly government. That one Bumiputra certainly benefited from Mahathir's policy. Left unsaid was the price the rest of Malaysia was paying for Tajuddin Ramli's bounty. Suppose that American Airlines had outbid him by a few hundred million more. Imagine how many more Bumiputras would have benefited had the government accepted the foreign bid and used the funds for scholarships and schools. MAS is only one such example. There are numerous other instances of public assets involving mega sums of money similarly squandered, enough to wipe out poverty in the country.

Yet another recent example, this one personally close to the prime minister, involves a shipping company, Konsortium Perkapalan (KP), controlled by his son Mirzan, a businessmen with considerable experience and impeccable qualifications (Wharton MBA). During its heyday KP had pretensions of becoming the region's leading shipper. Highly leveraged, it too was snared by the country's economic downdraft. Fortunately for Mirzan, he was able to unload the company to the ever helpful and cash-laden Petronas, the government's oil company. Sure, the transaction was aboveboard, with the ships properly appraised by a reputable international company. But if I were a Petronas director I would advise holding off and keep the cash for later use. Let market forces take their full effect. With KP forced into bankruptcy Petronas could then pick the pieces at substantial discounts. It would of course be a rotten deal for Mirzan but what a great opportunity for Petronas and its government owner.

In an interview with the *Wall Street Journal* in late 1998, a chastened Mirzan ruefully admitted how, in the frenzy of expansion prodded by willing banks, he had vastly overpaid for those assets. Even the former owner of the company ad-

mitted as much. When money is easy, especially when it is other people's cash, it is easy even for a Wharton MBA to be imprudent and careless. As a legal aside, Mirzan is suing the *Wall Street Journal* for libel over the article.

Mirzan was not the first offspring of a national leader to be entangled in a financial mess. During the American savings and loans scandal of late 1980's, Neil Bush, son of President Bush, was similarly implicated with the failed Colorado Silverado Trust Company.

Valuations and appraisals are at best expert guesses. During times of price instability or economic crisis, they are extremely unreliable. During the American real estate debacle of the late 1980's it was common for properties to be sold on auction at prices 40-60% off their latest appraisals. The price of an asset after all, is what the buyer is willing to pay for and what the seller accepts.

Apart from buying KP and helping Mirzan, Petronas had rescued Bank Bumiputra, financed MAS planes, bailed out the national car company, Proton, and a host of other activities. Petronas is no longer just an oil company. It is a lender of last resort, an investment bank, a major real estate developer, and a ready buyer of government bonds. It also owns a university. If Petronas has all these cash handy, why not simply hand them back to the government, its shareholder? Let the government do whatever it wants with the money. Petronas can concentrate on its core activity: exploring for and marketing oil.

With the price of its main product steadily declining one wonders when Petronas too needs to be rescued. With all these funds it is forking out, one forgets that Petronas itself is in deep hock. In 1999, the company floated five billion yen "Samurai" bonds carrying BBB rating, making its total outstanding Japanese bonds worth 201 billion yen, and with maturities ranging from five to 17 years. In early 1990's it floated over 700 million eurodollar bonds. Who knows what the total outstanding liabilities of the company and its myriad subsidiaries. If Malaysia is not careful, Petronas may become its Petromina, the Indonesian state oil company that in 1970 was mired in its own tangled loops of expensive foreign loans. Petromina nearly took Indonesia down with it.

Returning to the munificence enjoyed by Tajuddin Ramli, it continued. In April 1998, like many other entrepreneurs, he too was caught in the severe economic turbulence, unable to service his massive loans. In many countries such high fliers would be grounded by their creditors, to serve as a lesson to other would-be reckless borrowers. But not in Malaysia. He attempted to restructure MAS by selling its planes at book value to a company wholly controlled by him, and then leased the planes back to MAS. He would rake in the immediate prof-

it between the book and the much higher market value. In effect he would gut MAS, cashing in on the equity of its planes. I am not surprised that he would concoct such a scheme to benefit himself. What was shocking was that the government, MAS major shareholder, agreed to it. MAS minority shareholders were not even consulted. Mahathir rationalized the scheme by saying that other major airlines have similar corporate structure. Yes, in such cases the shareholders own the holding company and thus all its subsidiaries. Only the adverse publicity generated by the *Wall Street Journal* which exposed the scheme torpedoed the self-serving idea of Tajuddin. MAS did sell some of its planes to GE Finance and then re-leased them. At least the cash generated went towards reducing MAS considerable debt and not into Tajuddin's pocket.

It would be much simpler and cheaper for the government to just write a check for the man. Save the legal fees, hassles, and endless maneuverings to camouflage what is essentially a subsidy. It would also be transparent. No expensive pseudo sophisticated business transactions.

It is difficult to criticize Malaysia's various subsidies. Mahathir would readily point out to Japan and Korea where massive public subsidies are widespread. Even that bastion of free enterprise, America, has its own generous subsidy programs. Thus while it is drastically cutting back its social welfare programs by taking off able bodied adults off the roll, its massive corporate welfare programs continue unabated. In a recent four part exposé by Time magazine, the US government spends about US\$125 billion annually in various subsidies, tax write-offs, and payments to corporations. The recipients are some of the biggest and most profitable players: General Motors, General Electric, Boeing, and AT&T. That staggering figure equals the total income tax payments of 60 million Americans.

American subsidies do not end at the federal level. States and municipalities outdo each other to offer sweetheart deals to attract industries. The aggregate sum must be immense but no reliable statistics are kept. The state of Alabama doled out in excess of \$200,000 per job in a frantic effort to entice Mercedes Benz to locate within its borders. Not to be outdone, Kentucky dished out the equivalent of \$300,000 per job to a Canadian company. Another major recipient of taxpayer largesse are American farmers. The various farm support programs require a massive bureaucracy. A running joke at the US Department of Agriculture in Washington, DC is about the visitor finding three civil servants crying. They had just heard that the one farmer they were supervising had died and now these bureaucrats would lose their jobs!



With Mahathir's well known and openly expressed antipathy to the West I wish, at least in this one instance, that he would not imitate America.

## Tariffs and Subsidies

BUMIPUTRAS are not the only beneficiaries of subsidies in Malaysia. Non-Bumiputras and foreign companies have also been given generous incentives. And some of the biggest multinationals have taken advantage of this policy. These incentives, usually in the form of tax-free period and the building of infrastructures at public expense, do not involve the direct giving away of public funds—indirect subsidy. Politically they are much easier to rationalize. The country benefits by having its citizens gainfully employed (and become tax payers) and goods to export. Viewed such, these indirect subsidies could be considered investments. As seen earlier they are also widely used by other countries.

Subsidies in the form of tax-free status was Malaysia's favorite industrialization strategy in 1960's. They were used primarily by manufacturers concerned with import substitution and production of common consumer goods. But as it is often the case, one subsidy begets another. It did not take long for these subsidized industries to ask for more. Thus Malaysia established an elaborate system of tariffs to protect its developing businesses. Various rationales and justifications were contrived: small domestic market, hence no economy of scale; foreign manufacturers were well established and therefore more efficient; etc. With a protected market and without much competition these industries quickly became inefficient. Before long consumers began noticing that locally manufactured detergents, for example, did not wash as well or local cigarettes were not as satisfying as the imported stuff. And despite the extra costs consumers would choose the imported variety. Initially such behaviors were dismissed as the carry over of colonial mentality or plain prejudice against local products.

Malaysian products did not begin to improve until these extensive tariffs were dismantled. Faced with foreign competition Malaysian companies had to improve or lose market share. Today as a result of increased competition, quality Malaysian goods are stocked in markets worldwide. Malaysia has a long way to go before its market can be considered fully open. It still has considerable tariffs against foreign cars. It is difficult to say whether the popularity of Proton, Malaysia's national car, is due to its superior performance or because foreign competitors have been effectively priced out.

To justify these tariffs Malaysia points to its favorite models—Japan and Korea. But what Malaysia fails to note is that Japanese and Korean consumers pay dearly for those tariffs. Besides, in Japan the industries that are highly successful globally are not those that are protected or receiving subsidies, like retailing and financial institutions, rather its unprotected auto and electronic manufacturers. Their current economic crisis exposes even more the weaknesses of their banks and financial institutions.

There are abundant examples worldwide where subsidized industries lose their competitive edge, become increasingly inefficient, and ultimately collapse despite generous support. In America, the heavily subsidized maritime industry is essentially moribund, almost entirely dependent on a captive and heavily protected market. India essentially subsidizes all its major industries and no surprise then that none of their products are competitive outside its borders.

Properly designed subsidies can be beneficial with the resulting gains far exceeding the costs. The earlier example of American states subsidizing training of workers is a prime example. Even if that particular company does not employ them nonetheless, having readily available well qualified and skillful workers often attract other industries. The state is essentially investing in its human capital by subsidizing these training programs. Subsidies that benefit society as a whole rather than specific groups are generally more effective. Subsidized public health like immunization, control of infectious diseases, and pollution abatements yield savings greatly exceeding the money spent. Free immunizations result in a healthy and productive citizenry. The savings accrued by preventing a single case of polio would pay for the immunization of thousands. If the full costs of vaccines and nursing personnel are charged there would be some who could not afford or chose not to be immunized. And if those unprotected children subsequently get infected, they would threaten society's overall health. Thus subsidizing immunization and other public health measures is eminently sensible and profitable.

It is considerably more efficient and cheaper to provide these public health services as subsidized programs. If each individual is to carry out his own separate mosquito eradication program to control malaria and dengue, for example, all it takes is for one person in the neighborhood to not do his part for the whole effort to become ineffective. The benefits of these public health measures are not simply intuitive, they have been empirically proven through extensive researches.

Subsidizing education, research, and infrastructures produces benefits greatly in excess of the resources spent. Providing free education ensures that everyone is equipped to play their useful role as informed and productive citizens. The building of roads and other physical infrastructures not only help companies transport their products but also let citizens travel and communicate easily. Subsidies on education, training, and health care are investments in human capital. Public spending on research, roads, and power plants are investments in physical capital. The two complement and enhance each other. A skillful and well trained worker can make better use of complicated modern machinery to increase his productivity. These expenditures on infrastructure and worker training are rarely undertaken by private companies. They are simply assumed to be "externalities," outside the purview of their narrow balance sheets and financial statements.

Individual recipients of public largesse would similarly argue that the public support they receive is not subsidy but investments. Sometimes this differentiation between useful investments and non-productive subsidies can indeed be difficult to make. Take as an example, a major plant employing thousands of workers. For it to continue operating it must receive a subsidy. Failing that it would simply close and the government would then have to fork out unemployment and welfare payments to the laid-off workers not only of that company but also to those of its affected suppliers. The government would also lose the economic value of the plant, its exports. By subsidizing the plant the government would recoup some of the costs from the income taxes paid by the workers and the value of goods produced. And not having its citizens idle.

These are certainly persuasive arguments. Before succumbing to them let's analyze the situation more carefully.

Competent accountants can easily quantify the economic claims of benefits and losses described above. Often these professionals (employed of course by the beneficiaries of these programs) with their creative accounting can indeed demonstrate the positive net value of these subsidies, thus justifying their continuation. But what cannot be readily quantified and thus cannot be subjected to simple cost/benefit analyses, is the consequent behavioral and attitudinal changes that are being encouraged by continued subsidies.

For one, the management would be distracted into spending its time and energy lobbying officials and politicians to make sure those subsidies continue. Resources and talent are thus diverted away from product development, exploring new markets, or improving the quality of their operations. The massive US sav-

ings and loans scandal of the 1980's was in part due to senior management's preoccupation in lobbying Congress. Thus instead of assessing the credit worthiness of their borrowers these bankers were busy assessing the chances of their favorite legislation being passed. While these executives were preoccupied lobbying Congress to pass laws preventing other institutions from invading their traditional turf, they were losing valuable customers to mutual funds and other money centers. Similarly, while American maritime unions were busy lobbying Congress to resist port containerization and mechanization because of threatened job losses, shippers were abandoning their ports.

Eventually companies, like people, become chronically dependent on subsidies. Because these companies developed loyal and entrenched constituencies it becomes politically impossible to dismantle these corporate welfare clients. Amtrak, the American passenger rail company, cannot exist without massive public financial life line. Malaysia's Bank Bumiputra staggers from one crisis to another with the government ready to bail it out. The sorry saga will be repeated over and over. It has become so big and has such a large political constituency that the government dare not let it go. It was rescued twice in 1980's. A horrible record for a company that was formed only in 1965. As if that was not bad enough, in 1998 the government, through its Khazanah Corporation, again poured RM1.1B. And only a few months later, in what can only be described as a not too sophisticated bailout scheme, another government corporation, Danaharta, agreed to buy RM7B of the bank's dud loans. The kicker was that Danaharta had to pay face value for them, with no discounts! What a deal for Bank Bumiputra. If Danaharta collects 50 *sen* (cents) on the ringgit, this final bailout would cost RM 3.5B, money the nation could very well spent on its decrepit schools and severely under funded universities. Mercifully that would be the last rescue, a fitting requiem for a company with such a checkered past. Bank Bumiputra was finally put out of its misery by merging it with Commerce Bank. Bank Bumiputra, because of its sheer size, is the most dramatic example. Hundreds of MARA and other state-sponsored companies behave like little Bank Bumiputras, insulated from the consequences of their errors and mismanagement. Their managers know only too well that the government would not let them fail. And they behave accordingly. In so doing they also encourage others to do the same. That more than anything else is the most sinister and dangerous consequences of subsidies.

Another unexamined aspect of these subsidies is what economists call the "opportunity costs." If Petronas had spent the billions not to bail out Bank Bu-

miputra but to develop new oil fields or support local schools, the company and Malaysia would be far better off. And had Bank Bumiputra been sold off the first time it strayed off course, those senior managers who were instrumental for the bank's sorry state would face the consequences of their actions. More than likely, the new owners would fire these incompetent managers. That would serve as a salutary lesson for other bankers who would be tempted to be careless or imprudent. With Bank Bumiputra, because that lesson was not learned earlier it became more expensive later. No business, not even Bank Bumiputra, has a God-given right to exist.

Prime Minister Mahathir reasons that these large companies are the nation's assets and if they are allowed to fail they would impact not only the owners but also other stakeholders—workers, suppliers, and public at large. But that is a short term perspective. If Bank Bumiputra is allowed to fail, yes it would drag down other probably healthy companies. Its workers would be let go. Perhaps some communities would be denied banking services. There will be severe disruptions and stresses. But business is a dynamic state. The vacuum left by one failed enterprise would be quickly filled in by others. And the displaced workers would get jobs in new banks or be trained for other industries.

Nobody denies that such failures are painful and severely dislocating. But the alternative, that is to let such inefficient companies go on, is even more disastrous. One, such bailouts are a severe drain on the public purse. Two, such companies would encourage others to be similarly imprudent knowing full well they too would be rescued and thus creating an even greater "moral hazard." Three, if such poorly-managed companies continue with public support they would give other healthy companies unfair competition. If, as the government's current strategy seem to encourage, such companies are merged with good companies, they (the bad companies) may infect the healthy ones. Merging two weak companies may not result in the desired one efficient entity but an even bigger and more inefficient beast. Lastly, such bailouts incur untold "opportunity costs."

### Subsidy Mentality in America

THE LEGACY of continued subsidy in America are the multitude of perennially money-losing enterprises like Amtrak and numerous local public transit companies. These companies continue to exist only with massive state money in-

fusion. It is impossible to wean them off, so politically powerful are their constituencies.

The entire American defense industry grew fat on lucrative non-competitive, cost-plus contracts. At the height of the Cold War, companies like McDonnell Douglas, Martin Marietta, and Lockheed with their ever increasing profits from military projects were the favorites of Wall Street. With peace and the drying up of defense procurements, these companies were helpless. Having lost their competitive edge they simply could not compete in the open market. Now they are gobbled up by their healthier competitors.

In late 1960's, Boeing lost out to Lockheed's C5 Galaxy the bid to build a giant military transport plane. Undeterred, Boeing improved on its failed model and peddled it in the open market. Today the 747 jumbo jet, which did not meet Pentagon needs, is the world's most popular plane and a cash cow for its company. Lockheed meanwhile no longer exists. The destructive consequences of subsidy.

For ordinary citizens, the legacy of the generous welfare provisions of President Johnson's "Great Society" days of the 1960's is that now, it is common to have three generations of families totally dependent on the dole. Even able-bodied family members do not seek jobs simply because they are better off remaining on welfare. They have been essentially narcotized from the pain of daily living. And like other forms of addiction and dependency, the welfare variety is just as difficult to wean off.

Subsidies and quotas exact their toll not only on general society but also on their recipients. Quotas and subsidies may break down externally imposed barriers like discrimination but not internal or self-imposed impediments. In fact they hide or mask the problems and therefore contribute to their deterioration. Much like a physician can be lulled into thinking that his patient is recovering because the pain is subsiding when in fact it is due to the narcotics prescribed. Meanwhile the underlying cancer or infection continues unabated.

In America there is a desperate shortage of Black and Hispanic students qualified to enter the University of California (UC) system. The reasons are many but one is the appalling schools which these minority students attend. They are poorly equipped, teachers underpaid, and laboratories and libraries grossly inadequate. The students too are distracted by a myriad of family and social problems. But because of quotas these problems are masked. No matter how badly prepared the students are, they are still accepted and the universities can always point with pride that they have an adequate number of minority students. In

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1997, with quotas eliminated as a result of a public referendum, reality struck. The number of minority students accepted plunged by as much as fifty percent. At UC Berkeley's Law School, the state's premier, there was not a single black student accepted. The public was shocked by the severity of the problem.

Also hidden by the quota system is the appallingly high rate of college drop-out among these students. They were admitted all right, but because they were so poorly prepared they could not cope with the rigors of college work. Many had to take remedial courses. Had there not been strict quotas, the inadequacies and deficiencies of the system would have been noticed much earlier and effective remedies instituted sooner. Now the problems are so severe as to be almost unsolvable.

Similarly, strict quotas in Malaysian universities mask the underlying problems facing Malays in education. But more of this in the next chapter.

### Weaning off Subsidy Mentality

QUOTAS and subsidies have become so pervasive and entrenched that they cannot be terminated suddenly or easily. The consequences of doing so are just too catastrophic to contemplate. Like an addict suddenly deprived of his narcotic would become violent or have fatal withdrawal symptoms, the sudden cessation of these public programs would evoke a similar horrifying reaction at societal level. Malaysia just cannot afford such a consequence. Instead, the government should initiate carefully measured ways at weaning off these special programs, much like doctors deal with drug addiction.

As the gifted Black novelist James Baldwin observes of his own addiction, "Nothing is more desirable than to be released from an addiction, but nothing is more frightening than to be divested of a crutch." Bumiputras must learn to get rid of their crutches before it is too late.

The government can help greatly with the weaning by increasing public awareness of the costs of these quotas and subsidies. It should monitor and publicize how much more a contract costs because it was awarded to a preferred Bumiputra instead of getting the most competitive bid. In this way society is continuously apprised of the added costs.

Another step at weaning would be to draw a cut off point beyond which Malays would no longer benefit from these privileges. Those with a certain amount of assets or income, for example, would be treated like other Malaysians

with no special considerations in the award of scholarships or contracts. To make the plan acceptable politically, I would suggest setting a very high threshold to begin with, like cutting off only millionaires and billionaires. Later, over time gradually lower the limit. There must be a sense of pride and achievement among Bumiputras in getting rid of these crutches.

At present, such an attitude is sadly lacking. At a recent meeting a cabinet minister bragged about her daughter's winning a government scholarship despite the fact she and her banker husband could easily afford to finance it themselves. It would be different if it was a Rhode or a Fullbright scholarship. I would be the first to congratulate her. But this was a regular Malaysian government "scholarship," part of NEP's bounty for Malays. I am appalled at the lack of even the hint of embarrassment on her part. Such peculations by rich Malaysians are disgustingly common. Malaysians have an apt phrase for such lapses of morality—*tiada maruah*. How does one explain such vulgar display of insensitivity to a poor farmer or a hawker? Recent outbreak of public demonstrations in favor of *reformasi* is in part attributable to the general outrage at such excesses.

Because they lack special privileges or quota to fall back on, non-Malays have to learn to be self sufficient and competitive. Their children are inculcated since birth that they have to struggle against many odds in order to survive and thrive. As a result, those that make it are tough, competitive, and ready to take on not only other Malaysians but also the world. It is this kind of spirit and attitude that must be encouraged among Bumiputras so they too can be competitive and ready to take on all comers.

Perjuangan Negeri



## Chapter XII

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### We Are Special

THE PREFERENTIAL policies favoring Bumiputras are meant to help them catch up with other Malaysians. Thus quotas in the awarding of contracts and licenses, admissions to universities, and employment in public service. There are also subsidies, corporate restructuring, and joint ventures aim at increasing Bumiputra participation in the corporate sector.

These programs have certainly benefited many individual Malays. More than a few have become fabulously rich. As Mahathir likes to boast often, these Bumiputra billionaires have joined the ranks of the internationally rich and famous, and with a lifestyle to match. What have not been fully analyzed and discussed are the overall costs to society and the impact of such policies on the recipients. In particular, do these preferential policies result in greater Bumiputra competitiveness or do they perversely encourage non-competitive and inefficient habits and qualities? These questions are becoming very relevant now with the nation facing severe economic stress.

I will illustrate these points by examining in greater detail three common practices—the awarding of public contracts; quotas in public service and educational institutions; and the multitude of joint ventures and corporate restructuring.

## Awarding Public Contracts

MALAYS are preferred in the awarding of public work contracts. Only when there are no Malays are bids from non-Malays and foreigners entertained. Even in the latter situation, before foreigners can participate they must form local subsidiaries with Malay partners. But more on joint ventures later. For contracts below a certain value, only Malays can partake.

Let us assume that the government is planning a college for Malay students. The estimated cost is RM10 million, and all the bids came in that range. One from a Malay, another a non-Malay, and the third a foreigner. Assume further that their qualities are comparable. The decision in this case is a no-brainer. Award the contract to the Malay, as in the earlier discussion on the sale of MAS controlling shares. Little argument.

Let's complicate the situation. Supposing the Malay contractor's bid was 10 million, the non-Malay, 8 and the foreigner, 7. Favoring the Malay would cost a premium of 3 million over the lowest bid. It would certainly benefit that Malay by accepting his tender. However, had the contract been given to the lowest bid, the government could conceivably build three colleges for the about price of two (RM 30 million for the Malay contractor compared to 21 for the foreigner.) By getting the third college more or less free, thousands more Malay students would benefit.

It is common to award contracts to Malays even though their bids are considerably higher. Multiply that by the literally thousands of such contracts awarded annually, and the total aggregate of extra costs run into billions, precious money the government could spend more productively elsewhere. In the earlier example of selling assets to Bumiputras *tan* competitive bidding, the government realized a loss of potential income. But by giving inflated contracts to Malays the government is directly saddled with an actual increased in costs and overlays. The losses and added costs in both cases are no less real.

More pernicious is the effect of such subsidies on the contractors: Malays and non-Malays alike. There is little incentive for Malay contractors to be more efficient as they compete only among themselves. By rewarding them the government is tolerating and encouraging inefficiencies. The end result is they cannot compete in the private sector. When the revenue structure of many Bumiputra firms are examined, far too many are dependent solely on govern-

ment contracts. These are not the companies that could compete effectively locally or abroad. Again, the earlier example of America's defense contractors.

The effects on non-Malay contractors are equally detrimental. They realize that they cannot compete on price or quality alone. Like humans everywhere they become ingenious. They develop "partnerships" with Malays, adopt fancy Malay names, and employ suitably connected Malay politicians to submit their bids. By using such connections they can safely increase their price to take care of their partners' take and to enhance their own profits. Such arrangements are far too common. Foreign contractors too are discovering this neat trick.

The net effect of all these inefficiencies is that the country is unnecessarily paying more. In one study, Malaysia spends more on education than Korea and Taiwan at their comparable period of development, but getting considerably less. Hardly surprising: high friction or transaction costs.

A Malaysian businessman in America decided to expand in his native land. Being a Malay and with his international experience, he was immediately successful in his project for a quasi government outfit. He did an excellent job, on time and within budget. Everyone was satisfied. There was only one snag. It took him nearly two years to get paid in full. Not counting the numerous trips to Malaysia to plead his case and the little "tip" for the man who finally issued the cheque, he lost all his profits and more. Needless to say that was the only business he did in Malaysia. In discussing his travails with other businessmen, local and foreign, all agree that this is the standard operating procedure not only in Malaysia but in many Third World countries. Experienced contractors familiar with such extraneous costs, merely factor them in the final bids. Imagine the drag on the economy the aggregates of such inefficiencies. For mega projects involving hundreds of millions, the costs for such inefficiencies must be truly staggering.

Foreign companies wishing to bid on Malaysian projects are "encouraged" to have local partners. This too has the effect of increasing the cost of doing business. More importantly, these companies are distracted in finding local partners who can best secure those contracts, meaning, the politically well connected, instead of partners who can best advise them on local technical problems like soil conditions, erosion factors, and drainage patterns. As a result, far too often supposedly experienced foreign engineering firms perform less than satisfactory work in Malaysia as they are not familiar with local technical peculiarities. Had they not been distracted in finding the politically right local partner, they could spend more time developing and acquiring local expertise. In this way the trans-

fer of technology is enhanced. The foreigners bring in new and innovative technologies and with the help of local experts, modify them to suit local conditions.

The reserving of small projects exclusively for Malays is also counter productive. Because they are not getting much competition they have little incentive to improve or become efficient. They do not invest in capital equipment or training of their workers. Visit many small construction sites. Often the contractor is not there. He is just a figure-head and the work is subcontracted to someone else, adding yet another layer of inefficiency. Then one is struck by the lack of modern construction equipment. Cement is still mixed with shovels, no mechanical mixer. The same tedious process of carrying bricks piece by piece instead of by pellets on tractors. Similarly, roofing materials are carried tile by tile instead of using conveyor belts. Because these low cost contracts are reserved for Malays the government does not know what extra costs it is bearing. Until they are open to all the government cannot even estimate the extra burden.

The methods of payment too must be streamlined. The present system unnecessarily adds costs and increases the temptation for corruption. The government should instead deposit the money in escrow and when the job is satisfactorily done, the funds would be released. No repeated pleadings to some obstructionist bureaucrat. Government vendors often go through tremendous hoops in order to get paid. Even if the responsible civil servants are honest but because of the labyrinthine process of approval the temptation for dishonesty increases considerably.

During early 1999 there was considerable public finger pointing among various ministers because of the numerous incomplete projects. The Minister of Public Works was complaining on the slowness of Treasury to approve payments to contractors and Treasury was in turn castigating various departments for not implementing their projects. Every minister was blaming every other minister in the press instead of quietly sitting down together and solving the problem. The Deputy Prime Minister, in typical display of the Sultan Syndrome, ordered the various ministers not to squabble in public by, you guessed it, himself going public with his admonition. As if by merely saying so it would solve the problem!

To be fair to Malaysia, I have done business with various governments in America, federal and local. I go through the same hoops and frustrations.

During a visit to a MARA junior college, I was stunned to discover that it was paying considerably more to buy a particular scientific equipment through its ap-

proved vendor. The mark up was horrendous. I could get the same instrument on the open market for a tenth of the price.

The example of the science equipment is mere tip of a huge problem. Imagine the many major procurements and projects, from planes, computers, and major machinery. The added costs are tremendous. Ultimately society, and that includes Bumiputras, bears the burden of such inefficiencies.

To encourage more efficiency among Malay contractors the government should put them on notice that their special status and duration for preferential treatment is limited. For example, after five years or after the first dozen projects they will have to compete like everyone else. To make sure that the same contractors do not form new companies each time to take advantage of these privileges, they must register their principals. Only then would these Bumiputra companies better themselves and become more competitive.

## Quotas in Universities and Public Service

QUOTAS in public service and admission to universities also carry hidden costs. Public universities must have at least 60% Bumiputra students. With such rigid numbers there is little incentive to improve public schools. Nor do teachers in Malay schools have to strive. No matter what, there will always be 60% Bumiputras. And yet, despite such quotas, local universities still have difficulty filling their science and engineering faculties. They try all sorts of tricks to increase the enrollment. One is to reduce the matriculation from two to one year. That would result in only a one time increase. They also tried encouraging Arts students to opt for science.

The trouble with such remedies at the university level is that one, it is very expensive and two, it is not very effective. The problem lies with the schools. Just as in America these quotas mask the problems. Had there been no quotas the lack of qualified Malay students would be apparent much sooner and remedial steps taken earlier before the whole system deteriorated. As in everything else, the sooner problems are recognized the easier they are to correct.

Before the institution of quotas, the lack of qualified Malay science students was obvious. As a result there was tremendous public pressure to remedy it. Commissions of Inquiry were set up to study the problem, special residential schools build, and more science teachers employed, many from abroad. These measures significantly improved the situation. Now Malaysian universities are

again facing similar problems indicating that there had been a steady deterioration of schools. But that fact is hidden from the public because of quotas.

Had there been no quotas or had the universities kept an internal study of the number of Malays accepted *sans* special treatment, they would have picked up the negative trend much earlier. In 1998, Education Minister Najib Razak publicly acknowledged that without quotas, only about five percent of local undergraduates would be Malays. A shocking revelation, after a generation of preferential treatment. But alas, there was no widespread outrage or soul searching. The system continues. Instead of taking responsibility for a failed policy, Najib used it as an excuse to continue with the same stalled strategy.

Quotas in teaching may make the profession acceptable to the political establishment but it does not serve the students. Surely the primary concern should be that students get the best teachers, whoever they may be, locals or foreigners. In 1970's, because of the severe shortage of English and science teachers, the government hired them literally by the plane load from Britain. The students benefited greatly by that far-sighted move. Now the teaching profession is burdened by scholarship-holders who could hardly wait to finish their obligations and then get out.

Looking back on my school experience, all thirteen years, only about four or five of my teachers were Malays. The rest, over three dozen, were non-Malays including many foreigners. Yet I did not feel disadvantaged or betrayed. In fact, many of my most inspiring teachers were foreigners. One of them, chemistry teacher Peter Norton, was a legend among generations of Malay College students for his tireless devotion. What I remember of the few Malay teachers I had were the constant put-downs for my not showing sufficient nationalistic zeal. Imagine how deprived I would have been had there been quotas in those days and I did not have the privilege of having those great teachers who just happened to be foreigners.

It is a great pity that Malays of my generation who are now leaders see fit to deny younger Malaysians these similar benefits by resorting to quotas.

Quotas also apply in the recruitment of lecturers and professors. As a result, many well-qualified non-Malays and foreigners are left out while Malays with marginal qualifications accepted. The effect of such policy is that a Malay candidate is again being rewarded for less than spectacular performance. He is not likely to perform well because he does not have to struggle hard to get the job in the first place. Had there been stiff competition, he would be doubly careful to keep it. The government's obligation to Malay students extends only to help-

ing them get their degrees. After that they should be on their own and would not merit anymore protection or privileges.

There was a case of a non-Malay with impressive qualifications who was denied appointment at a Malaysian university. I brought his plight to an academic well versed with the candidate's discipline. It turned out the applicant's expertise was badly needed. Unfortunately, because of rigid quota, his application did not get beyond some administrative clerk in the registrar's office. She did not see fit to forward the application to the relevant department. The end result was the university lost a talented individual. More importantly, students who were again mostly Malays were denied the benefit and influence of a brilliant lecturer. With the obsession on race, these officials lost sight of the bigger and far more important goal. Malaysian newspapers are filled regularly with disappointed non-Malay would-be teachers. Many are trained in English, sciences, and mathematics, precisely the skills the country desperately needs. I cannot help but imagine some classrooms somewhere in the country that are deprived of these teachers' skills and devotion.

Ultimately society bears the burden of such idiocies. If the government had chosen teachers keeping in mind only the students' best interests and ignoring such extraneous factors as race or citizenship, the nation would be far better off.

Malaysian universities are shortchanging themselves when they employ or favor only Malaysians. They should instead, concentrate on attracting the best. The National University of Singapore (NUS) did not reach its present stature by keeping out foreigners. Instead, the government increased the payscale and opened up the recruitment process. As a result it gets applicants from all over, including America, and chooses the best. With the increased competition, the quality of local academics is enhanced, spurred by the presence of these talented foreigners. Initially, the proposal to open up was strenuously opposed by local academics fearing their own job security and promotion potentials. But the government, to its credit, persisted and overrode the parochial considerations of local professors. In the end the university and Singapore benefited. Today NUS is acknowledged as among the best in Asia. Malaysia should do likewise.

An equally rigid quota applies to the civil service. Because Malays are favored heavily they flock into the public sector. As the requirement for entry is fairly non-demanding, simply any degree, thousands of Malay students pursue less strenuous disciplines like Malay and Islamic Studies. Abroad they flock to marginal universities. These merely feed the unhealthy emphasis on credentialism—any degree would do, regardless of quality or relevance. Meanwhile, non-Malay

students, realizing that their opportunity in public sector is limited or non-existent, are forced to take practical courses like science, engineering, and business to make themselves salable, reminiscent of the experience of early European immigrants to America. So a generation after independence, and despite ever increasingly generous preferential policies, the country still lacks Malays in science, engineering, and business. An example of the law of unintended consequence.

Malaysian civil servants compete within the limited world of Bumiputras. They lack the wider exposure of the greater Malaysian society. Thus one can never be sure whether candidates selected are the best or merely the best Bumiputras. And promotions are strictly from, which only entrenches the insularity of that institution.

Imagine what it would do to the caliber of the civil service if senior positions are open to all, including non-civil servants. We could have as a Director General of Health someone with private practice or academic experience. Imagine the wider perspective he would bring to his job. More importantly, by opening up senior positions junior officers would have to strive harder knowing that the competition would be that much stiffer. This could only enhance the efficiency of the service.

Even minor changes can effect considerable consequences. In the Medical Department the top professional position had always been a physician in the administrative stream, usually a career medical bureaucrat with public health background. In 1970, in an unusual departure, the government appointed someone from outside the usual narrow field as its new DG—Dr. Majid Ismail, an accomplished and highly regarded orthopedic surgeon. I knew of him when as a medical student I came across his scientific paper published in one of the leading journals. He turned out to be the country's finest DG. Under his leadership public health (not his discipline) was greatly improved. His philosophy on health care delivery is as valid today as when he first expounded on it. He was a strong proponent of the complete separation between public and private health care less there would be blurring of missions on both sides. Having practiced in America for the past twenty years I am more convinced now of the wisdom of his vision. I was fortunate to meet him towards the end of his distinguished career. As a mark of high esteem by his colleagues, the Malaysian College of Surgeons and the Academy of Medicine have an annual oration in his honor.

Majid's appointment had other no less subtle effects. The normal and stable hierarchy in the ministry was suddenly no longer operative. Number two is no longer guaranteed to be number one. These bureaucrats had to prove them-



selves. No more waiting passively for someone to retire or die. In Majid's case, had the ministry stuck to its tradition the nation would have been deprived the service of a brilliant and innovative executive.

Two decades later, the ministry again departed from routine and appointed another brilliant clinician. Dr. Bakar Sulaiman was my colleague at General Hospital, Kuala Lumpur, and I can attest to his exemplary skills and professionalism. Superbly trained (a fellowship at a leading American medical center) Bakar had excelled in his specialty before being tapped as DG. I have no doubt that he too, will set a new standard for the department.

Imagine if the civil service expands its experiment and looks beyond: into the private sector and academia. What if it completely opens up the process and chooses a dean of a medical school or a medical director at Shell to be its next DG? Imagine the refreshing vigor such an infusion of new blood would bring to the service.

Perhaps at the next vacancy for the secretary-general of finance, the government should open up the process and invite the senior partner at Peat Marwick or Arthur Andersen to apply. The positive impact on the civil service of such exciting new appointments would be immeasurable.

## Corporate Restructuring

IN AN effort to increase Malay participation in the corporate sector, the government requires major companies to restructure to include Malay ownership. Some of these exercises had been very successful but again, the price had not been fully tallied. Besides, such restructuring give rise to all sorts of creative accounting. Malays may acquire 30% of the equity of these restructured companies but alas too often, it's 30% of highly inflated assets. Malays would be better off starting their own companies and using the cash to improve their enterprises.

A prime example of such useless restructuring is *The Straits Times*, the country's leading newspaper. Initially owned by the British and based in Singapore, the company spinned off its Malaysian operation to a Malay entity closely allied with UMNO for a handsome price. Despite the hefty payment, the new company could not even use the old name or take over the whole market. Instead it became *The New Straits Times*, limited only to Malaysia, minus the highly lucrative Singapore market. With all the money spent on acquiring the company, little was

left to improve the paper. With time the editorial and journalistic qualities deteriorated. At present its readership lags far behind upstart *The Star*. The owners of *The Star* did not have to pay a fortune for a corporate name of nebulous market value; thus they were able to use the money to improve their operation.

Legions of other similar examples abound. The Malay establishment prides itself in acquiring such blue chip British companies as Guthrie, Sime Darby, and Boustead. Again, because of the pressure of restructuring and with well-financed eager buyers these companies inflate the value of their assets. Non-Malays, not allowed to participate, used their money to start new enterprises in emerging markets and industries. Thus while Malays are stuck with old sunset industries like plantations and tin, non-Malays exploit sunrise industries like computers, tourism, and financial markets. Again, the law of unintended consequence.

If those quasi government bodies like Pernas had, instead of buying British companies at inflated prices, used the money to develop Malay human capital, the results would have been far different. With a glut of Malays trained in management and engineering, they could work with these foreign companies. Within a decade they would reach the upper echelon of management. Then the government would simply entice them with capital to start their own companies to compete vigorously with their former employers and effectively drive them off the market. Then Malaysians would be able to buy those British companies at fire sale prices!

Joint ventures with foreign companies are another favorite tool of the government. Sophisticated foreign corporations used to navigating the intricate ways of Third World finance, readily comply with the 51% local participation and control rule. But again, all these at highly inflated prices. Often these deals are structured such that the Malaysian subsidiaries must get their capital goods and supplies exclusively from the parent company abroad rather than from some other, probably cheaper, sources. The parent company charges maximally, raking in yet another avenue of profits. It is also not unusual for local subsidiaries to get used machinery that the parent companies had completely written off or headed for the scrap yard. No wonder many of these joint ventures are money losers. Similarly, local subsidiaries would take on debts but the liability is not shared by the parent company. So when local ventures fail the foreign parents are insulated. Besides, they have already made their profits by selling old and discarded plants and machinery at inflated prices. The joint venture involving the government company HICOM and a Japanese auto manufacturer for the na-

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tional car project is similarly flawed. No wonder it had a tough time making a profit in its early years. To compound matters, senior managers of these joint ventures involving quasi public agencies are former civil servants. Their executive talent and managerial skills are at best, very thin.

In contrast, the Koreans did it differently. The government concentrated on producing an abundance of engineers and scientists, investing on their human capital. Thousands were sent abroad, especially to America, for graduate work at leading universities. As a result, many Koreans with advanced degrees ended up working with such venerable American companies as IBM, General Electric, and Motorola. When these Koreans reached the upper levels of management, their government invited them to return and funded them generously to start their own companies to compete with their former firms. The once popular Leading Edge Computer manufacturer was started by one such individual, a former IBMer. For a while, Leading Edge gave IBM a run for its money.

In an effort to increase Bumiputra participation in the corporate sector and equity markets, the government requires that 30% of Initial Public Offerings (IPOs) be reserved for and sold at substantial discounts to Malays. Unlike regular shares which are allocated by the issuing brokerage houses, these reserved shares are disbursed by the Trade Ministry. This immediately opens up opportunities for influence peddling and corruption. Thus the spectacle of the son-in-law of the minister responsible receiving a very generous allocation. Anwar Ibrahim, the sacked Finance Minister who now projects an image as the paragon of virtue and honesty, well, his father too, received millions worth of shares. Anwar's protégé, Ahmad Zahid, another vociferous opponent of cronyism and corruption now silenced by ugly revelations of the truth, had millions in such shares.

I have participated in dozens of these IPOs but have yet to get any allocation. There must be factors other than luck in their distribution. I realize that in America such highly sought IPOs are not randomly distributed either. Often they too are given to friends and valued clients. At least under those circumstances one knows the rules ahead of time.

These new shareholders additionally get preferred financing for their purchases, courtesy again, of the government's generous preferential policy. These lucky Malays thus get double bounties: shares at substantial discounts and subsidized loans.

Yet despite such help not too many of these Bumiputras become successful corporate players. The adage—easy come easy go. These individuals would

quickly dump their allocated shares on the open market, raking in a quick dirty profit. It would have been simpler and more efficient and not waste bankers and brokers time had the government just written the checks for these favored people.

Nobody should get any preferential treatment in the stock market. Anyone who wants to buy shares can do so on the open market. The exception of course would be stock options used by companies to motivate and reward key employees. America has strict rules on insider trading precisely to make sure that the playing field is level.

If the government insists in giving discounted shares to Malays it must introduce some elements of market discipline in the process, if for no other reason than to acquaint Malays with the concept of risks and rewards. Thus any profit made from these discounted shares must be shared with the government. Or, these shares cannot be sold on the open market within a specified period and if they are, the government has the option of buying them at the original price. Alternatively, there should be a special capital gains tax on such short-term profits, high enough to discourage such practices. By introducing these additional elements, Malay investors would be forced to make some choices. Buy at the discounted price now and share the profits later; or pay the market price and reap all the benefits later. By doing this the government is training Malays in an important lesson in investment: the delicate balancing of risks and rewards.

There are other ways these privileges are dispensed. Bumiputra entrepreneurs get highly subsidized rents to start their businesses regardless how successful they are. I am truly astounded that Malay doctors and professionals still get discounted rents from government agencies like MARA and Urban Development Authority (UDA). This is plainly wrong and patently unfair. Special privileges should extend only to enabling them to become doctors and engineers. But surely once they achieved such status they should be able to compete on their own. Why should a Malay doctor pay less rent than his Indian colleague next door? Not only is it a waste of public resources, it is just not right.

If MARA or UDA wants to help novice businessmen it could structure the rent in such a way that it is related to gross revenue. Thus, in the first few years the tenant pays low rent, but later when his business grows he would end up paying more and the landlord can recoup some of the earlier losses. Again, with such mechanism in place, these budding businessmen are immediately introduced to the concept of risks and rewards.

On another front, housing developers are required to give discounts to Bumiputras. This makes sense for low-cost housing because one, it helps poor Bumiputras who would not otherwise afford them and two, it makes these projects more integrated thus preventing them from degenerating into racial ghettos. But I fail to see the benefits or rational for giving discounts on luxury condominiums and upscale housing. If those Malays cannot afford the market price they should choose cheaper dwellings. It is that simple. And if they can afford to live in sumptuous suites and palatial bungalows then they no longer need subsidies or discounts.

A novel and more productive idea would be to impose a surcharge on all developers and use that money to improve Malay schools. This method would least interfere with the market. In America it is common to charge "impact fees" to fund the building of schools, parks, and other public amenities. The reasoning is obvious. These houses would bring in families with children who in turn would need these facilities. Enlightened developers are also finding that when there is a neighborhood school the houses become much more desirable. Thus whatever the impact fees these developers more than recover them by the increased value of their units. A win-win situation. Given the choice, Malaysian developers would overwhelmingly favor such a scheme.

Had Malaysia used the billions in buying foreign companies to instead improve schools, especially those with predominantly Malay students, the country would not now be short of trained personnel. The biggest stumbling block for the ambitious Multi Media Super Corridor project is the lack of skilled manpower. This shortage is particularly acute among Malays.

Special privileges are not meant to insulate Malays, rather to make them competitive and enter the economic mainstream as quickly as possible. At that point these privileges would no longer be necessary.

There is a fine art in helping people. Done poorly and they become hopelessly dependent. The old axiom about giving a man a fish feeds him only for that occasion, but teach him how to fish and he will no longer be hungry, is apropos. Merely giving specific benefits to individual Malays (discounted shares, inflated contracts, etc.) is the equivalent of giving them the fish. But using the provisions of special privileges to benefit Bumiputra society at large (improving schools and rural areas) is the equivalent of teaching them how to fish. In the long term that is the more effective strategy. It would also produce a more enduring result. And most importantly for plural Malaysia, such an approach is inherently more fair and would not arouse resentment and racial discontent.

## Chapter XIII

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### Affirmative Action in America

IN THE 1996 American general election there was an unprecedented initiative in California (Proposition 209) that would abolish preferential policies favoring Blacks, Hispanics, and other minorities in such avenues as the awarding of government contracts, hiring by public agencies, and admissions to universities. Unprecedented because Affirmative Action, as the policy is called, has been part of the legal and political landscape for over a generation.

The campaign to that election was long and ugly. Harsh and overtly racial messages for and against the measure were widely used on television commercials and campaign trails. The unmistakable racial undertones were truly frightening. The electorate too, appeared split along racial and ethnic lines: with most Blacks, Hispanics, and other minorities against the measure, and Whites for it. One ironic exception was a Black Republican, Ward Connelly, himself a beneficiary of affirmative action. He spearheaded the campaign for its abolition and quickly became the darling of White conservative Republicans. Politicians running for office, including President Clinton, were discomfited with having to openly declare their position on such a racially and socially divisive issue.

The proposition was decisively approved. The news came early based on exit polls projection. As the campaign was so heated and vitriolic, with emotions riding high, there were fears that unruly demonstrations and possibly race riots would erupt. That was not far-fetched. Only a few years earlier Los Angeles suffered through a devastating race riot following the court acquittal of four White policemen who had savagely beaten a Black man, Rodney King. The images of that devastating riot were fresh on the minds of Californians.

There had been widespread rumors that the Republican party and their supporters would be targeted for attacks. My daughter, an ardent Republican, phoned me from her party headquarters saying that the victory celebration had been cut short and the supporters had been asked to leave early and under heavy police protection because of the threat of violence.

A sudden chill came over me as my memory flashed back to eerie images of Malaysia's own savage riots of 1969. That too followed a long and ugly campaign. Even though I witnessed only the tail end of that horror while on a holiday visit home, that was distressing enough. I remember only too well the horrifying stories and grisly details related by my friends who were caught in the tragedy. I could only ponder the irony that my experience a generation earlier in my native land would repeat itself here in America, this time involving my daughter. Fortunately, except for some minor rowdy skirmishes, no serious disturbances or riots broke out, much to everyone's great relief.

### Preferential Policy in America

AFFIRMATIVE Action was the product of the civil rights movement of the 1960's. Up until that time Blacks and other minorities were regarded in many parts of America as not quite full citizens. They were actively discriminated against by the larger dominant White society. Blacks could not stay at the same hotel, swim in the same pool, or drink from the same fountain as Whites. While Blacks were deemed clean enough to be maids and chefs in hotels, they were not hygienic enough to be able to use the same facilities with Whites. Lena Horn, the highly acclaimed Black vocalist, once commented that although she was paid highly to entertain the guests, she was not good enough to stay in the same hotel. On buses, Negroes were relegated to the back, down wind as it were. They were considered not quite human.

The Black civil rights leader Martin Luther King shamed American conscience with his eloquent exposé of this abominable affront to social justice and human decency. With support from mainstream White liberals, the Civil Rights Act of 1964 was enacted, giving all Americans basic rights and privileges. Further, it was agreed that since Blacks had long been suppressed and discriminated, more was needed to help them. Merely banning discrimination was not enough. Specific proactive measures were needed to help those previously disenfranchised and marginalized become part of the mainstream. Thus special set

aside programs in business, education, and public services. There was general acceptance that the concept of "justice and liberty for all" should not be merely an eloquent phrase in the pledge of allegiance but a daily reality for all Americans.

Despite the prevailing consensus, there were still bigots especially in the Deep South who felt that Blacks did not deserve equal treatment. It was accepted as the natural order for them to be inferior. Otherwise the good Lord would have made them White. These Blacks therefore ought to "know their place." The Civil Rights Act would only make them uppity, so these racists reasoned.

The positive impact of affirmative action soon became obvious. Prestigious campuses that were once lily white now boasts of their increasing minority enrollment. Minority firms sprang all over as the result of their being favored for government contracts, and Black faces began appearing in executive suites of public companies. And with their increasing political clout, Black mayors, legislators, and congressmen were elected in ever increasing numbers.

In 1960's and 1970's with America's economic supremacy unchallenged, accommodating the demands of minorities did not impose a great burden. But by late 1980's, with American industrial might challenged by foreigners and manufacturing plants began closing and downsizing, the social and economic dynamics changed dramatically. Blacks, being the most recently employed, became the first to be laid off. To overcome the apparent racial overtone of such layoffs and to be seen as fair, companies began laying off Whites, despite their seniority. Soon, as with any squabbles over diminishing spoils, these layoffs became ugly and racially tinged.

Similarly with the universities. Early on, the competition for entry into elite colleges and professional schools was not intense. Most White students with good grades were readily accepted. As a result they did not feel squeezed out or threatened. Now with the increasing number of applicants for the same limited space, even Whites with stellar academic achievements were rejected in favor of Black and minority students with lower, though still respectable, grades. Soon there were charges of "reverse discrimination." This being America, lawsuits were filed to successfully challenge the favored treatment of minorities. But the smart people at the universities managed to re-word their admission policies to satisfy the new legal requirements. They still favored, in the name of diversity, Black and minority applicants. This merely fueled White anger.

On a social level, with the protection of anti-discrimination laws, Blacks began moving into previously all-White neighborhoods. But just as soon as Blacks



moved in, Whites would move out, often in droves, into their own comfortable new suburbs. With "White flight," property values and taxes began declining. As schools are funded directly through these taxes, city schools began to deteriorate, gradually in 1970's and precipitously in 1980's and 1990's.

Presently these schools, filled almost entirely with Blacks and minorities, can hardly be called that: reform schools may be, but not academic institutions. Their physical facilities are dilapidated, corridors drug infested, discipline non-existing, and teachers totally demoralized. Often the budget for security exceeds that for books. In many ways they resemble prisons with their level of violence and lawlessness, metal detectors at every entrance and their highly visible uniformed guards. An atmosphere hardly conducive to academic pursuits. Not surprisingly, the academic performances suffer accordingly. But with no national standards and with each school setting its own syllabus, the decline was hidden. Soon horror stories abounded of students with stellar grades but unable to read or do simple computations.

In California the problem was compounded by the passage of Proposition 13 a generation earlier. It imposed strict limits to the raising of property taxes, which further limited school funding.

Affirmative action concealed the sorry deterioration of these schools. After all, there cannot be much wrong if their students still get accepted into good colleges. But what was not widely known was that, because far too many of these students were poorly prepared, their college drop-out rates were tragically high.

Although there are no official educational standards in America, most colleges use proprietary tests like Achievement Test (AT) and Scholastic Achievement Test (SAT) to independently assess the academic quality of their applicants. On these standardized tests Blacks and other minorities, as a group, consistently score below Whites and Asians. Thus it is widely perceived that minority students on elite campuses would not have been there but for the color of their skin. For those bright Black and Hispanic students who were rightly admitted based on their own merits, this was a terrible stigma. They were viewed as being accepted through the back door and thus not properly belonging there.

A recent study, *The Shape of the River* by the former presidents of Harvard and Princeton (two institutions with aggressive affirmative program of their own), demonstrates that although Black students did indeed have lower academic scores nonetheless they benefited immensely from the superior education afforded by these elite institutions. More tellingly, to assuage alumni concerns about falling standards, these students scored considerably higher than White

students of a generation earlier. Equally important, the universities that accepted these minority students benefited tremendously by having a more diverse student body. Directly as the result of the increased supply of Black graduates from these prestigious colleges, hallowed American institutions, from elite Wall Street investment banks and prestigious law firms to faculties of leading universities, are reflecting more of the society they serve rather than being exclusively White.

Historically, minorities were not the first group to be preferentially admitted to prestigious campuses using other than scholastic criteria. Even today Ivy League universities like Harvard and Princeton routinely favor children of generous donors, alumni, and employees. As a group the grades of these "legacy" matriculants are consistently lower. Yet no one dares to derogate them. In the past these students were often looked upon rather enviously by their brighter (but poorer) classmates and professors. These blue-blazered, white-shoe boys from the expensive eastern "prep" schools aspired to nothing more than the "gentleman C." They, despite their minimal commitment to matters academic, were the heroes of the day—"big man on campus." They were also all Whites.

Now, with comparable circumstances but different players, our perception changes dramatically.

## Blacks in Pre-Civil Rights Days

IT WAS widely but erroneously assumed that Blacks were hopelessly backward during pre-civil rights days. Despite the obvious discrimination and tremendous obstacles, Black communities were very much viable and vibrant then. They had thriving entrepreneurs, skillful artisans, and resourceful mechanics. Blacks had their own colleges and universities, their share of prominent writers, gifted musicians, and talented scientists, including Nobel prize winners. Black schools like Frederick Douglass High in Washington, DC, produced outstanding and distinguished graduates. Equally impressive, these schools often performed well above the national average on standardized tests. Such patterns of Black excellence were not uncommon. These were considerable achievements, made even more meaningful and significant given the anti-Black sentiments of the time. Today, many prominent Black leaders lament the loss of initiative, drive, and self reliance of those early years.

A few suggest that Blacks achieved more in the past despite overt discrimination than they do now with all the preferential treatment. As an example, all

the historically Black colleges and universities were established prior to the civil rights movement; none since then. Present-day Frederick Douglass School is a far cry from its former glory when it routinely produced more than its fair share of National Merit Scholars. Indicators of social decay—rates of illegitimacy, divorce, and crime—have soared in black communities. The illegitimacy rate among Blacks was 17% in 1950, but by 1994 it rocketed to 70.4%. (The comparable figures for Whites are <2% and 25%.)

One would have thought that with affirmative action the achievements of Blacks would have been that much more dramatic. Although there was rapid progress initially, especially with respect to college enrollment, these gains have since evaporated. Taking the example of Black universities and colleges, one would have expected that since there are now more affluent blacks, more public support, and absent any discrimination, these institutions would be bigger and better, and attract more bright students. Not so.

During pre-civil rights days many of the faculty of these colleges were Whites. Their mission was clear—to educate the students. If these instructors were prejudiced or thought that Blacks were uneducable or inherently inferior, they would not be there. Simple self-selection. Those teachers had a definite sense of mission, akin to British teachers in colonial Malaysia. Further, many of the institutions were headed by distinguished Black scientists and scholars—men like Booker Washington and W.E.B. Du Bois. They may have been looked down by the wider society but they made sure that the institutions they led were focused on their primary mission—educating Black youths.

With Black pride emerging with the Civil Rights movement, the atmosphere changed dramatically. Now, short-sighted and unenlightened Black leaders insist that students be taught by their own kind. They want their own role models. They fear that White teachers would inculcate alien values and norms. Thus skin pigmentation rather than competence became the overriding criterion for academic appointments. Considering the scarcity of Blacks with advanced degrees, these colleges ended up employing those with inferior qualifications, to the detriment of their students. At the same time many of these academies are now headed not by scholars and scientists but by political types whose expertise is in fundraising and extracting government funds. With less than an outstanding faculty and a leadership focused on matters other than academics, the students are left in the lurch. Academic standards deteriorate. Intelligent young Blacks sense this. Being smart, they begin choosing elite White institutions which are now aggressively pursuing them. As a result Black colleges slowly decline, with lacklus-

ter faculty and a student body depleted of its best and brightest. Over time the quality of their graduates declined to the point where they could not even pass minimal competency tests. They perform abominably on such standardized tests as the Graduate Record Examination or the Law School Admission Test. Private industry recognizes this and hence are reluctant to hire them, further feeding the students' sense of discrimination and abandonment.

All these may sound uncannily familiar to Malaysians. In the preoccupation with quotas in appointing teachers and professors, the mostly Malay students in public institutions get short-changed.

The decline in schools and colleges parallel those of other Black institutions. Once vibrant and living communities are now nothing more than decrepit urban slums. Tenements that once housed stable families like those of General Colin Powell, the Black former Chief of the Armed Services, are now drug-infested urban jungles.

The institution of marriage has just about disappeared among Blacks. The fatherless family is now the norm. The new generation of Black youths lack the benefit and guidance of a father figure during their formative years. Young Blacks are more likely to be incarcerated than finish high school. Their lives are more likely to be cut short by bullets and drugs. As the colorful Black leader Jesse Jackson once remarked, young Blacks are more likely to be killed by BBB (Bad Black Brother) than the KKK (Ku Klux Klan—racist Whites with a penchant for lynching Blacks).

The decline of Black society occurs despite an ever increasing federal commitment and funding to civil and equal rights. One can reasonably ask, what has affirmative action brought? If it is not part of the solution then it must be part of the problem. Or as Thomas Sowell recently put it, "...Blacks were more successful in overcoming the opposition of racists than in overcoming the effects of those who thought they were helping."

## Black and Malay Leadership

MALAYS and American Blacks may share similar disadvantaged positions in their respective countries but there are significant differences between the two. For one, Malays are in the majority and thus have considerable political power. Unlike Blacks who have to depend on like-minded liberal Whites to advance civil rights and affirmative action, Malays can pursue their agenda on their own po-

litical strength. Because of that political might, Malay leaders are also automatically leaders of the country. Two, although historically Malays suffer from the debasing effects of colonialism, that experience was no where comparable in kind or degree with the degrading status of slavery.

But the most consequential difference is between the contemporary leadership of the two communities. Malays do not lack their own severe critics. Mahathir was not the first, although he was certainly the most articulate and vocal, to severely upbraid Malays for their shortcomings. Such internal criticisms help society realistically assess its weaknesses. In contrast, there are very few Black leaders who would criticize the lapses of their society. The appalling rate of illegitimacy, drug abuse, and sexual promiscuity among young Blacks are rarely criticized by their leaders. Worse, when there are brave contrasting viewpoints raised, their bearers are ostracized and treated as traitors. Supreme Court Justice Clarence Thomas, a conservative and one of the few Blacks who dare raise some uncomfortable truths about his community, is regarded as a pariah among Blacks. It must pained him enormously to be so portrayed. Thomas, however, is not blameless. He and other fellow Black conservatives like Ward Connelly, Thomas Sowell, and Shelby Steele seem to relish their confrontational attitude. Perhaps the fact that they all have White wives may contribute to the feeling of abandonment felt by their fellow Blacks. To most Blacks these conservatives are no longer one of them.

There are other Black conservatives who are no less critical but somehow escape or do not provoke similar animus among their followers. Two of them in particular, are former ambassador and presidential candidate Alan Keyes, and Republican Congressman from Oklahoma, J. C. Watts. Both are very attractive personalities who have large followings among both Blacks and Whites. Keyes and Watts, like Mahathir, somehow managed to express their criticisms with a sense of wanting to help out, with a feeling of compassion, not disdain. Somehow in reading or listening to Connelly, Sowell, or Steele, one gets the impression (perhaps wrongly) that they have nothing kind or positive to say about their own kind.

In sports and entertainment, Blacks excel. In fact they are over represented. In both activities success and excellence are readily apparent. In athletics, the talented quarterback is appreciated by all, and the winner of a sports contest is the best, no argument about it. There are no disparaging accusations of racial favoritism or unfair competition. Fans would not tolerate or pay exorbitantly to see the best White fighter or best yellow ping pong player. They want simply to

see the best. The finest athletes and artists transcend national and cultural boundaries. Michael Jordan (of basketball fame) is a hero not only in America but also in the rest of the world. Similarly in entertainment, if your music or voice is lousy, nobody (save your own family perhaps) would want to listen to it. Patrons paid premium prices for concerts by the late Sudirman because he was the best, not because he was Malaysian. Fans of all races and nationalities adored him for his creativity and talent. The government did not have to decree that you must see three Sudirman's concert for every foreign performance you partake.

Because of their successes in sports and entertainment, Blacks do not need affirmative action in those fields. Nor do unsuccessful and less talented Whites who do not make it complain of being discriminated. Were Whites to demand their own affirmative action program in basketball or football, they would be simply laughed off.

One major disappointment with successful Black athletes and entertainers is that very few take on the mantle of leadership or positive role model. They are content with their own personal successes without giving much back. There are few notable exceptions of course. The late tennis star Arthur Ashe was a passionate spokesman for young Blacks and initiated many promising programs aimed at them. Comedian Bill Cosby is very much a leader and has given back much. His recent donation to Spellman College, a Black institution, was the largest such gift ever. He has frequently spoken against the negative images portrayed by Blacks in role model positions in professional sports and entertainment.

Imagine if successful athletes and entertainers were to use their considerable role model value to exert positive changes among Black youths. Unfortunately, these heroes are more renown for their outrageous behaviors and highly exaggerated personal idiosyncrasies, including their frequent altercations with the law, promiscuous behavior, and illicit drug use. Black rappers, by glorifying drug abuse and sexual violence, are not exactly worthy role models. Poor ghetto kids end up copying the expensive tastes of these rich superstars, sporting hundred-dollar sneakers simply to imitate their heroes.

These new heroes of Black youths perpetuate negative stereotypes. Because of their highly valued talent they get away with their tantrums and outrageous behaviors. But when ghetto kids imitate such braggarts they end up in trouble with their teachers, parents, and police.

## Overcoming Inequalities

WITH the notable exception of sports and entertainment, Blacks are still grossly underrepresented in other sectors of American life despite affirmative action. Blacks and other disadvantaged minorities are still rare in corporate suites, the professions, and academia. The central question remains, how do you address and overcome these shortages?

Prominent Black critics of preferential policies, from the erudite scholar Thomas Sowell to the outspoken and the contentious political activist Ward Connelly, have failed to come out with their own remedy. These critics fall back to the same tired clichés of not solving discrimination with more discrimination.

Examine the status of Blacks in higher education. I cannot imagine under present circumstances how more Blacks and Hispanics would be admitted into the great universities without affirmative action. Much has been written on Blacks having lower SAT and ACT scores. One reason for this is the deplorable state of many of their schools. But an equally important but less noticed aspect is that Black students do not enroll in the many excellent private "prep" courses to prepare for these examinations. Nor do their schools provide targeted coaching. At many White schools, especially private ones, these tests are emphasized. Students are repeatedly drilled in the art of taking them. Inner city schools lack resources for the basics, let alone for enrichment programs like SAT coaching. Private courses like Kaplan and Princeton Review are expensive, beyond the reach of poor students. In one survey of law school applicants, nearly half of White students have taken these preparatory courses as compared to only a quarter of Blacks. For affluent students there are expensive private coaching sessions and summer enrichment programs, all geared to better preparing them for college admissions. These courses are similar to private tuition that rich Malaysians have for their children.

The Republican party is championing school vouchers to enable poor parents to send their children to any school, including private ones. With vouchers poor inner city children could attend much better schools in White communities. This has been tried successfully in the state of Wisconsin. It is a way to help poor children escape the trap of inadequate schools in their own neighborhood. There is no guarantee that similar programs would be successful in bigger cities like Los Angeles or Chicago. In those cities, for the children to escape to a good suburban school would require them to travel for hours and on miles of congested

roads. Besides, as my Malaysian experience indicates, there are other expenses and hurdles involved. Kids being kids, imagine a ghetto child trying to keep up with his affluent suburban classmates. Very tough.

The voucher program also carries some hidden dangers. If universally applied, there is the real danger that America would get even more segregated, this time self-imposed and voluntary. There is nothing stopping rich schools from taking only affluent students or Jewish schools favoring only Jewish students. Imagine how America would be a generation hence if Bosnian-Americans go to Bosnian schools and Serbian-Americans to Serbian ones.

There is a privately funded program, A Better Choice (ABC), where talented but disadvantaged Black kids are given full scholarships to attend quality private schools. This has been remarkably successful. The program is expensive and creates its own special problems. Think of the culture shock of an inner city kid suddenly transplanted into an atmosphere where their classmates have homes with names rather than numbers, and where vacations meant not just being away from classes but exotic destinations in Europe and Caribbean. An American industrialist, John Sculley, has an even more novel and very successful initiative. He single-handedly funded a program that guarantees college scholarship to every successful student at one predominantly Black high school in New York. The effect of his program is that students who previously never considered going to college are now motivated to study. The service academies like West Point, which are extremely competitive, managed to get their share of promising Blacks by having special "prep" schools, much like Malaysian universities' *matrikulasi* programs. The emphasis in all these programs is in better preparing the students, not lowering the standards.

With Blacks and other minorities still lagging in many sectors of the economy, it would be unconscionably cruel to remove what most see as their only avenue for survival—affirmative action—without giving them an alternative. It is like suddenly removing crutches from a patient long dependent on them. It simply cannot be done. Doing so would do irreparable harm. Extensive physical therapy and training, together with considerable compassion and encouragement are needed before doing it. To do otherwise would be cruel and vindictive.

It is well known that schools with predominant minority enrollment are severely under funded. Those children are at a decided disadvantage. It is not their fault to be born in inner city Oakland or Chicago and not affluent suburban Palo Alto. Simple fairness dictates that more ought to be done for these children. Their schools ought to be better funded than those in rich neighborhoods to



compensate for their other disadvantages. Yet I do not see much innovative ideas to overcome these problems from opponents of affirmative action. Nor do I hear them supporting out-reach programs, promising ideas like ABC, Sculley's, or the service academies' prep schools.

Confounding the debate on affirmative action is the unfortunate and widespread belief that diversity results in or equals mediocrity. Somehow under-qualified individuals are chosen simply to meet some racial balance. Under-qualified that is, based on some supposedly objective tests. Unfortunately, none bother to examine whether these standards tests and criteria are relevant, appropriate, or even predictive. Except that much is made over their objectivity. Intuitively, one can be easily convinced that a Black policeman would be more effective in inner cities because he shares many similarities with and therefore understands better those he would serve. He would also better understand the citizens' patterns of behavior and could communicate better with them than a White officer. A recent study by Stanford law professors found exactly that. Unfortunately such important attributes cannot be readily assessed by standardized tests. And what cannot be measured are thus ignored even though they may be important and very relevant criteria. Modern society is obsessed with the pseudo-science and presumed objectivity of numbers and scores without ever questioning their basic validity.

The same with university admissions. Much has been said, especially by conservative, right wing writers, on the lower test scores of Blacks. But left unsaid is how significant or meaningful are those differences. While I readily concede that as a group, students in the top ten percent will do well as compared to those in the bottom half, but I am uncertain what the difference is between individuals at the 95th percentile as compared to the 98th, or those in the 85th compared to the 90th. Yet in the writings on the differences of test scores among the various races these are the degrees of differentiation that are being strenuously debated. They are attributing to these tests a sensitivity, accuracy, and predictive value that even their originators do not claim.

Perhaps Americans can learn something about correcting inequities from the organization governing their favorite sport, the National Football League (NFL). To prevent marked discrepancy in the caliber of the various teams, the league has designed an imaginative recruiting system. That is, the worst performing team of the season would have first choice draft pick of new players the following year; and conversely, the championship team would have the last. Without such a system, new stars would naturally favor joining the winning team and

the weaker teams would forever remain in the cellar. It is to NFL's advantage to have more or less competitive teams. If fans perceive certain teams as perennial losers, those teams would not attract crowds during their games. From the business sense, keeping all teams competitive helps make the games exciting, thus attracting viewers and fans.

On a societal level, it is just not right that a particular segment of community be left behind. Basic human decency demands that we pay attention to those less fortunate. It is to society's advantage to fully maximize the potential of all its citizens.

This last reason is why I believe that many Muslim countries remain backward. Their orthodox attitude towards women means that they hold back half of their population, preventing them from being educated, trained, and generally becoming productive citizens. They are essentially wasting half their human capital.

Critics of affirmative action are correct in pointing out that Blacks and other minorities ought to do more on their own and be less dependent on government to solve their problems. In the past, the respected black leaders were likely to be preachers, teachers, and scientists. Now Black youths admire rap singers who glorify violent lifestyles and drug culture. Few Black youths today could name a successful Black businessman, scientist, or writer. When a notorious drug dealer who had victimized thousands of Black youths in countless communities died in Oakland, California, his funeral resembled one fit for a king.

Present day Black political leaders are more skilled at extracting public funds rather than solving problems of their community. When Black students could not speak English properly, instead of demanding better teachers or more time devoted to the subject, these leaders legitimized the language—Ebonics. When these students performed poorly their leaders demanded that the universities lower their standards to accommodate the students. Far too often contemporary Black political leaders are individuals lacking substance and significant personal accomplishment, except for their ability in making thundering speeches and arousing guilt complexes in White liberals. The loud-mouthed politicians, outrageous athletes, and flamboyant entertainers get the limelight and become role models for young Blacks. Talented lawyers, skilled neurosurgeons, and successful entrepreneurs are essentially ignored.

Unlike Malays, Blacks and other disadvantaged groups in America lack political power. Thus they cannot control the political agenda or change and enact policies advantageous to them. They have to depend on like-minded White lib-

erals. Relying solely on political power, as Malays seemed to be preoccupied, is not enough. For one, that power may be lost through the electoral process. This nearly happened once and resulted in the 1969 riot. Two, increasingly in this world, power exudes from those with economic clout and wherewithal. American Jews, small in number but with their economic prowess and financial might, exert considerable influence in other spheres, including politics. Malays must ponder this. They must not be overly confident that politics would remain their salvation for ever.

## Hispanics and Malays

MALAY students in America refer rather self deprecatingly to Hispanics as the "Malays of America." There are certainly superficial similarities: brown skin, dark hair, and generally patient and pleasant demeanor. Socially too, Hispanics are like Malays: large extended families, fondness for spicy foods and huge celebrations, and very religious. Less flattering comparisons are the alarmingly high school drop-out rates and over representation in the social ills category. Like Malays, Hispanics seem not to revere learning or value education. The shopping centers of Los Angeles, as in Kuala Lumpur, are infested with aimlessly wandering, outrageously adorned, young, brown-skinned "mall rats." Only the language spoken is different.

A successful Hispanic writer was giving a "pep" lecture to some local high school and junior college students in California. He lamented that these students were not studying hard enough or devoting their best efforts to academic pursuits. One of the Hispanic parents took offense and berated the speaker for ignoring the underlying poverty and social burdens facing Hispanics. In an uncharacteristic display of anger, the speaker burst out saying that all these extraneous factors like poverty are just excuses. Books, especially second hand ones, can be bought quite cheaply. Besides, America has an abundance of readily accessible libraries. Pointing to the expensive jackets and sneakers the students were wearing, he rightly noted that they would have some money for academic pursuits and books if they did not insist on designer clothing and shoes.

The speaker was of course correct but people do not want to know the truth, they would prefer to wallow in their "victim" status. We only encourage such helplessness by repeatedly giving them excuses. Poverty is a major impediment

to academic progress; it should not be ignored by planners and teachers. At the same time it should not be a ready excuse.

To pursue the stereotyping, Hispanics, like Malays, are obsessed with symbols. They put on huge demonstrations demanding that the birthday of Cesar Chavez, a popular Hispanic union leader, be a public holiday, and insisting that universities have department of Chicano (Hispanic) studies. When Hispanic students perform poorly their leaders insist that these students are not at fault. Rather it is the teachers who are not sufficiently "sensitive." Thus they demand for more Hispanic teachers. But with the severe shortage of Hispanic graduates these schools end up with teachers with less than outstanding qualifications. Similarly, with their excessive pride in their heritage, they are demanding less time studying English and more classes in Spanish. In colleges, Hispanic undergraduates gravitate towards Ethnic Studies and liberal arts rather than opting for sciences and engineering.

Socially too, there are troubling similarities. I have never been to a small Hispanic wedding. They all seem extravagant, drawn out, and very expensive. Similarly with funerals. I am really taken aback how easily poor families would go into heavy debt so they can buy the most expensive coffins for their loves to "take off" in style.

I live in a community that is almost half Hispanic. Substitute "Hispanic" for "Malay" and it's all *deja vu* to me. Perhaps that is why I feel so comfortable and very much at home in California!

## Quebec's Quiet Revolution

IN NORTH America the social and race dynamics more comparable to the Malay/non-Malay relationship is that between French-speaking and English-speaking Canadians, specifically in the province of Quebec. There, Francophones outnumber the English and as such have political power, but economic power remained entrenched in English hands, at least until recently. Visit Montreal and the landmark institutions have such venerable Anglo names as McGill, Royal Victoria, Westmount, and Queen Elizabeth.

It is not difficult to understand why. In the past, most French Quebecois were, like Malays, rural-dwellers, deeply attached to their religion (Catholicism), and had large families. Their educational system was heavy on liberal arts and religion, rather than science and technology. Drive around rural Quebec of the 1950's and the most

ostentatious buildings were churches and rectories. More than likely, you would be caught in some religious processions celebrating some saints or nationalistic rallies calling for some revolution or other. Their businesses and stores were closed more often than not, their owners busy observing various festivities. Their schools were shabby and poorly equipped. Their ablest minds were busy reciting catechisms or preparing for convents and the priesthood. Consequently, French Canadians were pathetically under represented at McGill University, the stock exchange, businesses, and in the professions. Young Quebecois were simply not adequately prepared for the modern world.

Their political leaders meanwhile continued with their relentless calls for revolutions and social justice. Like all politicians who were bereft of bright and innovative ideas, they fell for the easy and popular route of blaming others for their failures. The English were easy and convenient targets. After all, they did not employ French people, refused to speak the language, and worse, kept to themselves in exclusive enclaves like Westmount. What other "proof" did you need to show that they discriminated against the French? Quebecois felt left out and marginalized in their own province. Like their kind everywhere, French politicians resorted to simplistic solutions, whipping their followers into a frenzy of nationalism with their hot, fiery rhetoric and eloquent, chest-thumping orations.

In 1970 there was indeed a half-hearted revolution. A Quebec francophone cabinet minister was murdered for being a "traitor" and the British consul-general kidnapped. Stirring manifestoes were broadcasted and final demands issued. The federal government, then fortunately headed by a Quebecois, Pierre Elliott Trudeau, responded swiftly and in kind. The War Measures Act and military laws were quickly instituted. Among the provisions: detention without trial *à la* Malaysia's ISA. Troops in battle fatigue and with fully loaded automatic weapons roamed the streets and suburbs. Heavy tanks rolled down main street, creating huge potholes and obstacles. For a while I thought I was caught in a revolution in some Third World banana republic rather than in modern Canada. Alas, it again sadly reminded me of Malaysia's own racial disturbances just the year before.

Fortunately, like the Malaysian riot, the situation was swiftly brought under control by the decisive and bold actions of Trudeau. Thankfully, unlike the Malaysian incident, few lives were lost. I wondered whether the outcome would have been dramatically different had the prime minister been an Anglophone. That would have simply inflamed Quebecois even more, feeding on their already

intense paranoia of English persecution and domination. When it was all over the frustrated and angry French-Canadians were back in their villages licking their wounds. In truth these idealistic citizens were totally unprepared and poorly trained to participate in the modern economy. No amount of revolutionary rhetoric could change that. Their leaders had failed them, not for starting an unsuccessful revolution but by not modernizing their schools, social structures, and better preparing their young.

The War Measures Act was much criticized by libertarian Canadians at the time but Trudeau brazenly dismissed those "bleeding hearts" with his famous defiant retort, "Just watch me!" Three decades later in 1998, at the Asia Pacific Economic Council (APEC) meeting in Kuala Lumpur, Trudeau's protégé, Jean Chretien, now prime minister himself, was castigating Malaysia over the use of the ISA against unruly *reformasi* leaders and rioters. Perhaps Malaysians should have publicly reminded those pontificating visitors of their Canadian War Measures Act.

French-Canadians of 1950's and 1960's were variously described as "prodigious procreators," "shackled and immobilized by the Catholic Church;" and their society "priest ridden, traditional-bound, backward, clannish and occasionally sullen or riotous." Stereotyping was very much alive and the order of the day then.

A generation later, Quebec is a very different province socially, politically, and economically. A 1997 referendum on separation from Canada was defeated, albeit very narrowly. In the following general election of November 1998, the separatist Parti Quebecois, although it retained a slim majority of seats, received fewer popular votes than the federalist opposition Liberal party.

Young Quebecois are now less interested in rioting on Main Street and more consumed by the goings on at Wall Street. Their role models are no longer the fiery bearded revolutionaries and chest thumping politicians but the intensely competitive executives working up the corporate ladder, the dynamic entrepreneurs, and the brilliant scientists. I predict a generation hence talk of separation would simply elicit a yawn among Quebecois. They would be too busy establishing commercial and economic ties with other provinces and the rest of the world.

How did such a remarkable transformation come about?

For one, Quebecois were smart enough to elect highly talented, well-educated, and quietly effective leaders rather than the usual loud-mouthed, rabble-rousing politicians of the past: men who had done nothing significant in their lives

except run for political offices. In contrast, their new leaders are significant over-achievers, men who have excelled in the professions, businesses, and corporate world.

The one man widely credited with quietly transforming Quebec society was Jean Lesage, Quebec's premier in the 1960's. He modernized the educational system and built numerous junior colleges emphasizing practical subjects and the sciences. Their universities too began stressing science, technology, and management. Young Quebecois who in the past would have ended in convents or monasteries are now trained as mechanics, technicians, and traders. Looking back, what Lesage did was remarkably simple and very effective. He quietly took away responsibility for education and social services away from the entrenched control of the Catholic Church, essentially secularizing those services. In so doing he set free all those priests and nuns to do what they were trained: ministering to souls. More importantly, the churches were no longer in the way of their parishioners modernizing themselves.

Lesage's later successor, Robert Bourassa, a product of Harvard (in Business, not French Studies) continued the trend. He "encouraged" McGill University and other venerable English institutions to increase their enrollment of French-speaking students with threats of reduced state funding if they failed to do so. These institutions readily complied in part because of the increased number of French students who were now superbly qualified. Family planning too was introduced: quietly, for fear of offending Catholic sensitivity. The large unruly, poorly-cared brood typical of the 1950's is now replaced by much smaller but well-dressed and better-cared children. This "Quiet Revolution" (*revolution tranquille*) as it was called, transformed Quebec. No elaborate articulation of grandiose visions of the future, no stirring calls for revolution, and no catchy slogans. Simply hard work and a willingness to do what might be initially construed as unpopular. Reducing the influence of the church and introducing family planning are no mean achievements in a deeply Catholic society.

In the end the change was dramatic. In 1970's for example, young Quebecois salespersons absolutely refused to speak English even if that meant loss of business. Nationalistic and linguistic pride gone astray through excesses. Now these businessmen speak English fluently and confidently, without fear of being branded a traitor. They do it not because they lack confidence in their own language but because of the increased business opportunities that fluency in English would bring. Billboards in small towns and cities reflect the increasing and widespread French participation in business. French-speaking executives are at

the helms of major international corporations. French-Canadian corporations expanded globally. Names like Bombardier (makers of snowmobiles initially, now commuter trains), Canadair (poised to be the world's leading manufacturer of commuter jets), and Power Corporations (a conglomerate) became fierce competitors on the world's market.

Quebec's Celine Dion (of Titanic fame) throbs the hearts of millions the world over singing in English, the language of her fans. She is as proud of her French-Canadian heritage as any of the radical nationalists of 1970's. What's more, she has done more to enhance her people's image than all the revolutionaries of the seventies. Unlike her predecessors like Robert Goulet and Genevieve Bujold who had to leave Quebec both physically and psychologically in order to excel on the world stage, Celine maintains and is very much proud of her roots.

As a result of the Quiet Revolution modern Quebec is a far different society. Whereas in the past Quebecois would flock to such soft subjects like religion and French Studies, now the government has to offer generous scholarships to entice them to pursue those disciplines.

The dilemmas faced by Malays today are not unlike those of French-Canadians of a generation ago. There is much that Malays and their leaders can learn from them. Malays need their own version of a quiet revolution, with no great fanfare or grandiose vision for this or that. Simply upgrade the educational system and encourage the young to take up science and technology rather than Islamic or Malay Studies. The successful entrepreneurs and scientists should be the new role models for young Malays, not noisy politicians and bearded religious functionaries.

Similarly, the struggles of Blacks in pre-civil right days when they depended solely on their wits and inner strength to overcome severe and seemingly insurmountable adversities, should inspire Malays. The achievements of those earlier Blacks were truly monumental. What Malays must strongly avoid is falling into the trap many contemporary Black Americans found themselves, aggrandizing their role as victims, utterly dependent on the government, and incessantly demanding more from others to solve their problems. Most of all, Malays must not develop a dependency syndrome and the tendency to reflexly blame others for their travails and problems.





## Chapter XIV

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### The Non-Malay Dilemma

NON-BUMIPUTRAS constitute less than 40 percent of Malaysia's population. Of these, about a quarter (10% of the total) are of Indian origin and the rest, Chinese ancestry.

#### Malaysian-Indians

MALAYSIAN-Indians have the least leverage politically and economically. They have been essentially marginalized in modern Malaysia. Their small numbers prevent them from reaching a critical mass and becoming a deciding political block, or to act as conciliatory buffer in the race dynamics of the country. "Malaysia's Indian community," writes Rehman Rashid, "for so long a peripheral element of the central ethnic equation, continued in its silent disregarded way." Smallness by itself is not necessarily a disadvantage. American Jews have influence far beyond their small number.

Malaysian-Indians lack cohesion and unity of purpose. Unlike Malaysian-Chinese, Indians are not a homogeneous ethnic group. They do not share similar physical characteristics, cultural values, or languages. The fair-skin, tall northern Indian with near Caucasian features is very distinct from the dark-skin, short southern ones. Their languages are totally unrelated nor do they share the same religion. Sikhs have little in common with Hindus, and both are having a tough time getting along in their old country. Some of that ancient animosities spill over into their adopted land. I have a tough time distinguishing Tamils from



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Singhalese, but there must be sufficient differences for them to be slaughtering each other in their ancestral island, Sri Lanka.

Nor do Malaysian-Indians have a single political party they can rally for or to represent their interests. The Malaysian Indian Congress (MIC) staggers from one crisis to another, with its leadership consumed in a never ending power struggle. The fringe People Progressive Party have Indian leadership but few Indian followers. Malaysian-Indian political might, small as it is, is further diluted by these numerous camps.

Perhaps the best positioned among them are Indian Muslims. With their Muslim names they can easily blend with Malays. A minor change, Johan son/of Bashir to Johan Bin Bashir, and he can easily "pass" for a Malay, at least in print. If he makes the pilgrimage to Mecca why, it's Tuan Haji Johan Bin Bashir. How more Malay can that sound? And if he stays out of the blazing Malaysian sun and controls the rough rolling of his tongue, he could easily be mistaken for a Penang Malay.

For added insurance he could marry a Malay and viola, in one generation the assimilation is complete. The Johans will then have little or no emotional, cultural, and linguistic ties with the rest of the Indian community. What's more, their children would then be staunch defenders of Malay special rights and privileges!

It would be a terrible mistake to dismiss Malaysian-Indians. Although it is unlikely for them to ever become a strong and influential lobby or pressure group, nonetheless if a sufficient number perceive themselves as being a permanent underclass, that would be tragic for them as well as for all Malaysians. At present, the low level gang activities in the rubber estates are merely a nuisance. Left unattended they could fester into major social problems.

Indians appear over represented in the professions, technical fields, and teaching. That is misleading as many of them are not Malaysians rather Indian nationals on short-term assignment. They are not a large group but because of their high level of education they exert an influence far beyond their numbers. They have minimal sense of kinship for their Malaysian counterpart. Being foreigners on temporary visas they are only too aware of their vulnerable status. They are consumed with trying to please their Malaysian (especially Bumiputra) hosts so their contracts could be extended. Thus out of pure pragmatism and shrewd calculations they are enthusiastic supporters of the status quo. They are not likely to provide much leadership for the rest of the Indian community.

The poor Malaysian-Indians on the estates and plantations have it rough. They are also very vulnerable to chauvinistic exhortations. Thus they proudly send their children to Indian schools even though these schools have no future in the Malaysian scheme of things. They are the modern day equivalent of the village schools of my youth. They serve less as an educational medium but more as a symbol of cultural and linguistic aspirations. Urban and affluent Indians, being more wise in worldly affairs, ignore these futile vernacular schools and rightly admit their children to mainstream Malay schools or private English ones.

I see little glimmer of hope. Their leaders in MIC are obsessed with trying to fit into the Bumiputra establishment rather than championing the cause of their followers. These leaders have also acquired some of the more negative and wasteful traits of the Bumiputra elite. The recent wedding of the son of an MIC leader who is also a federal minister was obscenely opulent even by the standards of Malay royalty and Bumiputra billionaires.

## Malaysian Chinese

UNLIKE Indians, Malaysian-Chinese are more focused, with single-minded aspirations to dominate the only field open to them—businesses and the professions. Because of their economic clout, they are a pressure group to be reckoned.

During British rule they, like their cousins in Hong Kong, were content with making money and dominating the economy. With independence and having tasted the power of the political process, their ambitions have, as expected, changed. They rightly no longer consider themselves as children of immigrants. Their parents have long ago given up dreams of *halek Tongjan* (returning to China.) Having seen how the right political ties translate directly to lucrative business opportunities, they are no longer interested in being mere political bystanders. In the past, their prevailing attitude was crisply encapsulated in their favorite aphorism—it matters not who holds the cow's leash as long as they can milk her. Now they are discovering that whoever has the leash controls the udder. And they very much want a hand on the leash.

In the early post-independent years when economic opportunities and prospects were not as exciting and promising, many chose to emigrate to the West. The bright and ambitious among them, if they were not satisfied with being treated as less than full citizens at home, would easily pack up and head for

Canada or Australia. Their purported reasons for leaving were their feeling of being discriminated and not being able to practice their language and culture in the country of their birth. These were at best, specious. In the West, the overwhelming dominance of White culture effectively smothered their own heritage. It did not take long for their children to become totally acculturated to Western ways, complete with Anglican names and lifestyles. Forget about learning to speak Chinese, much less respect for traditional ways. Living in overwhelmingly Anglo-Saxon countries, they have even less chance to maintain their culture and heritage. But these émigrés rationalized that whatever the cultural price they paid, it was more than compensated by the materially more comfortable lifestyles they enjoyed.

These emigrations served as a safety valve for Malaysia. Nothing could be more dangerous than to have in your midst talented but disgruntled citizens. For the nation this "brain drain" and the accompanying capital flight represented a significant loss. Imagine the good to the country had these talented Malaysians remained. There were the usual short-sighted and bigoted few who viewed their departures as good riddance—they lessened the competition for those remaining.

The emigration option is less attractive now. One, Malaysia has advanced substantially so the economic benefits of emigrating are not as large or significant. In many instances opportunities for professionals like doctors and engineers are much brighter in Malaysia than they are in United States, for example. Two, recent highly publicized Asian bashing "down under" that made screaming headlines in Malaysia revealed the ugly undercurrent of anxiety and resentment native Australians have for the rash of Asian immigrants. These Australians, like Malays early in the century, did not take kindly to floods of newcomers.

Canada and United States are still wide open. Canada is sufficiently liberal and welcoming as long as these immigrants pay the going admission price. It is in fact selling its citizenship. As a result it "enjoys" a flood of immigrants, especially from Hong Kong. These new émigrés are interested in merely acquiring a Canadian passport as an insurance with Hong Kong reverting to China. They do not trust their future to their own kind on the mainland and their Canadian papers are "just in case." Because of their large numbers, these newcomers feel little pressure or need to adapt to local ways. It wasn't long before old habits that were perfectly acceptable in Hong Kong manifested themselves in their new country. They began building huge mansions with gaudy color schemes on their small urban plots, testing to the limit Canada's zoning laws. As a result they evoked a

simmering backlash. In contrast, Malaysian-Chinese accustomed to living with other cultures in Malaysia readily adapt in their newly adopted land in the West.

Ironically, while Malaysian-Chinese resent Malay cultural, language, and political hegemony in Malaysia, they have no difficulty "knowing their place" and accepting the cultural and language dominance of the West. There was no question of them even contemplating asking for publicly-supported Chinese schools or cultural centers in Australia or Canada. Nor do they demand that Chinese New Year be a public holiday.

Practically all who left Malaysia were the English-educated—the *angmoh-sai*, "White lovers" or more crudely but accurately, "White excrement." In the West the comparable epithet is banana, yellow on the outside but white on the inside. It is the Christopher Chins and the Penelope Pings with their superior English education who are enamored with the West. They have as much love for Chinese language and traditional culture as a rabid UMNO youth leader. If they really feel that Malay culture and language overwhelms them in Malaysia or that, as they frequently stated, they wish to maintain their Chineseness, why not emigrate to China or Taiwan? No, they choose the West simply because economic opportunities there are brighter. The same reason some Malays emigrate. There is no need to concoct ingenious reasons or attribute racial motives on those they left behind.

### Singapore as a Safety Valve

With emigration no longer an attractive option, Malaysia needs another safety valve. Fortunately it has a prosperous and dynamic Chinese-dominated city state just across the causeway. The elite in Singapore are not just any Chinese. They are, like successful Chinese in Malaysia, English-educated. They admire and adore everything western. They are more comfortable listening to Mozart and Beethoven rather than some tinny Chinese opera. Malaysian-Chinese with desirable qualifications from esteemed western universities are highly sought by that republic. Graduates of Taiwanese universities, as expected, need not apply. In many ways, these Malaysian-Chinese are the luckiest. They get handsome First World pay in Singapore and live in Malaysia where they can enjoy their money. Their Singaporean cousins may make as much, but they could not easily afford a house with a patch of lawn and have to wait years to buy a car. When they do



get their cars they can't even flaunt them around except after they cross the causeway into Malaysia.

If Malaysian-Chinese do not like Malaysian schools with their emphasis on Malay, they can send their children to Singapore schools, widely acknowledged as the best. Many do just that. Witness the exodus across the causeway of expensive cars and bus loads of children each weekday morning. To these Malaysians, the governments in Kuala Lumpur and Johor Baru are irrelevant, except perhaps when it's time to renew their passports or car licenses. Malay rights do not adversely impact them. They do not send their children to Malaysian schools, much less to local universities. It's almost like the days of British rule, except now they are much more prosperous, not having to compete against the British. Their children, highly educated in English, have horizons extending beyond Malaysian shores.

It is not just the highly qualified who are welcomed by Singapore. Thousands of Malaysians work as nurses, stewardesses, and mechanics in that labor-short island. When one considers that a senior bus driver there earns more than a university lecturer in Malaysia, one can understand why non-Malays do not greatly resent those public positions in Malaysia being reserved for Malays.

Even when they travel these Malaysians hardly go through Kuala Lumpur. To them and others in the southern tip of the country, Singapore is their port of entry and exit. And despite having to go through customs and immigration checkpoints twice, it is still far more convenient to go via Singapore. Even their reading habits reflect their different focus. Thus, Singapore's *The Straits Times* rather than Malaysian papers.

I lived in Johor Baru for 18 months in 1977. This trend started way back then. I remember doing most of my business and shopping across the strait. Even to send money abroad for my professional dues I found it easier to go through Singapore banks rather Malaysian ones. Now, despite all the disincentives thrown in by Malaysian authorities to discourage the use of Singapore facilities, Malaysians still do it simply because it is far more efficient despite the added hassles and costs.

This social safety valve role played by Singapore is not well appreciated on both sides of the causeway.

## Present Day Race Dynamics

FOR MALAYSIAN-CHINESE who revel in the glory of their motherland and who are not fluent in English or Malay, their plight is not an enviable one. They are the ones most resentful of Bumiputra's special status. They have to work twice as hard, one for themselves and the other for their Malay license holders. They are the ones who drive lorries or operate small retail businesses with fancy Malay names. These are the taxi drivers who deliver you to the airport while their Malay owners rest comfortably at home waiting to collect the profits. Their seething anger, barely concealed by their sullen faces, is understandable.

Malaysian-Chinese, despite (or perhaps because of) the many obstacles, have done quite well. Their share of privately held national wealth increased from 25% to 38%, from 1970 to 1992. Malay stake has also risen, from 2-3% to 18% during the same period—a six fold increase. Both increases are at the expense of foreign ownership, which declined from 70% to 32%. The figures for Malays are misleadingly optimistic because one, they started from a very low base and two, much of the wealth attributed to them are held in quasi government agencies like Pernas and Amanah Saham.

Although non-Malays are underrepresented in the public service, they more than make it up in the private sector. The management suites, sales forces, and professional ranks of multinational corporations and private businesses provide more than ample and satisfying alternatives. Malaysian-Chinese are greatly helped by their high level of English proficiency and qualifications in the sciences and technical fields. Unlike Malays, they do not flock to ethnic or religious studies. In modern Malaysia, like other developed countries, public service jobs are fast losing their luster. These English-educated Chinese are very much the real elite in modern Malaysia, regardless whether they are tacitly acknowledged by the political and social establishment.

Adversity seems to bring out the best in most people. A Malaysian-Chinese born today is told by his parents not to expect help from the government. He has to make it by his own bootstraps. And when one's survival is at stake, it does focus one's mind intensely. The siege mentality can be a very powerful motivator. Jews in Europe and early America were successful not in spite of but precisely because they were actively discriminated. With full integration and acceptance in modern day America, Jewish children are less consumed with the need to succeed. Malaysian-Chinese have successfully used the issue of Bu-

miputra privileges as powerful motivators rather than as sources of envy and resentment. Very effective and highly productive.

### Ali Baba Partnerships

IT IS AT the lowest levels of Sino-Malay interaction (Chinese drivers for Malay taxi owners) that are the basis of much contention. The Malay owns the petty license while the Chinese do all the hard work and paying the owner a handsome fee, a relationship colloquially referred to as Ali Baba. The "Ali" is the Malay, the boss and thus gets first billing, and "Baba," the Chinese work horse. Ali is usually well connected politically, which is how he secures the licenses in the first place. One can readily understand Baba's resentment under such circumstances.

Viewed from one perspective, the relationship is parasitic, with Ali living off Baba's sweat. On the other hand, Ali's contribution is in securing the permit. After all lobbyists and brokers in the West are paid handsomely for their efforts, thus Ali rationalizes.

Traditionally, in pre-communist China this kind of almost slave-master relationship was quite common and acceptable. The communists with their egalitarian ideals ended that practice rather quickly. Similarly for Malays, until the British banned it, the taking of *orang bamba* or slaves, was acceptable. To Ali, Baba is his *orang bamba*; to Baba, Ali is his slave-master, or warlord. This cultural underpinning probably explains why the practice is so entrenched and widespread.

As Malays get more sophisticated and their material aspirations correspondingly higher (or greedier), they graduate on to more lucrative concessions and contracts. Logging concessions, import/export permits, and licenses for operating private schools or colleges are routinely given to politically-connected Malay "entrepreneurs." But no matter how seemingly complex and complicated the business is, the essential Ali Baba dynamics prevails. The only variable is the size of the loot.

There was a time when such relationships were frowned upon. For Malays it was tantamount to selling one's good name. During my youth there were similar partnerships but at least the Malay owners would make perfunctory appearances at their businesses to show that they are in fact running them. Now with permits and concessions valued in multimillion dollars, such qualms and reservations are rarely raised.

In parasitic relationships of nature, the host and parasite strike a delicate balance to ensure their mutual survival. Too aggressive a parasite and you kill the host; too strong a host would reject the parasite. Often these relationships, fine tuned through generations, become totally integrated. Ali Baba relationships however, rarely endure. It would not be long before the parasite, Ali, demanding more of the host or Baba becoming strong on his own and successfully dislodging the parasite. Surprisingly, there is very little recriminations or outward racial animosities precipitated by such breakdowns. Ali simply seeks a new host and life goes on.

### Genuine Sino-Malay Partnership

FORTUNATELY at higher levels of economic activities, both Chinese and Malays realize that a more enduring partnership results only when each party contributes added value to the venture. Chinese appreciate that they are better off seeking out competent, well-qualified Malays who would contribute to the enterprise rather than simply somebody well connected who would not carry their weight. At the most elementary level it is the Chinese doctor employing a Malay nurse, tacitly acknowledging that she, the nurse, would help bring in more Malay patients. Similarly, the retailer with a few Malay salespersons, again to attract Malay customers. For larger corporations, having a Malay at the top, preferably someone with a suitably impressive title, comes in handy in securing permits and government contracts, and in dealing with petty bureaucrats.

The Bumiputra imprimatur has considerable market value in contemporary Malaysia. Surprisingly this fact is not well appreciated by, of all people, Bumiputras. Eminently competent and suitably connected Malays rarely exact a stiff price for their contributions. A friend, an esteemed professional in his own right and a highly successful politician until he backed the wrong horse in a keenly contested UMNO election, willingly joined a Chinese company for a mere pittance. Through his efforts the company gained valuable government contracts. He obviously did not value his own considerable "rain making" capability, otherwise he would have priced himself accordingly. In another instance, a physician who had held the government's highest professional post retired and joined a medical clinic. His name did not even appear on the letterhead or signboard. At the very least someone of his caliber would have insisted on being a senior partner and getting first billing. Directly because of his previous civil service ties,

he was able to secure for the practice many lucrative contracts. My surprise was that a man with such clout and connections did not establish his own clinic and hire his own physicians. This reveals how lacking in initiative and boldness these public servants are. They simply cannot kick that old habit of waiting for a paycheck. This is one instance where I wish Malays would be more Islamic and emulate our Holy Prophet—better to give than to receive a paycheck (more "points").

The nation is now seeing more genuine commercial cooperation between Malays and non-Malays. When non-Malay companies were asked to restructure their equity ownership to pave way for Malay participation, many initially resented this interference. The astute and far-sighted few however, sensed the opportunity that Sino-Malay cooperation would bring and readily complied. Their cooperation and willingness to look beyond their own clannishness and tribalism have been amply rewarded. Such companies with their mixed work force and management reflecting the diverse Malaysian society are truly the wave of the future. They are deserving of the label Malaysian. This process of genuine economic collaboration is helped considerably by the increasing supply of qualified and talented Malays. Non-Malays can no longer use the excuse of scarcity of Malay personnel. The new generation of non-Malay businessmen also realize that they can no longer run their enterprises along the old pattern, depending on their kin and kind. Like American businessmen, they realize that to remain successful their enterprises must reflect the community they serve. They celebrate diversity in their work places not out of some altruistic ideals or sentiments but simply because it is good for business.

### Non-Malay Political Leaders

NON-MALAYS realize that they too have to be engaged politically. Economics is never far removed from politics in any system. In the past the nation had many Chinese leaders but few have crossover appeals to Malays. Most were content with championing such unnecessary and divisive causes as Chinese language and culture. How could they be so silly to think that a language and culture that had existed for thousands of years and being used by a quarter of the earth's population could be stamped out by the government of puny Malaysia? Yet these were the leaders who managed to arouse such frenzy of discontent among their

followers by manufacturing these nonexistent threats. Fortunately, such blatant appeals to crass chauvinism are losing their seductiveness.

There had been the occasional Malaysian-Chinese leader whose appeal transcended racial boundaries. One such person was the late Tan Chee Khoon, Malaysia's Mr. Opposition. Like Mahathir, he too was a physician. Not only was he smart both intellectually and in the street sense, he was also very articulate in English and Malay. He was not easily baited. Nor did he succumb to the typical politician's vote-hungry habit of pandering to the lowest common denominator of his constituents. Most of all he had a refined sense of humor and recognized the need for getting along (or at least a working relationship) with Malay leadership. The issues he raised in parliament, like corruption and incompetence in high places, resonated with average Malaysians—Malays and non-Malays alike. His leftist leanings however, limited his appeal. It was a reflection of his considerable political and survival skills that, although he was an ardent and committed socialist, he was smart enough not to get enmeshed by the country's ISA. Many Malaysian socialists were not so lucky or wise.

Another leader with some crossover appeal is Gerakan's Goh Cheng Teik. He is brilliant, effective, and quiet. He is my kind of leader, reminiscent of Quebec's Robert Bourassa. Sadly Goh, like Bourassa, lacks a sense of humor. In the politically correct language of the day, he is charismatically-challenged. His analysis of the May 1969 riot is still among the most thoughtful ever published. Unfortunately, his perennially dour demeanor would not get him far in politics, or elsewhere. He seems more at home at an academic seminar (as befits a former professor) than at a political rally.

The present crop of leaders in the predominantly Chinese Democratic Action Party (DAP) are neither brilliant nor charismatic. They are content with playing the role of perpetual opposition. They make no attempt at bridging the racial divide. They cater to the most extreme elements of their followers in pursuing votes. Mahathir rightly dismisses them as political pests rather than a loyal opposition, ready and capable of taking over the helm of government. They keep championing Chinese language and culture, a cause that does not need any defender, least of all from these characters.

The DAP leadership too was reeling from criticisms over attempts by its leader to anoint his son as the successor. Obviously that leader harbors pretensions of starting a political dynasty *a la* Gandhi or Kennedy.

The time will surely come when there will be non-Malay leaders with sufficient charisma, finesse, and a realistic understanding of the country's delicate

racial dynamics who would appeal to all Malaysians. The nation now has a generation of non-Malays who, unlike their parents, are more inclined towards public service. Coming as they are from affluent families and secure of their own financial future, they have no particular desire of simply multiplying their family's fortune. Some have devoted themselves to non-profit social organizations. With time there will be others who would be attracted to politics not as a mean of enriching themselves but as a noble pursuit.

A few years back, Americans would never have thought that they could vote for a Black presidential candidate. The reasons were obvious. The leading candidate at the time, Jesse Jackson, had minimal appeal among Whites. This was not racial. It was that the messages he articulated, primarily income redistribution and other socialistic views, did not resonate with the electorate. Whites looked at him and recoiled. His singsong delivery and vibrant speeches, while inspiring to Blacks, did not reach White masses who are more accustomed to soft cerebral persuasions.

Then in 1996 came General Colin Powell, and suddenly the political dynamics changed overnight. Here was an accomplished leader, a man who had served his nation magnificently as its top military commander. His views and visions of the future of his nation were shared by many Americans. The fact that he was Black was inconsequential. His appeal was broad. The nation was inspired by the man, not the pigment of his skin. Although Powell finally declined to be a presidential candidate, nonetheless there are others now who, like Powell, are men of considerable personal achievements and widespread appeal ready to carry the mantle. J. C. Watts, the representative from Oklahoma and a former star athlete, and Ambassador Alan Keyes, an articulate forceful speaker, are but two such individuals.

Malaysia is beginning to see these new breed of non-Malay leaders. Koh Tsu Koon, the Chief Minister of Penang and a graduate of America's finest university, is one. Though Penang is predominantly non-Malay, nonetheless from that base he has successfully reached out to Malays. Mahathir rightly recognizes the man's considerable talent. Koh's inclusion in the National Economic Action Council, a body entrusted to guide the country's economic future, is evidence of his promising potential.

## Stresses on Racial Tolerance

TO MANY successful non-Malays, the special privileges accorded to Bumiputras evoke not resentment but resigned acceptance. This acceptance is greatly facilitated by a steadily growing economy. They recognize the essential difference between preferential treatment and active discrimination. Although the government favors Bumiputras, non-Malays are at liberty to pursue their own social and economic interests. They are free to fund their own schools, hospitals, and foundations.

In America there is the presumption that by favoring a particular group you are in effect practicing "reverse discrimination." This is the basis of much of the opposition towards affirmative action. It presupposes a finite resource, a "zero sum" mentality. In Malaysia fortunately, because of an expanding economy, favoring Malays does not necessarily mean discriminating against non-Malays. There is minimal negative reaction to quotas in public universities because non-Malays are allowed to set up private colleges to take up the slack.

A major test of the system would be when resources are limited or when the country experiences an economic contraction. At such times the stresses of preferential policies would be revealed to challenge the patience and tolerance of all Malaysians. In the recession of mid 1980's, the government relaxed the stringent requirements of special privileges not because of pressure from non-Malays but simply to attract foreign investments. Similarly, the economic crisis of 1997 saw the government again becoming pragmatic and dismantling some of the economic strictures. The 1997 crisis will not be the last challenge. Thankfully thus far, the nation has stood up quite well.

Malaysians recognize that with peace everything is possible; but with war and strife, nothing is. At present there may be grumbling by non-Malays on Bumiputras getting land, scholarships, and licenses. That is considerably better than what is happening in Northern Ireland or Bosnia, where the ethnic obsession is with the counting of "them" versus "us" and of evening the deadly scores. In peace one may grumble for not getting as much as the next person, but in war one is concerned with protecting one's loved ones and minimizing the loss. Most rational persons would prefer the first.

Malaysians also realized that ethnic hatred once aroused is extremely difficult to douse. The ethnic cleansing in Bosnia and the genocide in Rwanda will take generations to heal. Malaysians are just recovering from the trauma of 1969.



With the emphasis on economic growth Malaysians, like Americans, are more concerned with capturing market share and increasing their own net worth rather than begrudging who gets what favors from the government. As the government continues to shrink, the seeming advantage Malays currently enjoy in the public sector will disappear.

The chances of Malaysia degenerating into another Sri Lanka or Yugoslavia are slim. I am truly impressed by the progress Malaysians have made. Whereas in my youth for a non-Malay to learn Malay was tantamount to a cultural and linguistic surrender, now practically all Malaysians are fluent in it. Non-Malays have wisely accepted that learning Malay is another useful skill and not some sinister political plot to annihilate their mother tongue.

### Alpha Race

THERE is in reality no non-Malay dilemma. Non-Malays have accepted the legitimacy of Malay language and ethos in Malaysia much like Japanese-Americans accepted English cultural and language dominance. Having accepted that they adjusted accordingly. In this respect, humans are like wolves and other pack animals. Initially there is a struggle to establish dominance: the alpha wolf. But once the social peck or order is established, harmony is quickly restored. The pack then concentrates on more substantial matters at hand, like hunting for dinner. Malaysians have accepted the alpha status of Malays. Now together they can concentrate on the hunt for bigger share of the world's market.

The continuing struggle in many plural societies is over establishing the alpha status of a culture or group. In Sri Lanka, the Tamils have yet to accept the alpha status of the majority Sinhalese, insisting that Tamils too get equal billing. Unfortunately, there can be only one alpha status in a pack just as there can be only one leading actor in a movie, the one who gets first billing.

Plural America is socially stable because immigrants have accepted the alpha status of Anglo-Saxons. German and French immigrants who are proud of their own rich and established traditions readily accept Anglo-Saxon dominance. Their names may be Schmidt and St. Pierre but they willingly learn to speak English and to love roast beef over frankforts and fondue. Nor do they teach their children their native languages, preferring that they assimilate quickly into the American mainstream. Americans are proud of their melting pot model. They rightly point out to their many interesting ingredients but there is no mistaking

that the end product is essentially an American (or English) stew despite the Mexican spices, Italian wine, and French cheese.

In countries where the alpha culture is very dominant, minorities have been essentially subjugated. In Indonesia and Thailand the Chinese have been totally submerged into the dominant culture.

Malaysia has, as typically, eschewed the American melting pot in favor of its own "salad bowl" model. Non-Malays, while accepting the alpha status of Malays, have maintained their ethnic heritage within the larger Malaysian context. Non-Malays have no need to assume Malay names or dress like Malays. Chinese New Year and Thaipusam are no where more vigorously celebrated than in Malaysia. Nor do these exuberant displays of cultural pride grate on or arouse hostility among Malays. On the contrary, Malays too join in the festivities just like non-Malays have enriched Muslim *Hari Raya*. One of the more delightful aspects of Malaysian life is to see how the various cultural festivities are celebrated and enjoyed by all.

There is no mistaking the essential ingredient of the Malaysian salad bowl. The alpha vegetable if you will, is still the lettuce—Malays. No lettuce, no salad. There may be onions and black olives but they are there to enhance the taste. Too strong an onion or too many black olives and the overall flavor is spoiled.

Despite such ready acceptance of the present race dynamics in Malaysia, there are still significant numbers of non-Malays abetted by their more chauvinistic leaders who resist. They insist in challenging Malay alpha status, the supremacy of the salad's lettuce. These non-Malays continue to defy the inevitable trend. They educate their children in their own language and have minimal interaction or contact with the dominant culture. They continue fighting the battle that others have long ago decided not worth defending. Fortunately, their numbers are small and declining. Unfortunately, their children will be the losers. *They* will bear the price long after their parents are gone.

With the world filled with the horror of ethnic violence in previously seemingly peaceful societies, Malaysians are fully aware how easily the stability and harmony they now enjoy could be destroyed. And once destroyed how difficult to rebuild. The salad bowl model may not be applicable to the rest of the world but for Malaysians it is an eminently workable system.

# Part Three

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## Malaysia in the New Millennium

*Ku sangka panas bingga ka petang,*

*Rupa nya hujan, di tengah hari.*

(Popular Song)

P. Ramlee (Hujan Tengah Hari)

Translation:

I banked on the sun to last till dusk;

Little did I know it rained in midday.

P. Ramlee: (Rain Mid Day)

## Chapter XV

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### That Pesky Neighbor

SINGAPORE is Malaysia's smallest (by land size) but most important neighbor. Population-wise, Brunei is much smaller but that puny country is more a feudal fiefdom than a modern state.

Early in this century Singapore was part of Johore, Malaysia's southern-most state. Had the then Sultan of Johore been wiser he could have, instead of ceding that strategic island to Britain, simply leased it *a la* Hong Kong. Imagine all those valuable real estate, port, and other valuable infrastructures reverting back to Malaysia! Regretfully, Malay sultans were never known for their wisdom or strategic thinking. The nation was fortunate that the British did not cajole the sultan into parting with the whole tip of the peninsula. Further north, the sultans essentially gave up what are now the southern provinces of Thailand without so much as a fuss. Those valuable territories were simply lost through a combination of British perfidy and Malay palace intrigue and infighting.

### Synergy of Singapore and Malaysia

SINGAPORE was a crown colony until it, together with Sarawak and Sabah, became part of Malaysia in 1963. Singapore's inclusion was brief, only to part a couple of years later. A major calculation in Singapore's separation from Malaysia, apart from the conflicting personalities of the leaders of the two entities, was the unsettling impact on the racial dynamics of an overwhelmingly Chinese Singapore on the predominantly Malay federation. Singapore-Chinese, used

to their majority status, did not take easily to acting like their minority status cousins in the rest of Malaysia. Their leader Lee Kuan Yew fancied himself to be more qualified to be prime minister of the whole federation, mistaking the mandate he received from his municipality to be representative of the entire nation. Such early and direct challenge to the leadership did not sit well with Malaysia's then Prime Minister, Tunku Abdul Rahman.

Economically speaking, Malaysia and Singapore were indeed a good fit—excellent synergy, to use current business jargon. In the campaign leading to the union there were grandiose visions of how Singapore would be the New York of Malaysia—its financial center—and Kuala Lumpur, the Washington, DC, its political hub. Singapore would benefit from the huge hinterland and Malaysia in turn could use Singapore's modern infrastructures. Alas, what seemed like a logical proposition quickly deteriorated due to, among other things, simple human factors: the antagonistic and contentious personalities of the two leaders.

Superficially, both leaders had much in common, being products of the British educational system. Both went to Cambridge, trained as lawyers, and knew each other well during their student days. But their personalities could not have been more different. Tunku was from a royal family and spent his days at Cambridge mimicking British noblemen—idling at race courses and social events—rather than in libraries and lecture halls. His grades were, not surprisingly, the fashionable "gentleman C." Lee Kuan Yew is of Chinese ancestry and has the typical immigrant's drive and motivation. He constantly bragged about how he bested the best of Britain. Tunku would easily be voted as the "Big Man on Campus" or "The Most Likely to Succeed," while Lee would win, hands down, as the campus nerd. As attorneys, they were just as different. Tunku was the model of the proper corporate attorney: smooth, affable, and more concerned with getting the deal done rather than be involved in protracted litigation. He was likely to celebrate a settlement or the end of a tough negotiation with a bottle of champagne shared with his adversaries. Tunku lived up to his name, Rahman—most gracious in Arabic. Lee, on the other hand, is the avatar of cunningness. A criminal lawyer before entering politics, his in-your-face style was aimed at nothing less than the full acquittal of his client or the vanquish of his opponent, come what may. To him, his client was the angel and the prosecutor, the devil. No shades of gray. And when he won he was not likely to be magnanimous or to compliment the other side. You were lucky if he didn't gloat. With such contrasting personalities, even if they were not attorneys they would

have invented some disagreement. Which was rather unfortunate, for under different circumstances they would complement each other and make a great team.

Because of common British colonial rule, Malaysia and Singapore shared similar administrative, judicial, and educational systems. Senior leaders of both countries had comparable educational background. During colonial times there were numerous pan Malayan professional and trade organizations. With separation, both countries began diverging, especially in their systems of education. Malaysia emphasizes Malay and Singapore continues with English. As a result, today young Malaysians and Singaporeans have little in common.

## A Generation After Separation

DURING 1960's Malaysia and Singapore were at par in their social and economic development. Their schools, civil service, businesses, and other institutions were comparable. The caliber of Singapore's leading schools like Raffles Institution was similar to Malaysia's Victoria Institution and Malay College. The per capita income of Singapore was only minimally higher than Malaysia's, and wholly attributable to the former's urban status. Kuala Lumpur and Singapore had their share of urban slums and squalor. The Singapore river was severely polluted, more so than the Klang River that flows through Kuala Lumpur, and the Singapore dollar was at par with the ringgit.

A generation later and what a difference. Driving north across the causeway from Singapore to Johor Baru (JB) is akin to going south from San Diego, California to Tijuana, Mexico. One is immediately aware of leaving a modern First World city and entering the Third World. Not that JB is lacking in modern facilities. Its skyline and expansive freeways rival that of any Western city. Drive off the ramp and JB truly exposes its dirty and ugly Third World status. "Jay Bee," as Rehman Rashid observes, "is the foulest and most pestilential place in the Malaysian Peninsula. Through the heart of this sore afflicted town flows the Sungei Segget, a river by only the most extravagant leap of the imagination. To say it 'flows' is to do hideous injustice to the word." Actually Rehman Rashid is unfairly singling out JB. His graphic description of the squalor and filth that is urban Malaysia could apply to any Malaysian city.

At the macro level, the differences between Singapore and Malaysia are equally stunning. The Singapore dollar now is worth over twice the ringgit. Unlike the ringgit it weathered rather well the recent currency turmoil that riled the rest of

Asia. Singapore's per capita income exceeds that of Britain, her former master. It stands alone among all Asean countries in not being a debtor nation. (Oil-rich Brunei also has no foreign debt, but that is due to an accident of geography rather than the ingenuity of its sultan or people.) Singapore's students top the world in science and mathematics and Raffles Junior College is a *de facto* feeder school for the Oxbridges and Harvards. In JB one can even tell the Singapore buses with their well scrubbed carriages and clean exhaust, unlike the thick belch spewing from their Malaysian counterpart.

Nothing rankles Malaysian leaders more than being reminded of how far ahead or how more efficient Singapore is. Tell a Malaysian minister how smooth the immigration process at Singapore airport is as compared to Kuala Lumpur, and you would get a visceral and reflex litany of excuses. There is a small state, easily managed. Singaporeans are a docile lot, robot-like, and easily commanded by their authoritarian leaders. They do not have the race problems or the rural areas that Malaysia has. And on and on. Why, Singapore would float in the new Bakum reservoir, Malaysian ministers would exclaim! This last argument is hardly used these days as that massive project is temporarily on hold, a casualty of the economic crisis.

Singaporeans are indeed a docile lot despite the voluble aspirations of their leaders for a "rugged society." Silly intrusive rules that would be met with howling protests elsewhere are resignedly accepted without as much as a whimper. They are commanded not to chew gum and told when to smile. Their gas tanks must be full before driving to Malaysia, lest their drivers would be tempted to spend their money buying cheaper Malaysian petrol. I am surprised that their government has not decreed that Singaporeans must have a full stomach before venturing across. A dinner at one of Malaysia's finer restaurants costs far more than a tank full of gas. Oops! I should not give their bright leaders ideas.

Despite their First World income and proper and hygienic behavior at home, Singaporeans quickly regress to their Third World modes and habits once they cross the causeway and without their usual oppressively strict rules. They freely toss cigarette butts and garbage out of their speeding limousines and readily spit out of their car windows. Back on their tiny island they may not be able to throw garbage out of their cars, but safe in the anonymity of their high-rise apartments, Singaporeans have been tossing "killer litters"—tricycles, television sets, left over curries—onto the streets below. They even have "potty" patrols because of their citizens' propensity to urinate in elevators. Severe fines and pun-

ishment await those who err in their ways. No wonder they call that island a fine city. A fine for every transgression.

Singaporeans may submissively queue for their buses at home, but in Malaysia they are the first to be on line for everything—the buffet table or tee off. One of the more sickening aspects of being at a resort hotel in Malaysia is to have these Singaporeans rush to be at the head of the queue. They have this unmet need to be the first at everything. There is no such thing as a leisurely trip to the bar, dining room, or pool for these folks. When it is politely pointed that they are cutting in, they would meekly and profusely apologize, and quickly get back in line, like errand schoolboys caught at some miscreants and desperately trying to get back into their teacher's good graces.

Far from being a rugged society, what they have are supplicant Singaporeans.

Singapore's new leaders, unlike their elders, do not have close relationship or much in common with their Malaysian counterpart. They are English-educated and had gone to elite Western (mostly American) universities while Malaysian leaders are Malay-educated. Singapore's leaders are fluent in English but not Malay, while many of Malaysia's have limited English proficiency. Malaysia's political elite consider as their heroes the likes of Nelson Mandela and Yassir Arafat; Singaporeans seek to be accepted by the West and slavishly emulate Ronald Reagan and George Bush. Malaysia's Anwar Ibrahim prides himself at being the commencement speaker at the University of Mindanao, Philippines, while Singapore leaders would give anything to be invited to a prestigious American campus.

The early leaders of Singapore who were responsible for the spectacular success of that island sometimes acted as if they did not believe in their accomplishments. Thus they need, every so often, to point out to themselves how backward their neighbors, particularly Malaysia, are just to make themselves feel good. Recent negative comments on the crime rates in JB made by Singapore's senior minister Lee Kuan Yew is a case in point. For a few measly million dollars in potential civil suit award he was willing to denigrate his neighbor and risked creating long-lasting ill feelings. Nor was he any more generous in his recent memoir. To think that his island is dependent on Malaysia for its water supply! Luckily for Singapore, Malaysia does not have radical leaders like the Arabs, who displayed their displeasure with the West by promptly shutting off their petroleum pipelines. The West quickly learned to respect Arabs after that. Perhaps Malaysia should take a leaf from the Arabs and shut off the water supply every



time Singapore throws its juvenile tantrums. I am sure that after a few such treatments Singapore would, Pavlovian-like, behave more to Malaysia's liking.

Koh Tsu Koon, Penang's Chief Minister and a man of considerable intellect himself, humorously noted that Singapore's leaders may have high IQs, alas, they are so lacking in EQ (Emotional Quotient—the term popularized by psychologist Daniel Goleman to reflect those with challenged social and interpersonal skills).

This need to show off was never more evident shortly following Singapore's expulsion. In part this was predictable. Like any newly divorced spouse, Singapore just could not leave the other partner alone. The 1970's were truly acrimonious, with Singapore's leaders never missing the opportunity to snide, torment and otherwise irritate their neighbor. Fortunately for Malaysia, and also for Singapore, Tun Razak, Malaysia's prime minister at the time, was a highly competent and self-assured man, confident in his own considerable ability and talent. He concentrated on developing Malaysia and ignored the pubescent antics from across the causeway. It took more than mere boorishness to rattle the late Tun Razak.

## Overrated

SINGAPORE's leaders have been profusely praised for bringing the island into its present First World status. And they are not at all bashful in claiming all the glory. What is often forgotten in all the effusive accolades is the fact that Britain left behind a highly efficient civil service and judiciary, a strategically located and well-developed port, and modern financial institutions. All Singapore had to do was simply not muck the system. Sheer momentum would have carried them quite far. Their highly exaggerated sense of competence was exposed by their ignoble failure in trying to clone their successes elsewhere.

Besides, to compare a city state with a large and diverse nation like Malaysia is ludicrous. Doing so would merely aggrandize Singapore's achievements. A more appropriate comparison would be Penang, Malaysia's highly developed northern island state. Seen thus, Singapore's achievements, though still enviable, would be described in less superlative terms.

The present leaders of Singapore, like their predecessors, are also extremely well educated and very competent. Unlike many of their Malaysian counterpart, Singapore's ministers have excelled in the professions or businesses before en-

tering politics. They are confident of their own considerable ability and achievements and thus have no burning desire to flaunt their talent. Besides, they know only too well that Singapore's successes are highly dependent on their neighbors. If Malaysia and Indonesia were to stop using Singapore as their transshipment center, it would quickly shrink. Already Singapore is feeling the economic squeeze with Malaysia developing Klang port and a new and bigger airport. Sooner or later, Malaysians too will get smart and send their managers to elite American business schools. Likewise with Indonesia. Singapore would then be left as an intermediary for such countries as Papua New Guinea and Brunei.

A decade ago Singapore was the undisputed shopping center in the region. Now it has to discourage its citizens from shopping across the causeway. With the removal of tariffs and taxes on such consumer goods as cameras and computers, these items are actually cheaper in Malaysia. Situations can and do change.

These new Singapore leaders do not consider Malaysia as their competitor. They are truly global in their perspective. To them the Americans, Germans, and Japanese are their peers, rather than those from the Third World. In fact these leaders behave more like Western statesmen, generous to the point of being condescending in their praise of their neighbors. They are like the really smart kids who are genuinely keen to help and tutor their less bright classmates. They feel no particular compulsion to show off their brilliance and accomplishments, very unlike their predecessors.

There are plenty of reasons, apart from geographic proximity, why Singapore is important to Malaysia. It is one of Malaysia's biggest trading partners. But the trade figures, like most Malaysian statistics, are not quite true and indeed misleading. Three million Singaporeans do not consume the bulk of Malaysia's exports, nor do they produce everything that Malaysia imports from the island. Rather, Singapore is a major transshipment center and most Malaysian exports there end up elsewhere. Even with the new ports and airports, it would a long time before Malaysia could do without Singapore.

Most Malaysians and Singaporeans consider the relationship between the two countries very important. The flow of commerce and people is unmatched anywhere except perhaps between Canada and USA. On a proportionate basis, it even exceeds that.

Mahathir considers Singapore sufficiently important to devote a chapter in his book analyzing the dynamics of the relationship of the two countries. Interestingly, many of the ideas Mahathir propounds in *The Malay Dilemma*, especial-

ly those advocating less dependence on Singapore, are now being implemented. Apart from the heavy and expensive investment in ports, airports, and other infrastructures, Malaysia has established tax-free zones and an off-shore financial center in an effort to cut out Singapore. In the long term, such developments are in Malaysia's best self-interest and make good economic sense. In the short term they are very expensive.

As a result of the improvement in Malaysian infrastructures, Singapore is slowly losing its role as an intermediary. Brokers and agents everywhere have to be extra careful not to criticize their clientele or flaunt their successes, lest they be asked the equivalent of "Where's my yacht?" by their clients. Malaysia is doing exactly that now after suddenly realizing that Singapore's affluence and success are in part at Malaysia's expense.

### Lessons from Across the Causeway

THE PRECEDING comments are not meant to distract from the fact that Singaporeans and their leaders are very resourceful and ingenious. It is not simply a matter of them taking advantage of their backward and less bright neighbors. Singapore Airlines and the Port of Singapore are setting new standards in the efficient delivery of quality services. The turnaround time for ships docked there is measured in hours and minutes, not days. Malaysian shippers, despite considerable inducements to use local ports, continue to ship via Singapore despite the added costs simply because of the greater efficiency. With its highly computerized system, lost shipments and pilferages are practically unknown. I am amazed that Malaysia would send its port officials abroad to learn when right next door is the world's most efficient operation. Even officials from Port of Los Angeles trek to Singapore to learn the secrets.

Similarly with Singapore Airlines. It is synonymous with efficient, safe, and courteous service, a standard by which other airlines are measured. Three million Singaporeans do not make the airline the size it is now. Non-Singaporeans, including Malaysians, do. Singapore Telephone, despite a small home population, is one of the largest in Asia and whose premium shares are sought by investors worldwide.

It is not difficult to understand why these companies excel. Look at their senior management. I marvel at how many top personnel in Singapore have degrees from elite American universities. The Harvard Club of Singapore is probably

Asia's largest. Alumni of Princeton, Stanford, and Whartons can be found at the helm of government agencies like Monetary Authority of Singapore as well as private companies like Keppell. These MBA's also have excellent scientific and technical credentials. They were accomplished field professionals before becoming executives. Their managerial skills are greatly enhanced by their technical prowess.

In contrast, again a comparison that would rankle Malaysians, Malaysia sends its managers to third-rate schools and short term "quickie" courses abroad. Most of Malaysia's senior managers are liberal arts graduates, lacking quantitative skills and being technologically incompetent.

In the rare instance where a Malaysian agency is headed by someone other than the usual civil service type the results can be impressive. When Bank Negara was led by the brilliant Ismail Ali, there were no foreign exchange debacle, banking mess, or even the hint of impropriety. His colleagues and subordinates held him in such awe because he set for himself and for the organization he led such high standards. It would be unthinkable for a political operative to approach the man for favors. Ismail Ali, the brother of Mahathir's wife Dr. Siti Hasmah, was a Queen's scholar at Cambridge and had a stint with the World Bank in Washington, DC before taking over the nation's central bank. His legendary integrity and sternness were such that it was a standing joke during his tenure that the ringgit was so scared of him that it never fell! Individuals like him should impress Malaysians on the importance of recognizing, nurturing, and rewarding talent. None of his many successors come even close in stature to the man. Ever wonder why Bank Negara and the country's banking system and currency are not the same as when he was in charge?

Singapore has many Ismail Alis and more importantly, is constantly grooming new ones.

To illustrate the quality of talent Singapore is developing, consider this. At prestigious Stanford University, California, Singapore with a population about a tenth of Malaysia has ten times as many students as Malaysia. The same goes at the other leading campuses. No wonder their companies and public agencies are so well run. They have capable and well-trained managers.

Singapore appreciates the importance of recognizing potential young talent. Bright young officers who show managerial sparks are cultivated, carefully groomed, and prepped to enter leading business schools. When they return they are "fast tracked." In Malaysia, bright and capable subordinates are usually banished to the *ulus* lest they become threats to their insecure superiors.

There are other equally destructive ways in which Malaysia expresses her lack of appreciation for brilliance and talent. A high school classmate, later a Full-bright scholar, returned home all pumped up to continue his research and contribute to his nation. At the time he was one of the few Malays with advanced degree in science. Consequently he was promptly promoted to be director, much against his wishes. He spent all his time preparing budgets, dealing with personnel, and attending endless meetings, with no time left for his scientific pursuits. Despite his repeated pleas to be transferred to a research institute or university where his expertise would be most useful, his superiors insisted that he stay where he was to ensure that a Malay headed the department. Needless to say, less than a year later he absconded. For Malaysia, another loss of valuable talent. All because of bureaucratic rigidity and preoccupation with race.

In another instance, a cousin of mine came to America to present a paper at a prestigious scientific meeting. I profusely praised him and his institution for the achievement. Malaysia must be changing, I thought. Now it is encouraging its young scientists to present their research at important gatherings abroad. Alas my tribute was misplaced. His trip was actually funded at the last minute by a multinational company through the good efforts of my brother, an executive at the firm. His university had actually denied him the trip as he was only a junior lecturer. I could just imagine the faculty meeting at which the request was denied. There would be his departmental head, perhaps a Tan Sri Professor but one who had nothing original to his credit, sitting at the head of the conference table pronouncing ponderously that it was not my cousin's turn to go overseas. It takes talent to recognize one. What a contrast with Singapore.

Expatriates posted to Singapore have to work doubly hard and be more productive lest they would be outsmarted and replaced by their more able and well-trained local subordinates. In contrast, foreign experts in Malaysia consider their postings as R&R—rest and recreation. Local juniors pose minimal threat.

Malaysia does not lack bright and talented individuals. On a proportionate basis, it should have ten times as many as Singapore. Malaysia just does not appreciate or nurture them. The country has low expectations for its students and junior officers. A Malaysian student at Stanford was reprimanded by his supervisor back home for getting a B. In contrast, another Malaysian at a third-rate university was rewarded with a scholarship because he had an A. Obviously the supervisor did not recognize the value of a quality education and was easily impressed by grades alone. When another Malaysian student wanted to transfer to a prestigious university, his Malaysian supervisor, far from congratulating or en-

couraging the young man, instead chided and admonished him for being *mengadagada* (cheeky). With such attitude it is difficult to develop and encourage talent. Contrast that to the experience of a student from Singapore. She, a Malay, excelled at the University California, Berkeley and was encouraged to pursue graduate studies at an Ivy League university. If she had been a Malaysian her sponsor would have insisted on her returning and *tunggu geleran* (wait her turn).

This climate of low expectation is attributable to the fact that many senior Malaysian officials are not the cream of the crop. They are the second generation administrators since independence. The first reached the top rapidly not because of their talent but simply through "Malaysianization" scheme where colonial officers were quickly replaced with locals. The rationale then was that even though these Malaysians were less qualified and experienced, they more than made it up with their "local knowledge." A valid enough trade off. But in the haste to replace, many an untalented lot were promoted, many beyond their competence, Parkinson's Law being operative. They in turn, to protect their fragile egos and flanks, would select and favor subordinates who would least likely challenge them. Like the sultan in *Hikayat Abdullah* who beheaded the smart young man whose brilliant idea of planting bananas saved many lives, these pseudo sultans in the civil service tolerated no challenges. Thus the present (second) generation of administrators are bereft of the talented and the innovative. Mediocrity begets more of the same.

As a surgeon in JB in late 1970's, I had a bright young Malay intern who was accepted to a leading American graduate school. I lobbied hard to have him released from his existing scholarship bond so he could go abroad. Imagine my severe disappointment when my superiors would not relent. Those bureaucrats insisted that my intern be treated like everyone else—to wait his turn. Simply idiotic. A while back another student already in America was accepted into an elite management school. I congratulated her profusely only again to be severely disappointed when she decided to return home instead. At the time Malaysia was in a severe recession and I warned her of the slim pickings. She breezily dismissed my concerns. Her father was a secretary-general of some important ministry and a job was "no problem." Had she not been from the favored class she would have stayed and enhanced her qualifications before returning. It is hard to motivate someone when everything can be had on a silver platter.

The disparity between schools in Singapore and Malaysia is even more dramatic and stark. While Malaysian schools are plagued with overcrowding and double sessions, in Singapore they are experimenting with small classes and

computers in every classroom. They are even air-conditioning their classes. Their teachers too, are highly paid and thus well respected.

The National University of Singapore (NUS) is easily one of the finest in Asia. Its Institute of Cell and Molecular Biology is described by *Science*, the prestigious academic journal, as the most promising and productive in the region. Every faculty member at NUS is given a personal computer. They are also paid globally competitive salaries. Thus they get the best talent. Their colleagues in Malaysia have difficulty getting funding for laboratory assistants and certainly no computers. As a result, valuable faculty time is spent doing something that could be done by less qualified personnel. The recent double digit increases in enrollment mandated by the government only worsened the situation.

The chronic lament, excuse really, of Malaysian university administrators is that they are short of funds and/or lack personnel. Yet they continue to waste valuable and scarce PhDs doing the job of lab assistants or teaching high school courses in their vast *matrikulasi* programs. As for lack of money, attend a convocation on a Malaysian campus: elaborate ceremonies and extravagant decorations. Even their programs are printed on glossy lead papers with full color portraits of the chancellor and vice chancellor. All very expensive. By contrast, programs at Harvard are printed on recycled paper, with no expensive portraits of anybody. External examiners at Malaysian universities travel first class in a misguided attempt at impressing them. Entrances to Malaysian campuses have ornate arches. No, Malaysian universities do not lack money, rather they spend them on frivolities. Make the administrators and professors fly coach and use the money saved to fund research or provide computers. And please, no expensive portraits and brochures.

One would expect that with a success story right next door Malaysians would be sending their officers and professionals in droves there. Far from it. It seems that Malaysians are trying very hard not to acknowledge Singapore's success. A medical professor spent thousands of public dollars to go to America to learn a particular surgical technique when he could, at a fraction of the time and cost, acquire it in Singapore.

Singapore's success, instead of being a model to emulate, becomes a sore point for Malaysians, a reminder of their own incompetence and inadequacies.

It is far better to have a neighbor that is rich and successful than one that is poor and struggling. America has severe border problems with impoverished Mexico but not with affluent Canada. In fact, America is considering building a wall to stop the flow of drugs and illegal immigrants from the south. No such

problem exists to the north. The Canadian-American border is the freest in the world, with minimal interference to the flow of people, goods, and services.

It is in Singapore's interest that its Asean neighbors be successful. The current economic crisis affecting Southeast Asia cannot help but drag Singapore down. Similarly, it is in Malaysia's interest that Singapore be prosperous and stable.

As indicated earlier, Singapore is a safety valve for Malaysia's race problems. One of the reasons talented and bright non-Bumiputras are not dangerously resentful of the Malay special privileges is that they have an outlet for their talent in Singapore. A smart Malaysian-Chinese scientist excluded from the faculty on Malaysia's many universities could easily be employed at Singapore, making an income their Malaysian counterparts would simply drool at. Similarly with professionals, bankers, and managers. Because of the lucrative income they could get in Singapore, petty arguments about who gets measly-paid government jobs in Malaysia become just that—petty.

There is much that Malaysia can learn from Singapore. First, it can emulate the island by emphasizing English, science, and mathematics in its schools and universities. Goh Keng Swee, widely regarded as the brain behind the island's prosperity, attributed Singapore's success to mothers who encouraged their children to study science and technology (Yergin and Stanislaw). Goh was too modest to claim credit that he provided the opportunities so those children could pursue these subjects. Like Singapore, Malaysia should send only the best and brightest abroad, and then only to the very top quality universities. Sponsored Singapore students are clearly told that for them to go abroad they must be accepted by such institutions as the University of California, Harvard, and Stanford. With such high expectations these students respond in kind. Contrast that with MARA which, until recently, would fund any student as long as he is accepted to any college. It is no surprise then that MARA "scholars" perform just above mediocre.

Malaysia should also follow Singapore's lead in opening up the upper echelons of its civil service to individuals from without. As noted earlier, present Malaysian senior civil servants are appointed from within and they are almost exclusively liberal arts graduates and unidimensional, lacking any outside experience. Malaysia's judges for instance, are almost entirely drawn from the legal service. They are more familiar with the Federal Gazette and General Orders rather than outside realities. And we expect them to render judgment on complex business and technical litigation.



In striking contrast, consider the Chief Justice of Singapore, Yong Pung How. Not only is he the product of the finest law schools (Cambridge and Harvard) but he had considerable experience in private legal practice as well as being the chief executive of a major corporation before he was appointed chief justice. He brought a breath of experience to his post, in contrast to the limited background characteristic of senior Malaysian appointees.

Not is Singapore shy in recruiting top world talent when it feels that local managers are not up to snuff. When the state-owned Development Bank of Singapore (DBS) stumbled in its recent foray into Thailand, the government was swift in getting a top American banker to take over. Similarly, when another government-owned corporation, Neptune Orient Line (NOL), was straining over its huge debt in acquiring and subsequently integrating American President Line, the government was quick to replace the chief executive with an experienced Danish shipper. And to make sure that its stock exchange is competitive with other premier markets, Singapore is aggressively recruiting a world class executive to head it. DBS, NOL and the Singapore Exchange are all very well run, with their senior personnel sporting MBAs from leading American campuses. Yet despite that, the government was quick to replace them when they made strategic blunders. Contrast that to Malaysia's treatment of senior personnel of Bank Bumiputra and other bumbling public corporations. None have been fired or disciplined despite their abominable performances. Equally significant, when Singapore brought in these expatriates, there were no howling protests from locals carping about their being just as good as foreigners.

Visitors to both countries cannot help but notice the dramatic difference in road traffic in Kuala Lumpur as compared to Singapore. While the flow is smooth and orderly down south, in Malaysia it is perpetual stop and go, with horns blaring in the hot sun, and dirty exhaust fumes fouling the air. Imagine the gasoline burnt, time wasted, and exasperated emotions expended. It is difficult to schedule two appointments in a single day in Kuala Lumpur. Yet there is no sense of urgency in solving the problem, despite the recent haze. To suggest that perhaps Malaysia might adopt some of the successful measures used in Singapore is to invite indignation. Malaysians are still enamored with the car as a status symbol, even if it means congested streets and polluted air. They have perverse pride in these congestion as if to reassure themselves that they are now in the same league as Los Angeles or New York. Singapore has passed that point and rightly consider the car for what it is: a major polluter. Hence rigid controls and a stiff price for car ownership.

Malaysians used to delight in pointing out how Singapore sticks out like a sore thumb in an overwhelmingly Malay archipelago, much like Israel to the Arab world. After the humiliating defeat of the Arabs by tiny Israel, such a comparison is never made these days.

### Singapore Back in Malaysia?

SINGAPORE'S leaders are now making small timid attempts at cultivating its neighbors, especially Malaysia. Singapore is offering scholarships to fellow Aseans to study at its universities and colleges, and sending teachers out to the region, *a la* Peace Corp. Such measures are still very tentative. Its Asean scholarships are given mainly to ethnic Chinese. Despite their modernity, sophistication, and cosmopolitan aura, they cannot quite shed their ancient tribalism and clannishness. As a result even though NUS is an excellent university, not many bright Malaysians would consider it their first choice. I would have expected that since Singapore sends so many of its top students to the Harvards and Stanfords of America, they might have learned a thing or two outside the lecture halls of those august institutions. Harvard has no difficulty filling its classes with brilliant Americans, yet it aggressively seeks foreign students. NUS should do the same, actively seeking students, especially non-Chinese, from neighboring countries. The rewards for such gestures would be immense. When these students return home they would carry over the goodwill.

Not has Singapore leaders learned much from America on the value of diversity and the rich contributions of minorities. Singapore Malays are still vastly under represented in academia, the professions, and upper echelon of society. In the Armed Services, Malays are prominent by their absence, especially in the upper ranks. Recently, there were flurries of articles on this with one local observer justifying the state of affair on the supposition that Singapore would be at war with its predominantly Malay neighbors. Obviously the purveyor of that particular racist view has not fully thought out the scenario of Red China invading the island. It is pathetic that Singapore, despite its global pretensions, still cannot quite yet shed its primitive clannishness. It is sad that the leadership would so openly demonstrate its lack of trust of a significant element of its citizens. Perhaps Singapore leaders should visit such places as Sri Lanka, Northern Ireland, and Yugoslavia rather than America to learn some important lessons on the treatment of minorities.

Singapore is much smaller than Oahu, Hawaii. It is easy to get "island fever," the feeling of nowhere to go. You can circle the island on less than a tank of gas. At least Hawaiians can fly to the mainland without having to secure a passport or change currency. Not so for Singaporeans. Even to buy a good durian in JB they better have their passports ready, and their car tank full.

Imagine if Singapore had remained part of Malaysia. Those well-paid bankers and managers could have luxurious bungalows at secluded Mersing for their weekend retreats. Affluent Americans tolerate living in congested New York because of their weekend and summer getaways on Martha's Vineyards or rural Vermont. Singaporeans can buy real estate in Malaysia, but when you own property in a foreign country you are subject to the whims and rules of that country. The recent enactment (since repealed) in Malaysia of surcharges for foreigners to buy homes was directed mainly at Singaporeans.

It is not surprising that despite their affluence, many young Singaporeans, especially those educated abroad and thus the brighter and talented ones, emigrate. Once they have tasted the wide open country and the absence of irritating and silly intrusive rules, they have difficulty adjusting when they return. Why, the government has to approve even their hairstyles.

In 1997, there were a series of media articles in Singapore touting the possibility of reuniting with Malaysia. Interestingly, those discussions were initiated by senior leaders of that island. Perhaps Singaporeans are now finally realizing that for all the money they earned they are meaningless unless they can spend them. A million dollars does not mean much if a car costs a quarter million (plus you cannot drive it around much) and you cannot buy a house with a backyard. Sure, Singaporeans can buy condos and homes in Australia or Canada, but try getting there on a quick jaunt.

Typically, such talks on reunion were done Singapore style. They were framed in ways that hardly endeared them to Malaysia. Mahathir rightly dismissed such speculations as merely serving to make Malaysia a convenient bogeyman.

Singaporeans, as exemplified by its leader Lee Kuan Yew, have a knack for saying things in ways that grated their neighbors. Thus seemingly minor disagreements quickly escalated into major ones simply for lack of finesse and elementary human graces. If elsewhere the sign would politely say "Thank you for not smoking," in Singapore it would be a glaring "DON'T SMOKE." While an American hostess would smilingly point an errant customer to the sign, a Singaporean waiter would rudely yell, "You cannot smoke here, you know!" and call the police.

Malaysia has no particular need for Singapore. If a tsunami wave were to completely wipe off that island, it would not impact Malaysia materially. Malaysian hotels would see a slight decline in occupancy and the export of durian would drop. Those are minor inconveniences. On the other hand, if Malaysia were to completely bypass that republic, that tiny island would be reeling economically. For a start, Malaysia could cut off the water supply. Besides, what would Singaporeans do without their durian and cheap honky tonk entertainment in JB? They would go berserk.

It is extremely unlikely for relations between the two countries to deteriorate to that extreme. More likely they would continue along their separate ways. Already among young Malaysians, Singapore bears little interest. In a few decades Singapore would be as foreign as Thailand or Vietnam. Perhaps then the two nations would be more civil with each other as they would have little in common. On American campuses now there is very little social mixing or interaction between Malaysians and Singaporeans.

Malays and Indonesians have common cultural, ethnic, and religious heritage, but after living separately under different colonial rules they have become completely separate. Malays now have little feeling of kinship with their Indonesian brethren. Earthquakes and natural calamities in Sumatra receive minimal coverage in Malaysia. There was soon after Malaysia's independence, an intense but short-lived effort to bring the two nations back together. Unfortunately, the differences had become wide and insurmountable. The present thinning ties between Singapore and Malaysia would likewise with time disappear completely.

Because of geographic proximity and extensive economic ties the interests of Malaysia and Singapore would continue to converge. At the same time there would be many spheres where Malaysia's stake would be diametrically opposite. When that happens the two nations would handle it rationally and pragmatically, unhindered by the emotional and psychological baggage of previous attachment. In another words, like mature nations.



## Chapter XVI

### The "C" of Corruption

VISITORS to modern Malaysia are suitably impressed by the frenzy of construction and other economic activities reflecting its vigorous growth. Malaysia in 1990's reminded me of Japan of the 1970's. The Japanese then would never fail to remind visitors of the three seas of Japan—sea of construction, sea of pollution, and of course, the Sea of Japan.

Malaysia certainly has the first two seas—of construction and of pollution. Distressingly however, is the ugly appearance of another "C" of corruption.

Nothing raises the hackles of Prime Minister Mahathir more than to question him about corruption. He is viscerally disgusted and angry with such accusations. And he is being asked that more and more, especially by foreign audiences. Yes, there is corruption, he would acknowledge with controlled fury, but it is not widespread. We cannot simply jail people based on accusations, he would add defensively. We have due process, cannot act on accusations alone, show him the evidence and he would deal with it swiftly and harshly, he would protest vehemently.

Transparency International in a 1998 survey of international businessmen ranked Malaysia 29th (1 being the least corrupt) out of 54 countries. In previous years Malaysia scored considerably better. It is no pride that the nation is ahead of Nigeria, Pakistan, and Indonesia.

A 1997 survey by the newspaper, *The Star*, found that 64% of its respondents had given bribes. Incredibly, over 76% believed that no action would be taken if they had lodged a police report. Consequently, over half would never report to the authorities when someone asks them for a bribe. Obviously most Malaysians

have little confidence in the integrity and honesty of the system. Worse, they do not trust law enforcement agencies to combat these irregularities.

One does not need such surveys to realize that corruption is very much part of the Malaysian scene. Any motorist who had run afoul of traffic laws will attest to the common practice of settling such violations at impromptu roadside "courts." These "summary judgments" are resignedly accepted because both sides know that they are in the wrong. The effect of such petty bribes is the further undermining of the rule of law. This is just as destructive to law enforcement as the infamous incident of the police chief's assault on Anwar Ibrahim.

Earlier, I made reference to Muhammad Taib, the chief minister of Selangor and an UMNO vice president, who was arrested in Australia for illegally carrying millions in cash. In these days only drug dealers wanting to launder their booty carry such large sums on their persons. Yet this politician wanted Malaysians to believe that his intentions were honorable. The sad part was, many in the country including the leaders, believed him. (He was later charged with corruption in Malaysia for failure to declare his assets, but was acquitted.)

It is quite common to see top politicians who were relatively poor before entering politics now driving expensive cars and living luxuriously. These cannot possibly be supported by their official income no matter how prudent and skillful they manage their money. UMNO leaders are not men born of wealth. Nor were they successful professionals before entering politics. Yet within a few years of being in the top positions they become enormously rich. Suddenly when they are elected to top UMNO posts they become accomplished businessmen and executives whose expertise are needed by various corporations. UMNO Youth leader Ahmad Zahid was director of no less than 95 companies. Not bad for a Malay Studies graduate. The question is, how come his talent was not recognized before he reached the top in UMNO? Zahid is far from being an isolated example.

UMNO is fast becoming more than a political party. It is a vast and elaborate system of patronage rivaling the corrupt Democratic Party apparatus in Chicago of years past. Unlike older generation of UMNO members who were inspired by the ideals of *merdeka* to sustain their political energy, today's cadre of apparatchiks are attracted to the spoils afforded by the party. Even lowly divisional posts are keenly contested because they provide access to the country's lucrative public works contracts. If UMNO is to lose power or be stripped of the vast patronage system, the party would collapse overnight. UMNO is now

a party of takers, and when there is no more loot available they would abandon ship immediately. "Money politics" is nothing more than an euphemism for corruption.

The public agency most notorious for petty corruption is the Road Transport Department. It is common knowledge that to pass one's driving test one has to fork more than the official fee. The usual practice is to specially mark the application form, by slightly tearing the corners or rumpling the edges in a particular way, of those who had paid "tea money." It is amazing how one's driving skills, in the eyes of the examiner, improved considerably given such signals.

Another opportunity for corruption is in the issuance of car registration numbers. These are supposedly issued sequentially in the order in which cars are registered. But as any casual observer will note, all the favored numbers like the low digit ones (1-9) or numbers in special sequences (99, 123) are always assigned to expensive cars belonging to "big shots." Statistically these highly sought numbers should be randomly distributed.

Corruption has also infested previously thought of "clean" departments. While working at General Hospital, Kuala Lumpur, I was appalled at the quality of food served to my patients. It did not take me long to figure out that the kitchen workers were pilfering meat and other supplies. One day on a pretext of learning about the hospital's day-to-day workings, I stationed myself in the kitchen for the good part of the morning. And that was the day when my patients received something more than watery soups for their meals. What struck me was the general sense of unease among the employees to my presence. Obviously there had never been a supervisor in the kitchen. On another occasion, one of my patient's relatives bitterly complained about having to pay bribes for the release of the body of their loved one from the morgue. On further inquiry, it was widely known that the exacting of "fees" by hospital employees was quite common. Yet no one had taken any action, least of all the administration. I solved the problem by personally accompanying the relatives to the morgue. In my presence these employees dared not ask for money. The sad thing was this gruesome extortion was done so openly and crudely. I was warned by the nurses that my tires would be slashed should I be too aggressive, but fortunately, nothing untoward happened. I brought my concerns to the administrator many times and he simply brushed them off. He had other more important duties to attend.

The protestations of Prime Minister Mahathir aside, Malaysia has serious problems of corruption. Denying or pretending it is otherwise is wishful think-



ing. In his 1996 address to UMNO General Assembly, Mahathir openly wept in recounting how money politics have corrupted his party. Unfortunately, public displays of deeply felt emotions, no matter how touching, do not solve problems. Tunku found this out a generation earlier when he was similarly confronted with a major crisis.

### Termite Infestation as an Analogy

CORRUPTION is like termite infestation. By the time one sees the critters running around or their telltale trailing, the structural integrity of the building is already compromised. It is too late. Similarly, if one patiently waits for the evidence of corruption, the battle is already lost. That's where Nigeria is presently—beyond redemption. In Indonesia, corruption and bribes are so pervasive and extend to the highest levels of government. It had to take the drastic step of asking a foreign entity to take over its custom department completely as exporters and importers had lost confidence in the system.

It is to the mutual advantage of the briber and bribee to conceal the evidence as the practice benefits both parties. But its corrosive effects extend way beyond. Far from being a victimless crime, corruption imposes a burden on all of us, an invisible tax. In one study, Third World corruption deters foreign investments to the same degree as if a 20 percentage basis point increase in tax rate. A major disincentive.

The briber will rationalize his actions by dismissing them as finder's fees, commissions, and the cost of doing business. The bribee is equally facile with his pretenses—everyone is doing it, or that perennial lament of workers everywhere, of being overworked and underpaid. An even more novel excuse is that corruption lubricates and facilitates an otherwise inefficient and creaky bureaucracy. If not for corruption nothing gets done, the bureaucracy being so inefficient.

These are mere excuses. Corruption undermines faith in and integrity of the system.

Pursuing the termite metaphor, to eradicate the infestation one has to aggressively seek these pests. One regularly examines the nooks and crannies for telltale signs; lays traps at likely locations; and if the building is prone to infestation, arranges for regular fumigations. Additionally, one can design buildings to be termite resistant by using cement and plastics instead of wood. Or if one

chooses wood, to use only those that have been chemically pretreated or have high natural resistance (like hardwood *meranti*) instead of easily-infested softwood. When *meranti* is not readily available, one can reduce the risk by making sure that low resistance materials are not in contact with the ground or in areas difficult to inspect. Similarly, there is much that can be done on the exterior to discourage termite growth: better drainage, removal of debris and dead woods, adequate ventilation, and letting the sunshine in.

Streamlining the administrative machinery, making the various procedures less convoluted and more transparent, and ensuring that personnel are properly accountable would greatly reduce the temptations for corruption. It's the equivalent of termite proofing.

Once established, the infestation is very tenacious and extremely difficult to eradicate. Thus it is better to be vigilant and persistent in prevention. Because the destruction is so insidious, it is extremely important that at the first hint of infestation one acts quickly and vigorously, before the whole structure crumbles.

Just as with a building, there are areas within the government machinery that are more prone to corruption. One is unlikely to encounter it at the Rubber Research Institute—it is not "damp" or "dark," and the scientists are honest and incorruptible—they are *merantis*. The customs department and others that deal with cash are the equivalent of the damp ground floor, very vulnerable. Public servants assigned there, if not of *meranti* quality, must be pre-treated (specially trained) and subject to frequent scrutiny. If they start driving luxury cars or put on expensive weddings, that would be the equivalent of termite droppings. Promptly and vigorously investigate, and if the evidence is not sufficient for conviction, transfer them out. Doing so would send a clear message to those remaining.

Departments that issue permits, especially those that are in great demand and of high commercial value, are also highly susceptible. These are the equivalent of hidden nooks and crannies. Special steps must be taken to discourage bribery. By making the rules explicit and procedures transparent, leaving little room for subjective judgment (the equivalent of letting the sunshine in and placing proper drainage to prevent dampness) would greatly reduce the temptations for dishonesty. For example, every year there are thousands of applicants for the limited number of taxi permits. But by using point systems to narrow the pool, the process becomes more objective and open. Thus there could be extra points for owner-operators, English fluency (helpful for tourists), or for ex-servicemen.

Not only would such a system reduce influence peddling and corruption, it would also result in a better taxi service.

In the example of car license registration mentioned earlier, why not acknowledge that these have considerable market value. Remove the influence of bureaucrats by auctioning these highly-sought plates. In that way the money goes to the public coffer instead of the pockets of corrupt officials. Harris Salleh, Chief Minister of Sabah in the 1970's, was smart enough to do exactly that. Other states should follow his innovative example. The department can go even further by selling special "vanity" plates, just like they do in California.

Similarly with driver testing. By rotating the examiners they would not have time to establish signals with corrupt driving school operators. Alternatively, have random re-testing by a senior (and to be hoped) honest tester of those failed applicants. If many of them are found competent by the second examiner, then it is time to suspect the first tester. The very fact that there is another examiner would deter corrupt tendencies.

Malaysia's Anti Corruption Agency (ACA) must stage active "sting" operations to nab these crafty criminals. It should not passively wait for accusations or complaints. These "stings," the equivalent of termite traps, should be conducted in areas most likely to be "infested." Properly planned and executed with care to avoid entrapment, such strategy is the only way to snare the big fish. In America, the Federal Bureau of Investigation (FBI) successfully convicted major political and public figures with this technique. The 1970's Abscam scandal netted several top politicians, including a US senator. The FBI did it by having their agents, armed with hidden microphones and video cameras, posing as Arab businessmen wanting to invest in America. More recently, several senior California legislators were caught red-handed through similar operations. The corrupt mayor of Washington, DC, Marion Barry, was videotaped snorting cocaine in such an operation. ACA should be actively setting up similar traps to snare Malaysian crooks. It can collaborate with the FBI and have American agents pose as businessmen wanting to set up a factory or invest in Malaysia. Or equip senior civil servants with hidden microphones and video cameras as they socialize with would-be bidders. No telling what such trolling would net. If the ACA is content merely with waiting for the evidence, it will be forever.

Recent amendments to the laws relating to ACA hamper the agency and would discourage even more public cooperation. Now members of the public risk being countersued should their accusations be dismissed, hardly an encouragement for them to come forward.

Like all major social problems, the fight against corruption must begin at the top—with the leadership. Elected leaders must be honest and incorruptible, intolerant of shady and unethical practices. In another words, leaders must be *meranti*, not *kayu akar* (tumbleweeds). This is difficult in a democracy, as Mahathir observes in his other book, *The Challenge*. Voters too can be swayed and bought by the generous promises of corrupt politicians. "Pork barrel" projects for constituents are time-tested vote-getting tricks. Voters who could be easily persuaded with grand promises would no doubt elect politicians who in turn could be easily bought. Sophisticated, well-informed voters in the First World could just as easily be seduced with electoral bribes as uneducated Third World ones.

One way to get *meranti* quality politicians is to nominate and elect individuals who had been successful in their own careers. They are thus less likely to use their political offices as conduits for making money. As they are already successful, politics would be a genuine sojourn in public service and not an opportunity to become rich.

Nobody would even think of bribing Dr. Mahathir. He was a very successful physician before entering politics. He could always return to his practice and continue with a very comfortable lifestyle, as he did when he was expelled from UMNO. The temptation to be crooked is very low. One would need a very high booty to tempt him. Similarly, Daim Zainuddin, the finance minister, was a successful entrepreneur before entering politics. Even if he is corrupt one couldn't afford his price.

Far too many Malaysian leaders have not demonstrated success or excellence outside of politics. Thus when they lose their elected positions they would be penniless. Thus the irresistible temptation to enrich themselves while in office.

Examine the present leaders of UMNO. Very few, stripped of their UMNO ties, would be able to maintain their present lifestyle. They may be lawyers but they would have a tough time attracting clients. If they are businessmen their enterprises depend entirely on public contracts. An indicator of the caliber of Malaysian ministers is such that very few are sought after by the private sector once they left office. If not for the numerous government-controlled corporations like Petronas and Bank Bumiputra to provide cushy jobs, many UMNO ex-politicians would be destitute.

In the US, former cabinet members are aggressively sought after by major corporations. In Malaysia, I do not see the likes of IBM, Shell, or Intel actively seeking the talent of former ministers or high ranking government officials.

Malaysia now has many highly talented and capable Bumiputras. Despite that the government still appoints to important positions individuals known more for their political ties rather than their competence or executive ability. Major government corporations like Bank Bumiputra are headed by individuals with underwhelming qualifications and experiences. Similarly, the directors of many these companies are filled with politicians. The Chairman of Bank Simpanan Nasional (government-owned), Ahmad Zahid, has zero banking experience or qualification. But he was UMNO Youth Chief.

Only recently with the deepening economic crisis did the government begin to change its ways. Thus the Directors of Danaharta, the agency buying banks' non-performing loans, include Megat Zaharuddin, the capable chief executive of Shell Malaysia. Similarly, the new head of the Securities Commission, Ali Abdul Kadir, was a former managing partner of a major international consulting firm. These are individuals of *meranti* quality. A refreshing change from the usual *kayu akar* political hacks who get chosen for these important appointments.

Mahathir cannot control who UMNO members elect as their leaders. But he can, as prime minister, appoint whoever he wants to the cabinet or to head the various agencies and government-owned companies. Further, as president of UMNO, he could directly appoint members to its Supreme Council. He should use these powers to send a clear message of his resolve and abhorrence of corruption and "money politics." Nominate only those individuals untainted with even the hint of impropriety. That is a far more effective and powerful statement than any emotional outburst or public display of outrage. These appointments would also give him the chance to entice capable and brilliant young Malaysians into public life.

Tun Razak effectively used this provision to attract talented individuals into his cabinet and into UMNO. That was how Ghazali Shafie and Chong Hon Nyan, both brilliant civil servants, entered politics. There were many more such individuals plucked to enter politics at the highest level instead of plodding their way through the party's machinery. Mahathir has shied away from using such provisions; rather, he prides himself in inheriting essentially the same personnel from his predecessor, with no fresh blood injected.

UMNO now attracts mostly the losers among young Malays, those who cannot excel on their own merit in the professions or businesses. They obviously bank on their UMNO connections to propel them to the top. To many bright young Malays UMNO is irrelevant. That is sad both for UMNO and the nation.

## Corruption American Style

AMERICANS are equally incensed by their own version of "money politics" such that they have become completely disenchanted with the whole political process. Recent elections have seen turn out of less than 30%—abysmal—a reflection of deep voter resentment and apathy. Voters have resorted to radical ideas in combating the influence of money on politics. Some, like public campaign financing, have yet to be enacted. Others, like term limits, have been enthusiastically supported by the electorate. In California where term limits was first passed, senior corrupt and arrogant politicians had been forced to retire, giving way to new faces and introducing much needed vitality to the political establishment. Just the right antidote for these entrenched career politicians.

Malaysia has not reached the "second critical stage" that Mahathir writes and fears, where "corruption is accepted as a way of life, a just reward for the recipient and a expectant expression of gratitude by the giver." Unfortunately, if the country does reach that state Malaysians would not recognize it. They would simply accept it as normal. To Indonesians and Nigerians there is nothing corrupt about their ways of doing things. To them it would simply be stupid not to exact a share of the bounty. More than likely they would blame the critical outside press for portraying them in bad light. They have tips and commissions in the West, don't they?

Even more distressing is the acceptance of corrupt practices simply by legalizing and making them aboveboard. Case in point, political contributions in America. Campaign contributions, all legal and tax deductible, are given with clear and tacit understanding for favors. Slots in official trade missions and plump ambassadorial appointments are routinely given to the most generous donors. In legislative bodies including Congress, seemingly routine bills are saddled with "pork barrel" projects. Serious foreign treaty legislations are often tied to the funding of expensive pet projects in the home towns of recalcitrant legislators.

These are widespread. The costly Savings and Loans scandal of the 1980's was nothing more than the end result of political corruption. Thus the spectacle of the arrogance of one Charles Keating, a banker, testifying in Congress that he had indeed contributed lavishly to various politicians—the infamous "Keating five" especially—specifically to gain their favors. He lamented that he

could not afford more! The man went a tad too far. He was later convicted, not for making those contributions but for fraudulent banking practices.

Amazingly, these contributions are all perfectly legitimate, not considered corruption. Presumably, influence peddling as done in the West with well-trained lawyers and generous expense accounts becomes lobbying. Similarly, contributions to politicians, provided it is properly invoiced, becomes clean political contributions. No wonder foreign leaders like Mahathir get riled up when they are accused of being corrupt by the West.

Such practices are so entrenched that despite widespread citizen condemnations Congress has yet to reform campaign financing. Both major parties are too dependent on the present corrupt system. Foreigners too, are quick to adapt to America's sophisticated version of political corruption. In the 1996 presidential election, President Clinton and his Democratic Party received millions from Chinese-Americans with close ties to China and Indonesia. Not surprisingly, after the election China was able to buy highly sophisticated satellite technology from America. Similarly in Indonesia, egregious corrupt practices and human rights abuses were ignored by the Clinton administration. It is hard not to think that those were not "pay back" time for the generous contributions from such shady characters as Indonesia's Riaddy family.

## Business Corruption

Corruption is not limited to public agencies. Businesses too, have their own dishonest and shady practices. In 1993, several senior managers of a legitimate American drug manufacturer were jailed for producing a fake version of a popular high blood pressure medication. Equally reprehensible is the re-packaging of drugs with expired shelf life to be re-sold in Third World countries.

Malaysian businesses too are not immune to corrupt practices. In 1997, there was an uproar regarding imitation and ineffective medicine in brand name containers. Everyone would condemn such dangerous practices. Mahathir, in his scathing description of the "menace of Chinese economic hegemony," was referring to the corrupting effects of anti-competitive, predatory pricing, and collusion practices of those businesses. A more obvious corrupt practice that is so widespread that it is accepted as normal in many parts of Asia is the blatant selling of pirated tapes, CD's, and software. Malaysians have no qualms buying them. In fact it is considered a "smart" move. Similarly, the bogus and highly

touted "cheap sales" when in fact the prices had been purposely and artificially raised a few days beforehand.

On a more lucrative scale, I wonder how many of the major projects in Malaysia have inflated price tags because of lack of open competitive bidding and there being no effective antitrust laws. With the coziness of the building industry, it is easy for contractors to engage in price fixing and other corrupt practices. One of the reasons of the heavy casualty and property damage in the Mexican earthquake was these buildings were so shabbily built, with their contractors cutting corners by using inferior materials, and their building inspectors corrupt. One wonders whether some of the spectacular engineering failures in Malaysia (MARA headquarters, Highland Towers, highway slide) were due to corruption rather than incompetence.

Surprisingly, there had been few high profile prosecutions of corrupt businessmen in the 1997 economic crisis. By early 1999, only the head of failed Sime Bank had been charged with criminal breach of trust. During the mid 1980's crisis, a spectacular corporate failure attributable to corrupt and fraudulent practices was the Pan Electric debacle. Its principal, Tan Koon Swan, was not only a prominent corporate figure in Malaysia but he was also a leader of the MCA, a component of the ruling party. It is significant that the man was arrested and successfully prosecuted not in Malaysia but in neighboring Singapore. The main players in that scandal were Malaysian-Chinese. This is worth mentioning because in the 1997 crisis, there were ugly racial stereotyping on supposed Malay aptitude for high commerce as many of the failing companies were controlled by Malays. That Pan Electric scandal was no more a reflection of Malaysian-Chinese business practices and ethics than the present day crisis a reflection of Malay aptitude and competence for commerce.

The sophistication and ingenuity for corrupt and fraudulent practices are limited only by the imagination of the perpetrators. During the frenzy of mergers and acquisitions (M&As) in America during the 1980's, numerous instant millionaires emerged from Wall Street. As it turned out, they became rich not because of their astute stock picking acumen but simply through illegal insider trading and collusion to drive stock prices up. Only through painstaking investigations and vigorous prosecutions (these millionaires could afford the best legal defense) were these criminals convicted. As result of tough prosecution, a premier brokerage house, Burnham, Drexel & Lambert, was liquidated. More ominously, as many of the corrupt principals were Jewish (Ivan Boesky, Michael



Milliken, Dennis Levin) there were vicious racial innuendoes relating to the business ethics of various cultural groups.

Malaysia was also involved tangentially in that scandal. Its central bank lost hundreds of millions in junk bonds issued by Drexel.

Corruption is not limited to the private sector. In 1998, the august Olympic Games organization was rocked by charges of corruption. Apparently there was more than mere merits in the awarding of game sites. It was alleged that there were professional agents who would arrange for perks and other benefits for the decision makers. Thus Salt Lake City which will host the next winter game was charged with awarding "scholarships" to the children of Olympic officials. No matter how well camouflaged and seemingly sophisticated the scheme, the underlying corruption remains.

In late 1980's the United Way, America's premier "do good" organization, was scandalized by major corruption of its senior managers. It turned out that these fellows were traveling first class, stayed in luxurious hotels, and had their families doing lucrative businesses with the organization. To add insult, these executives were drawing million dollar salaries. To think that the organization is totally dependent on donations from generous citizens.

No, corruption is not unique to Third World governments. Businesses, non-governmental agencies, and First World politicians are not immune.

## Crony Capitalism

A SUBTLER variation of corruption is cronyism. Essentially this is the awarding, without competitive bidding, of lucrative contracts and plum assets for privatization to one's cronies, political hacks, and family members. The process seems transparent and aboveboard, thus its corrupting influence is not fully appreciated. Crony capitalism is essentially the corruption of a valid and successful concept—mutually beneficial public and private partnership. Such productive collaboration, in marked contrast to the adversarial relationships typical in the West, was what propelled East Asia's phenomenal growth. In America, similar public and private teamwork succeeded in sending an American to the moon and safely back, and in the development of sophisticated military weapons that ended the Cold War. It is the corrupted version, crony capitalism, that is the economic bane of Asia in late 1990's.

Crony capitalism operates fairly straight forward. The government has a prime asset (thriving company, timber concessions, or monopoly import/export business) to dispose. It sets a ridiculously low price and "sells" it to a crony. Without competitive bidding there is no way to gauge whether the agreed price is realistic. All too often the lucky recipient lacks a successful track record or expertise in the business. Cases abound where the successful bidder turns around and quickly disposes his prized asset on the open market and reaps a quick and dirty profit. One particularly outrageous example was the privatization of a water treatment scheme. By the time the plant was actually built, the company had changed hands three times, with each owner taking his cut. Ultimately it is the consumer who would be paying the added costs.

Malaysia's spanking North-South freeway was simply given away to Renong, a company closely tied to UMNO. America too, gave away free land to railway companies early in the century. But then they had to build the railways themselves. In Malaysia, the government built the highway and then gave it away! What a deal, if you can get it. Prime Minister Mahathir rationalizes it thus—disposing the highway would spare the government the costs of maintaining it. My rebuttal: why not try selling it first and recoup some of the costs.

In Malaysia, as in many Third World countries, the public sector is huge and intrusive. To undertake the simplest business activity requires a multitude of permits and licenses. Such bureaucratic maze is an invitation to corruption. India's ubiquitous "Permit Raj" is one such malignant manifestation. The Malaysian government is also directly and heavily involved in the corporate sector. The largest banks and corporations are owned by the Finance Ministry, Inc. By 1990, the federal and state governments had over 700 companies with a paid-up capital of over RM20 billion. Most of them are perennial money losers. Not surprisingly as business decisions are often based on other than commercial considerations. It is such misallocation of capitals and assets that undermine most Asian economies, Malaysia included.

Cronyism and corruption are not inevitable when the state is involved in the private sector. In Singapore, because of honest and competent management, state enterprises flourish. America's space program NASA is an example of productive private and public partnership. Similarly, America's many fine universities are living proof of the benefits of private and public collaboration.

Nor is cronyism uniquely a Third World phenomenon. America's notorious mass public transportation system (owned by local agencies) is a reflection of cronyism. Amtrak is perhaps the most infamous, with its legendary unreliable

service and endless subsidies. America may be the heart of free enterprise but the state is very much involved in commerce. Visit any metropolis and the owners of the biggest fleet of buses are the municipal agencies. No wonder public transportation in America is a mess. I can travel by bus between Kuala Lumpur to Seremban without much difficulty. Try doing the same between San Jose and Oakland, California. It is near impossible. You have to go through at least four transit companies, all owned and operated by local governments. None are efficient; and all require continuing massive subsidies.

The Asian economic crisis revealed the inefficiency and corruption of "crony capitalism." In Malaysia, public disgust reached its nadir during the UMNO General Assembly of June 1998. The leaders were assaulted by charges of corruption and cronyism. Unfortunately, the protest collapsed ignominiously when Mahathir effectively defanged the "reformers" by exposing their hypocrisy. He released a long list of recipients of the government's many lucrative contracts and privatization projects. It turned out that the most vociferous critics, including Youth leader Ahmad Zahid and the later disgraced Anwar Ibrahim, had themselves benefited immensely from such cronyism.

Anwar would like us to believe that there is an essential difference between his corruption and cronyism which involves "only" millions and the corruption of Mahathir's cronies, which involves billions. To me that may simply reflect Anwar's flat learning curve, or perhaps his hands had not been at the till long enough.

Mahathir's revealing of that infamous list exposed the ugly and pervasive reach of cronyism. Average Malaysians were stunned in disbelief. While there had been rumors of favors here and there, no one could have imagined the massive extent of the abuse.

It was no surprise that in the federal by-election in Perlis soon after the release of that list, the government's party lost badly in what was previously a safe seat. History may well prove that Mahathir, perhaps unwittingly, started the cleansing process by revealing that dirty list. I fervently hope that the resultant disgust and outrage felt by ordinary UMNO members and citizens will ignite fundamental changes in the way business is done in the country.

Malaysian leaders may convince themselves that there are essential differences between cronyism and corruption. They may even ascribe noble motives such as increasing Bumiputra business participation to the former. Such sophistry cannot hide the plain fact that cronyism and other forms of favoritism corrode our moral fiber just as destructively as bribery.

## Corruption and Racism

IT IS especially important for Malaysia that corruption be eradicated. Just like the junk bond scandal in America re-ignited ugly racial prejudices, so would pervasive corruption in Malaysia. When a Chinese businessman has to bribe his way pass a Malay official, it is not simply a private citizen corrupting a public bureaucrat, but a Malay extorting a Chinese. Similarly, when a Malay customer is shortchanged by a Chinese merchant, it is not simply a matter of a customer getting bilked, but a Malay being swindled by a Chinese. Unchecked such incidences would quickly build up a cesspool of ethnic hatred and suspicions that would aggravate the cleavage in Malaysian society.

Cronyism favors the already well-connected and the politically powerful. In Malaysia this means Malays. With the current economic crisis blamed on cronyism, Malays would again bear the burden of further negative stereotyping.

The survey conducted by *The Star* revealed some rather disturbing trends. The vast majority of the respondents were Chinese in the private sector. Although the results were not analyzed along racial lines, I have little doubt of the racial implications of such findings. Eradicating corruption and fraudulent practices both in government and private sector would greatly reduce negative racial stereotyping and the consequent potential for communal conflict.

It is Mahathir's contention that when corruption is widespread, everyone—leaders and followers—are to be blamed. The corollary to that is, when everyone is at fault, no one is. That is obviously a cop-out, and wrong. Leaders must shoulder the blame. They are clearly responsible and only they can correct the situation, not the masses. They must lead by examples. They must demonstrate in their deeds their abhorrence for shady practices.



## Chapter XVII

### Vision 2020—Not Quite Perfect

VISION 2020 is the ambitious development program unveiled by Mahathir in 1991 aimed at making Malaysia a developed country by year 2020. His address was initially entitled *The Way Forward*, but that did not have quite the same zing.

Mahathir envisioned a "united Malaysian nation with a sense of common and shared destiny." With its pluralistic society, he wisely put the formation of *Bangsa Malaysia*, a Malaysian nation, as the number one challenge and priority. His other goals may seem, to jaded Western readers at least, somewhat corny. His would be a nation that is "psychologically liberated," "robust," "fully moral and ethical," "caring, matured, liberal and tolerant," "economically just," and a few other equally pompous phrases. They remind me of the mushy and hifaluting mission statements, the current rage of modern organizations.

To his credit, amidst the lofty and vague aspirations, he did indeed lay out specific quantitative yardsticks. For example, he wants to increase the GDP eight-fold and per capita income four-fold from their 1990 levels. This would entail an average growth rate of 7% annually. Very ambitious, considering that during the three preceding decades the economy grew at an average 6.3% per annum. Given the inevitability of economic and business cycles, Malaysia should expect at least one and possibly more periods of recession or slow growth. Unfortunately, the first one intruded earlier than expected, in 1997. Which means that Malaysia must grow at double digit rates in the good years to compensate for this and other expected lean ones. That should give enough dyspepsia to its economic planners.

Mahathir is unique among world leaders in his candor and willingness to engage his people in strategic and long range discussions. His style is not one to wait for public opinion polls or ride the current popular issue. In this he has few peers, especially among leaders of mature democracies. There leadership often takes the form of putting the proverbial wet finger into the wind of popular opinion. Former President Bush openly disdained what he called "this vision thing." President Clinton cannot utter a single policy statement unless it has been thoroughly tested by innumerable focus groups and opinion polls. Britain's Tony Blair essentially abandoned the cherished principles of his Labor Party in order to get elected.

Mahathir prides himself in being direct and frank. He is, as former British Prime Minister Margaret Thatcher admiringly writes in her memoir, "tough, shrewd and practical, [with] a refreshingly matter-of-fact outlook on everything." His frankness and straightforward style have served him well politically, thus far. His messages and views are consistent whether he is addressing a kampong gathering or a sophisticated foreign audience. His is not for tailoring to what the audience wants to hear—a rare and refreshing quality in a politician.

Mahathir does not define "developed" in material terms, nor does he wish to pattern Malaysia after any of the developed countries of today. He fancies himself a trailblazer and that his new nation would serve as a model for other developing ones. Malaysia's first prime minister, Tunku Abdul Rahman, was an unabashed Anglophile. Many of the institutions and practices, from fancy ministerial garbs to elaborate titles and honorific, were patterned after the British. Tun Razak, Tunku's successor, spoke admiringly of Germany and modern socialist Sweden. His policies reflected that: massive state involvement in the private sector and the creation of huge government corporations. Mahathir, on the other hand, rarely has much praise for any of the developed countries, except perhaps Japan.

Apart from the economic targets, Mahathir did not set specific goals for his social agenda. And a good thing too. When does a nation become "psychologically liberated" or "fully moral and ethical?" Despite the difficulty in establishing specific goals on his social agendas, nevertheless he could at least set certain landmarks to aim for. He could for example, strive that by 2020 all Malaysians should have full secondary schooling, be fluent in English, science literate, and mathematically competent. That would go along with the objective of a scientific society. Similarly, he could aim for ridding of all preventable childhood infectious diseases through universal vaccination and easy access to potable water.

That would help him achieve the goal of a robust and productive society. These are worthy and realistic goals. Besides, their progress or lack thereof could be easily monitored. And a healthy and highly educated population would make the economic goals that much more attainable.

Thirty years, the time span of Vision 2020, is a long time—a generation. Malaysia should not expect, nor entitled to, smooth sailing all the way. It should anticipate adversities from unexpected sources and possibly more severe than the 1969 incident or the 1997 economic crisis. More importantly, it should be skillful and imaginative in handling these inevitable stresses and crises.

### Our Giant Neighbors

AFTER setting such clear goals and directions, Mahathir should rightly warn his nation of unanticipated shoals and sandbars that lie ahead for his ship of state. The dangers of internal dissension and mutiny are real but the skipper would be remiss in ignoring potential external threats that could just as easily wreck the ship. Early in its history, Malaysia's very existence was threatened by *konfrontasi* (lit. confrontation) with a supposedly friendly neighbor, Indonesia. Despite sharing the same language, culture, and heritage these two nations found themselves at war. That dispute dragged on for years, distracting both countries from their important tasks of nation building and development. The lesson from that crisis was how impotent external agencies like United Nations were in resolving the conflict. *Konfrontasi* was settled only after the two protagonists, Indonesia's Sukarno and Malaysia's Tunku, faded from the scene and cooler heads prevailed in the persons of Tun Razak and his Indonesian counterpart, Adam Malik.

Indonesia today is mired in severe social and economic crises and it is not likely to pose any significant military threat. But the social unrest and instability there could easily impact Malaysia. The recent exodus of illegal immigrants from that country would become a tidal wave, far exceeding the Vietnamese boat people of the 1970's, if conditions deteriorate over there. That would overwhelm Malaysia's own stability.

Malaysia's other giant neighbor, India, is a perpetual economic cripple and is unlikely to pose much of a threat, its recent blustery nuclear testing notwithstanding. Besides it is quite far away. China on the other hand is a fast rising country economically and militarily. It has a history of frequent skirmishes with its neighbors—India, Vietnam, and Russia. In the chain of Spratly Islands, now



hotly contested because of their massive hydrocarbon potential, Malaysia is China's neighbor.

China may naively believe that Malaysia's sizable Chinese population could be easily swayed to its viewpoint. After all it was only recently that China disavowed (after much pleading from Malaysia) support for the predominantly Chinese Malaysian Communist Party. As long as China remains backward and communist, its chances of influencing Malaysian-Chinese are minimal to non-existent. But that country is rapidly advancing and becoming more open. As it industrializes it competes directly with Malaysia. Whatever Malaysia can manufacture, China could do it cheaper. This economic competition, if not handled skillfully, could easily escalate and spill into other spheres.

Malaysia rightly recognized China's legitimacy very early. As Mahathir so adroitly put it, the surest way to turn China into a real enemy is to treat her as a potential one. America did exactly that and it nearly succeeded in becoming a self-fulfilling prophecy. Relations with China are now smooth, but Malaysia must anticipate problems and plan accordingly. I do not mean military planning necessarily but strengthening the unity of Malaysians so they cannot be influenced by outsiders.

Trade, tourism, and cultural exchanges are steadily growing between the two countries. Such economic ties often strengthen relationships. But they could just as easily lead to rivalry and resultant acrimony. The chronic trade imbalance between Japan and US threatens their otherwise stable and friendly relations. Japan-bashing in America and America-bashing in Japan are most strident when their respective domestic economies are slumping. That Japan-bashing in 1980's did not deteriorate to involve Japanese-Americans was no accident. For one, they have proven beyond any doubt that they are as American as the next citizen. They fought with valor for their country in World War II and had very much become part of the American mainstream. Except for their physical looks they have little in common or emotional ties with their kin in Japan. They do not speak Japanese nor practice the culture.

Japanese companies in America too, had done their part. They (Sonys, Toyotas, Matsushitas) tactfully and shrewdly did not choose Japanese-Americans to be their agents, distributors, or senior managers for their American plants and subsidiaries. Japanese companies in America are model corporate citizens and very much involved in the local community. Thus at the first sign of Japan-bashing, their American employees become these companies' most effective defenders. Imagine if these firms had resorted to parochial tribalism and employed only

Japanese-Americans. They would not be as effective a spokesmen and may well aggravate the situation by rekindling Americans' paranoia. When America threatened to erect tariffs against Japanese imports, the strongest opposition came from unions representing west coast ports (which saw their jobs contracting) and political leaders of states like Washington and California. These Japanese companies have skillfully aligned their interests with significant segments of American society. Grassroot lobbying.

Equally important, these Japanese companies are shrewd enough to employ former high government officials and cabinet members to be their Washington lobbyists and agents. These high-profile Americans are very effective at blunting any anti-Japanese sentiments that may appear at the highest levels of government. Nor is the lobbying done only in Washington, DC. Leading Japanese companies have also developed intimate ties with American universities and non-profit organizations.

Mainland Chinese companies doing business in Malaysia should learn from the Japanese. Thus, instead of relying on *quanshi*, which is just another manifestation of tribalism and clannishness (ancient cronyism), they should actively seek non-Chinese representatives and executives for their companies and agencies in Malaysia. When the inevitable economic tensions arise they would have ready and effective defenders in their non-Chinese spokesmen. The late Tun Razak astutely sensed this potential danger. When he initiated trade relations with China, he insisted that it dealt only with Malaysia's state agencies like PERNAS which are predominantly run by Bumiputras. China, being a communist country and its fondness for state enterprises, readily complied.

If the Chinese rely on their ethnic ties it would only feed on the paranoia of extremist Malays. James Kao, the Director of Managing Innovation Program at Stanford University, California, rightly criticizes this tendency, which is difficult to break. "Asians believe," he writes, "the only people you can trust are your own family. Innovation demands input from diverse types of people in close, trusting collaborations." Thus breaking this clannishness is not only smart politically but makes good business sense.

## Its Them, Not Us

THE PERFORMANCES of Malaysian leaders during times of crises have been less than inspiring. During the 1969 bloody riot that shook the nation, Tunku

blamed outside saboteurs, using the convenient bogeyman of the day—the communists. The 1997 economic crisis saw current leaders again reverting to pat pattern, this time castigating foreigners and neo-colonialist Western capitalists. Blaming others did not work in 1969 as Mahathir so rightly pointed out in *The Malay Dilemma*. It would be no more successful in late 1990's.

It is of course an old politician's trick to invent foreign enemies as means of rallying the troops. World peace is never more threatened than when an American President is sagging in domestic polls. This "Wag the Dog" syndrome, after the popular movie in which a domestically embattled American President initiated military action against an imagined and hapless Third World enemy, is real and part of politics worldwide. The real tragedy comes when these politicians actually believe in their own propaganda. Efforts and resources would then be directed at the phantom enemy rather the real problems at home.

Malaysia would be more successful in resolving its present economic problems if it begins by critically analyzing its policies first, and refraining from the visceral tendency to blame others.

For too often when a foreign enemy is invented, all domestic dissent are suppressed and their perpetrators conveniently branded as traitors. Their views, no matter how rational and valid, would simply be dismissed as treasonous. Precipitous and injudicious actions are taken under the pretext of national security. Consequently, legitimate debates get stifled. But only through such open discussions and public deliberations may arise solutions to the nation's problems. Leaders are not the only repository of a nation's wisdom.

During the Cold War, the communists were convenient scapegoats that detracted many nations from facing the pressing problems. Genuine public yearnings for reform and development were dismissed as fronts for communism. Before that, there was the old standby bogeymen, colonialism. The ills of developing nations were heaped upon the long-departed colonial masters. Again, by focusing on non-existing foreign enemies many new nations were distracted from facing up to their real issues.

Malaysian leaders are again falling into the same trap. This time it is the foreigners who are being portrayed as the neo-colonialists. The question is, why now? It wasn't too long ago that everyone was trying to attract them, and now suddenly they are the new pariahs. Outsiders were no more the cause of Malaysia's present crisis than the communists were of the 1969 riot.

## Intra Communal Conflict

THE PRESENT state of racial tolerance in Malaysia is real and represents a fundamental change and maturation in the attitude of Malaysians. The new generation owes allegiance to no other country. They value peace and racial accommodation. They have seen all too frequently the tragic consequences of communal strife elsewhere. Still, it is prudent to re-emphasize racial harmony. Yugoslavia appeared tranquil for decades. They even managed to host the spectacular Winter Olympics at Sarajevo in 1986. Who could have imagined that soon after that they would be slaughtering each other in a mad frenzy of ethnic cleansing?

Malaysia would not be wrong in keeping its delicate racial dynamics on the radar screen at all times.

In the theme of expect the unexpected (or as Thatcher's law would have it, the unexpected happens) I posit that the greatest threat to social stability in Malaysia is not inter-racial hostility but intra-racial, more specifically, intra-Malay discord.

There are three potential fault lines along which Malays could fracture—religious, ideological, and socioeconomic. Malays have seen far too many splits along religious lines. Ideologically, there had been fights between socialist and conservatives, and between royalists and republicans. The current social unrest involving *reformasi* may in fact be symptomatic of a social split along economic lines. It is unlikely that any one of these cleavage planes by itself could precipitate a severe crisis. But a confluence of any two or all three could trigger violent eruptions. For example, poor and ultra-religious Malays versus their affluent, secular, and urban brethren. The protracted animosity between rural Kelantan (controlled by PAS) and the central government (controlled by secular UMNO) may in part be a reflection of this confluence.

It was interesting that during the 1980's constitutional crisis involving the sultans and executive branch, the Malay media were most vehement and vitriolic in their denunciations of the royalty. Every royal transgression, real and imagined, was blared out. One wondered at the sudden intolerance of royal excesses. In my old village I was completely taken aback by the depth and intensity of animosities between pro and anti-royal elements. They split families and villages. To kampong folks, the crisis was not some legal disputes or political debates on the

separation of powers; rather, it was the questioning of their core assumptions and basic beliefs.

The frightening aspect of that crisis was how quickly it degenerated. What should have been decided coolly and with skillful negotiations rapidly escalated into an ugly public dispute, threatening the very stability of the country. The media, instead of enlightening the public on the merits and demerits of the issues, quickly became embroiled in the crisis. In so doing they lost what little credibility they had as reliable sources of information. They also betrayed their sacred journalistic trust—that of informing and educating the masses.

Another sorry aspect of the whole sordid saga was the complete absence of any restraining or moderating influence within the country. The judiciary which should have been the appropriate body to deliberate and adjudicate such matters were themselves hopelessly entangled in the conflict. The academies and professoriate were similarly enmeshed. The country's scholars should have been the impetus for a detached and methodical analysis of the various issues. Doing so would exert a calming influence on the rapidly escalating confrontation. The religious establishment too, was uncharacteristically silent. They did not even proffer prayers for peace. Nor did the opposition political parties try to defuse the situation. On the contrary, they were out scoring political points—a most despicable act. Thus the spectacularly odious posture of the predominantly Chinese Democratic Action Party defending the sultans, the very symbol of Malay special rights and privileges. Such hypocrisy merely reflected the desperation of the opposition parties. They were not the loyal opposition capable of forming the next government, rather a political pest more interested in fomenting disputes. Everyone it seemed was engulfed in or abetting the ever expanding crisis.

The handling of that constitutional crisis should make the nation pause and ponder on how it should deal with future internal conflicts.

That feud was not the first to involve the sultans. In 1948, when the Federation of Malaya was formed, there was a major political dispute over the appointment of a Malay civil servant to be Deputy High Commissioner, an administrative position within the colonial civil service. This was part of the British plan to introduce native participation at the senior level. The idea was welcomed by the populace as an opportunity to prepare Malays for independence. The sultans saw it differently. They would not tolerate a commoner, the proposed candidate, to be their constitutional superior. The issue deeply divided Malays. Fortunately in those days such conflicts were readily resolved because the nation had a common enemy out there—the colonialist.

That particular impasse was resolved in favor of the sultans. The position of deputy commissioner was abolished, depriving the British of valuable Malay input at the highest level and Malays an opportunity to participate in running their country. If wiser heads had prevailed then, a better solution would have been to select a qualified royal-blooded Malay to assume the post, thereby satisfying both parties. But the conflict had escalated so quickly as to leave no room for compromise. There had to be a victor and the vanquished. The objective was not to find a solution but simply to beat the other side.

Another similar conflict in 1915, the Tuk Janggut rebellion in Kelantan, is portrayed in current revisionist history as an uprising of peasants against the British. The sultan was simply excused as being "used" by the colonialist. Part of this theme was evident in Syed Othman Kelantan's novel *Perwira* (lit. The Warrior), based on that uprising. The good novelist that he is, Syed Othman Kelantan nonetheless hinted that the Sultan himself was not absolved. In a telling episode, the writer described how Tuk Janggut's father, Munas, had himself rebelled against the Sultan to avenge the killing of Munas' son.

Carveth Wells' *Six Years in the Malay Jungle* contains a rare eyewitness account of that insurrection. Wells was a surveyor with the Malayan Railway. He worked closely with and had considerable rapport with peasant Malays and thus had intimate knowledge of kampong life. Being not part of the Colonial Service with its stiff, starched white uniforms, Wells was a neutral observer. He described how Tuk Janggut's corpse was gruesomely desecrated and paraded in the villages on the orders of the Sultan himself, to serve as a warning to his subjects. This abominable act was made more so when one considers the deep respect Muslims have for their dead. Royal excesses have a long tradition in Malaysia.

The Tuk Janggut rebellion did not manifest its full fury and viciousness because of the restraining presence of the British, a point of view dismissed by contemporary Malaysian historians.

Should similar conflicts erupt today there would be no such ready calming influence. One possible stabilizing force, the United Nations, is woefully impotent as demonstrated by events in Bosnia and Rwanda. Nor would there be a convenient common outside enemy to rally the citizens back together again. So Malays would be on their own, battling with the usual barbaric atrocities of a civil war. Non-Malays would be forced, by the sheer dynamics of the conflict, to take sides. If per chance they choose the wrong (that is the losing) side, all hell would break loose when the conflict would be over. The retributions then would be doubly ugly.

Past ideological conflicts between socialist and conservative Malays were equally nasty. When the country was fighting a communist insurrection, these socialists were routinely incarcerated on trumped-up subversive charges. The conservative government just could not blunt the socialists' increasingly receptive crusade for social justice. Now with the collapse of the Soviet system, socialism is a spent force and that ideological conflict simply evaporated. Nonetheless at its height, the hatred was intense and vicious. Three of the socialists, distinguished Malaysians in their own right, have written eloquently of their times under detention. The accounts of Syed Husin Ali, the country's leading scholar, Ishak Mohammad, a noted journalist and former cabinet minister, and Kassim Ahmad, the nation's brilliant philosopher, all incarcerated under ISA, were most heartrending. I am particularly appalled and moved to tears that the authorities would destroy Kassim Ahmad's invaluable and painstakingly written manuscripts when he was in prison. Reading these and other similar tragic accounts it is presumptuous for a nation that had treated its intelligentsia so brutally would dare aspire to such lofty goals of Vision 2020.

Religious disputes between Malays, as intimated earlier, cannot be lightly dismissed. Muslim fratricides occur with depressing regularity in Afghanistan, Algeria, and Iran. The Iranian government, in the name of Islam, regularly kills and maims its citizens for "unIslamic" activities. In Afghanistan, the split is between those who consider themselves true followers and those deemed less committed. The conflict is no less brutal and bloody than when they were fighting the infidel Russians. The hostility between secular and fundamentalist elements in Algeria is becoming increasingly ugly and ruthless. Of course, atrocities in the name of religion is not unique to Islam. Witness Northern Ireland.

Superficially, the division between PAS and UMNO is political. In reality it is a dispute between those who deemed themselves the righteous and true followers of the faith and the "misled." Unfortunately, their respective leaders are oblivious to the explosive potential of continued escalation of this rivalry. Instead, they continually and openly incite their followers with fiery rhetoric and denunciations. To the ordinary villagers these are not fights between two political parties for power. Rather, they are nothing less than a holy war, *jihad*, for the purity of Islam.

Early in the century, there were similar theological splints between progressive, young Muslims, *Kaum Muda*, and their more conservative and elderly brethren, *Kaum Tua*. That conflict was no less divisive and acrimonious. At least then they were fought intellectually in their respective periodicals and publica-

tions. A far cry from the present highly contentious and often violent disagreements.

The all consuming, totally unproductive, and tragically divisive *kafir-men-gafirkan* (lit. infidels versus would-be infidels) debate of 1987 clearly illustrates the potentially explosive nature of religious disagreements. It was pathetic to see otherwise responsible and intelligent leaders debase themselves in such silly pursuits of proving who among them were more pure or Islamic. Sadly, they seemed oblivious of the disastrous potential.

In parts of Malaysia there are separate mosques for PAS followers and the other, presumably less pure, Muslims. They are afraid that their spiritual virtues might get tainted by meditating with less pristine worshippers. It is pathetic that they cannot leave politics aside during the brief moments for prayers. There have been even instances of funerals and marriages boycotted because of political differences. On many campuses, the chasm between supposedly more educated supporters of PAS and UMNO is equally wide.

The 1985 Memali uprising in Kedah, Mahathir's home state, claimed 18 lives and scores of injuries. It was the most violent disturbance since the 1969 riot. To the outside world it was simply reported as an uprising of peasants over some land issues. It was in fact a mini civil war involving supporters of PAS and those of the central government (UMNO); between true believers and presumed pretenders.

Malays are also increasingly split along social and economic lines. Income disparity is greatest among Malays. Like the religious split, it appears to be getting worse. In the Seventh Malaysia Plan, the government acknowledged such gaps but precious little is planned to redress them.

There may have been some psychological satisfaction in the past in seeing Malays become billionaires, a status previously the exclusive domain of non-Malays. But such racial pride and sense of reflected glory are now long gone. The ostentatious and flamboyant lifestyles of these Bumiputra *nouveaux riche* rub ordinary Malays raw. What is especially grating is that to many Malays, these Bumiputras get there not on their own sweat or ingenuity but through the largesse of NEP and NDP. Jeremy Seabrook, the chronicler of life in Third World, captures the frustrations of poor Malays when he writes of the feelings of Fatima, a factory worker in Penang on "...the decay of a sense of common destiny, its replacement by a competitive anxiety that other people are getting something for nothing, something extra, something they do not deserve." Not surprisingly, kampung Malays harbor no such resentment towards rich non-Malays, an ac-



knowledge that these non-Malays are successful through their own efforts. Kampong folks may be simple but they are not dumb.

This increasing polarization within Malays appears unabated. What is alarming is that there is no sizable rational middle segment to act as a comfortable buffer.

In the vision articulated by Mahathir, much was said about achieving an "economically just society." This is generally understood as minimizing the disparity between the races or as the government elegantly put it "the identification of race with economic function, and the identification of economic backwardness with race." Malaysia's NEP and NDP have been successful in alleviating some of the gross inequities between the races.

There is however, no comparable commitment to reduce the widening economic disparities within the Malay community itself. Like all other social problems, it is best handled when it is still small and manageable. Left unattended it would only fester. NDP's primary objective should be to eradicate poverty, especially among Malays. Its next priority would be to bring them into the safe and comfortable middle class. The munificence of special privileges should never be debased. It was never meant to make rich Malays super rich; or millionaires, billionaires. In Manila and other Third World cities, the discrepancies between the haves and have-nots are truly obscene, an affront to the sensibilities. That these glaring disparities are accepted as the norm reflects the lack of morality of such societies. That is not a "fully moral and ethical" or "economically just" society. Nor is it a stable one.

Hopefully Malaysia will never degenerate to such levels. And as for a united *Bangsa Malaysia*, there would not be one unless there is harmony within its largest ethnic group—Malays.

### Vision Interruptus

THE ECONOMIC crisis of 1997 put a damper on Vision 2020. Rightly so. When one's immediate survival is at stake it is hard to think long range. The present concern is surviving the squall and being careful not to be broadsided by an oncoming wave. Once the storm blows over then one can make the necessary course corrections, assuming of course one survives.

The rosy projections and path towards Vision 2020 were certainly rudely interrupted—vision interruptus, if you will. In US dollars, Malaysia's per capita in-

come dropped a thumping 33% from its peak, and the stock market a stupefying 80%. The Kuala Lumpur Stock Exchange (KLSE) Index has since recovered, doubling from its bottom by early 1999, but still barely half its record high. The foreign reserve too had healthy increases. Consumer confidence, as measured by major purchases, seems to rebound. The sense of deep gloom has disappeared though not yet replaced by much optimism. Malaysian leaders too seem chipper in their pronouncements, their old confidence returning. At the 1999 World Economic Conference in Davos, Prime Minister Mahathir sounded more like his old ebullient self. What's more, his views on global economics which seemed so outlandish and unorthodox only a year earlier, are now fast becoming almost mainstream. He is getting some faint praises, including from the IMF. It must please him immensely that the world is slowly turning to his point of view. And therein lies the problem.

Malaysia is by no means clear of the storm. This temporary calm may prove to be its eye, with the worse yet to come. The country's seemingly healthy reserve is artificially inflated with foreigners' cash trapped under capital control. The estimate varies from US\$7-10 billion—very substantial. What happens come September 1999 when they will be freed will be keenly watched. If these foreigners abandon Malaysia that would mean another severe storm. About 20% of the investments in KLSE are foreign money and their behavior will affect the rest of the market. If foreigners are not made to feel welcome or if they are treated as Malaysia's new enemy, they will certainly look for the exit door quickly. Their exodus will be so fast that Malaysia will be left spinning. Early polls of money managers seem to indicate that this is unlikely, but fund managers' time-frames are measured in days and they could just as quickly change.

Malaysia needs to do more. To the extent that these early praises would make the leadership less inclined to pursue those much needed changes or be less welcoming of foreigners, the nation would surely suffer. Vision interruptus, like the other interruptus, can be extremely frustrating, and messy. Only with strict self discipline and patience can one ever hope to resume the previous tempo and continue to its blissful conclusion. If these early accolades detract the leaders from that self discipline and pursuing those most needed reforms, Malaysia is better off without them.



## Chapter XVIII

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### Look West Is Best

A GROUP of Malaysian educators on a *culap* or "quickie" course at Stanford University were indignant because American students were unable to locate Malaysia on the map. I stumped these visitors when I brought out a map of America and they were unable to place Pennsylvania. Yet in terms of economic output and contributions to the arts and sciences, it far outranks Malaysia. The average Malaysian could not place Rwanda correctly either, and he could not care less if those Africans were piqued over his ignorance of their affairs.

Malaysians resent Americans for being uninformed about Malaysia. But the average Malaysian's perception of America rarely extends much beyond the popular images portrayed by Hollywood.

America is Malaysia's biggest and most important trading partner. As any astute businessman knows, you do not belittle or criticize your best customer. Rather you do everything to please and indulge him. But Malaysian politicians take perverse pleasure in denouncing America. Often these criticisms come at the most inopportune time, like when Malaysia was in delicate negotiations to buy sophisticated American warplanes, or when Malaysia Airlines was trying to secure coveted landing rights. Not very smart!

More recently, with the country's economy severely buffeted by the flight of foreign (mainly American) investors, reckless UMNO youths were staging anti-American demonstrations and denouncing America for Malaysia's plight. It took a not too subtle reminder from the American ambassador on the importance of his country to Malaysia to quiet these rash radicals and their supporters in the government. Malaysians fail to appreciate that America has significant invest-

ments in Malaysia, educate more of our students than any other country, and train a growing number of our senior military officers.

Granted, Americans have a knack for ill-advised interference in the domestic affairs of other countries. Vice President Al Gore's intemperate remarks at the November 1998 Asia Pacific Economic Cooperation (APEC) meeting in Kuala Lumpur supporting *reformasi* is a case in point. But that is no reason for Malaysians to go ballistic. Rafidah Aziz, Malaysia's Trade Minister, may have scored debating points at that conference with her cute repartee with America's Secretary Albright, but really, did it advance Malaysia's cause? Sooner or later Rafidah would be coming to Washington, DC for some trade negotiations. Would she then think that Albright would go out of her way to accommodate Rafidah? Sometimes it is not smart to act smart.

Rafidah should have been wiser and let the bombastic secretary have her day of glory. America has an unenviable track record of backing the wrong horse in many of these foreign conflicts. Albright's support for *reformasi* may well spell the death of that organization. That cute exchange proves nothing except perhaps the dubious point that Rafidah was sharp on her feet. But must Malaysia pay the price so her prickly ego gets massaged? I do not mean that Malaysia should suck up to America. Far from it. What it does mean is that we have to be extra careful not to unnecessarily antagonize our best customer and the world's remaining superpower.

As a youth I remember seeing film clips of Tunku's official visit to US during Eisenhower's presidency. I recall vividly the scene at the White House where Tunku was effusively praising his host. The president's face was beaming, obviously flattered by Tunku's generous remarks. Eisenhower was a war hero and an extremely popular leader. He certainly had no need for praises from insignificant Third World leaders. Yet there he was, tickled pink by Tunku's heart-felt gushy remarks. The point is, one rarely errs by complimenting and praising others, but one certainly would not get far by antagonizing them.

There is little need for foreigners to criticize Americans for they themselves are very good at lampooning their leaders and addressing the shortcomings of their society. They do not need outside help, thank you. Witness the stinging rebuke President Clinton is receiving from conservative columnists. American television is full of titillating details of the president's past and present dalliances. No less a searing critic of America is its own Ross Perot. And he does it in an appealingly witty and folksy style. American media are well known for their robust and free wheeling style. Their criticisms are often far more devastating and

cutting than any put up by non-Americans. There are no sacred cows in America and no institution, least of all the Presidency, is immune from vicious attacks. One needs only tune into Sunday's television talk shows or the innumerable radio call-ins to appreciate how critical Americans are towards their leaders. American laws are such that it is difficult to prove libel when you are criticizing public figures. So everything goes.

This is something non-Americans find difficult to accept. Americans are just as free in criticizing and ridiculing foreign leaders. Nor do Americans lodge official protests when their leaders are denounced abroad. Yet when Malaysian leaders are criticized overseas, there would be an orchestrated effort back home to rally behind the leader. Surely Malaysian leaders are big enough that they can withstand such barbs without being overly sensitive. They certainly have no hesitation in criticizing others. If they can dish them out they can very well receive some too.

Events in America affect Malaysia profoundly. In 1950's when US released its rubber and tin stockpiles, the Malaysian economy went into a tailspin. More recently, Malaysia battled American soya bean farmers over the export of palm oil. Malaysian ringgit and interest rates are very much dependent on America's Federal Reserve policies. Significant chunks of Malaysia's commodities including natural gas, petroleum, and palm oil are denominated in dollars. Asean solidarity notwithstanding, Malaysians have no wish to surrender their dollars for Thai Bhat, Indonesian ruppees, or Filipino pesos.

Malaysia needs America, but America could very well do without Malaysia. Imagine if the U.S. is to pursue a decidedly anti-Malaysian policy. What if it stopped importing Malaysia's products, closed its colleges to Malaysians, and discouraged its companies from investing in the country? Malaysia would be thrown back to the bottom of the economic pile in no time. Look at Cuba and North Korea. Or worse, Iraq.

Malaysia's current economic travails are in part due to the exodus of foreign investors. The currency and stock markets will have a tough time recovering unless they return. And demonstrating in front of the American embassy or pontificating endlessly on the supposed superiority of Asian values are not ways to attract them. Fortunately, Malaysians and their leaders are belatedly recognizing this. There has been thankfully, little anti-Western rhetoric emanating from them lately. A good thing too, for the market reacted negatively with every anti-foreign remarks from Malaysia's leaders.

Remarkably, when Vice President Al Gore made those infamous remarks at APEC, Prime Minister Mahathir reacted with uncharacteristic restraint. He obviously learned that the best way to handle an important guest when he embarrassed you was simply to humor him. Unfortunately, many of his ministers have yet to learn this elementary lesson. They outdid each other with the vehemence of their denunciations. Perhaps they were playing to another audience: UMNO delegates for the June 1999 leadership convention to select Mahathir's successor. Again, the old trick of using fabricated foreign enemy to rally support.

In traditional Malay culture, the way to deal with rude guests is not to engage in a spitting contest with them, rather to humiliate them with excessive kindness. Suppose Malaysia reacted differently. Instead of denouncing Gore, Malaysians actually praised the man for his "foresight," "wisdom," and other equally effusive blarneys. Add to that America being the greatest democracy, staunch defender of the Free World, and other embellished phrases. It would be no sweat off Malaysian leaders to say those kind words. Invite Gore to visit Malaysia's prison and to meet with Anwar. Imagine seeing the Vice President awkwardly squatting in a Malaysian prison! The world would then view the inside of a Malaysian jail and see that at least it is not as crowded or inhumane as American ones. Give the man everything he wanted and praise him profusely. After all he is likely to be the next US president and you certainly do not want to antagonize him. After he had done berating the country, give him a rousing send off. The poor man would be thoroughly confused and all his criticisms would lose their sting. Al Gore would then sheepishly leave not knowing what to do next. Who knows, he might even lap up those generous praises and may now think differently of Malaysia and its people. And the *reformasi* movement would be no better off. And more importantly, when Malaysian leaders would later visit America, those Americans would remember those kind words and deeds. Goodwill begets more of the same. Malaysians certainly lick it up when foreigners heap praise on the country and its leaders. Americans are no different.

Amazingly, despite the obvious importance of the US, no Malaysian university offers a program on American Studies. This ignorance can be very costly. When Bank Negara speculated on the dollar a few years back, it took a severe drubbing. It seriously misjudged the strength of the American economy and currency. That particular debacle cost the country an estimated US\$4 billion. Malaysia's senior officials seem pathetically ignorant of the workings of the American government and the nature of its society. Recently, when some obscure US congressman wrote a resolution condemning Prime Minister Mahathir

for his alleged anti-Semitic utterances, that item was hysterically hyped in Malaysian media. Meanwhile in America there was barely any mention of that proposed resolution. And for good reason. It had absolutely no chance of being introduced, let alone voted on by the full congress. Malaysians forget that grandstanding is not an affliction peculiar only to American politicians. The complexity of American society and governance, with its openness and system of checks and balances, seems lost to Malaysians at all levels. They seem to think that the American president is like some Third World dictator. As the political cliché goes, the President proposes and Congress disposes. Thus it is not enough for Malaysian (or any foreign) leaders to convince the President, they must also persuade the American people through its representatives in Congress.

A few years back a group of Malaysian politicians on a State Department sponsored tour smugly observed about America. "Oh yes," they sneered, "that's where you find dirty movies in your hotel rooms, crime-infested streets, and race riots." True, but not the whole truth.

Missing from their collective observation are the fine medical centers where the global elite come for care they could not get anywhere else; the leading universities where the world's best and brightest vigorously compete to enter; the innovative industries in software and biotechnology; and the great museums and theaters. And in any given year, Americans routinely garner more Nobel prizes than any other nation. Many of these geniuses are not American-born. Rather they find in America a fertile arena to develop their talent. You find what you look for, and much more, in America.

The casual observer of the West easily confuses the fringes and the aberrant with the norm. America, with its inkblot complexity and messiness, is a Rorschach test for outsiders; what is viewed as America reveals more about the observer. The technology that brings smut into hotel rooms also enables schools in remote areas to receive modern educational materials. With that same technology I can access the National Library of Medicine from my home. Of course, I could just as easily log on the most vile sites in cyberspace or on some anti-government Web pages. The choice is mine entirely. Similarly, one visitor to Washington DC may see dirty urban slums, porno stores, and rutted streets; another the Smithsonian Institute, Georgetown University, and the National Institute of Health.

Whatever it is, America has more of it: more beauty and ugliness, more charity and greed, more parks and slums. There are obvious barnacles on American society: soaring illegitimacy rates, oppressive liability laws, and declining public



schools. Sadly, race relations in America are becoming more polarized and strident. But on the other hand, where do Malaysians go for ideas on setting up their ambitious and futuristic Multimedia Super Corridor? When the Cocksackie virus threatened Malaysian children, the nation wisely reached out to the renowned Centers for Disease Control (CDC) in Atlanta for advice. More recently, Malaysian scientists were able to identify and characterize the deadly new Nipah virus with CDC's assistance.

Interestingly, many Third World leaders unabashedly ingratiate themselves to gain America's favor. As President of Mexico, Salinas just about gave up his dignity in pursuit of the North America Free Trade Agreement. He would endure the personal humiliations as long as his country gets full access to America's huge and lucrative market. Chile's leaders are doing the same. Argentina's President Menem linked his nation's currency to the dollar to facilitate trade with America, and in the process tamed his country's runaway inflation. China is lobbying furiously, over and under the table, to receive "most favored" status by the US. While these leaders make noisy public pronouncements on Third World solidarity, they are quietly aligning themselves with America. The reason is blatant economic self-interest. They realize that access to the world's premier market translates directly into prosperity for their people. That is far more important than the unity of the Rwanda-New Guinea axis bloc.

When China's President Jiang Zemin visited America in the spring of 1998, he was practically humiliated by Americans expressing anger over the Tiananmen Square affair and other Chinese human rights abuses. But he gamely went on. His attitude was, humiliate him if you must, but as long as you give China preferential trade status and advanced satellite technology, that's fine.

Profuse and embellished oratories on Third World alliances are just that. South-south trade remains minimal. These Third World leaders are more interested in leading their people into First World rather than aspiring for leadership of that bloc. Malaysian statesmen are proud that they are acknowledged leaders of the Third World. But if they are not careful Malaysia may remain its perpetual leader. These other nations have no interest or aspiration for leadership. They would rather be ordinary members of an elite club than the president of a third rate organization. Their commitment to Third World solidarity is purely for domestic political consumption.

Many leaders of emerging nations have advanced degrees from prestigious American universities or have spent considerable time there. The President of Taiwan is a Cornell (New York) PhD; Salinas has one from Harvard; and Singa-

pore's Goh Chok Tong has a masters from Williams. More than half of Taiwan's cabinet members have advanced degrees from America. These leaders understand the subtleties as well as the positive and negative aspects of American life and politics. They are not easily swayed by the more extravagant excesses. They put them all in proper perspective. Senior managers of up and coming economies of Latin America and Asia too, are products of great American universities like Chicago and Harvard. They have no wish to model their countries after the failed Soviet economy. They want to emulate a successful system—American.

In marked contrast, few Malaysian leaders have spent time in America or the West. If indeed they have degrees from Western universities, they are more likely to be from marginal institutions. They have limited exposure to the best of the West. Hence their jaundiced view. Across the causeway, Singapore's leaders, having competed with America's best at Harvard, Princeton, and Stanford, are much more circumspect in their criticisms. They understand that there is much they can learn from a nation that had sent a man to the moon, has the highest standard of living, and with the best colleges. They are eager to learn from the best. The seamier aspects of America do not interest them.

### Look East—The Asian Century?

MAHATHIR is the first Malaysian leader who is not educated in the West. Nor did he spent any time living in cultures other than his own. Unlike most Malaysian elite of his generation who had British degrees and were unrestrained Anglophiles, Mahathir was spared such sentiments. He has no particular love for things British. In fact, quite the opposite. When he felt that Britain was ignoring and taking Malaysia for granted, it did not take him long to forge a new foreign policy, away from Britain. His bold "Look East" policy, in essence, would have Malaysia emulate the highly successful East Asians rather than patterning after (what he thought) the declining West.

The 1970's and 80's were a period of ascendancy of things Japanese. Their management style with its consensual decision-making process, close government and industry collaboration, and manufacturing techniques like just-in-time delivery, were the rage everywhere. They were envied and imitated by all. At the same time there was a general perception that the West is on an irretrievable social and economic decline. The new century would belong to Asia. General Mo-

tors, US Steel and other titans of American industry were being humbled by the likes of Toyota and Pohang Steel. To Mahathir, the West was an unrestrained drug culture, uninhibited personal freedom at the expense of the general society, excessive trade unionism, and the ever expanding welfare state. In Britain, the pre-Thatcher era was one of national decline, with the sterling losing its luster and trade unions holding the nation at ransom. When Thatcher took over in 1979, Britain was just emerging from its "winter of discontent" but still very much afflicted with the "British disease." The sun was indeed setting on the previously mighty Empire.

Mahathir was not at all amused to see Malaysian students returning from Britain sporting punk hairdos and weird outfits. To him those were the most visible and tangible evidence of the decay and decline of Western civilization. What galled Mahathir most was that these Malay students were sent abroad on the largesse of NEP. Unfortunately, most attended provincial and lackluster institutions. Not sufficiently challenged intellectually or unable to meet those challenges, they resorted to Western banalities. Others simply withdrew, cocooning themselves in ancient Arabism with thick veils and turbans. Had these students been to top universities, they would have discovered that there was considerably more to Britain than Cockney accents and outrageous plumage. And after being exposed to Britain's best, Malaysians would be less likely to be so disparaging.

Older Malaysians like Mahathir have always admired the Japanese. This may seem odd or even masochistic considering the brutal Japanese occupation of the country during World War II. One would expect a lingering suspicion if not outright anti-Japanese sentiments. Malays somehow were spared much of the savagery. The Japanese, for some least understood reasons, vented their most visceral hatred on Chinese.

My father too, had a grudging admiration for the Japanese. No, he did not relish the suffering and hardship. But he wistfully recall how hard working and well disciplined Malays were during the occupation. Every kampong youth was busy working or learning new skills like carpentry, tailoring, and small engine repairs. (Mahathir was a young man during the occupation, perhaps that was when he acquired his carpentry skills.) Village farmers too, were hard at work. Every plot of land, no matter how marginal, was intensively cultivated with the produce given to the Japanese masters. There were no idle able-bodied males—no loitering (*depuak*). If these youths were caught unoccupied they would be whipped on the spot, or worse, sent to work on the Burmese "death railway." Immediate and very effective deterrence. Malays had no difficulty learning the complicated

Japanese language and *kanji* script. Thus my school-teacher father has little patience for present-day Malays who profess difficulty learning English, a far easier language. The Japanese had a simple but effective learning technique. If you didn't learn, you would be punished, and punished severely. Amazing how the mind concentrates given such constraints.

Sadly, after the Japanese surrendered Malays regressed to their former indolent ways. Previously productive lands were quickly claimed back by the jungle. Malay youths reverted to their regular past time—doing nothing. The skills that they have acquired were simply lost, through disuse. It is a sad commentary that without a structured and disciplined environment, Malays slide back. The corollary is, for Malays to progress there must be a well-structured and disciplined environment.

Mahathir's "Look East" and its attendant "Buy British Last" policy was a conscious decision to abandon Malaysia's long standing relationship with Britain and to emulate the successful East Asians.

In the short term the "Look East" directive was beneficial. It did not take long for Britain to recognize the dangers of losing an important market and ally. British Prime Minister Margaret Thatcher quickly took steps to soothe Mahathir's sensitivity. She visited him and, as expected, heaped praise on the man. She also sweetened some trade deals with highly favorable financing. Britain no longer took its former colony for granted. That satisfied Mahathir tremendously. Meanwhile, Japan and Korea, flattered finally that their expertise and achievements were appreciated abroad, reciprocated in kind. Investments from the two countries soared. Factories like Sony, Matsushita, and Samsung mushroomed all over Malaysia. Trade with East Asia boomed. The Look East policy certainly benefited the country.

A decade later the once very public and vocal "Look East" policy has lost its luster. The models that were once envied are now mired in their own intractable economic mess. No one now sings the praises of "Look East." Even at its height that policy was more rhetoric than reality. Look east or not, Malaysia's upper class continues to send their children to Western colleges. Mahathir himself saw fit to send his children to British and American universities rather than Japanese ones. Malaysian bureaucrats and politicians jump at the opportunity to visit America. Malaysian manufacturers are urged to tap that huge market. And declarations of Asian solidarity notwithstanding, Malaysian executives are more likely to be promoted to senior positions at an American company than at a

Japanese or Korean firm. These observations make the anti-American utterances of Malaysian leaders even more perplexing.

While the leaders uncritically exhort Malaysians to ape the Japanese and Koreans, where do these Japanese and Koreans send their best and brightest? To the US, of course. Leading American graduate schools are filled with students from Japan, Taiwan, and Korea. Samsung (the Korean conglomerate) hired practically the entire Cornell Business School to train its managers. These East Asians do their utmost to cultivate America's goodwill. East Asians look east all night, way past the international dateline, to America.

Contrary to popular perception, Malaysia has more in common with the West than East. The nation's Islamic faith shares a common heritage with Christianity and Judaism. The Malaysian script is Western based and very unlike *kanyit*. Malaysia's system of traditional governance, based on consensus (*musyawarah*), is more in tune with Western democracy than with authoritarian Confucianism. Demographically, Malaysians have more in common with plural America than with the culturally and ethnically homogenous East Asians.

Malaysians should be able to tell the world what is good about themselves without belittling others. They certainly do not like it when outsiders derogate them. Singapore's Lee Kuan Yew found that out rather quickly when he made caustic remarks about the crime rates in Johore. Yet Malaysians feel no inhibitions in pointing out the errant ways of the West.

It wasn't too long ago that Asia was engulfed in mass poverty and abject deprivation. The "miraculous" economic growth it had enjoyed is a recent phenomenon. It was in no small measure due to massive American post-war aid and liberal trade policies. Asia's current economic turmoil reveals how fragile the underpinnings of that prosperity and how dependent Asia is on foreigners for its good fortune.

It is therefore presumptuous to crow on the supposed superiority of Asian values, and premature to trumpet the Asian renaissance. While Asians should be rightly proud of their achievements, they must refrain from gloating over the social ills of the West and smarting a holier-than-thou posture. And as Asia is finding out, its own society is not immune to these maladies. Besides, humility and a sense of humor are very much valued traits in any culture.

So if Malaysians feel haughty when they meet American tourists who still believe that the world's tallest building is in Chicago, my humble advice is, just humor them. In these economically trying days Malaysia needs those tourists dollars badly.

In its new found fascination with the East, Malaysians must not forget that there is a lot they can and should learn from the West. To rephrase Mark Twain's famous line, the report of the decline of the West is grossly exaggerated.



## Chapter XIX

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### Twin Towers, Twin Crises

MALAYSIA is blessed with abundant natural resources and spared many of nature's calamities. But it is not immune from the vagaries of economic and business cycles.

Strategically located in the natural trade route between Europe and the Far East, the country's fate and fortune have always been intricately linked, through trade, with the rest of the world. During its heyday in the 1400's, the Malacca Sultanate was hosting a bustling international trade between east and west. In modern times, elderly Malaysians still remember the suffering during the great depression. There were no soup lines or widespread hunger to be sure, but that was simply because the population was predominantly rural and on subsistence living. The world may be in a slump but the rivers could still be fished, the rice fields tilled, and the jungle relied to provide game.

The early 1950's saw the country in an unaccustomed boom. The rapidly escalating Korean war created a massive demand for rubber, Malaysia's main export. As a result villages bloomed with such incongruous sights as late model Buicks parked underneath rickety wooden stilt houses, and kampong kitchens decorated with gleaming new refrigerators. Decorated because there being no electricity, these expensive appliances were simply used as cupboards. Like other booms, this too did not last. The legacy of those good times are the rusting bodies of expensive cars strewn in the villages.

With return to normalcy, the country still had its rubber and tin, two industrially important commodities which kept the country afloat. But with the discovery and widespread use of synthetic rubber brought on by cheap petroleum,



the bust was back again. Tin still maintained its premium price, which in turn stimulated industry to seek cheaper substitutes. Now "tin" cans are made of aluminum, and another major market disappeared. Aggravating the situation, the industrialized powers had stockpiled huge amounts of the commodities, putting the country's economy was at the whims of policy makers in Washington, DC and London.

Recognizing its vulnerable dependence on the two products, leaders of independent Malaysia had done a remarkably excellent job in diversifying the economy. Today, manufacturing and tourism are major sectors where barely a decade ago they were non-existent. The country now exports substantial quantities of palm oil, pepper, and cocoa. The discovery of oil and gas gave the country an extra boost. Malaysia experienced a steady, though not spectacular, economic growth.

The "go-go" years of 1980's caught the nation's imagination. Confident that the economy's diversified and secure base would insulate them from the vagaries of the business cycle, and not satisfied with the current steady but unspectacular expansion, the government embarked on an ambitious path of high growth. It borrowed massively from abroad, banking on the subsequent high returns to repay the loans. Much like an individual secure in his job and confident of his annual increments and bonuses would borrow simply because he was able to handle the payments. Malaysia, with its enviable record of steady growth, had no shortage of willing foreign lenders smitten by the Asian economic "miracle."

"Leveraging your assets" or "gearing" was the business buzzword of the decade. In less glamorous terms it meant borrowing against your assets and future earnings. Handled properly, such leveraging would magnify one's rates of returns or profits. Many Western companies had indeed successfully used such strategies to the delight of their shareholders. Leveraging is standard in the real estate industry and equity markets. But just as it could multiply profits it could also magnify losses. When adverse economic conditions prevail, as with rising interest rates or when markets head south, these highly leveraged companies met their ignoble ends. Such venerable companies as Pan American Airways and Continental Illinois Bank (America's seventh largest) collapsed under the weight of their huge debts.

So it was with Malaysia, caught in the economic downdraft of the mid eighties that afflicted the West. The country's, as well as the region's, economy contracted, with businesses failing and the real estate market busted. Malaysia's recession of 1985 was due to the confluence of many factors, some external,

like the falling demand for the country's products abroad, and others internal, due to the country's heavy external borrowings. Malaysia's foreign loans were especially burdensome as they were mostly denominated in the rapidly appreciating yen. There were other equally important internal factors like the rapidly expanding public sector and its heavy involvement in the marketplace, and the country's aggressive preferential race policies. Both distorted normal free enterprise dynamics.

Through prudent management the country emerged from that recession, the leadership chastened. Some of the inefficient and anti-competitive practices were severely curtailed. By early 1990's foreigners' confidence had returned and the country again grew at a steady clip. Malaysia, touted as a Newly Industrializing Nation and poised to join the existing dynamic Asian "tigers," was becoming the envy of the world. This was after all, the age of the Asian miracle, when Asian leaders seemed to have the Midas touch. Foreign money managers were lining up and outdoing each other in lending money to the country for fear of being left out. The world spared no superlatives in describing the country's leaders. Prime Minister Mahathir was hailed by *Asiaweek*, a highly respected regional publication, as Asia's "Most Influential Leader." A German magazine proclaimed Anwar Ibrahim, his deputy, as the "Most Effective Finance Minister." With their new-found confidence these leaders began smugly lecturing the West on the supposed superiority of Asian values and generally predicting the decline of the West. Anwar Ibrahim saw fit in early 1997 to compile his speeches in a grandly titled book, *The Asian Renaissance*. Rather premature, as it turned out.

Like precocious adolescents praised one too many times, Malaysian leaders began to believe in their own prowess and infallibility. Instead of using the relatively prosperous years to prepare for the inevitable lean ones ahead, they aspired to even grander schemes. Impressive new mega projects were initiated. It built, to much fanfare as befits such spectacular events, the world's tallest building, a national car project, and a massive steel mill. Not satisfied with resting on their laurels, they proceeded to design the world's longest building to hug the putrid Klang River that flows through the capital city. Never short of ideas, they built (or at least started to) one of the largest hydroelectric projects in the world together with the longest (again, the superlatives) underwater high voltage cable to transport electricity from the island of Borneo to West Malaysia. And in a country not known for shortage of land, it planned an expensive reclamation of some coastal swamps. With eager foreign lenders there was no shortage of ideas

on how to spend money on a grand scale. The only problem was, nobody had fully thought out how those loans would have to be repaid.

### The Asian Contagion

BY MID 1997 the country was suddenly hit by a tumultuous economic crisis that also plagued the rest of Asia. Within a space of a few months the country's currency and stock market collapsed. For foreign investors the double calamities essentially wiped off their investments in Malaysia. Badly bruised they deserted the country in droves, further aggravating the problem. To stem the exodus, the government instituted currency and capital control that effectively prevented foreigners from liquidating their investments, and making the ringgit worthless abroad. Needless to say, this further infuriated them.

Like most catastrophic events, whether natural or man-made, this one had all the telltale warnings years earlier. These were either dismissed as inconsequential or blissfully ignored as not being applicable to the country.

The first rumbling was in early 1994, when China devalued its currency, giving it a significant cost advantage over Malaysia and other emerging countries. This was rapidly followed later in the year with the Mexican pesos meltdown. Many observers then predicted that the crisis would spread to other Latin American countries ("Tequila Effect") and then to Asia. The Asian country most vulnerable was Thailand, although others were similarly susceptible. While many saw the troubling signs none anticipated the enormity and depth of the subsequent devastation.

There were certainly many eerie similarities between conditions then existing in Mexico and in many Southeast Asian countries. In particular, the yawning current account deficit. Those countries were buying more from abroad than they were selling. In many, Malaysia included, the marketplace was highly distorted by political cronyism, excessive speculation, less than prudent lending, and widespread corruption. Often investments were made for other than economic considerations. With many banks controlled by the government, as in Malaysia, loans were dispensed based on political connections rather than by prudent credit risk assessments. Thus non-productive investments in showcase grandiose real estate projects were made with little consideration for their economic returns.

In Mexico, the prompt support of the IMF and the American government, tied with stringent economic and market reforms, contained the crisis in a relatively short time. But as usual, it carried considerable costs, with the average poor Mexicans bearing the heaviest burden. They saw their earnings and standard of living essentially halved. Mexico recovered sufficiently in due course and was able to repay all her foreign obligations. Those careless foreign creditors escaped the consequences of their imprudent practices. And not having learned their lessons they repeated the same mistake (of lending indiscriminately) in Asia.

The Mexican situation should have served as an early warning. Malaysian officials instead, chose to emphasize the dissimilarities and ignored the frightening similarities. Malaysian imports, they pointed out, unlike Mexico's, were for capital goods, hence investment rather than consumer items. Bank Negara, the country's central bank, had a tight leash on local banks to prevent them from overexposure in speculative real estate and equity markets. Further, they soothingly reassured every listener, the country's economic fundamentals remained sound, with low unemployment and equally low inflation. And as these officials alluded to many times, the country was being led by Asia's most influential leader and the world's best finance minister. Thus was the nation lulled into complacency.

Malaysia had enjoyed a decade of steady high growth. It was unrealistic that such a pace could be sustained forever and that a correction was in the offing. The country is not immune to the laws of economics. The real estate and stock markets were ridiculously overpriced. Some of the waterfront luxury condominiums rival those in San Francisco, in price that is. Their ambiance and amenities are something else, still essentially Third World. Similarly, the price-earning multiples of Malaysian companies were in the stratosphere, unsupportable by historical standards or present day reality. Most Malaysians were expecting the bubble to burst. They were already speculating on the ringgit and transferring their funds into dollars and foreign banks. This outflow became a torrent once the crisis started. Foreign currency speculators took their cue from well-attuned locals. While Malaysians speculated in millions, the foreigners greatly magnified the crisis by speculating in billions. The expected technical correction degenerated quickly into a jolting meltdown. The rapidity and extent of the devastation were truly staggering. It was, in the words of the government's chief economic advisor, Daim Zainuddin, "the worst crisis facing the country since World War II." Mahathir bitterly complained that it took the country 25 long years to reach

its present level of income and standard of living, but only few short months for market forces to half them.

Malaysian leaders too, were expecting a correction and had indeed instituted measures to cool down the overheated equity and real estate markets. In real estate for example, the government had instituted substantial tax for non-resident buyers. Banks were told to curtail their loans for share purchases. These measures were either too little too late or more likely, never effectively enforced. The real estate tax was easily circumvented by using local nominees. Similarly, loans for share purchases were hidden by using real estate and other assets as collateral or disguised as investments. The net effect was the same. Money was still pouring into those markets.

Foreigners were not the only ones tripping the ringgit. Malaysians too were expressing their lack of confidence by transferring their funds abroad, thus depleting local banks of much needed cash. During the height of the crisis, when local banks were facing a credit squeeze, foreign banks in Malaysia and Singapore banks were bulging with ringgit.

For Malaysian businesses and executives, this economic crisis is a catastrophe. With the currency collapsing and gyrating wildly, it is impossible to conduct daily business or do any rational planning. Imagine if one's loans, mortgages, and other such liabilities were suddenly increased by 40%, but income remained the same or even decreased. While one can prudently plan for the usual rainy day, it is impossible to be ready for a massive flood. And what Malaysia had was an economic torrent. The comparable American experience would be the "oil shock" of the 1970's when the price of energy rapidly quadrupled. That crisis saw the defeat of an incumbent president (Jimmy Carter) and the popularization of the term "misery index" (combined rates of inflation and unemployment).

On closer examination, it was clear that some of the earlier assertions and assurances were wrong and misplaced. Many of Malaysia's imports supposedly classified as capital goods were nothing more than luxury items. One would normally classify airplanes as investments as they are primarily used to commercially ferry passengers and goods. Unfortunately, many of those imported were corporate jets. In terms of economic usefulness, they are nothing more than expensive overhead, much like luxury cars. They are effectively consumer, not capital, goods. They do not add to the country's or company's productive capacity. The government too imported its own fleet of expensive corporate jets to fly its ministers in grand style. Never mind that California with a trillion dollar economy, Governor Pete Wilson did not have access to a private jet and its senior of-

ficials travel economy class. In disgusting contrast, senior Malaysian civil servants routinely travel first class.

Similarly, many of the "investments" touted by the government are nothing more than expensive showpiece projects gaining the country zero foreign earnings. The luxury condominiums, shopping malls, and ornate office complexes just do not make much economic sense but were simply speculations by politically connected developers. They were readily financed by imprudent local banks which had in turn borrowed heavily at short term and in unhedged foreign currencies. I fail to see the investment value of Malaysia's current pride and joy, the world's tallest Petronas Twin Towers, built at a cost of over RM 2 billion. Its owner, Petronas, had only a few years earlier floated a 700 million Eurodollar bond. Thus the entire proceeds of the loan was used to build the tower.

It would have been an investment had the company used the funds to explore for oil or built refineries. That boondoggle skyscraper is, in business function, another expensive overhead. The rationale that building such projects would help in the transfer of advanced engineering and architectural skills to local professionals did not hold. Most of the leading edge technology on that project were executed by foreigners, with minimal local participation. Even the simple menial jobs were done by unskilled foreign labor. The only thing Malaysian about the country's real estate jewel is the land on which it is situated.

Another mega project, or as Federal Reserve Chairman Alan Greenspan termed it "conspicuous construction," is the massive Bakun Hydroelectric plant on the island of Borneo. On superficial analysis the project seemed sensible as the country was facing a projected energy crunch. But that exorbitant project carries unknown ecological and engineering problems. The laying of hundreds of miles of underwater high voltage cables is, at best, problematic. Even if it is feasible, the wastage in transmission would be significant. Granted, the Scandinavians have similar undersea cables but they are considerably shorter. Besides, Scandinavia is not Malaysia with its corrosive hot humid climate. The social costs of displacing the indigenous population are unquantifiable. Environmentalists within and without had serious reservations on the project but they were dismissed by an over ambitious authority.

Malaysia already has a stretch of cable to Penang and it had difficulty maintaining even that. In 1997, a failure in the system caused widespread and prolonged black-out in that industrially important island. Imagine if the country were to depend on a single cable hundreds of miles long. It would be more sensible and considerably cheaper to build a string of smaller, more manageable,

and easily maintained gas-powered turbine generators. The technology is well proven and besides, Malaysia has abundant natural gas. By building many such power plants interconnected by a national power grid system instead of relying on a single massive plant would safeguard against sabotage or plant failure. It would also reduce transmission wastage. Of course, such generators would not make headlines and as such would not excite politicians.

The multibillion dollar project to develop a new administrative city, Putrajaya, could hardly be called investment. Since when have civil servants contributed to the economy? Again, overhead on a grand scale. The RM 50 million official residence for the prime minister and the equally palatial one for his deputy are additional examples of expensive overhead. California too, is planning a governor's mansion but with a decidedly more modest price tag of US\$2-3 million.

I have no problem with investments in productive infrastructures. Building the north-south highway is sensible even if the government were to go into heavy hock for it. Upgrading Port Klang is long overdue. Presently the country is losing significant business to the more efficient and modern Port of Singapore. By improving its ports the country would be able to attract shippers from neighboring countries. Similarly, the new Kuala Lumpur International Airport, with its superior and efficient facility, would attract air shippers from the region. These are true investments with their earnings potentially capable of servicing the loans.

Even when funds were earmarked for investments, the government was not the getting the best value. One normally assumes that money spent on education would be properly regarded as investments. But in the Malaysian case, the money was squandered. The spanking new International Islamic University campus sports an expensive mosque. One would have thought they would have spent the money on libraries or laboratories. The government was spending billions annually in sending students abroad. To think that for the price of two students abroad Malaysia could hire a top professor from Berkeley! And those foreign professors would spend their money in Malaysia, with very little leaving the country. While Malaysia was wasting billions in sending students abroad, local institutions were starved for funds. Similarly, the price of building a MARA junior college is nearly double that of a comparable private institution.

The government's immediate response to the crisis was hardly inspiring. Convinced that its economic policies and fundamentals were strong and the speculators wrong, the government blew literally billions of its precious foreign exchange in a futile attempt to prop its currency. Only belatedly did it realize the

strong negative forces and relented, letting the ringgit float or more correctly, free fall. Still not learning the lesson, the government again intervened, this time in the stock market. It set up a multibillion dollar fund, Khazanah Holdings, for the sole purpose of propping share prices. Ignoring this latest attempt at manipulation, the market continued its slide.

During the crisis, every time Mahathir commented on the unfolding economic nightmare, the market went south. The negative sentiments he aroused spread to neighboring countries. There came a point when bankers in neighboring countries were tired of having to bear the brunt of his comments that they told him to essentially shut up so as not to roil an already jittery market. Indeed, when he kept quiet the market did stabilize, albeit at a depressed level. This prompted the prime minister to complain to an unsympathetic audience of Australian journalists that he had effectively lost his freedom of speech.

No, the man had not lost his freedom. Prime Minister Mahathir has a deserved reputation for saying things as he sees them. His bluntness may be appropriate or even admirable in politics but not in high finance. As the country's chief executive and steward of its economy, his every utterance carries significant implications. With such huge stakes one would expect him to be more circumspect and deliberate in his pronouncements. We have seen how markets reacted in exaggerated fashion to speeches from Federal Reserve Chairman, Treasury Secretary, or the Japanese Finance Minister. Because of the importance the market places on their statements, these individuals are always mindful of what they say. No shooting from the lips.

Mahathir rightly pointed out that other Asian leaders and bankers may have said the politically correct things, yet that did not spare their countries from continued battering. He would prefer going down swinging.

## Malaysian Banks

INTO THE second year of the crisis the Malaysian economy has yet to see the proverbial light at the end of the tunnel. The government continues to reassure the public on the soundness of the country's economy. While it soothingly assures the world that the banking system is sound and healthy, some of the country's largest banks are having problems with non-performing loans (NPLs). The government's answer is to encourage mergers of these institutions. But because of the extensive public sector involvement in the economy (some of the largest



banks are government-owned) what seems to be private sector merger activities are really public bailouts in disguise. To wit, one of the largest bank, Arab Malaysian, is being acquired by Perusahaan Nasional, a quasi public entity. In what can only be described as a sweetheart deal, the chief executive of Arab Malaysian, Azman Hashim, was retained to head the new entity. One would have expected that the price for such bailouts be for some heads to roll. There is obviously no penalty for bad business judgment in Malaysia. In another instance, RHB Bank bought out technically insolvent Sime Bank, but RHB in turn sold a significant portion of its stake to Pahang State Corporation. With all these complicated legal and paper shuffling one wonders when senior managers would find the time to actually run their operations. No wonder whenever these mergers are announced the market reacted negatively. It correctly interprets such mergers as camouflaged bailouts. There is also the real danger that when these mergers are actively encouraged by the government with a carrot on hand and not by market forces, the malaise would spread to infect healthy corporations.

Malaysian banks, saddled with ever increasing NPLs, severely cut back their lending, creating an aggravating credit squeeze. The government, just as typically, responded by simply redefining NPL from the internationally accepted three-month period of non activity to six. Viola, the banks magically reduced their problems! In reality they merely deferred the day of reckoning. To further free up bank capital, the government lessened the reserve requirements, the safety margin. And just to make sure these banks responded, Bank Negara mandated a loan growth of at least 8%.

It was a very fine balance. After all, the economic crisis was brought on by excessive lending (in the preceding years credit expanded in double digits.) It's akin to telling an alcoholic suffering severe withdrawal that he should consume more booze to ease his hangover. It's an old and dicey remedy. Fortunately for Malaysia it appears, at least superficially and in the short term, to work.

During a crisis, as in war, the first casualty is the truth. So it is with Malaysia's economic problems. Early in the turbulence the Malaysian government was soothingly reassuring everyone that the NPLs of local banks were manageable and in any case were less than RM 100 million. At the same time that Malaysia made that announcement, major US banks were releasing their exposure in Asian markets. (A reporting requirements of the US Securities and Exchange Commission.) One bank in particular had an exposure of US\$18 million in Malaysia alone, a figure that was nearly as large as the Malaysian government's figure for the whole country!

Foreign observers rightly point out to such discrepancies as examples of Malaysia's lack of transparency. I wish those charges are correct. At least then I would be assured that the authorities actually knew the facts and circumstances. What I fear most is that the authorities were being honest and not deliberately misleading the public. More than likely they themselves do not have a clear handle on the magnitude of the problem. Bank Negara's supervision and accounting of delinquent loans were inefficient and unreliable. Nor do I believe that Bank Negara fully knows the extent of the exposure of Malaysian institutions as so many of them have multitude of subsidiaries locally and abroad. Keeping track of them would take some doing, requiring platoons of skillful accountants. Even when Bank Negara was under the legendary Tun Ismail Ali, it missed out on Bank Bumiputra's shenanigans and dangerously tottering near bankruptcy when its subsidiary blew off RM2.5 billion in Hong Kong's volatile real estate market. Imagine the bank now being led by much lesser light.

This point on Bank Negara's competence, or lack thereof, was frighteningly demonstrated to me in 1990 during the Drexel, Burnham & Lambert's bankruptcy. A senior Bank Negara official was visiting America and I showed him an article in *Businessweek* about Malaysia and other foreign countries which had lost millions in junk bonds invested with Drexel. He was stunned because he had never heard any inkling of it in any of his briefings back home.

Weaknesses in the banking and financial institutions are not unique to Malaysia. A few years ago in neighboring Singapore, one of Britain's old line financial firms, Baring Securities, collapsed right in front of the authority's nose. Japanese banks are reeling in their own scandal. The American massive Savings and Loans debacle in the late 1980's cost taxpayers hundreds of billions and saw the liquidation of scores of banks.

In the Malaysian crisis, it is reasonable to assume that more than a few companies are in trouble, the ones that made wrong business decisions. Japan and South Korea saw numerous major bankruptcies. This is part and parcel of the "creative destruction" of free enterprise. But Malaysia as of 1998 has yet to see significant liquidation. I cannot believe that Malaysian managers are a superior lot or that they have learned to defy the laws of economics. The only conclusion is that these struggling companies, though technically insolvent, are being protected. This is especially so for those banks and corporations close to the political establishment. These and other companies are being coddled by government-directed credit committee to stave them from bankruptcy and allowing them to continue their unhealthy existence and infect the rest of the

economy. Sometimes the effective treatment, especially in desperate cases, is to simply amputate the offending part. Or to use a dental metaphor of an American Treasury official, the best way to deal with an aching rotten tooth is to pull it out quickly.

To be fair, Americans too, were not above sweeping their problems away with fancy bookkeeping. During its recent scandal, American regulators went easy on these banks, letting them hold on to their fictional paper assets. Part of that was the result of intense lobbying by politicians beholden to the bankers' considerable campaign contributions. Only belatedly when conditions deteriorated to the point of absurdity did the authorities began closing in on these institutions. But a decade later, these same Americans were not shy in preaching to Asians what they themselves had initially loathed to do with their own ailing banks.

Prime Minister Mahathir justified his policy of high growth by referring to the traditional aphorism of a high flowing stream hiding stumps and rocky shoals, and clearing the debris. Now that the flow is receding those ugly stumps and rocks stand out starkly, preventing the smooth run of the ebbing stream. This period of slow growth will be awhile, probably years. It is therefore vitally important that these obstructing and troublesome outcrops be rid of so the economy can flow smoothly again.

The decade of high growth bred unhealthy and non-productive habits. The public sector had expanded tremendously with public agencies now becoming the biggest players in the market. Businesses too, have developed inefficient behavior, capitalizing not on their marketing or productive prowess but on their lobbying skills and ties to the ruling party.

Many feel that the Asian economic crisis is essentially one of the banking system. Therefore unless the banks are rehabilitated and strengthened, these crises would remain. Malaysian banks are mired in ballooning NPLs, undercapitalized, and weakly managed. The inefficiency of local institutions is obvious to the retail customer. The simplest transaction—cash withdrawal—requires at least two or three personnel. Despite computerization, forget about transacting business at branches other than where one has an account. Even bankers' checks, which should be as good as cash, takes weeks to clear. And cashing travelers check is a definite pain.

Creating Danaharta, patterned after America's Resolution Trust Corporation (RTC), to buy banks' NPLs is commendable. Like RTC, it should be aggressively pursuing those deadbeat borrowers. The American scandal saw dozens of executives, borrowers, and accountants jailed for fraudulent practices, and

hundreds of institutions shuttered. Malaysia can begin by exposing the list of defaulters, much like it did with those who reneged on their student loans or that infamous list of cronies. Singapore's *Business Times* estimated that 70% of the NPLs involve only about 170 principals, which reveals the unhealthy and dangerous concentration of credit in the country. According to the anti-government Web site, *Free Malaysia*, the top ten borrowers (which include Halim Saad, Tajuddin Ramli, Azman Hashim, and Mirzan Mahathir) hogged a staggering RM82 billion, with Halim and Tajuddin (the top two) bagging in RM46.5 billion. Danaharta should force some high profile liquidation, if nothing else to serve as salutary lessons to others who would be inclined to be careless and imprudent.

Thus far, the only prominent bankruptcy involves former deputy prime minister Ghaffar Baba and one of his sons. The sad aspect of that case was that the liability was "only" about a million ringgit. You would think that such sums would not be a heavy burden on one who was also formerly the chief executive of some of Malaysia's bluest chip companies. Equally significant, the judgment stemmed from a Citibank loan, rather than a Malaysian lender. Citibank was obviously unimpressed with Ghaffar's sterling political credentials. Ghaffar's bankruptcy was later rescinded through some obscure legal ruling.

In Malaysia and other Third World countries, banks have a commanding role in the economy. Thus when they fail or are inefficient, the whole economy is severely impacted. In contrast, the American banking crisis barely threatened the economy. This is because the financial markets have developed other sophisticated instruments to usurp banks' traditional turf. Major corporations now no longer depend exclusively on banks for short term loans as they can issue their own commercial papers to be sold to various money markets and insurance companies. Similarly, mutual funds have facilities offering bank-like services, including checking accounts and lines of credits. Many of the "cash management accounts" of brokerage houses have gone further, fully integrating customers' total financial activities—brokerage accounts, credit cards, pensions, and of course, check writing. These brokerage houses and giant mutual funds have devoured much of banks' traditionally lucrative services. Even credit cards are issued by non-banks.

In Malaysia's relatively unsophisticated financial market, the only challenge to banks comes from pawnshops and money lending *chettians* and their usurious interest rates. Thus when banks get into trouble they drag the whole economy down. Conversely, unless the banking system is overhauled and made more efficient, the economy will forever remain stymied. Malaysia needs more intermedi-

ators between those who have cash (savers and investors) and those who use them (entrepreneurs and manufacturers). Malaysia's bond market is still embryonic. Venture capital and money markets are non-existent. As we are learning from Japan, protecting these financial institutions is not the way to make them competitive and efficient; nor would it encourage other innovative intermediating institutions.

### What Now?

MALAYSIA cannot solve its economic crisis without critically questioning its basic assumptions and policies. There is no assurance that policies that were so successful in the past would be effective now. In fact they may well be counter-productive. Mahathir needs a better, though not necessarily more bitter, prescription to nurse the country's economy back to health.

Forming a powerful National Economic Action Council (NEAC) empowered to chart a new course is sensible only if it brings in individuals with fresh views and who are prepared to challenge the official orthodoxy. The council as it is presently constituted, is dominated by the very same personalities who brought the country to its present precarious position. Its chairman, Daim Zainuddin, is the government's chief economic advisor before and during the crisis. He is the main architect of the economic policies that resulted in the present fiasco. Choosing him is akin to having the captain of the *Titanic*, had he survived, to skipper another cruise ship in distress. Many of NEAC members are old time cabinet ministers, some having served for decades. It is unlikely that any fresh ideas would originate from them. And it is pathetic that when the country has so many senior brilliant academic economists, the government chose a junior untried faculty member to be on the council.

Measures taken thus far—severe budget cuts, import restraints, and the limited opening of Bumiputra companies to non-Bumiputras—have not impressed investors. Malaysia must do more. It must shrink the public sector, encourage efficient and transparent business practices, and liberalize its markets. It must move more towards integrating with the world's economy instead of retreating.

Malaysia's initial response was a 5% budget cut followed soon after by another whopping 18% across-the-board reduction. Laudatory, but not effective. As most of a department's funds are for fixed operating expenses, such cuts

would disproportionately impact development projects and their high multiplier value on the economy.

A better strategy would be to selectively shrink the public sector through layoffs and closure of superfluous agencies. Malaysia must not delay this much needed critical appraisal of its various programs. The government must significantly reduce its presence in the market and concentrate on spheres that are properly its responsibility.

It does not need the Ministry of Tourism. Local hotels and resorts do a far more effective job attracting tourists. Besides, the bulk of the ministry's budget is for personnel, not tourist promotion. If the government wants to have specific promotions, it could just as easily contract with private agencies. Similarly, with private media thriving, Malaysians would not be less informed by eliminating the government's broadcasting company (RTM), news agency (Bernama), or even the Ministry of Information. As for a Sports Ministry, America successfully hosted two Olympics Games (and made sizable profits) without a federal bureaucracy. A Ministry of Entrepreneur Development is patently laughable. The very ethos of the civil service—guaranteed salary, seniority, and security of employment—is the antithesis of entrepreneurialism.

Apart from these ministries, there are other specific departments that the nation could do without. The government has no business running a National Art Gallery, producing movies (Filem Negara), or being in the microchip industry (MIMOS.) Eliminating them would send a clear message that the government is serious about curbing public expenditures and shrinking the public sector.

The size of the public sector can be gauged by the fact that 11.4% of the work force are government employees, as compared to 3.5% in Singapore. Malaysia has proportionately more civil servants than India or perhaps Soviet Union during the height of that regime. The Malaysian figures, like so many of the country's statistics, are inaccurate and grossly underestimate the extent. If one considers the various government companies like Petronas and Pernas, the ratio of public to private employees is considerably higher.

By laying off civil servants and trimming the bloated bureaucracy, Malaysia would inject a much needed dose of realism and a sense of urgency. At present, civil servants are insulated from and oblivious of the country's economic predicaments. In 1998, despite severe budget cuts, over 25% (RM16B) of the allocated funds for development were unspent, a reflection of the inertia and inefficiency of the administration. Shedding excess workers is never easy. There will be severe dislocations and perhaps a high political price to pay. But in

Malaysia, the process is made easier because of early retirement age. Civil servants can retire at 50, so the bulk of laid-off workers would have some retirement pay to cushion them. The retirement age could be further lowered to 45, as in the army. The impact of such layoffs on the those remaining would be very positive. They would suddenly realize that the outside world can indeed affect them and that unless they are efficient and the country recovers, they too could be next in line. Under such pressures there would not be any more unspent funds or incomplete projects.

Over a year into the crisis in September 1998, Mahathir introduced what he called "shocking measures" to resuscitate the economy by instituting capital and foreign exchange controls. That effectively insulated the economy and made the ringgit beyond the reach of speculators. A feature of this control is that foreign investors have to wait a full twelve months after they dispose their portfolio before repatriating their funds. Capital controls also had the practical effect of markedly increasing Bank Negara's bureaucracy and reach. Unfortunately, the added resources are not for better monitoring the country's ailing financial institutions but to checking the cash of travelers in and out of the country. Totally unproductive. And a setup for widespread corruption and black market.

Clearly, some programs must be expanded. Education, for one. With Malaysians now unable to afford sending their children abroad, local facilities must be expanded. Malaysia should be expanding, not curtailing, such innovative programs like "smart" and single-session schools. Get rid of the Civil Service Country Club or the embassy in Namibia to fund these promising initiatives. The precious billions spend in the futile attempt to prop the stock and currency markets could have been better spent on schools and universities. Ultimately, the citizenry will have to bear the burden of such foolishness.

No economic or social policy should escape critical assessment. During the recession of the eighties, to attract foreign investors Prime Minister Mahathir relaxed the preferential race policies, a tacit acknowledgment that they impose an economic drag.

Bumiputras would progress much faster if these special privileges were focused on the truly needy. It would also lessen non-Bumiputra resentment towards these entitlements. The objective of these programs should be to eliminate poverty and to expand the middle class, not to make the upper class super rich. The resources available for special privileges are not infinite; they should be expended prudently and not frittered on, as a Malay proverb so sagely says, *mengsokong yang tegals, menandak yang rebals* (lit. supporting the vigorous, sup-

pressing the hapless). The days of the well-connected getting plump government contracts, assets, and licenses at scandalous discounts must cease. The government should get the best price from whoever, including foreigners. Similarly, instead of giving huge loans to the favored few, it is far more effective to extend large numbers of micro credits to budding retailers, businessmen, and entrepreneurs. There are plenty of these hardworking individuals. Visit our *pasar malam* (night markets) and small towns. Unlike the government sponsored MARA or Pernas "entrepreneurs" in their expensive suits and air-conditioned offices, these individuals are not likely to be found at UMNO divisional meetings or waiting at airports for visiting dignitaries. By combining these micro credits with training on elementary business practices, these workers would quickly scale up the economic ladder.

There is no reason for propping up Bumiputra billionaires. At that level they should be able to hold their own. There may have been a psychological value for supporting these native tycoons in the past, but the nation is now beyond such superficial symbolism. These magnates must learn to compete globally where there are no special privileges. Further, by dispensing with these pervasive, expensive, and market-distorting subsidies the investment environment becomes efficient, competitive, and transparent, thereby enticing back desperately needed foreign investors.

The leadership remains ambivalent towards foreigners, welcoming them in some sectors (Multimedia Super Corridor) but at the same time irrationally protecting the financial institutions. Customers do not care whether Malayan Banking is locally owned or a subsidiary of Citibank as long as their needs are met. Nor do the employees care as long as they get paid. But the government protects the financial sector as if its sovereignty depends on it. If it is the fear that these foreign banks would siphon off local savings, that can be easily remedied. America has the Community Reinvestment Act to ensure that deposits are invested locally. Besides, the government-owned Bank Bumiputra is very good at exporting capital as when it lost billions in the Hong Kong real estate market in the 1980's. Malaysia could also impose other conditions, like having their employees reflect the racial composition of the country. And to prevent these banks from skimming and serving only the well-to-do, they should, as a precondition to opening any new branch at the location of their choice, have a corresponding full service bank in an under-served area.

Foreign ownership would not only inject much needed capital but would also significantly enhance the management. Brokerage houses and insurance com-



panies are no better. Products like affordable term insurance are not readily offered. While I can trade American stocks on-line from anywhere in the world, merely getting information from a Malaysian broker is an exercise best undertaken with considerable patience. These financial institutions will never improve unless prodded by foreign competition.

In the present economically borderless world, it is unprofitable and downright silly to be parochial in one's perspective. Is Chrysler, merged with Daimler, an American or German company? Similarly, significant chunks of Citibank stocks are owned by Asians. And if we characterize foreigners as the new colonialists, are Malaysians working for IBM and Shell less patriotic than those at MI-MOS or Petronas?

The government, through NEAC, announced some tentative, very tentative, steps to liberalize the financial market. With the stock market in the doldrums, many well managed companies are undervalued. In normal circumstances they would be the targets for buy-outs or takeovers. But not in Malaysia. Because substantial portions of their shares are in government control or reserved for Malays, the normal market dynamics are inoperative. Now the government is planning to relax those restrictions, opening up shares for non-Malays to purchase them. This is clearly a half-way measure and like most half attempts it would be ineffective. In fact it would be counterproductive and may well aggravate the racial divide. Malays would not look kindly to see their plum corporate assets being snapped up at fire sale price by non-Malays. Opening the market to only Malaysians would still distort the market. Non-Malays have vast extensive overseas network or *guanxi*. Thus opening the market to only Malaysians simply means that only certain foreigners (Taiwanese, Hong Kongnese, Singaporeans) would enter the market, by the back door, using Malaysian-Chinese as their proxy. It is far better to simply open the market for all comers. In this way if indeed overseas Chinese acquire these companies, the public would have the satisfaction that they had paid a competitive price and that the government had gotten its money's worth. But so far the government has stubbornly refused to do that.

Mahathir's idea of a common currency with Asean neighbors to encourage regional trade and conserve foreign currency has little merit. Really, do Malaysians wish to hold the rupiah, bhat, or peso? Their own people have no faith in their currencies. The time to consider a common monetary system is when the individual economy is strong, not now. Mark Mobius, head of Emerging Country Fund at the giant Templeton Mutual Fund, suggested a similar cur-

rency block, but it must be backed by gold. In this way the responsibility of maintaining the value of the currency is taken away from the region's central bankers. Central bankers of most developing countries just do not have the ability or independence to maintain the integrity of their currency. Not many Malaysians would want to trust their life savings to the central bankers of Indonesia or Thailand.

If Malaysia is contemplating common currency with other countries, why not consider the dollar? That is, fully dollarize the economy, substituting the dollar for ringgit. Malaysians would rather trust their fate with the massive American economy. Besides, significant portions of the Malaysian economy is already dollar denominated. And America is Malaysia's biggest trading partner. The dollar, unlike the euro or yen, is backed by an economy that is intrinsically more stable because it is potentially a self-contained system. It has its own massive natural resources, varied geographical regions, and huge domestic market. If the rest of the world is in a mess, the American economy would be insulated. When the Arabs shut off their oil pipeline, the rest of the world reeled, but America has its Alaskan and Texan oil fields. And when the dollar was weakest at 89 yen, average American did not feel much of an impact. Sure, Lexus and BMWs were more expensive but Americans could switch to Cadillacs and Corvetts. Only foreigners felt the adverse consequences, with their products no longer competitive in America. Meanwhile, Americans continued with their usual activities, vacationing in their own tropical paradise or skiing in the Rockies for about the same amount of dollars.

Presently, only Liberia and Panama are formally using the dollar as their currency. But in many parts of the Caribbean the dollar is the *de facto* currency. Major goods and services are quoted in dollars and the only transactions in local currencies are when civil servants get paid. Argentina essentially solved its currency instability by tying its peso to the dollar. It is now seriously considering dollarizing its economy.

Money after all is a means of commercial transaction. It never was meant to be a symbol of sovereignty. In ancient cultures shells and valuable stones were used as money. I see no compelling reason for Malaysia to have its own currency. There are plenty of other places where it can put portraits of its king. With Malaysia using the dollar and hitching its fate with the world's largest economy, it does not have to worry about speculators or currency fluctuations.

In the final analysis, no matter what policy Malaysia pursues there is no substitute for prudent economic management. Even if the ringgit is pegged to the

dollar or the economy dollarized, but if the nation continues making silly and wasteful expenditures, the results would still be the same. With the money supply thus restricted and the central bank unable to print more, the interest rate would be astronomical, choking all economic activities. Worse, the country's economy would then be at the whims of American policy makers. Some would consider dollarization to be the ultimate surrender of sovereignty. The Argentinians pegged theirs because they had no other choice. Their people had lost confidence in their currency and their leaders' ability to maintain its integrity. Hence they readily accepted the rigid, externally imposed discipline.

Money as a symbol of sovereignty is overrated. Germans do not feel less German now that their *deutsche mark* is replaced by the euro.

It is remarkable that Mahathir has entrusted such awesome responsibility as managing the economy to Daim Zainuddin. Daim is not a trained economist, rather a lawyer. After he qualified in early 1960's he tried private practice briefly. It was significant that at the time there were very few lawyers, especially Malays. Thus those lucky few would literally have the market to themselves. One did not even have to be especially good to have a lucrative practice then. Daim, for a variety of reasons, quit his private practice and accepted a lowly position as a magistrate. Presumably, had he been successful he would not have left it, or if he did, it would be for a senior position, like a High Court judgeship. His first business venture, salt making, failed. His first break came when he secured a valuable real estate near Kuala Lumpur through the good office of his fellow politician, Datuk Harun, the chief minister of Selangor and a man later convicted of corruption. Presumably, the land was not bought through open competitive bidding but at substantial discount. This was the beginning of the real estate boom in Klang Valley. He successfully parlayed that initial bonanza into his present day substantial investments. He is widely acknowledged to be a major player in the corporate sector. His stock picking abilities are legendary. Many of the companies he controls have close ties with the political establishment. Daim himself holds a senior position in UMNO. He is a mentor to a number of prodigies, the "Daim boys," many of whom have become, at least until the current crisis, corporate titans in their own right. Like Daim, many of his "boys" run companies that are closely tied with the government. This narration is not meant to distract from the man's significant accomplishment and deserved sterling reputation, but merely to put them in perspective.

Unlike many Bumiputra *nouveau riche*, Daim maintained a rather low key lifestyle with no flamboyant luxury cars or expensive yachts. He is unique among

well-to-do Malaysians, especially Malays, in that he has given back a fair share of his good fortune. He was the first, and thus far the only Malaysian, to endow a professorship at the National University in honor of his mother. Generosity, charity, and public service are not the hallmarks of Malaysian millionaires.

The worse of the economic crisis seems to be over. Controlling the ringgit did not give rise to widespread black market, indicating that the value chosen was close to market expectations. The stock market has rebounded but still very much below its previous high. More significantly, Mahathir is getting praises for his economic stewardship. Even the IMF, which was severely critical of his unorthodox remedy, seems to be changing its tune. Mainstream economists like Harvard's Robert Barro and Northwestern's Jeffry Winters are heaping praises on the man.

All these praises may be premature. More importantly they distract the leadership from facing reality. There are still significant inefficiencies in the economy that must be addressed. Malaysians must be competitive to face the increasingly global marketplace. It would be a great tragedy if these early positive signs would be interpreted by the leaders that all is well and that the problems lie with those evil foreigners and speculators.

Despite his bluster, Mahathir had indeed taken steps facing up to the structural inefficiencies. There is no more talk of Bakun Dam, Linear City, or swamp reclamation. May be it is not in the character of the man to admit to his errors; rather he would simply correct them quietly. He had reduced significantly public spending. When politicians in Ottawa or Washington, DC, talk of budget cuts what they really mean is reducing the rate of increase. Mahathir actually cut it, and massively too. If President Clinton even contemplates a reduction of his budget, there would be howling protests from unionists, senior citizens, and other affected constituents. South Korea is reeling over much smaller cuts. It is a tribute to Mahathir's leadership that such massive cuts are accepted by Malaysians without much rancor.

The "shocking" measures he introduced, though widely ridiculed initially, did bring some stability, albeit short term. But then one has to survive the short term first before planning long term. Mahathir's strategy may be likened to that of an accomplished San Francisco Bay sailor, who on his first outing out of the Golden Gate into the vast ocean, was swamped by the wake of a tanker. He was furious at the ship's captain for being oblivious to the destructive effects of its wake and demanded that these ships be regulated, just like in the bay. After all, 747 jets flying across the Pacific are monitored at all times, why not ships? But

the major powers are not likely to listen to him. America needs to be swamped a few more times as with its recent close call with the hedge fund Long Term Capital Management before it would appreciate Mahathir's point of view.

Meanwhile Mahathir, struggling with his limping craft, wisely decided to retreat into sheltered waters to concentrate on mending his torn sails, battening the hatches, and better preparing his crew. These are major undertakings and I hope that his ranting against the outside world would not distract him from these important tasks at hand. To advance, Malaysia must again get out of the bay; and the sooner, the better.

There are a few silver linings to the present turmoil. One, it affects all Malaysians, thus sparing the nation of a dangerous racial undertow. That, however, could change rapidly. Initially, with the government bailing out many Bumiputra-controlled companies, there were ugly innuendoes on Bumiputra's competence for commerce. As it turned out, the severest critic of these Bumiputra corporate players were Malay villagers and ordinary UMNO members who were incensed by these billionaires' bounty. Similarly, there were initial grumbling that capital control was aimed primarily at Malaysian-Chinese who were investing heavily in neighboring countries. Fortunately again, the severest criticisms came from Malaysian-Chinese, which helped defused the race angle. But the race issue could still be explosive. In August 1998, rumors spread on the Internet of race riots involving Indonesian workers, precipitating a stampede on basic essentials.

Two, the country is finally trying to repatriate over a million foreign workers. This would alleviate some of the social problems. It is ironic that UMNO, founded in part to counter British efforts at bringing immigrants, is now responsible for the flood of aliens. Unless these foreigners are sent back home they would continue to be an unsettling influence on Malaysia's delicate race dynamics for decades to come.

Three, the breakneck pace of development and its terrible toll on the physical environment has been slowed to a more manageable pace. Economics and the free market did what environmentalists could not. The environmental damages inflicted thus far are significant and their economic, health, and esthetic impacts have yet to be fully felt or quantified.

Four, Malaysia is spared many of nature's calamities. There are no severe droughts that would decimate crops, or prolonged cold weather that would soar energy consumption. Unlike Mexico, there are no earthquakes that would wreck an already crippled economy. The economy may be in a slump but the natural

gas, fertile soil, valuable tin, and pristine beaches would still be there. Malaysia is indeed blessed by a generous Allah.

Five, the nation, unlike mature democracies, is not burdened by a permanent and expensive social welfare program. Its social security (Employees Provident Fund) is a "defined contribution" program, not subsidized and very unlike America's expensive "defined benefit" social security system. In Malaysia you get what you put in plus interest, and nothing more. The main obstacle to rational economic planning in America is the overriding presence of expensive entitlements like Social Security, Medicare, and Medicaid.

Finally, Malaysians should remember that 1997, though wrenching, was not 1969 when the country was ripped apart by communal conflict. With decisive and farsighted leadership, the nation survived that tragedy, emerging stronger, more united and prosperous. Malaysians did it then and they can do it again.

It is vitally important that Malaysia solve its current economic crisis quickly. Throughout history, economic crisis often led to other far more insidious and dangerous turmoil, even wars. Malaysia should be particularly careful that the present setback does not degenerate into ugly racial confrontations.

## Compounding Political Crisis

BARELY a year into the economic turmoil, Malaysia was rocked by a political crisis no less threatening to the nation's stability. Prime Minister Mahathir abruptly fired his anointed successor, Anwar Ibrahim, and not long after, Anwar was arrested and held without bail on charges of corruption and sexual crimes. He was subsequently found guilty on amended charges of obstructing police investigations and jailed for six years.

Prior to his arrest there had been swirling rumors of sexual peccadilloes involving Anwar. Surprisingly, Anwar himself later admitted as much in an interview with *Time Asia*. He recounted how he unsuccessfully tried to convince Mahathir that a womanizer should not be disqualified from being prime minister. This from a man who projects a public image of Islamic propriety and piety!

Clearly, during the economic crisis the country was paralyzed with seemingly conflicting signals emanating from the two top leaders. This was certainly no way to lead a nation under severe stress. Anwar was given every opportunity to resign when it became obvious that his views were at variance with the leadership,

but he apparently relished his role as the spokesman for a dissenting viewpoint while still clinging desperately to his official post.

In the months preceding the sacking, Mahathir expressed none too subtly his disdain and contempt for his deputy. One had to be extremely dull not to read the signals. But for a variety of reasons Anwar chose to ignore them. Nor did Mahathir spare his wrath on Anwar's sympathizers. When Bank Negara's Governor and his deputy resigned, presumably over policy differences, Mahathir took the most unusual step of reprimanding them, saying in effect, good riddance. It is the usual practice that when senior public servants retire they are given congratulatory messages and appropriate honorific in recognition of their long loyal services. Not for those two senior bankers. Mahathir sarcastically inquired as to what took them so long to quit.

Another Anwar surrogate, UMNO Youth's Ahmad Zahid, was excoriated mercilessly by Mahathir at the party's General Assembly in 1998. Mahathir berated Zahid (who was Malay educated) for his lack of understanding of the simple English word "crony." The pathetic aspect of that public humiliation was that everyone knew that Zahid was speaking on behalf of Anwar. (Anwar admitted so in a later interview after his firing.) Yet poor Zahid was left hanging alone in the wind with Anwar nary saying a word in Zahid's defense.

When Anwar felt that he could no longer support Mahathir, he should have resigned and challenged him at the upcoming party's leadership convention, due less than a year away. But blinded by his ambition, or perhaps feeling that Mahathir was vulnerable, Anwar defiantly stood his ground, and was promptly fired. And an unneeded and highly distracting political crisis ensued.

Anwar missed a splendid opportunity. Imagine had he resigned instead of defying Mahathir and used the traditional but effective Malay technique of neutralizing an adversary through excessive kindness and effusive praises. Suppose Anwar had profusely thanked Mahathir for the opportunity to serve him and the country, for his valuable tutelage, and agreed that Mahathir deserved someone he could have full confidence in and expressed his (Anwar's) regret that that person was not him, Anwar would have received a groundswell of sympathy and support. Mahathir could not very well arrest such a gracious deputy especially after Anwar had lavished such praises on Mahathir!

Come the leadership convention, Anwar could use that support to successfully challenge Mahathir. Further, by staying out of the limelight, Anwar would not be tarred with the economic mess. And by being just a tat coy about his ambition, his appeal would have been that much greater.

Anwar did not learn much from recent Malaysian history. When Mahathir was himself fired from UMNO three decades earlier, he was smart enough to lay low so as not to provoke the leadership. He knew only too well the powers of the ISA. Anwar also forgot the pointed message Mahathir delivered to him during the 1996 UMNO General Assembly. Leading to that meeting there were rampant rumors about Anwar challenging Mahathir. In his typical fashion of confronting problems frontally, Mahathir pointedly reminded Anwar that should he, Anwar, challenge him and win, that would be no catastrophe for Mahathir. After all he had been prime minister for over a decade and a half. On the other hand, as Mahathir so correctly pointed out, if Anwar were to lose that would be Anwar's political end. It was too bad that he forgot so soon that fatherly and sage advice.

Following his sacking, Anwar again defied the leadership by inciting his followers to riot during the Queen's visit to Malaysia for the closing of the Commonwealth Games. A most awkward time, especially when the nation took years and considerable sum of money and collective effort to prepare for the massive glittering event. Anwar may have succeeded in bringing international attention to his cause by adroitly timing the riot, unfortunately he alienated many Malaysians who were truly horrified by the hooliganism of his followers. To embarrass the nation in front of the Queen and the world was unpardonable. But then shrewdness and brilliance have never been Anwar's strong points. His forte appears in inciting his followers and leading mass protests. The legacy of his leadership of the Muslim Youth Movement (ABIM) was one of confrontation.

It is wrong to conclude, as most foreign observers seem to do, that Mahathir is yet another power-hungry leader who stayed too long. It was only in 1995 that his leadership was overwhelmingly reaffirmed by the voters. Mahathir has a far stronger mandate than many of his foreign critics, including President Clinton. Anwar need not resort to extra constitutional means to challenge Mahathir. In its over 40-year existence Malaysia had had four transfers of power, all smoothly executed through the ballot box and not through unruly street demonstrations. Mahathir himself was challenged in 1987. Malaysia is no banana republic. Its elections are widely acknowledged for their remarkable honesty and widespread voter participation.

Current economic travails notwithstanding, during his long and distinguished tenure as chief executive, Malaysia experienced unprecedented economic growth and with it, a remarkable improvement in the well being of its citizens. Had Mahathir promised, when he assumed power in 1981, half—no, a



quarter—of what he achieved now, it would have been dismissed as political fantasy. No leader could perform such feats without the implicit consent and trust of his followers.

Contrary to prevailing opinions outside Malaysia, in my view Mahathir has put his nation's future on a stable footing by sacking his charismatic deputy. Unlike the blunt and contrarian Mahathir, Anwar is affably smooth and has a politician's uncanny instinct of uttering what his listeners wish to hear. Hence his popularity with Western media and elite. However, we are well advised to know the man better before embracing him.

Anwar's student days at Malay College were noted for his lackluster academic performance and rabid anti-British nationalism. At the local university he majored in Malay Studies, widely perceived as an intellectually-challenged discipline but greatly favored by chauvinistically inclined nationalists. As leader of ABIM, he was jailed in 1974 for inciting a riot, portending his present day behavior. In 1982, enticed by Mahathir, he joined UMNO—a move that met with widespread disbelief and disapproval among Anwar's followers. Since appointed deputy premier in 1993, Anwar charmed Western leaders and lenders with his newfound faith in open markets and globalism by regularly spouting free market jargons.

Back in Malaysia, his messages were radically different. He regularly disparaged Western values and extolled the virtues of a Muslim Malaysia. More ominously during the Gulf War, he was a passionate supporter of Saddam Hussein. He often spoke admiringly of the Iranian Ayatollahs and Muammar Ghaddafi and frequently heaps praises on other equally radical Arab leaders. With his goatee, elaborate green robes and other superficial accouterments of Islamic piety, there is little question about his sentiments. More tellingly, as acting prime minister in early 1997, he tried to force non-Muslim undergraduates to take courses in Islam. As for his abhorrence of cronyism and corruption, as Finance Minister he awarded lucrative contracts to his friends and family. As noted earlier, his father, a former hospital orderly, received millions worth in company shares and public contracts. Anwar feigned ignorance over his father's and friends' good fortune.

His wife (a western-trained physician) and daughters are never seen without their orthodox Muslim headgear. She gave up her ophthalmology career (a discipline desperately needed in Malaysia) to assume the traditional role of a Muslim mother. And despite being the daughter of a physician, she was given a generous government "scholarship." To her of course, that was not cronyism.

Nor has Anwar explained how his two dear cronies, Sukma, an Indonesian with no discernible qualifications, and Anees, a Pakistani Islamic scholar (which Malaysia has a glut), obtained their permanent resident status. Foreign spouses of Malaysians, many with far superior qualifications and desperately needed skills, are routinely denied such privileges.

Since his firing, Anwar has become a strident critic of Malaysia. His diatribes against the very government of which he was a full participant during all his political life ring hollow. His charges, coming as they are only after he was fired and subsequently charged, smacks of hypocrisy. He would have far greater credibility had he resigned and then leveled those criticisms, or explained the charges of cronyism and answered the sordid allegations of sexual impropriety.

To Malaysians thirsting for new and enlightened leadership, Anwar Ibrahim is but an illusion, a cruel mirage. He is cut from the very same cloth as Mahathir. The present political tussle appears to be more over whose cronies get the greater loot. In this regard Mahathir definitely has the upper edge. At least his cronies are men of considerable achievements, with Harvard and Wharton MBAs, while Anwar's are products of religious institutions.

A disturbing trend seen in the demonstrations orchestrated by Anwar is that his supporters on the streets are almost exclusively Malays. His young supporters have an entirely different concept of *reformasi*, very much at variance to those enunciated by Anwar. Initially it was gratifying to see so many non-Malay supporters. Perhaps they are now discovering more about the man and slowly withdrawing their support.

The dust as yet to settle in Malaysia's leadership struggle. But history may well regard that Mahathir's greatest legacy is not his impressive economic achievements, rather his sacking of the popular and charismatic deputy, thereby sparing his nation from degenerating into a radical Islamic state. There is no place in plural Malaysia for the Islamist leadership represented by the likes of Anwar Ibrahim.

AMERICAN MEDICAL ASSOCIATION  
PUBLISHED WEEKLY  
CHICAGO, ILL., U.S.A.

Subscription price, Five Dollars Per Annum in Advance

Single Copies, Fifteen Cents

Entered as Second-Class Matter, October 3, 1917

Postage Paid at Chicago, Ill.

Acceptance for mailing at special rate of postage provided for in

Act of October 3, 1917

Postage paid by addressee

Copyright, 1918, by American Medical Association

Printed at the Chicago Press, Chicago, Ill.

Volume 27, Number 1, January 1, 1918

Published by the American Medical Association

535 North Dearborn Street, Chicago, Ill.

Telephone: 5-2121

Subscription orders, notices, and other correspondence should be

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and business correspondence to the Business Manager

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## Chapter XX

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### Which Way Forward?

IT WAS exactly three decades ago when Mahathir openly challenged then Prime Minister Tunku Abdul Rahman's competence in leading the nation in the aftermath of the May 13, 1969 riot. Now it is Prime Minister Mahathir's turn to hear similar calls for his resignation. Will Mahathir's fate be like Tunku's, forced to retire and then be shunted aside? Will he be left whining over an ungrateful nation while he pens his memoir?

There are many distressing similarities between events in 1969 and the present. In his letter to Tunku, Mahathir complained how in times of crisis Tunku was listening only to his (Tunku's) sycophants. Now it appears that Mahathir too, is seeking counsel only from those who agree with him, and dismissing those who dare challenge or disagree with him. His cabinet members are known more for how best they parrot his ideas and their high praises for the man, rather than coming up with innovative ideas to save the nation.

During this economic crisis, Malaysian leaders again demonstrated their intolerance for ideas other than those propounded by themselves. There were no attempts at eliciting alternative views. Those who dared dissent paid the price. UMNO was busy intimidating critics with threats of lawsuits. Indeed, it formed a huge panel of lawyers just for this purpose. Hardly conducive to vigorous public discourse!

When the nation's *Sasterawan Negara* (National Literary laureate) and renowned novelist Shahnnon Ahmad wrote his highly biting political satire, *SHIT* (no translation needed), Mahathir's ministers, apart from their usual chorus for banning the book, demanded that Shahnnon Ahmad's well-deserved national award and honorifics be rescinded. How juvenile.

In the foreword to his daughter Marina's book, *In Liberal Doses*, Mahathir writes "Society needs critics. Without them society can go very wrong... Society and leaders... should therefore not just tolerate critics but should also welcome them." Too bad that his ministers did not read his essay. When he wrote that, Malaysia was basking in economic glory, its leaders lauded at every turn. So it was easy for Mahathir to be generous. But the need for differing viewpoints is never more acute than when one is confronted with problems.

When a plane is flying smoothly there is little need to criticize the crew. But when confronted with an unexpected severe storm or engine failure, the co-pilot and other crew members must not shy from asserting themselves if they feel the pilot is undertaking dangerous maneuvers. The lesson learned from analyzing the rash of crashes involving major Asian airlines in the last few years is that subordinates must not passively defer to the erring but domineering captain, thus putting everyone in fatal jeopardy. Part of this is cultural, with the strict hierarchy and deference to authority typical of Asian societies. In contrast, a United 747 jet whose engine failed on take-off over San Francisco averted disaster when off-duty pilots in the rear of the cockpit shouted their suggestions to the crew, who wisely responded. In another instance, the captain of a crippled United DC 10, on discovering there were pilots in the passenger cabin, sought their help. Together, they were able to crash land the damaged plane and saved many lives. Had the off-duty 747 pilots passively deferred to the crew or had the DC 10 skipper assumed a "I know best" attitude, the results would have been catastrophic. To re-emphasize a point, the need for differing viewpoints is never more crucial than when there is a crisis.

In 1969, although it was only one man (Mahathir) who dared call for Tunku's resignation, nonetheless the sentiment was shared by many, especially young Malays. It was just not in the nature of Malaysians at the time to call for such public repudiation of their leaders. In 1998, with the remarkable transformation of attitude and expectations ironically brought on by the very success of Mahathir's policies, there was a chorus, again especially among the young, demanding his departure. Unlike the polite and highly formalized letter that Mahathir wrote Tunku, this time the calls were shrill and strident, heard both in the streets and in cyberspace. A reflection of the times and changes in Malaysian society.

Mahathir's severe criticism of Tunku notwithstanding, at least the 1969 crisis was resolved quickly. Granted, the heavy lifting was done by Tunku's able deputy, Tun Razak. Nonetheless it was brought under control while the nation was still under Tunku's watch. The ultimate credit must belong to him.

Tunku may have appeared over his head during the crisis, but he was wise enough to recognize his own limitations and let his competent deputy take effective control. Often the most critical faculty in a leader or an individual is the ability to recognize one's own limitations and to seek competent counsel and help elsewhere. In the final analysis, this is probably the single most important attribute that prevents one from getting into trouble as well as in extricating oneself out of it.

Now nearly two years into the crisis, there are pitifully few signs of recovery. Even if the economy recovers in 2000, it would be very anemic and would remain so for quite some time. Similarly, the political turmoil may have been temporarily solved by appointing Abdullah Badawi as deputy leader and delaying the UMNO leadership convention until June 2000, well after the country's next general election.

Presumably, delaying the conference would give Abdullah time to consolidate his base. The very fact that Mahathir had to do that revealed very much the leadership timbre of his anointed successor. Nor was there thunderous applause of approval and firestorm of enthusiasm for Abdullah's promotion. There were the usual perfunctory congratulatory messages of course, but the event did not register with the populace or the financial market.

In this respect Tunku was definitely one up on Mahathir. Unlike Tunku, Mahathir does not have his own Tun Razak. Mahathir quipped that he prefers his clone to succeed him but alas, there is no young Mahathir out there. This, more than anything else, is the most glaring failure of his leadership, his greatest indictment.

Perhaps Mahathir felt that for a while he had a Tun Razak in Anwar. Even to mention the two names in one breath is offensive to the memory of the late Tun Razak. He was everything that Anwar is not. Razak was a brilliant student at Malay College and had a distinguished career as a civil servant. He was destined to be the country's top civil servant, perhaps becoming the first native High Commissioner under the British. Despite the promise of personal advancement and glory, he gave all that up to join the fledgling UMNO in the fight for independence. A very uncertain future. When the first UMNO President, Dato' Onn Ja'afar, resigned, many wanted Razak to take over but he politely declined. He was only too aware of his own limitations. A quiet young man of considerable intellect, he knew he could not inspire his countrymen. What the country needed most then was not an efficient manager but an inspiring leader. Thus he persuaded his colleagues to seek out an older and wiser leader in the person of

Tunku. Lesser mortals out for personal glory would have jumped at the opportunity to be the number one, regardless of the consequences to the cause or the nation.

It was well known that many of the brilliant innovations of the Tunku's administration originated with Razak. Nonetheless he was respectful and made sure that Tunku reaped the glory. Razak was content as the loyal deputy. He could not care less who received the credit as long as the nation progressed. Even when the citizens soured on Tunku, Razak maintained his loyalty and respect for the man. Unlike many of his countrymen, Razak was not about to dismiss or forget so quickly the significant contributions of *Bapak Malaysia*.

In striking contrast, Anwar had no significant accomplishment or discernible career outside of politics. He led ABIM for a few years but a reflection of his leadership is such that ABIM, without him, is a spent force. He was not so much a leader as a one-man show. Nor has his career in government been exemplary, despite being widely viewed as Mahathir's hand-picked successor. One is hard pressed to find his legacy as Education or Finance Minister. The Islamic University, widely credited to him, was essentially Mahathir's idea. Nor could Anwar claim credit for the nation's impressive economic growth in the late 1980's and early 1990's. That too, is widely acknowledged as Mahathir's brain child.

Prior to Anwar's recent adoption as the darling of the Western media and elite, his support was almost exclusively among young radical Islamists. He may have had his intellectual supporters but they too were mostly Islamic and liberal arts scholars. One is hard pressed to find any successful executive, businessman, professional, or scientist among his ardent supporters. If there were any, they must be fair weather supporters for very few have come out for him now that he is in trouble.

Anwar's fascination with the West and its ideals is very recent. In late 1980's, while visiting the IMF in Washington, DC, he bitterly noted to his friends how racist that organization was, filled with White men ready to command Third World natives how to conduct their economic affairs. That was then. By 1997 he was bragging about being a possible co-author of a book with IMF's Managing Director Michel Camdessus. Whether that was real or Anwar's fantasy is not known. His conversion to free market is also late. Like all new converts, he is an ardent believer (or at least portrays himself as one), spouting out appropriate jargons and quoting at will various thinkers in the field. So confident was he of his new-found faith that by 1997 he was zealously exhorting professional economists at Malaysian universities what to teach their students. This from a man

who had absolutely no formal training in the discipline or any practical experience in free market. There is certainly no limit to the exuberance and confidence of a new convert.

I would have more faith in Anwar's conviction had he had some private sector experience. The man had never run a business or met a payroll. But he had no compulsion lecturing veteran businessmen and successful entrepreneurs on how to run their enterprises. Again, Anwar is afflicted with the sultan syndrome, as if his *titah* (royal command) is some magic wand. Say it and it shall be so.

In his recounting of the final moments of confrontation with Mahathir, Anwar pleaded for some time to consult with his wife. One would have thought that he would have sought wider counsel before making what turned out to be such a momentous decision in his life.

Imagine had Anwar, like Tun Razak before him, thought what was best for his nation rather than his own career in arriving at his fateful decision. Would his refusal to resign and the consequent political crisis it precipitated be good for the country? Or would it have been better for him and the nation had he withdrawn quietly and spared the nation and himself the turmoil?

Now of course the consequences of Anwar's decision are obvious. He languishes in jail, his wife without a husband, his children without a father, and his cause no further ahead. His political future is at best bleak. Other stronger and far more promising leaders like Musa Hitam and Tengku Razaleigh who had unsuccessfully challenged Mahathir had their political careers effectively truncated.

While it is easy to be wise in hindsight, let me paint a different scenario had events unfolded differently. Suppose in early 1998 when he realized that he profoundly disagreed with Mahathir, Anwar did what is in the best tradition of parliamentary democracy—resigned. And did it with class, paying tribute to his mentor and the man who propelled his political career. Anwar could have respectfully expressed extreme regret in not being able to support Mahathir, carefully drawing the line between the man and his policies. Using the poetic power and subtlety of Malay language, Anwar could very easily and effusively praise the man but damn his policies. On his resignation, use his supposedly wide contacts in the West to secure for himself a lucrative position with the World Bank, IMF, or some American foundation. Come to America, earn some money and experience first hand what life is in the Mecca of free enterprise. Who knows, a stint in the West may disabuse Anwar of his romantic illusion of radical Islamism, or perhaps, having to struggle to meet his mortgages, finding health insurance, paying school fees and other mundane details of life in free enterprise, he may be



totally disillusioned with the wonders of free markets. In Malaysia and especially for Malays, most of those expenses are taken care of by a benevolent government. In either case, the experience would widen his perspective. He would discover that in America, despite its grandiose profession of free market ideals, crony capitalism is very much alive and well in its American manifestation. He would immediately notice that when he rides Amtrak or the Washington, DC metro. State enterprises and their legendary inefficiency and disregard for customers are very much part of America too.

Meanwhile, while enjoying all these, articulate his vision of Malaysia's future and how he would deal with such issues as income inequities between and within races, special privileges, crony capitalism, and pervasive corruption. And what is his view of the proper role of Islam in a plural society. That is, publish his own *The Malay Dilemma*. With the help of his ghost writers he could easily crank out a manifesto in no time. Then a year later in early 1999, return home in time for the UMNO leadership conference. Having been gone for a while, Malaysian hearts would have grown fonder. Imagine the reaction. UMNO and the country would be electrified. Mahathir's carefully crafted succession plans would be in shambles. Mahathir, the shrewd politician that he is, would see the signals and would have no alternative but to withdraw gracefully, just like Ghaffar Baba did a decade earlier when Anwar challenged him for the deputy's post. Anwar would be magnanimous in his victory, heaping praises on and duly recognizing Mahathir's considerable contributions.

Even if Mahathir were to smear Anwar with charges of corruption and immorality, Anwar could safely ignore them from his sanctuary in the West. More significantly, he could be a severe and effective critic of Mahathir's administration, being safely beyond the reaches of ISA.

Malaysian writer Rehman Rashid proposed similar ideas. I do not know whether these alternatives are realistic, but they are certainly better than what Anwar is now enduring. The nation, spared of unneeded political turmoil, would definitely be better off.

But such a course of action would be totally out of character for the man. His mode of operation since his student days has been one of confrontation, of rebel rousing. Prudent long range planning is not his strength, nor is brilliant strategizing.

Even after he was fired, Anwar could still redeem himself. Instead of his high profile demonstrations and equally pompous "Permatang Pauh declaration" (lit-

tle of that is heard these days) he could have quietly formed a political party and carefully prepared for the next election. There was ample time.

Anwar may now innocently proclaim that his rallies were peaceful and proper in a democracy. But Malaysians are rightly sensitive and allergic to street demonstrations. They remember only too well how such peaceful protests in the past had left ugly repercussions, taking with them innocent bystanders. In the excitement and emotions of the occasion, it is difficult even for the most effective leaders to restrain their more exuberant followers. Malaysians are constantly reminded of this by tragic events in nearby Indonesia where such rallies quickly degenerated into ugly and violent ethnic confrontations. Once these demonstrations get out of control it matters not who is at fault, whether the demonstrators are provoked by the police, or unruly demonstrators go on rampages. The results are the same. People get injured or killed and properties get damaged, and the nation suffers together.

Malaysians who were initially sympathetic to Anwar's cause were horrified to see these *reformasi* demonstrations became ugly. I do not condone the reactions of the police, but I was equally repelled by the demonstrators. Using the holy sanctity of the mosques to advance one's political cause is blasphemy. To think that these demonstrators style themselves as Islamic. Don't they pay heed to the words of their own prayers or are they merely ritualistically mouthing them, oblivious to their meanings? It was repulsive to see images of these young worshippers unfolding *reformasi* banners even before the final words of prayers were uttered. Repugnant! Anwar himself admitted that he did not anticipate the unfolding events to be "turbulent and traumatic and beyond [his] worst expectations." Too bad he did not think of that before he toyed with the matches.

Despite the repressive restrictions on the media and public demonstrations, there are plenty of other avenues where Malaysians could express their dissatisfaction with the status quo. Publish your own newspapers or articulate your views in writing and send them to regional and foreign publications. Write books. Easier still, use the ubiquitous medium of the Internet. Surf the web and there are no shortages of anti-government sites. In fact they are often much more slick and professionally done than the government's official web pages. One of the best is the free Malaysia site ([www.freemalaysia.com](http://www.freemalaysia.com)). These avenues of dissent are much more effective than those unruly demonstrations.

Unfortunately, most of the *reformasi* followers are Islamic Studies and other liberal arts graduates and dropouts of modern Malaysian society. With cuts in the public sector, the government is no longer able to absorb these young

Malays. Regretfully, because of the inadequacies of the educational system, they are also woefully unprepared for the competitive private sector. Thus their only avenue of expression is in unruly street rallies. In many ways they sadly reminded me of the young idealistic Quebecois of the 1960's who were similarly unprepared for modern life and found it easier to succumb to seductive revolutionary and anarchic exhortations.

Whether Anwar recovers personally and politically from his present travail is of utmost importance to him and his family, but is inconsequential to the rest of Malaysia. For the country, it is critical that it pulls itself out of the present morass. If Mahathir is successful in rescuing the nation, the unpleasant episode of Anwar would merit barely an asterisk in history. In the Sabah state general election in March 1999, the country's first political test since the crisis, Anwar's sacking did not register at all with the voters. The ruling Barisan Nasional easily captured 11 of the 48 seats, with UMNO winning all 24 seats it contested, despite widespread prediction to the contrary by pundits, local and foreign. When Anwar's guilty verdict was announced, there were the usual anticipated unruly demonstrations, but the event did not roil the market. In fact, the KLSSE index continued its slow climb up. And a group of visiting American investors pointedly remarked that the verdict did not impact their business decisions.

Even the responses from abroad were decidedly mute. Nonetheless, British Foreign Minister Robin Cook saw fit to disparage Malaysia's judiciary and commitment to human rights. Obviously the atrocious genocide and other gruesome human rights abuses going on in Kosovo at the time did not occupy his time enough that he could still follow Anwar's trial. Similarly, I would have thought that Philippine's Estrada would be consumed with solving his country's insurmountable social and economic problems to be much concerned with Malaysian affairs.

The *reformasi* movement may appear to attract supporters in their street demonstrations with Malaysians eager to express their displeasure with the present leadership. But when the crunch comes at election time, people are not voting against but *for* somebody. At present, there is no credible alternative to Barisan Nasional. The opposition parties are splintered. As a reflection of their desperation, they are forming incongruous alliances. There is the highly chauvinistic and predominantly Chinese DAP aligning itself with the arch conservative Islamic PAS. And then there is PAS, which advocates for women staying at home as in Saudi Arabia, actively supporting the candidacy of Wan Azizah, Anwar's wife. This prompted Mahathir to rightly point out the obvious hypocrisy

of PAS. The new political party, KeADiLan, formed by Wan Azizah and her *reformasi* followers, was consumed with trying to secure a royal pardon for Anwar even before the verdict was in. Presumably, they too were convinced of his guilt.

Just as there is no credible alternative to Barisan Nasional, the stark reality is that there is no one else other than Mahathir who has the personality, smarts, and energy to lead the nation. Not Anwar, and certainly no one else in the opposition. Among UMNO vice presidents, Abdullah Badawi is not known for his intellect or sense of mission. Nor is he very inspiring. The only redeeming quality of the man, apart from his legendary honesty (a scarce commodity among politicians in Malaysia or elsewhere), is his humility. Fine tribute for an individual or friend, but highly overrated in a leader. At 59, he would be at least in his 60's before he would become leader, if at all. He does not exactly exude physical or mental vigor. He would be Malaysia's Jimmy Carter, an honorable enough man but totally ineffectual leader.

Najib Razak, another UMNO vice president, is difficult to evaluate because he carries the burden of his famous father. Compared to Tun Razak, Najib would always be wanting. Objectively, it is hard to find Najib's mark. As Minister of Education he may have increased the number of universities but one cannot say that the quality has improved. On the contrary, there had been a steady decline at all levels. The physical conditions of the schools are such that every year we read about children being burnt in hostels. Najib has yet to take personal responsibility for those tragedies and the loss of precious young lives.

The third vice-president is "New Malay" Muhammad Taib. What can you say about a man who carries millions in cash in his pocket?

Malaysia is thus confronted with a dilemma. Mahathir is arguably the best person to lead, but his present policies, unmodified, would lead the country into permanent doldrums. Having tasted spectacular successes under him, Malaysians would not be satisfied with mere satisfactory performance. Malaysia cannot regain its previous robust stature unless it rejoins the global mainstream. Malaysia can no more be protected from the realities of open markets than Malays be forever cocooned under special privileges. Sooner or later, Malaysians have to come out from under their protective shell and face reality.

Many of the criticisms leveled by Mahathir on the imperfections of global markets are of course valid. They are shared by many leading statesmen and economists. The trillion dollars sloshing around daily in world's money markets are very destabilizing. Roger Altman, a former senior US Treasury official, likened them to the "nukes of the 1990's...when arranged against any nation,

can impose previously unthinkable changes." No less a person than George Soros, a major player in currency markets and the man widely credited (or blamed) for humbling the British sterling, is also calling for some regulations. Global capitalism did to Asia what no other forces could. It pushed the fiercely proud South Koreans to mend their ways, ousted Indonesia's Suharto, and compelled Thailand to clean up its financial institutions. All in a very short period.

It is not likely that the world will listen to Mahathir. Currency markets would be regulated only when the major economic powers—US, Europe and Japan—feel that they are necessary. At present, to get them to agree on anything is near impossible. There is no global Mahathir out there in international finance that can effect reforms no matter how sensible and necessary they may be.

Rest assured however, that when the major powers do decide to regulate international markets and capital flow, small nations like Malaysia would not be invited to write the rules. Leaders like Mahathir who ardently clamor for regulations have to be careful that they might well get what they wish for. There is no guarantee that those rules when enacted would favor small nations. More likely they would protect the interests of major powers. The likes of Mahathir may then rue for the days when markets ruled supreme. Besides, the free flow of capital across borders is now a global fact of life. The difficult problem is in ensuring that the benefits of such mobility exceed its costs. Despite the best efforts of world leaders and eminent economists, there is no magic solution out there.

Malaysia's present protestations aside, the nation benefited greatly from the free flow of capital. Mahathir certainly did not complain when foreign lenders were falling over themselves to lend money to Malaysians. Credit, like most everything else, can be both boon and bane. Easy credit made possible the north-south highway and the new airport. But when misused for showpiece mega projects with little economic sense, then it would haunt you.

Mahathir is not the first person to call attention to the inherent dangers of free flowing capital. The Yale economist and Nobel laureate James Tobin, in early 1980 called for a "Tobin tax" to curb excessive volatility of international capital flow. The difference between Mahathir and Tobin is that Mahathir complains only when he is at the receiving end.

Chilean leaders foresaw the dangers and took steps to protect their economy. In Chile, significant chunks (30%) of short term capital must be deposited interest-free for a year with the central bank, thus dampening the inflow of "hot" money. Their leaders did not rant and rave about the inadequacies of the inter-

national system. They just went ahead and introduced self-protecting measures. Chile has since dropped those restrictions as the problem now is not to stop the inflow of money but to attract foreign investors. Besides, those controls were not without their costs. They effectively increased the cost of capital, with consequent negative impact on the economy.

Even though Mahathir went against conventional wisdom in instituting capital controls, nonetheless many economists share his viewpoints. Paul Krugman and Robert Barro, two economists who have actually visited Malaysia and thus are familiar with the problems instead of merely reading or writing about them, are sympathetic to Mahathir's plight. Krugman would prefer that controls be temporary and that Malaysia seize the opportunity to enhance the efficiency and competitiveness of its economy.

Mahathir feels otherwise. Unless the "architecture of international finance" is reformed, he would refuse to play. It is fine for a major economy and creditor nation like Japan to thumb its nose to the outside world, but not for a small debtor-country like Malaysia. It would only invite disaster. Malaysia has no alternative but to accept the world as it is, with all its imperfections and unfairness. If you can't beat 'em, join 'em is still an eminently sensible and pragmatic strategy.

Mahathir has as much chance in changing international finance as Anwar has in altering Malaysia's political landscape. Anwar paid a high price for his gamble. If Mahathir fails in his high finance stake, all Malaysians will pay dearly. Had Anwar not persisted in changing something he could not, he would not have been battered literally and figuratively in the end. If Mahathir stubbornly fights the world and loses, Malaysia too might be battered. Mahathir does not have to surrender his convictions. Simply declare victory and move on. Take the world as it is and adjust accordingly. Mahathir was elected by Malaysians to lead the nation, not change the world.

It is within the character and capability of the man to make dramatic turns. During the frenzy of criticisms on cronyism leading into the 1998 UMNO Assembly, who would have thought he would release that infamous list? He did it and thus effectively neutralized his critics. More dramatically, who would have predicted back in 1970, when Mahathir was widely regarded as an UMNO *ultras* (ultra conservative and chauvinistic) that by 1999 his greatest support would be among non-Malays? Granted, he is much older now and with age one tends to be rigid in one's views and convictions. But Mahathir is savvy enough to know that when his and the country's survival are at stake, he will change.

Mahathir would strenuously argue that the *ultras* tag is misleading and that he has not changed at all, rather Malaysians have turn around to his viewpoint. He could use the same rationale now that he is getting praises from mainstream economists and other leaders that the world too, has changed to his perspective and that he can rejoin the global mainstream.

Malaysia's future depends very much on his success. It is not so much whether he remains the "Great Malaysian Hero" or whether he would turn into, in the words of his nemesis George Soros, "a menace to his own country," rather it is the stake of all Malaysians. Mahathir, more than any one else, has transformed Malaysia and its society. Those changes are never more remarkable than with Malays. Has Mahathir, having unleashed these forces of change, been unable to control them? Has he become, as the *Wall Street Journal* refers to, Malaysia's Gorbachev?

The world is a better place because there are individuals who are not satisfied with the way things are and go about to improve them. Those who are successful indeed receive our adulation. No less a hero and also worthy of our respect and admiration are those who, on finding that they cannot change the world around them, successfully adapt and thrive. It is certainly worthy of Mahathir to change global markets and to improve them, but our respect for him would not be any less if he merely succeeded in better preparing Malaysians for that imperfect world. The way forward may simply be, if you cannot change the world, accept it and adjust accordingly.

# List of Acronyms

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ABIM	Angkatan Belia Islam Malaysia (lit. Muslim Youth Movement of Malaysia)
FELDA	Federal Land Development Authority, concerned with opening up vast tracts of virgin jungles for oil palm and rubber cultivation for subsequent transfer to landless villagers
MARA	Majlis Amanah Rakyat (lit. Council of Trust for the Indigenous People), a huge public agency to advance Bumiputras in the private sector
MCA	Malaysian Chinese Association, a component of the ruling Barisan Nasional
MIC	Malaysian Indian Congress, part of Barisan Nasional
MIMOS	Malaysian Institute of MicroElectronic System, a government corporation concerned with the development of the microelectronic industry
PAS	Parti Aslam Samalaysia, The Islamic Party
Pernas	Perusaha'an Nasional (lit. National Enterprise)—a government owned corporation involved in a variety of commercial ventures
Petronas	Petroleum Nasional (lit. National Petroleum)—government-owned giant oil company that is also involved in a host of non oil activities like real estate, car manufacturing, etc.
RIDA	Rural Industrial Development Agency, now replaced by MARA.
SITC	Sultan Idris Training College, a teacher training college for Malay stream male students, now a university
UDA	Urban Development Authority
UMNO	United Malay National Organization, dominant partner of the ruling Barisan Nasional. UMNO's Malay acronym, PEKEMBAR, is hardly used.



# Malaysian Phrases

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<i>Adat</i>	Malay customs and mores
<i>Ali Baba</i>	Sino-Malay "partnership" where the Malay (Ali) is the silent partner and the Chinese (Baba) the work-horse. Much decried but commonly practiced.
<i>angmob sai</i>	lit. White excrement—derisive term for Chinese who have a fondness for Anglican lifestyle; the American equivalent would be "banana," meaning yellow on the outside but white inside.
<i>Bahasa Jiwa Bangsa</i>	lit. Language is the Soul of a Nation, the rallying call after independence to making Malay the national language.
<i>balek kampung</i>	lit. returning to the village. Refers to the ritual mass exodus out of the cities into villages during holidays and festive seasons. Also used derogatively to imply a less than sophisticated bearing
<i>Babut Darjat</i>	gateway to heaven, referring to Malaysia's premier boarding school, Malay College, for the opportunities afforded to its graduates
<i>Balek Tongsan</i>	lit. Returning to Tinghoa (China) referring to earlier Chinese immigrants who consider Malaysia a temporary abode
<i>Berdikari</i>	Malay acronym— <b>B</b> erdiri di Atas <b>K</b> aki Sendiri lit. To stand on one's own feet; self reliant. One of the many exhortations by Malay leaders to encourage less dependence on the government
<i>bohsia</i>	social delinquency
<i>bomob</i>	Traditional medicine man
<i>dacing</i>	Traditional weighing scale, notorious for being inaccurate
<i>badith</i>	Sayings attributed to the Holy Prophet
<i>bamba</i>	Slave

<i>Hari Raya</i>	Festive celebration marking the end of the Muslim fasting month of Ramadan
<i>jihad</i>	Holy war, more appropriately, a holy struggle for a divine cause, presumably worth dying for as one is assured of a spot in heaven!
<i>lepak</i>	loitering, delinquency
<i>konfrontasi</i>	lit. confrontation, the brief war with Indonesia over the legitimacy of Malaysia
<i>kafir mengafirkan</i>	lit. infidels versus would be infidels. Refers to the highly contentious and puerile debate among Malaysian Muslims over who is the more pure follower of the faith.
<i>kaum muda</i>	Youth movement, refers to the split among Muslims at the turn of the century over the "proper" interpretation of Islam
<i>kaum tua</i>	The elderly, or senior, group as counterpart to <i>kaum muda</i> .
<i>kurang ajar</i>	Highly insulting remark for someone deemed uncouth or vulgar
<i>lah</i>	Uniquely Malaysian figure of speech, connotes a sense of finality as well as familiarity. Equivalent to the Canadian <i>eh</i> or Jamaican <i>mon</i>
<i>unakuf</i>	Recent convert to the Muslim faith, thus not fully conversant with the rituals and prayers of Islam.
<i>Maju Bahasa, Maju Bangsa</i>	As a language advances, so does the nation; another post-independence mantra to advance the cause of Malay language.
<i>Mat Salleh</i>	Malay epithet for White men, equivalent to American Black's Uncle Tom.
<i>Melayu Baru</i>	lit. New Malay, supposedly a more improved version over the "old" Malay. The rallying cry for Malays to abandon their roots and customs in favor of modernism.
<i>membajakkan lalang</i>	<i>lalang</i> , a particularly tenacious weed, <i>membajakkan</i> to fertilize—a useless activity. The <i>lalang</i> would thrive regardless what you do.

<i>mengada gada</i>	cheeky; a devastating put down to someone aspiring for more than what he could conceivably attain.
<i>merdeka</i>	Independence from British colonial rule.
<i>Mom Salleh</i>	Feminine form of <i>Mat Salleh</i> , my own invention
<i>Orang Puteh</i>	lit. White Men, initially only to Brits but now applies to all caucasians.
<i>Petualang Bangsa</i>	Anti-nationalists, an epithet for those Malays who do not exhibit sufficient nationalistic zeal. Serious charges, akin to treason.
<i>Rakan Muda</i>	lit. Friends of Youth, a massive government social program aimed at curbing social ills among youths
<i>revolusi mental</i>	lit. Mental Revolution, clarion call for Malays to abandon their norms and mores, and adopt supposedly modern thinking
<i>rumah kilat</i>	lit. lightening houses—slum dwellings, so-called because of the speed with which they get erected. They are literally none today, here tomorrow
<i>Tanah Melayu</i>	lit. The Land of the Malays—referring to the Malay Peninsula.
<i>tiada marnah</i>	lack of morals

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