

**MAHATHIR
MOHAMAD**

Prime Minister of
Malaysia

MAHATHIR MOHAMAD

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Malaysia

M. Rajendran



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CONTENTS

ONE	<i>Mabathir Mohamad</i> 1
TWO	<i>Member of Parliament</i> 5
THREE	<i>Becoming the Prime Minister</i> 11
FOUR	<i>The Premier's First Major Crisis</i> 17
FIVE	<i>Mabathir's Next Crisis</i> 25
SIX	<i>A Rift Between The Judiciary and The Executive</i> 35
SEVEN	<i>Mabathir's Greatest Challenge in his Political Career</i> 47
EIGHT	<i>Mabathir's First Ever Electoral Defeat in Sabah</i> 69
NINE	<i>Individual Freedom and Detention Without Trial</i> 79
TEN	<i>Mabathir's Development Policies</i> 85
ELEVEN	<i>Look East Policy: Effects and Implications</i> 91
TWELVE	<i>The Privatization Policy</i> 109
THIRTEEN	<i>The Malaysian Economy</i> 117
FOURTEEN	<i>Clean, Efficient and Trustworthy</i> 129
FIFTEEN	<i>Islam, Malaysia and Mabathir Mohamad</i> 137
SIXTEEN	<i>Mabathir's International Impact</i> 145
SEVENTEEN	<i>Success Through Elections</i> 159
EIGHTEEN	<i>Towards the Future</i> 169
	<i>Bibliography</i> 181

MAHATHIR MOHAMAD

DATUK Seri Dr Mahathir Mohamad, the fourth prime minister of Malaysia, is seen to be the most controversial figure ever to hold this premier position. He is seen by many as the only prime minister who had the audacity to be very blunt and had no fear of "rocking the boat". Malaysians see him as the ultimate survivor as he has managed to remain unscathed crisis after crisis during his leadership.

Mahathir Mohamad was born on December 20, 1925 and was the youngest of nine children. His father was the first Malay headmaster of an English school in Kedah. As a headmaster, his father must have influenced his thoughts and soon the young Mahathir had a strong personality. His family still recalls that he was very determined and always obtained whatever he wanted. At that time, when it was prestigious to obtain admittance into an English language school, he managed to do sufficiently well in the examinations and secured a place in the Government English School.

Mahathir survived the Japanese Occupation when the Japanese Army occupied Malaya in 1942. He tried first to be employed with a Chinese rubber trader but later started a coffee shop business with two of his friends. He was not allowed to sell in the Japanese canteen and had to do his business in the local market. Mahathir later expanded his business. He always felt that it is important to learn the skills before embarking on any

project. It must be stressed that although he was treated unequally by the Japanese, Mahathir managed to forget this affair and later in the 1980s embarked upon a Look East policy for Malaysia. This could well mean that Mahathir did not mix his personal feelings with politics. He probably felt that looking east was beneficial for Malaysia and decided to go ahead with this policy.

Mahathir's experience as a businessman gave him the opportunity to learn about the real world and the realization that the Malays were lagging far behind in the business arena. He experienced the weaknesses of the Malays as businesspeople and felt that he could correct these weaknesses if only he had the opportunity. With the return of the British and the setting up of the Malayan Union, Mahathir began his political career.

The young Mahathir did not agree with the aims of the Malayan Union as he felt that the Union was a direct threat to the aspirations of the Malays. He constantly attacked the Malayan Union and was a leader of most anti-Malayan Union activities. At the same time, he wrote articles in the local English newspapers expressing his views on political matters. He also realized that for his ideas to be well received by the Malay community, he had to have an influential position among them. He felt that to be influential he had to be either a doctor or a lawyer. His ambition was realized when he was awarded a place at the King Edward VII College of Medicine in Singapore. His hard work and determination also gained him a scholarship from the Federal Government to pursue his chosen field of study.

There is always a woman behind every successful man, so goes the adage. (Mahathir met his lady at the medical college and was married to Dr Siti Hasmah on August 5, 1956. Siti Hasmah did not know of Mahathir's political aspirations when she married him. One year after his marriage, Mahathir decided to leave the Government service and set up his own private clinic.) His clinic was the first clinic in Alor Setar to be opened and operated by a Malay. Mahathir often visited his patients who were poor farmers and this was one of the reasons he felt that he had to do something to improve the living standards of the poor Malays. He became involved in the United Malays National Organization (UMNO) and was fondly called Dr UMNO. His involvement in UMNO was certainly because of his intentions to improve the living standards of the poor Malays.

He stood as the prospective member of Parliament for Kota Setar in 1964 and won the seat with a majority. With this victory, he could now struggle to put his ideas into reality and make sure that the Malays would have a significant position in a multiracial, multicultural society that is Malaysia.

2

MEMBER OF PARLIAMENT

MAHATHIR took upon his job as a Member of Parliament with vigour and decided that he should use this opportunity to highlight the plight of the Malays. He strongly believed that the Malays could better themselves if they were given a headstart and, therefore, decided to voice his opinions on this matter publicly. Doing this in a multicultural society made him unpopular among the non-Malays and he was therefore viewed as an extremist. He criticized the People's Action Party (PAP) of Singapore as he believed that the party was dominated by aggressive Chinese. He also disagreed with the argument put forward by the Pan-Malaysian Islamic Party for an Islamic state. Mahathir tried to stress that being pro-Malay and pro-Islamic were two different things—an argument the opposition found hard to comprehend.

The opposition made use of Mahathir's involvement in Malay issues to denigrate him as an extremist and an ultra-Malay leader. For the same reason, he became popular within UMNO. The Malays felt that Mahathir was genuine in his concern for their needs and supported him throughout his term as a Member of Parliament. This was seen in the 1969 elections of the UMNO's Supreme Council where he notched the highest vote.

Mahathir also did not see eye-to-eye with Tunku Abdul Rahman who was the Prime Minister then. Mahathir strongly criticized the leadership of the Tunku while maintaining his stand as a nationalist who was upholding the rights of the Malays. In

1969, Mahathir lost his seat in the general elections to a PAS candidate. This loss was the first of many struggles that Mahathir had to face in his political career. This loss also resulted in Mahathir becoming strongly resistant to Tunku's policies and outwardly attacking the Tunku. The racial riots in 1969 further strengthened Mahathir's claim that the leadership of the Tunku was weak. The election results and the racial riots were both in Mahathir's favour as they resulted in the resignation of the Tunku as the Prime Minister. However, before resigning, Tunku expelled Mahathir from the party and Mahathir went back to his clinic to continue his career as a doctor.

As Mahathir had been closely involved with the student population before his expulsion from the party, he still managed to gain the support of student organizations. The uniting factor was the common enemy being the leadership of UMNO. Mahathir also made speeches at PAS gatherings and tried to use his influence to gain the support of the opposition.

It was also during his expulsion that he took the time to write his book, *The Malay Dilemma*, where he took to task the UMNO leadership for failing to protect the rights of the Malays. This book analysed the situation the Malays were in and suggested strongly that the Chinese would never allow the Malays to do well in business as the Malays neither had the skills nor the capital required to be successful in this field. Mahathir argues that the Malays should be given some form of headstart to be successful in the business world. Tunku Abdul Rahman's leadership was taken to task in this book and blamed for the lack of Malay participation in the business sector. Tunku was also blamed for the lack of understanding between the races and the racial disharmony that seemed to be apparent during the 1969 riots.

The powerful position of the Prime Minister who listened to his chosen cabinet members was also criticized. Mahathir felt that the Prime Minister held too much power and authority and that the other members of the cabinet were not consulted in the decision-making process.

Mahathir argued that this position will lead to corruption in the higher circles and therefore the powers of the Prime Minister should be curtailed. The Prime Minister was also taken to task for favouring his friends and "blacklisting" the members of the cabinet who opposed him. Tunku banned *The Malay Dilemma*

as it contained racial remarks. The book was removed from the proscribed list only when Mahathir became Prime Minister.

It was in 1972 that Mahathir was accepted back into UMNO. Tunku had resigned and his deputy, Tun Abdul Razak had taken over. Tun Razak liked Mahathir and his popularity was known to the party by 1972. In 1973, Mahathir was appointed to the Dewan Negara and in the following year, he was appointed to various educational committees and later became the Chairman of the University Kebangsaan Council. It was also in 1974 that Mahathir won the elections uncontested as a result of the PAS-UMNO coalition. He was appointed the Minister of Education, a sensitive position due to the controversial issues on matters pertaining to the National Education Policy. Many UMNO members were from the teaching community and being the Minister of Education had its advantages within UMNO. The Malays have much respect for their teachers and teachers, especially in the rural communities, could exert much influence over their communities. Mahathir realized this and worked on winning the respect of the teaching community as the Minister of Education. He also handled issues concerning the National Education Policy and the Merdeka University with skill and this made him popular within UMNO. This popularity gave Mahathir an astounding victory in the UMNO Supreme Council elections. He was elected to the post of Vice-President. Tun Razak had great faith in Mahathir and this with the way Mahathir handled the educational issues earned him respect within UMNO. Mahathir also realized that he could not rely on the support of the University students anymore as the University Act had been enforced. He supported the party and enforced this Act and though he became unpopular with the student movement, he gained the support of the party members.

Another factor that contributed towards Mahathir's success was the Harun Idris trial. Harun Idris was popular with the UMNO youths and this prompted them to stir up emotions among students at the MARA Institute of Technology to gain support for Harun. Mahathir acted firmly and promptly to bring an end to this controversial matter and this incident made him gain the support he needed from UMNO branches.

Harun had the support of many UMNO branches and the full support of UMNO youth. Harun was a close friend of Mahathir and it has been said that Harun was one of those responsible for

the return of Mahathir into UMNO. Harun's supporters could be pacified if an important appointment such as Deputy Prime Minister could be entrusted to someone close to Harun. It was at this time that Tun Razak passed away and Hussein Onn became the Prime Minister. The task of selecting a deputy was solely Hussein Onn's. Hussein Onn realized that UMNO was disunited mainly because of the support held by Harun. One way of uniting UMNO would be to appoint someone close to Harun as this would be a sure way of retaining the support of Harun's supporters.

Hussein Onn was greatly respected by all Malaysians and had the support of the opposition as well. His decisions were accepted by all Malaysians. It had been said that Tun Razak must have spoken highly about Mahathir to Hussein Onn and this was also a contributing factor for Mahathir being selected as the Deputy Prime Minister. Mahathir was the most junior of the UMNO vice-presidents and yet he was selected as the Deputy Prime Minister.

Mahathir was known for his strong "ultra" beliefs and this would normally have been reason enough for being opposed by the opposition which was mainly made up of the Chinese. Nevertheless, everyone respected and liked Hussein Onn and this probably helped to soften the opposition towards Mahathir's selection. Mahathir also had strong support from within UMNO. Mahathir himself feels that Tun Razak must have spoken very highly of him to Hussein Onn.

The 1978 general elections saw Mahathir retain his position as the Deputy Prime Minister as he defeated the candidate from PAS. This victory was crucial for Mahathir as PAS had gone out of its way to try to defeat Mahathir. Mahathir also won the UMNO supreme council elections and this helped him to retain the deputy presidency of UMNO.

Mahathir was also the Minister of Trade and Industry and this was of great help as it boosted his knowledge of business issues both in Malaysia and overseas. As a Deputy Prime Minister he also took great interest in education-related issues, especially if the issues concerned the Malays in the rural areas. Mahathir always held to the belief that the lot of the poorer rural people could be improved through education. As a large population in the rural areas remained uneducated, Mahathir tried to use his influence as

the Deputy Prime Minister to try to improve the standard of education in the rural areas.

Hussein Onn decided to retire due to ill health in 1981. As Hussein Onn was respected greatly, there were few who doubted that it was indeed ill health that made him resign. Hussein Onn was a person who wanted to see Malaysia completely free of corruption and racial politics. His father, the founder of UMNO, and he dreamed of a Malaysia free from the tentacles of racial discrimination and wanted to create a multiracial society which was based upon fair decisions. This was just a dream which was never realized by both father and son. Hussein Onn was also facing many problems because he had brought Harun to court and expelled Harun from UMNO. All these problems and his ill health made him step down and resulted in Mahathir becoming the fourth Prime Minister of Malaysia on July 16, 1981.

Mahathir was now able to put all his ideas and strategies into practice. He was now the leader and he could try out all his ideas and put them to work. His dreams of providing greater opportunities for the Malays and providing for the entire Malaysian population generally could be achieved. He was now in the "driver's seat" and in charge and there was no excuse for not putting his ideas into motion.

There were however more immediate and important tasks to be taken care of. The most important of these was the selection of a Deputy Prime Minister. There were also others within UMNO and outside UMNO who had to be convinced of Mahathir's style of leadership. The new Prime Minister had to act immediately to solve these tasks.

3

BECOMING THE PRIME MINISTER

THE post of deputy president for UMNO, the party's and the country's second most influential position was vacant. It was the normal tradition of UMNO that the deputy president was usually the deputy prime minister. This position was being contested by two of UMNO's youngest successes, education minister Musa Hitam, who was forty-seven, and finance minister Tengku Razaleigh Hamzah, who was forty-four.

Razaleigh was one of the youngest finance ministers in the world and UMNO veterans believed that he would one day become a leader of the nation. He was well-known and extremely popular in his state of Kelantan, the poorest state in Malaysia. The battle was on between him and Musa who had been an economics lecturer at the University of Malaya. There were strong rumours, denied by Musa, that Mahathir was in favour of Musa over Razaleigh.

The election proved exciting and Musa polled 722 votes against Razaleigh's 517. The reasons for Razaleigh's loss were numerous. First, he had taken an arrogant view and reported that he was sure of victory. He had also said that unless he won, he would step down from the party. This was taken as a threat and the Malays generally do not like to be threatened. About 40 per cent of the UMNO delegates were teachers and Musa being an

education minister and an economics lecturer was favoured by these delegates. Furthermore, the rumours about Mahathir's preference for Musa over Razaleigh also influenced the way the votes went.

Musa's political history dates back to the time of Tunku Abdul Rahman. He was expelled from party posts by the Tunku and returned during Tun Razak's time. Both Mahathir and Musa share similar experiences in that they were both expelled from the party by the Tunku and returned during the era of Tun Razak. Mahathir and Musa also share similarities in that both held strong views about the position of *bumiputeras* during Tunku's leadership.

Musa started his career as the Political Secretary to the Minister of Transport, the late Tun Sardon. He later contested as an UMNO candidate and won the election. The reason he was expelled from the posts was similar to the reason Mahathir was expelled from the party. Both of them raised sensitive *bumiputera* issues and spoke against the leadership of Tunku. This angered Tunku and resulted in their expulsion.

The team comprising of Mahathir and Musa was known as the "2Ms" team. They both complemented each other and worked well as a team. The relationship shared by Mahathir and Musa as Prime Minister and Deputy was something never experienced by Malaysians before. The team was welcomed by Malaysians and even the opposition seemed to be surprised at the ease with which both Mahathir and Musa worked together. The opposition had been critical of the leadership as it felt that both Mahathir and Musa were champions of the *bumiputera* cause in the early days and warned them not to carry over this cause during their leadership.

Musa himself felt that the leadership was perfect and always supported Mahathir's policies. At the beginning, Mahathir and Musa supported each other's policies and even propagated them. Whenever there were criticisms against Mahathir's policies, Musa would always support Mahathir and use his influence to diffuse these criticisms.

Mahathir's first major policy after becoming Prime Minister was his Look East Policy. This policy was formulated as Mahathir felt that countries in Asia were relying heavily on Western nations for inspiration and trade. He cited Japan and Korea as examples

that should be followed and wanted Malaysia to have greater relations with these countries rather than the Western nations. This was a controversial policy simply because many Malaysians still remembered some of the unfair Japanese policies since the last world war. The other reason for this policy being controversial was because many contracts were awarded to Japanese and Korean companies. The opposition took to task the Prime Minister's decision to award the building of the Penang bridge and the Dayabumi complex to these contractors. Mahathir explained to the local contractors his reasons for awarding these contracts to the Japanese and Koreans. He felt that the quotations received by the foreign firms were reasonable and that they had the expertise and could be relied upon to complete the jobs. He also felt that there would be a transfer of technology and this would be of benefit to the local contractors.

The success of Mahathir's Look East Policy was not accepted by many. The opposition criticized Mahathir as it felt that there was corruption involved in the awarding of tenders to the Japanese companies. Although the opposition could not provide any concrete proof about the corruption, they still decided to provoke the issues. Until today, the Penang Bridge and the Dayabumi Complex project are still being used as issues by the opposition during elections.

Mahathir, who believes that issues will become non-issues with time, relied on time and his persistent skills to convince the public on the importance of the Look East Policy. He cited examples of over-reliance on the West and used this as an issue to convince the public that looking East was much more economically and culturally viable than looking West.

The issue of not looking West was more crucial in the international arena. With the Look East Policy, Mahathir also issued a "Buy British Last" directive. This was a shock to the European nations as previous leaders of Malaysia had always held close relationships with Great Britain. This was probably reflected by the fact that all the previous Prime Ministers had had some of their education in Britain and held links with the country.

The "Buy British Last" directive was viewed as negative by many Malaysians, including previous leaders. Mahathir wanted to change what had been normal and accepted and this was seen as an attempt to bring about critical change. Malaysians did not like

to adopt new ideas as they had never felt the need to do so. Mahathir stated that he wanted to change the way Malaysians thought. Everything Western was blindly accepted as being the best and this had to change.

The effect of this policy was the visit to Malaysia by the British Prime Minister, Mrs Margaret Thatcher. She was visiting Malaysia for the first time and this affected the morale of Mahathir's supporters. They felt that the visit was due simply because of the "Buy British Last" policy. Britain was worried as Malaysia was the largest single source for its quota of foreign students. The effect of the policy if carried on to students would mean that Britain would not only lose heavily on foreign revenue but also on its influence over Malaysia through Malaysians educated in Britain.

The other controversial issue that Mahathir embarked upon was with his policy on corruption. Mahathir pleased UMNO, the opposition and the public by his policy which set the Anti-Corruption Agency loose on corrupt politicians. Mahathir argued that there was rampant corruption among government officials and this was not to be tolerated at all cost.

Mahathir stated his stand on the Internal Security Act (ISA) and promised to review the term of prisoners held through this act. To do this effectively, he selected Musa Hitam as the Home Minister and it was Musa's job to review the position of ISA detainees. Ghazali Shafie who held this position previously was selected to head Foreign Affairs. Mahathir kept his word and on July 30, twenty-one ISA detainees were freed. Eleven of those freed were members of *Pertubuhan Angkatan Sabilullah* (PAS) and the others were political detainees. This incident boosted Mahathir's popularity and the international press stated that Malaysia might soon lose the ISA.

The other detainee who was released was Harun Idris. Harun was released on August 1 after receiving a six-month pardon. Harun was always a supporter of Mahathir and it was through Harun that Mahathir managed to get back into the party after his expulsion. Releasing Harun was not really a major decision as he was due to be released in February 1982. Upon his release, Harun stated that he would be returning to politics.

March 29, 1982 was another historic day as this was the day when Anwar Ibrahim joined UMNO. Anwar was a great critic of the Government and he was the President of the Malaysian Mus-

lim Youth movement. Anwar was also detained under the ISA for twenty-two months in 1974 and was a strong critic of the ISA. Anwar's decision was a great loss to Parti Islam (PAS) as this party had banked its hopes on Anwar to lead it through the general elections. Anwar was always seen as a pro-Islamic extremist but through his involvement in the protests against the Societies Act (Amendments) Bill he gained the support of many Malaysians. Registered Societies backed Anwar and these societies had members from various races and religions.

Anwar Ibrahim's entry into UMNO was not an acceptable decision to many within and outside UMNO. UMNO members who had aspired to become leaders in the future were not pleased with Anwar's entry as he posed a great threat to their ambitions. Members of the opposition as well as social justice groups were not pleased with Anwar's decision as many of them had seen Anwar as being an independent and powerful critic of the Government. Anwar as a member of UMNO would not be as effective in upholding principles regarding controversial issues involving the government. Anwar, who had long been a friend of Mahathir, justified his position by saying that he felt that he could achieve more through UMNO and that he would still hold on to his principles. Unfortunately, this did not convince his previous supporters and they branded him a traitor.

The policies and principles that Mahathir embodied during his first year as Prime Minister provided the public and fellow politicians with an idea of his style. He was seen as a reformist with ideas and supporters. The supporters were rewarded and given powerful positions within the party and political system. Mahathir was also seen to be a man who had not embarked upon a pro-Malay campaign and this surprised the opposition. The release of ISA detainees and the promise of more freedom of information was also welcomed by the opposition. In fact, Mahathir had openly said that he was willing to consider ideas which were constructive even if they were ideas from the opposition and this statement was welcomed by his critics.

The style adopted by Mahathir had its negative elements. There were people within and outside the party who felt betrayed and neglected. Mahathir by nature did not appreciate laziness and people who had not contributed towards the success of the party were weeded out. It would not be unfair to say that Mahathir

made many enemies during his first year as Prime Minister. He managed to survive many crises and always come out of every crisis unscathed and looking better. Mahathir was well on his way to becoming one of Malaysia's best prime ministers, but the path towards fame was paved with obstacles and challenges.

4

THE PREMIER'S FIRST MAJOR CRISIS

MAHATHIR Mohamad faced his first major crisis in 1983. On August 1, 1983, Mahathir tabled the Constitution (Amendment) Bill, 1983 in the Dewan Rakyat and this Bill was passed by the Dewan Rakyat on August 3. On August 10, the bill was passed by the Dewan Negara. The last stage of the Bill, where the King signs it, did not take place and this hindered the process of making the amendments legal.

The King refused to sign the Bill because some amendments to the Constitution were aimed at reducing the powers of the Sultans. There were amendments to about twenty-one articles of the Constitution and since January 1983, the Cabinet had agreed that these articles needed to be amended. Mahathir had also made amendments to article 66(5) and article 150 of the Constitution.

The effect of these changes would result in the King not having to consent to Bills becoming laws. Article 66(5) was amended to provide that if the King for any reason decided not to sign a Bill, the Bill would become law after 15 days of being presented to him. This would result in the King losing his power to obstruct any Bill from becoming law. Article 150 was changed to provide the Prime Minister, and not the King, the power to proclaim an emergency. The reality of this decision shifted some

of the powers from the Constitutional King to the Prime Minister. Mahathir would be empowered to declare an emergency if he wanted to and he would also have the complete freedom to enact laws through the Parliament without obstruction from the King.

It was widely believed that the King had agreed in principle to support the amendments to the Constitution. What had happened was that the Sultans of the other states were not happy as they too would not be able to obstruct Bills at the State level. The King had to be accountable to the Conference of Rulers and the other rulers did not want the King to approve the Bill.

The Opposition capitalized on this issue by suddenly deciding to support the Rulers and the King. The argument put forward by the Opposition was that by approving the amendments to the Constitution, Mahathir wanted to concentrate more powers in the hands of the government, in general, and to himself, in particular. They cited article 181 of the Constitution which states that the powers of the rulers shall remain unaffected and that none should question the Constitution. The opposition praised the King and Rulers on the way they had conducted themselves throughout the Constitutional crisis and criticized the way in which the Government had conducted itself. They cited the Sedition Act and decided to take court action against some people who had questioned the rights of the Rulers.

Mahathir denied all these allegations against him and argued correctly that the government would be the best authority to decide laws and on matters regarding proclamation of an Emergency. He also argued that it was due to the lack of clarity that the crisis emerged in the first place. Mahathir felt that the article in question was more of a formality than a right and some Rulers seemed to take the view that it was their right to reject a Bill. Some states had problems when rulers had not consented to certain Bills and had taken up to twelve months to consent. This delayed the passing of the Bill and resulted in frustration to politicians. Mahathir sees the amendments not as a way to acquire new powers but just an issue of mere clarification. The Rulers of course did not see the amendments as a mere clarification and felt that they had a lot to lose if they had consented to the amendments.

What happened between August and December of 1983 was unique to Malaysia. For the first time there was open conflict be-

tween the ruling party and the Rulers. The Malays are generally loyal to their rulers and place much importance on traditional values. The Rulers relied on this notion and at first were certain that they would be supported by the Malay people. The Malay population, however, was lukewarm in their support of either party mainly because they were not aware of the actual events and facts. There were also many rumours created by those who wanted to capitalize on the issue. Mahathir declared that he would expose those who had created the rumours and this was treated as a direct threat to those who opposed the move. There was also much confusion about who within UMNO supported the amendments. There were rumours that Musa, the Deputy Prime Minister, was not too keen about the amendments. It was rumoured that Razaleigh, the Finance Minister, who was a Kelantan prince, also felt that the amendments were not necessary. The Sultans were comfortable with these rumours as it was in their favour and hoped that the opposition from within the Cabinet would convince Mahathir to drop the controversial issues from the amendments.

The situation changed when UMNO branches declared their support for the amendments. The first of these declarations came from the Kuala Muda UMNO division in Kedah, Mahathir's own state. This division declared their support for Mahathir on the Amendment issue on October 28, 1983. This was followed by other branches in Kedah supporting the Government.

Another interesting development during this time was the fact that Tunku Abdul Rahman, the former Prime Minister, a prince himself and a strong critic of Mahathir, decided to support Mahathir on this controversial issue. He urged the Rulers to sign the Bill and urged the Government to wait for the Royal signature. This was seen as his way of supporting the Government on this issue.

The UMNO Wanita and UMNO Youth divisions declared their support for Mahathir and this was followed by a pledge by Anwar Ibrahim to support the Government on this issue. Anwar who was a respected and powerful leader of UMNO Youth also issued a statement that UMNO Youth had decided strongly to support the amendments. The Menteri Besar of all the states got together and decided to urge their respective Rulers to support the Government on this issue.

Mahathir meanwhile decided that he had to play an important role in convincing the people about the importance of the amendments. He was also annoyed about the rumours that he was to resign failing which he would be assassinated. He publicly denied that he had even contemplated resigning and declared that he would let the people decide if he should resign. He received the support of the people in the assemblies to carry on being a leader. Mahathir survived this crisis by gaining the support of the people through his usual public appeal. He appeared at a rally despite being warned that he would be shot at that particular rally. He dismissed this warning as a hoax and declared at the rally that Malays by nature were not people who assassinated their enemies. He also declared that he must thank his people for their support. This touched the hearts of many UMNO members and gained him further support.

Many attempts were made to resolve the crisis secretly. The press had been briefed about the sensitivity of the issue and the major newspapers had agreed not to highlight it at all. Unfortunately, the international press did not heed this warning and there were articles about the crisis in international newspapers and magazines.

The public was given an insight into the lives of the Sultans through rumours about the extravagance of the Sultans. The broadcasting stations also suddenly decided to screen old films which portrayed the Sultans as selfish. It was quite easy to create stories which sent negative messages about the lives of the Sultans. The idea was to impress upon the people that the Sultans had too much power and it was time these powers were curtailed. Mahathir always argued that these powers should be in the hands of the *rakyat*.

Tan Sri Abu Talib Othman, the Attorney-General, was consulted and in a letter to the Parliament, he suggested that the King had no right to refuse signing the Amendments. However, five days after this suggestion, Mahathir informed the Parliament that the Constitutional Amendment Bill had reached crisis levels and nothing had been resolved between him and the Rulers.

The next step was to gain more support from the other parties in the Barisan Nasional. The Malaysian Chinese Association (MCA) declared that it supports Mahathir in the Constitutional Amendments issue. By this time, UMNO Youth had lost its

patience with the Rulers and called upon Mahathir to go ahead and gazette the Bill. However, other members of UMNO proposed this view and Musa Hitam pacified UMNO Youth in a statement. This statement suggested that there was a solution in sight in the future. It was at this time too that state governments reaffirmed their support for Mahathir. The situation had become tense and this had affected the stock market and the business environment. Stocks fell and businessmen did not know what steps to take. As this was the first time in the history of Malaysia that there was direct confrontation of this kind between the Monarchy and the Government, people did not know how to react. Some panic had set in but the Prime Minister had the situation under control. He had decided to convene an UMNO Supreme Council meeting.

The Rulers at this stage realized that they did not have much of an option. Many divisions within UMNO were calling on the Government to gazette the Bill without the Rulers consent. The Attorney-General had stated that the Rulers consent was not necessary to gazette the Bill. If they decided to prolong the issue, their opinion would most probably be not valued. Mahathir was willing to compromise and this seemed to be the best way for both parties to settle this dispute without losing face. If a compromise was reached, it would seem that both parties were winners and would help to maintain relations between the parties concerned and the public masses.

Finally, on December 10, 1983, the Timbalan Yang di-Per-tuan Agong with the Sultans of Johor, Kedah, and Selangor held a meeting to discuss the compromise that could settle the Constitutional Amendments issue. What actually went on at that meeting is still not known. There were rumours that some of the Rulers present were not happy with the compromise formula. The outcome of the December 10 meeting was a new set of proposals put forward by the Rulers. The new proposals were very similar to the proposals put to the Sultans by UMNO. The King was now given up to sixty days to delay any piece of legislation compared to the previous fifteen days provided he gives reasons if he decided to delay signing any piece of legislation. The King was also given the power to proclaim an emergency but he now had to act on the advice of the Cabinet before proclaiming an emergency.

Events moved on quickly after the December 10, 1983 meeting. Mahathir met the Raja Muda of Perak on December 13, 1983 and reported that the Rulers had agreed in principle to the compromise formula. There was an urgency to solve the issue quickly as the Bill needed to be gazetted as it contained other issues of importance such as the new Parliamentary boundaries. The Election Commission had to work on the demarcation of the new boundaries and to be able to do this, the Bill had to be signed by the King. The King was briefed on this through a letter on December 14, 1983 and on the next day, the deputy King signed the Bill. This Bill was signed on the understanding that the King would have up to sixty days to delay signing the Bill and that he would still have the power to declare an emergency on the advice of the Cabinet. These changes would be made and the Bill would be presented to the Parliament again. It must be remembered that both these provisions actually meant a victory for Mahathir. The Cabinet normally acts on the advice of the Prime Minister and the King was to act on the advice of the Cabinet. Mahathir had made concessions in these issues but had survived the crisis well. He managed to obtain ninety per cent of what he wanted and had also established the fact he had the support of UMNO and the people. This was a major victory for Mahathir.

Mahathir argued that this crisis did not cause a split among the people but showed that the people were united in their thoughts. The support enjoyed by UMNO during this crisis showed that the people respected the present Government. The situation also seemed to impart the message that the country needs Rulers who were important traditionally but the day-to-day political machinery was still to be placed in the hands of the Government and the Prime Minister. The Sultans had realized that they were respected traditionally and their advice was to be sought on certain matters. It must be stressed that during the crisis, the media supported the Government and not the Royals, and this could have had an impact on the decision of the people. The Royals were also unusually preoccupied with their own affairs and this could greatly affect their people.

The Prime Minister had also given the Chief Ministers more powers with the Amendments to the Constitution. Verbally, the Sultans had agreed not to interfere with legislation in their respective states. Previously, Sultans had delayed certain legisla-

tion by refusing to give their assent to these Bills at their respective states. Such a situation would not recur with the verbal agreement.

The Chief Ministers could now carry out their duties without the interference of the State Rulers. This did not mean that the Rulers had lost their powers but that they had certain important roles in the States and they could carry out these roles more effectively. The Sultans had important roles as the leaders of religious and customary matters. This is a respected and important position among the Malays and the Sultans would certainly enjoy the respect of the people in their community.

The Constitutional crisis during Mahathir's first five months proved to be the first major crisis during his first three years as the Prime Minister. Many of his critics had been under the impression that this crisis would weaken him mentally and politically. Their criticisms were proven wrong as he managed to survive the crisis without any political erosion. In fact, he had stated often that the crisis brought the people together and in many ways garnered him more support. The critics' main concern was that the relationship shared between the Rulers and the Government would never ever be the same again and this could result in problems for the country. Mahathir proved them wrong with the subsequent events where he was seen to be very amicable with the King and the other Sultans. According to Mahathir, the crisis "proved that power is in the hands of the people." More importantly, it reflected Mahathir's firm but positive policy that the Government of the day should be given the right to decide the affairs of the nation which is an important cornerstone of democracy.

Mahathir also brought about a new dimension in his relationship with the Malay Rulers when UMNO succeeded in inducing most of the Malay Rulers to agree to a code of conduct in early 1992. This was to minimize their interference in the administration of the State, political matters and business. Mahathir clearly proved to be a prime minister who brooks no nonsense.

In December 1992, Mahathir proved his mettle once again when he took a firm stand on the alleged assault of Maktab Sultan Abu Bakar's hockey coach Douglas Gomez at the Istana Bukit Serene in Johor Baru by the Sultan of Johor. The alleged assault followed the forced pullout of the Maktab Sultan Abu Bakar team from the semi-finals of the Malaysian Hockey Federation-Milo

Champion Schools tournament on November 25, a few hours before the match was due to begin at Stadium Tun Razak in Kuala Lumpur.

The order for the withdrawal came from the director of Johor's Education Department, Abdul Rahim Busu, obviously on the express command of the Johor Palace. Earlier, Johor had pulled out from the Razak Cup and the Under-15 tournaments. The Sultan of Johor was irked by the action of the Malaysian Hockey Federation for suspending his son, Tengku Abdul Majid Idris, the Tengku Bendahara of Johor, from participating in all MHF-sanctioned tournaments for five years. The suspension was for assaulting Mohamed Jaafar Selvaraja Vello, the Perak hockey goalkeeper, after the Sukan Malaysia Games' hockey final between Johor and Perak on July 10, 1992 in Johor Baru.

As the coach of the college team, Gomez rightly called for the resignation of all Johor Hockey Association Principal office-bearers and criticized the leadership for "destroying hockey in the State." On his return to Johor Baru, he was summoned to Istana Bukit Serene and was "detained" in the palace for about four hours. Subsequently, he sought treatment in a private clinic for bruises on his face and stomach.

Mahathir and the entire Malaysian public were shocked at the treatment meted out to Gomez which brought Malaysia back into feudalistic times. Datuk Abdullah Ahmad Badawi reiterated that the interference by the Palace in sports humiliated and angered the people and threatened to undermine the relationship between the Palace and the *rakyat*. Mahathir made it very clear that the privileges accorded to the Rulers do not extend to "killing or beating" and that they were not beyond the purview of the law. He also played a key role in the Government's decision to remove the immunity of the Sultans for criminal offences. Mahathir's actions concerning this incident clearly illustrates his mettle as a firm leader with a compassion for the *rakyat*, thus earning him the respect of all citizens.

5

MAHATHIR'S NEXT CRISIS

THE resignation of Musa Hitam, the Deputy Prime Minister on February 26, 1986 proved to be the next major crisis for Mahathir Mohamad.

There had been rumours that the "2M" team was having problems and that Musa would resign but these rumours had always been denied by both of them. The fact that these rumours had been around for more than two years made them seem to be just that and nothing more. The resignation of Musa Hitam has had far reaching effects on the unity of the Malays and February 26, 1986 was just the beginning of many problems.

Musa's resignation was the main issue that was discussed by the 32 Supreme Council members during the meeting on March 1, 1986. Musa Hitam's supporters were shocked at his decision to resign and wanted him back. The meeting was clearly in Musa's favour until Mahathir produced a letter written by Musa in July 1984. This letter was Mahathir's trump card, his passport to gain some support from the Supreme Council.

The contents of the letter which was of significance to the members of the Supreme Council was the part where Musa threatened to resign effective from July 1985 if Mahathir did not remove Tengku Razaleigh Hamzah from the Cabinet. Tengku Razaleigh Hamzah was Musa's main rival within UMNO and Musa had contested twice against Razaleigh and had won both times. The contents of this letter worked in Mahathir's favour and

many who previously opposed Musa's resignation decided to support it after these revelations. The contents of the July 1984 letter made the contents of Musa's resignation letter and his resignation seem more like a political ploy.

The relationship between Mahathir and Musa seemed to be rather dynamic when it first began. They were always seen together and always supported each other's policies. Later, there was a rift between them and Musa made some statements in which he criticized some of Mahathir's policies. Musa later denied having made these statements which were in connection with the national car project.

Musa was unhappy that he had to contest Razaleigh for the post of Deputy President in 1981 and then again in 1984. Contesting in an election is rather costly and Musa was said to have lost financially because of the election contest. Razaleigh, on the other hand, was financially well-off and would have had no problems with the cost of financing an election campaign. After having the election in 1984, Musa had wanted Razaleigh to be dropped from the Cabinet and the party but this was not done. This would mean that Musa would have to contest Razaleigh again in 1987 and this was exactly what he did not want to do and could not afford to do. In his resignation letter to Mahathir, Musa mentioned "money politics" as one of the reasons for his resignation and he could have been referring to the financial burden of another election which he could not afford.

Mahathir had given Musa his full support during both the contests and this had been attributed as the main reason for Musa's victory. But concerning the matter of removing Razaleigh from the Cabinet, Mahathir had decided that keeping Razaleigh would be of benefit. The reasons for this action were many. Keeping Razaleigh within the party and the Cabinet would ensure that Razaleigh's supporters would be with the party. Razaleigh enjoyed the support of Kelantan and losing Razaleigh would probably mean losing Kelantan in the next general election. That was something Mahathir did not want. Having Razaleigh in the Cabinet would also ensure that Musa's moves would be watched always. There would be a balance of power between Musa and Razaleigh and this would ensure that Mahathir would not be challenged. Keeping Razaleigh within the party also meant that Mahathir would have the support of Razaleigh in case there was a

challenge from Musa for the party's number one post. Razaleigh was relieved of his post as party treasurer but was made Minister for Trade and Industry. Musa had wanted Razaleigh relieved from both party posts and Cabinet positions. Mahathir had only stuck to half the bargain and although Razaleigh was not UMNO's treasurer, he still had a position as Minister in the Cabinet.

When Musa resigned, Razaleigh's supporters were divided in their opinion as to what would happen in the future. Some supporters felt that Musa and Razaleigh could not work together to topple Mahathir. There were others who felt that with Musa away from the scene, Razaleigh would automatically become the second most important person in the country.

The immediate task of the Supreme Council's meeting on March 1, 1986 was to consider the options the party had in relation to Musa's resignation. One option was to select another person to replace Musa. The other option was to persuade Musa to return and to continue as the Deputy Prime Minister. The second option was decided and a delegation led by Terengganu Chief Minister Wan Mokhtar Ahmad, including Najib Tun Razak and Ajib Ahmad. Ajib was a strong Musa supporter and Najib had self-interests as he was afraid that with Musa away, Anwar Ibrahim, the rising star in UMNO, may fill the vacuum.

The delegation which left for London with the mission of securing Musa's return to politics had not considered many factors. What the delegation seemed to have forgotten was that Mahathir himself had not given his full support to this delegation. Mahathir had produced evidence to discredit Musa at the Supreme Council meeting and it would be a very difficult task for them to work together as a team. The other important aspect of the whole scenario was Musa's letter where he made many allegations about the party leadership. The other question concerns Razaleigh. Razaleigh was still a member of the Cabinet and Musa would have to contest him in the UMNO elections. There had been no compromise reached by either Mahathir or UMNO on this issue and it would make it rather difficult for the supporters of both Mahathir and Musa to work together. Some supporters of Razaleigh supported Mahathir and Mahathir would lose their support if he decided to bring Musa into the Cabinet after having produced evidence that Musa had wanted Razaleigh out of the Cabinet.

Considering all the above factors, Musa's decision after meeting with the delegation was not surprising. He informed the members of the delegation that he would remain as deputy president of the party but would not retract his resignation as the Deputy Prime Minister.

The problems between Musa and Mahathir were attributed to many minor incidents. Musa had always wanted his supporters to occupy key positions within the party and the Cabinet. He wanted Abdullah Badawi to take over the position of Deputy Home Affairs Minister. Unfortunately for Musa, Mahathir decided to keep Abdullah Badawi as the Minister of Education. Furthermore, Daim Zainuddin, Mahathir's close friend, was appointed Minister of Finance. Daim was a replacement for Razaleigh who had become the Minister for Trade and Industry. Mahathir also appointed Sanusi Junid as the Secretary-General of UMNO.

Musa was not very happy with the positions of both Daim and Sanusi. For some reason, Musa believed that it was Sanusi who had influenced Razaleigh in his contest against Musa. Sanusi also enjoyed the support of Malays in the rural areas. The Malays in the rural areas played an important role within the party and Sanusi could influence these people to destabilize Musa's position. Musa's supporters also alleged that they had no influence over the running of the party headquarters. The blame for this allegation lay on Sanusi and Kamarulzaman Bahadon. Kamarulzaman was the party's Executive Secretary and with Sanusi had complete control over the affairs of the party headquarters. The Secretary-General and Executive Secretary had always had control over party headquarters but the previous people who held these positions were people who had support from all members of the party. In this case, Musa's supporters felt that Sanusi and Bahadon were trying hard to keep all of Musa's supporters away from the party.

Musa made the mistake of openly supporting some members of the party and making it clear to everyone that he would favour his supporters when he become the Prime Minister. Many members of the party who were senior to the members supported by Musa took objection and Musa lost the support of some senior members. Despite that, Musa had the strong support of the delegates from Johor and this prompted him to be content. Musa was also not comfortable with the positions of Daim and Sanusi.

Daim was becoming very powerful within the party as party treasurer and within the Cabinet as finance minister. Daim, one of Malaysia's best finance minister, was brought into the Cabinet by Mahathir and was strongly supported by the Prime Minister. Sanusi was a close friend and strong supporter of Mahathir. If there were problems between Mahathir and Musa, Musa knew that Sanusi and Daim would support Mahathir. This would weaken the support for Musa from within the party. The younger leaders in the party would also not support Musa because he had openly declared that he would make Abdullah Badawi his deputy if he becomes the Prime Minister. In a way, Mahathir had already won the battle against Musa due to Musa's weaknesses in gaining support.

Sanusi was defeated in the 1984 UMNO elections. It was believed that Musa had been the cause for this defeat. This was unfortunate because in 1981, Sanusi had played an important role in gaining support for Musa when Musa contested against Razaleigh. Sanusi was supported by Mahathir in the 1984 elections. As Musa was believed to have played a significant role in Sanusi's defeat, it meant another issue of disagreement between Mahathir and Musa. Mahathir never acknowledged that there were problems between himself and Musa. Often Musa's absence was justified by Mahathir as normal and he dismissed rumours that there were problems between himself and Musa. Mahathir had full confidence in Musa and trusted him as he was always appointed the acting Prime Minister whenever Mahathir went overseas. Mahathir lost some of his credibility when he openly declared on the day Musa resigned that there were no problems between him and Musa. His denial was published as the headline, but the very next day Musa's resignation made the headline.

Musa also made statements which were rather surprising and did not seem to make much sense. When he visited Tokyo, he told reporters that he would probably be the only Deputy Prime Minister who may not become the Prime Minister. It seemed that Musa wanted people to know that he did not agree with the leadership whereas Mahathir wanted people to know that there were no problems between his deputy and him. It became apparent to the nation that there were problems between the two leaders but the constant denial of any rift by the Prime Minister created some doubts if these problems were serious.

The contests between Musa and Razaleigh also had a bearing on creating two camps within UMNO. Everyone was characterized as either being Musa's supporter or Razaleigh's supporter. This created problems as there was constant opposition within the party. Any opposition within a party creates tension and the party's progress was thus hindered. All decisions were based on the camp which was involved and positions at divisional levels were filled by members loyal to certain camps. There was disharmony within UMNO because of Musa and Razaleigh.

Mahathir, in his speech before the UMNO General Assembly in 1985, stated that the loyalty of some members of the Supreme Council were questionable. He further stated that members of the Supreme Council should state their own loyalty to the leadership and that there were people among them who wanted to split the party. Many members had felt that Mahathir was referring to the division between Musa and Razaleigh's supporters. However, there were some members who felt that Mahathir was referring to someone else who was seen as a direct threat to the Prime Minister himself. In Musa's resignation letter, he states that he had never felt that the Prime Minister had ever doubted his loyalty. Nevertheless, Musa had pledged his loyalty towards the leadership during his speech at the General Assembly. Later, Musa declared that he realized that the Prime Minister could have been referring to him when he talked about the threat to the leadership. Musa's supporters claim that Musa had been deeply affected by the allegation that he had planned to take over the leadership of the country through improper means.

According to some of his supporters, the other fear that Musa had was that there were members within the UMNO Youth Wing who supported Mahathir blindly and wanted to finish Musa off. The rumours which were circulating then indicated that these supporters were always present when Mahathir gave speeches but boomed when Musa gave speeches. These ill-founded rumours were denied by members of UMNO Youth who acknowledged that there was an elite group which supported the leadership but this group was not a "hit squad". However, Musa seemed to have got the impression that this group was devoted to Mahathir and that they would do anything to keep Mahathir happy. He also seemed to think that this group wanted to finish off his political career.

An interesting observation about the "elite group" within UMNO Youth was that there were members in the group who were Musa's supporters. These members felt that Musa's fears were unfounded as there was really no ploy to overthrow Musa. The "elite group" argued that Musa was using them as an excuse to strengthen his reasons for resigning.

One of the incidents where Musa was present was the "Memali Incident" in November 1985. A group of radical Muslims at Kampung Memali in Baling, Kedah clashed with the police. Kedah is Mahathir's homestate but unfortunately Mahathir had to visit China on the day of this incident. This being the case, Musa as Minister for Home Affairs and as the Deputy Prime Minister had to act quickly to diffuse the situation in Kampung Memali. What followed was a clash between the police and the fanatics which resulted in the death of four policemen and fourteen fanatics. There have been various versions of what actually took place but the incident was rather disturbing as Malay security forces were engaged in a fight with Malays. This made the incident very delicate especially with the involvement of women and children. The security forces were blamed for being insensitive and not having considered the children and women who were in the premises.

Musa had been in charge at that time and this made him the person responsible and he was criticized for the way he handled the situation. In instances like these, it is really difficult to hold one person responsible, but public perceptions differ and the public easily blames someone for such incidents. The problem arose when it was alleged that Mahathir himself was unhappy over the handling of this incident. Mahathir had to take special interest in these incidents as Kedah was his homestate and the situation was delicate as all those who were killed were Muslims. Blaming Musa for the incident could have been a political ploy to gain support, but Musa was unhappy over Mahathir's stand on this matter. The entire Government was afraid of the implications of this incident. Mahathir did not publicly defend Musa's actions and this in itself was seen as a letdown for Musa. This too was seen as another reason for the split between the two.

Musa had also proved his capabilities when Barisan Nasional suffered a defeat in the Sabah elections in April 1985. Mahathir had pledged his full support for Berjaya, the party which lost the

election to Datuk Pairin Kitingan's Parti Bersatu Sabah (PBS) in 1985. When Berjaya lost the election, the party decided to form a coalition with USNO and form the state government. Mahathir was away when this occurred and it was Musa who was consulted to endorse this coalition. Musa refused to endorse this coalition but Tun Mustapha Harun nevertheless decided to induce the state Governor to swear him in as the Chief Minister. This resulted in statements from Musa recognizing Datuk Pairin as the legitimate Chief Minister and denouncing Tun Mustapha as a Chief Minister. Musa's recognition of Pairin meant that the Barisan recognized Pairin as the Chief Minister. Musa also stated that he respected the people's wishes and as the people had voted in favour of PBS, Pairin should be the Chief Minister.

The entire incident took place when Mahathir was away and Musa was acting in his capacity. Musa had proved that he could make major decisions without having to rely on the Prime Minister. Some of Mahathir's supporters felt that Musa had acted on his own without consulting others in the Sabah incident. Musa did not have much time to consult anyone but party members felt that important decisions had been made without consultation. This incident was another contributing factor towards the rift between Mahathir and Musa.

The above factors all contributed towards Musa's decision to resign. Some statements made by Musa during and after his leadership seem to suggest that he wanted to become Prime Minister instantly and was not prepared to wait for a long time before realizing his ambitions. It was these statements and Musa's letters asking Razaleigh to be removed from the party which helped Mahathir to survive the Musa crisis. Mahathir had the foresight to see that Musa would be a threat to him someday and had always been ready to react quickly and effectively when Musa posed to be a threat to him.

Musa's action after his resignation was also interesting and worked in Mahathir's favour. In 1988, Musa in an interview with foreign journalists in Hong Kong, stated that Malaysia was in a mess politically and Mahathir would call for snap elections. He also stated that Mahathir felt that he would lose the election, he would declare an emergency and the country would be run with the emergency in place. This statement was given wide coverage

in the international press. It would most probably have had some damaging effects on the international perceptions of Malaysia.

Musa was undecided on whom to support. In his haste, he supported Shahrir Samad against Barisan Nasional in a by-election. Shahrir won the election but he was supported by the DAP and Tengku Razaleigh. This being the case, Musa had actually worked with Tengku Razaleigh against Mahathir. In another by-election in Parit Raja, the candidate Musa supported against the Barisan lost. The Ampang Jaya by-election was interesting as Harun Idris was contesting against the Barisan and Musa made an appearance on nomination day without backing any candidate. In this election, Shahrir was Harun's strongest supporter. As Musa did not support anyone in this election, it can be interpreted that Musa and Shahrir were falling apart. Harun Idris lost this election and Musa then decided to join UMNO Baru. By joining UMNO Baru, Musa had decided that he could achieve his ambitions only through UMNO and with Mahathir's support. He justified his change of opinion in joining UMNO Baru by stating that Mahathir had agreed to accept all former members of UMNO into UMNO Baru. He also felt strongly that he would be helping Malay unity by joining UMNO Baru.

The current events within UMNO and the acceptance of various Government posts by Musa indicate that Musa may one day return as a leader of Barisan Nasional. Mahathir seems to have forgiven Musa and stated that Musa's current position is equal to that of a minister. Many of UMNO's current problems were caused by Musa's resignation in 1986 and his return could patch up some of the problems.

Mahathir, being an astute politician, managed to survive the Musa crisis rather well and gained support through the way he handled the issues. The job was made easier through Musa's own statements but nevertheless, Mahathir knew how to use the statements to his benefit. Malay unity is seen to be of utmost importance by Mahathir and he is willing to compromise if the compromise is beneficial towards uniting the Malays.

6

A RIFT BETWEEN THE JUDICIARY AND THE EXECUTIVE

MALAYSIA saw a rift between the Judiciary and the Executive for the very first time in 1988. Mahathir was held responsible for this rift. The rift between the Executive and the Judiciary was not just an internal affair as many international organizations kept a watchful eye over the events which finally led to the clash and the sacking of the Lord President.

To be able to understand the events, one must be familiar with the judicial system in Malaysia. The Malaysian judicial system is a replica of the English judicial system with a few differences. Since 1985, the system has become completely independent as appeals to the Privy Council in London were abolished once and for all. The Supreme Court became the final arbiter of legal disputes in Malaysia. The Lord President is the head of the judicial system in Malaysia.

British-trained professionals usually held high positions within the Judiciary. Mahathir had hinted that Malaysia should strive to have its own set of common law as there were many cultural differences between Malaysia and Great Britain. Malaysia should therefore not rely too heavily on British common law. He had also wanted the judges to be able to interpret constitutionally written laws rather than work on a system where parliamentary supremacy prevailed. Mahathir had been very supportive of the

Judiciary and in November 1985 had praised the judges for being highly honest and competent. It was therefore rather surprising when the rift took place between the Lord President and the Executive.

Mahathir's problems with the Judiciary began with the Berthelsen case. In this case, the Government had revoked the work permits of two *Asian Wall Street Journal* correspondents, John Berthelsen and Raphael Pura. This was in response to the articles written about the business dealings of the Finance Minister and Malaysia's attempt to conquer the world tin market.

Berthelsen filed a suit against the Director-General of Immigration to prevent his deportation. The High Court upheld the cancellation of Berthelsen's work permit but on appeal to the Supreme Court, Berthelsen won the case. The Supreme Court decision was made by Lord President Tun Salleh Abas, Judge Tan Sri Eusoff Abdoolcader, and Judge Mohammed Azmi. The Supreme Court's decision displeased Mahathir.

Mahathir responded by making public statements against the decision of the Supreme Court. In an interesting exercise, Lim Kit Siang of the opposition Democratic Action Party (DAP) brought the Prime Minister to court in relation to his statements on the Supreme Court action. Both the High Court and the Supreme Court ruled in favour of Mahathir citing that the Prime Minister's statement did not amount to contempt of court but based on a misunderstanding of the workings of the Judiciary.

There was then a series of other court actions which displeased the Prime Minister. The Judiciary and the Government seemed to be locked in a struggle. The independence of the Judiciary was demonstrated in a series of court cases which were decided against the Government and people in positions of power.

In November 1986, Aliran, a social reform group which was critical of the Government, applied for a permit to publish a magazine in Bahasa Malaysia, Malaysia's national language. The application was rejected by the Home Minister, who was also the Prime Minister, in April 1987. The application came under the jurisdiction of the Printing Presses Act and the minister was given "absolute discretion" under this Act to reject any application. However, on application to the High Court, Justice Harun Hashim overturned the decision of the Home Minister and

granted the permit. Justice Harun remarked that under "judicial review" he had the right to reject the decision of the Home Minister. What followed was an appeal of this decision by the Home Minister in late 1989. Although the case was finally decided in favour of the Government, it had an effect on the relationship between Mahathir and the Judiciary.

The Secretary-General of the Democratic Action Party, Malaysia's leading opposition party, brought a suit against United Engineers Malaysia (UEM), a company owned by a holding company controlled by UMNO. UEM had been awarded the contract to build the North-South Highway which cost US\$1.34 billion. As the contract had been awarded by the Government, it was alleged that there was conflict of interest as UEM was connected with UMNO. The Prime Minister and other Cabinet members were trustees of the holding company when the contract was awarded. The Penang High Court dismissed the action filed by the DAP but the Supreme Court reversed this decision. UEM appealed to the Kuala Lumpur High Court and this appeal was dismissed. On further appeal to the Supreme Court, the final decision was in favour of UEM. This was because the Secretary-General of the DAP had no judicial standing. Thus, UEM was allowed to enter into a contract with the Government after this decision, a decision which had taken ten months to settle. The court had frustrated the Government's attempt to enter into a contract thus costing the Government time and money. Furthermore, the case had cost the Government a lot of unfavourable publicity. The image of the Government had been affected by the court's actions which had taken ten months. If all the courts had decided in favour of UEM, it would have been in the Government's favour. Even the final decision was based on the question of "judicial standing" and had not settled the question of conflict of interest. The Government had won the case but had lost in terms of credibility and image.

Justice Harun, in another case, also ruled against the Government. This was pertaining to the petition of Raja Khalid, who had been detained under the Internal Security Act (ISA). Justice Harun ordered that Raja Khalid be released as there seemed to be no credible evidence against him. The Government appealed to the Supreme Court but the court upheld the decision of the High Court. However, Lord President Tun Salleh Abas

reiterated that in the case of ISA arrests, the officer need not disclose the reasons for arrest. But if the officer disclosed reasons, it was in the interest of the courts to review the decisions as in the case of Raja Khalid. This meant that if reasons were disclosed by the arresting officer, there was room for judicial review of ISA cases. Judicial review of ISA cases was not appreciated by the Government and the situation became even more intense following the release of Karpal Singh, who was an ISA detainee.

Karpal Singh, the Deputy Chairman of the DAP, was arrested on October 27, 1987 under the ISA. His arrest was during the "Operasi Lalang" where the Government went about arresting many members of the opposition under the ISA. Karpal filed a petition for his release to the High Court. Justice Peh Swee Chin ordered Karpal's release on March 9, 1988 after an eight-day trial. The release was due to factual errors in the sixth charge against Karpal. Karpal left for home but was rearrested nine hours later. Mahathir, in his capacity as the Home Minister, stated that Karpal still had five other charges to face. Karpal appealed against his arrest to the Supreme Court. The release of Karpal was another blow to the Government and could lead to appeals by others arrested under the ISA. Judicial review of ISA cases seemed to be a threat to the smooth functioning of the Act. The role of the ISA was affected by these reviews and it seemed rather pointless to have the Act in place if detainees could have access to the courts. Various technical reasons could affect the court's decisions and result in the release of people detained under the ISA. Someone who was a threat to national security could continue being a threat simply because of an oversight by the arresting officer.

The court decision that affected UMNO and resulted in UMNO becoming deregistered also had an impact on the Prime Minister's relationship with the Judiciary. Eleven members of UMNO filed a law suit against the UMNO Secretary-General and the secretaries of several divisions. Their claim was that since many divisions were improperly registered, the April 1987 party elections should be declared null and void. Registration of societies is governed by the Societies Act and the eleven claimed that the divisions were improperly registered under this Act.

Justice Harun Hashim of the High Court found that there were divisions which were illegal at the time of the April 1987 elections. He declared that UMNO itself was illegal under the

Societies Act and thus UMNO had to be reconstituted. This decision created many problems for the leadership and Mahathir was displeased with the repercussions that resulted from this decision.

What Mahathir did was to simply amend the laws in question which were frustrating the Government. December 3, 1987 saw the introduction of an amendment to the Printing Presses and Publications Act of 1984. The amendment vested more power to the Home Minister who had the absolute discretion to reject a request and cancel a permit. This would ensure that there would be no problems when the minister ordered the cancellation of a permit or a license. The Berthelsen and the Aliran cases would not be repeated as they would have no more power to hear disputes regarding the cancellation of permits or licenses. On March 15, 1988, Mahathir introduced various amendments to articles 121 and 145 of the Malaysian Constitution. The amendments to article 121 of the Constitution made the High Court subject to federal law instead of the Constitution. This provides more power to the Parliament as it could enact laws which would prevent judicial review. As the courts were now governed by the Parliament and not the Constitution, laws enacted to prevent judicial reviews would be intact.

Amendments to article 145 provided more power to the Attorney-General through Parliament. With the amendment, Parliament could enact laws to give the Attorney-General power to transfer cases from one court to another. The Attorney-General could also decide which court to hear a case and also which judge to try a case. The Attorney-General also had the power to move cases which were partly heard from one court to another. This amendment actually provided more power to the Government through the Attorney-General. As Attorney-Generals are appointed by the Government, they would logically be loyal to their Prime Minister and the Government.

The amendments to these articles prompted criticisms from judges, lawyers, and the opposition parties. The arguments put forward by these groups were in relation to the independence of the Judiciary. They argued that by limiting judicial review and providing more power to the Attorney-General, the independence of the Judiciary had been sacrificed. The amendments were criticized as providing more power to the Cabinet members.

This in reality meant more power to the Prime Minister as he was the chief of the Cabinet.

Mahathir had decided that he was not going to give in to the demands of the judges and others who criticized the amendments. The proposals to review the Constitution had been in the air for some time. Sultan Azlan Shah, who himself had been the Lord President once, had suggested that it was time the Constitution be reviewed as it had been in place for more than thirty years. There had been many changes in the past thirty years and changes in the Constitution should therefore take these into consideration. The opposition parties had also asked that changes be made to the Constitution to provide for the changing structure of the society. These groups had self-interest in mind as they wanted the changes to benefit their supporters. All those who suggested that changes be made to the Constitution must have realized that changes can only be made through the politicians. Politicians would definitely consider their self-interests when making these changes. Being a politician, Mahathir took into consideration his interests as the chief executive in respect to the balance of power between the Judiciary and the Executive. More significantly, the amendments would ascertain that Government business would not be frustrated through the interpretation of events by a judge. Judges were employed to be judges and these amendments would make the judges lose some of their power as they would now be required only to interpret the law directly.

There were other events which acted as catalysts causing further rift between Mahathir and the Judiciary. Justice Harun Hashim, a High Court judge, suggested that there should be amendments to the Constitution to enable senators to be elected rather than appointed. This angered the Prime Minister and he made many statements which criticized judges for interfering with the political process. Mahathir declared that judges should not interfere with the political process and called on the Lord President to advise judges not to get themselves involved in political affairs. Justice Harun was also responsible for the case where he overruled the decision of the Home Minister to reject an application for a publishing license. Later, Justice Harun was transferred from the Appellate Division to the Commercial Division. This relieved him for hearing cases of public interest. With this transfer, the judge who ruled against the Government in the UEM case

was also transferred. The Prime Minister was still unhappy about the state of the Judiciary and made statements which indicated that he would like to see more changes within the structure of the Judiciary. He declared that he was unhappy as there were certain judges who would always rule against the Government and this would make the court system seem rather unfair.

The relationship between the Attorney-General and the Lord President eroded when the Attorney-General commented that judges should not decide cases against the Government just to be seen as independent. The Lord President was unhappy that the Attorney-General was taking sides. He declared that judges knew what their duties were and were very responsible towards their functions. The statement by the Attorney-General questioned the independence of the judges' decisions and made the judicial system seem unfair. If judges had already decided the outcome of cases before hearing them, it would seem pointless to have a judicial system at all.

Tun Salleh Abas, the Lord President, had not made many comments on the Prime Minister's statements. However, he had summoned a conference of judges to discuss the Prime Minister's statements over the Judiciary. Tun Salleh called this meeting after having received letters from judges who claimed that they could not work easily after constant attacks on the role of the judges by the Prime Minister. The judges were particularly concerned after Mahathir criticized the Judiciary in Parliament on March 17, 1988. Tun Salleh wrote a letter to the King and each of the Rulers stating the concern of the judges about the Prime Minister's attacks on the Judiciary.

This particular letter caused many problems for Tun Salleh. He was summoned to the office of the Prime Minister on May 27, 1988. It was a high level meeting between the leader of the Executive and the head of the Judiciary. What happened during this meeting is still vague but Tun Salleh received a letter from the Government that same day suspending him from his duties as Lord President. The letter stated that there would be a tribunal set up to investigate the charges against him. Tun Salleh indicated that Mahathir had discussed the UMNO cases at the meeting but Mahathir denied that anything concerning UMNO was ever mentioned. Mahathir says that he just informed Tun Salleh that the King had taken objection to Tun Salleh's letter to the Rulers. The

King wanted Tun Salleh to be removed and Mahathir had no choice but to convey this message to Tun Salleh. Tun Salleh had two choices, though, either to resign or face a tribunal.

Tun Salleh expressed surprise that the King had taken objection to his letter. According to Tun Salleh, judges were appointed with the consent and approval of the King. He also stressed that although the letter was written and signed by him, it had been written with the consent of all the Kuala Lumpur judges. Tun Salleh also insisted that the Prime Minister had made comments about the UMNO case during the meeting. According to Tun Salleh, Mahathir had told him that it would be best if he retired quietly. He further stated in various public interviews that the Prime Minister had offered him the "necessary privileges" should he decide to resign.

Tun Salleh also had a visit from the Attorney-General on May 28, 1988. The purpose of this visit according to Tun Salleh was to convince him that he should retire early as it would be in the best interest of his family and all others concerned. A letter was drafted agreeing to early retirement and sent to the Prime Minister that very morning. A letter accepting the resignation was received by Tun Salleh the same day. However, Tun Salleh decided to withdraw his offer of resignation the next day. On May 31, 1988, an official announcement was made on the suspension of the Lord President and the appointment of a tribunal to try him.

The Prime Minister requested the King to set up a tribunal to hear the allegations against the Lord President. Upon this request, the King appointed a six-man tribunal to investigate the charges against Tun Salleh. As Tun Salleh was the most senior judge in the country, it was a very difficult task to appoint a tribunal that would comprise members equal to Tun Salleh's standing. Any composition of currently employed judges would seem rather unfair as they would have vested interests in the matter. What made the composition of the tribunal subject to criticism was the inclusion of Tan Sri Hamid Omar, the Chief Justice of Malaya, as if were Tun Salleh to be removed, Omar would most probably become the Lord President. The members of the tribunal with one exception were all of junior ranking to the Lord President. These factors made the tribunal come under severe criticism. In reality though, there was not much choice in deter-

mining the composition of the tribunal given the lack of senior judges and Mahathir's strong stand on the issue. The reality of the situation made the composition of the tribunal acceptable and not very surprising.

Tun Salleh made some public statements that he was unhappy with the composition of the tribunal. He wanted to be tried by people who were his peers and equal in ranking with him. He also stated that he would like to have a public hearing. What had been decided by the Government was ultimate and no changes were to be made to the tribunal. The people involved, including Tan Sri Hamid, stated that they had a duty to perform and that they had no choice but to carry out the wishes of the King. Many international organizations of lawyers appealed to the Government to review Tun Salleh's tribunal and to appoint another fairly composed tribunal. The Prime Minister emphasized that it would be practically impossible to appoint a tribunal where its members had no vested interests. He also stated that he hoped that the tribunal would conduct its hearing fairly and not take personal interests into consideration. In fact, judges are appointed on the basis that they treat all cases equally and they should never ever consider personal interests in any instance. Therefore, this being the nature of their job, they should be able to conduct the tribunal fairly and squarely.

There were five allegations altogether against Tun Salleh. The first two allegations were in relation to the speeches he made on August 1, 1987 and January 12, 1988. In these speeches, he is believed to have criticized the Government and showed complete bias against it. Tun Salleh is alleged to have made statements which made the Government seem unfair to the Judiciary and this would in turn affect the judges who carried out their roles. The other allegation is in relation to the letter written by Tun Salleh to the King and the other Rulers. In this letter, Tun Salleh is seen to have admitted that he was not in a state of mind to carry out his duties carefully. The letter was also said to represent only the thoughts of certain judges and not all the judges in Malaysia. Other charges were in relation to events which occurred after Tun Salleh's suspension and based on interviews with the press. The fact that Tun Salleh wrote a letter stating that he would retire and then retracted this letter soon afterwards is also used against him; he is seen as unable to make firm decisions.

Although some of these allegations were seen to be true, it must be remembered that what was being questioned was actually the interpretation of the events. Seen through the eyes of the Government, these charges seemed serious enough to warrant the removal of the Lord President. Some other organizations held the view that even if these allegations were true, they were still not serious enough to dismiss the Lord President. Looking back at what the Government had suggested earlier with regard to the cultural differences between Malaysia and other nations, this could be construed as an example of how different societies view similar events differently. Malaysia had taken a serious view of these charges and had thus decided to try the Lord President due to this fact.

The above situation is seen to be intense and critical to ensure the smooth functioning of the Judiciary. Events which took place after the appointment of the tribunal is even more intense and critical. Tun Salleh applied for an order prohibiting the tribunal to sit as one. The legality of the appointment of the tribunal was in question and had to be settled before it could perform its functions. The question was with regard to the technicalities involved in the appointment of the tribunal. The Constitution states that a tribunal can only be set up by the King on the advice of the Prime Minister. The Prime Minister and Tun Salleh had made many statements in the press which confused the public on matters regarding the setting up of the tribunal. The main question was: On whose advice had the tribunal been set up? Tun Salleh had taken up this matter to the High Court. On the evidence produced by the Attorney-General, the application was turned down by the High Court. Tun Salleh's counsel had wanted a temporary order prohibiting the tribunal from making recommendations to the King but this had been turned down by the High Court. However, Tun Salleh's counsel appeared before the Supreme Court and his case was heard by five judges. An interim stay on the tribunal's proceeding was requested by and granted to Tun Salleh's counsel. This was a decision which the Government did not expect. In fact, the Government did not even know that the five judges were at the Supreme Court hearing this case until it was too late.

These five Supreme Court judges were heavily criticized for their action by Tan Sri Hamid, the acting Lord President. As two

of the five judges were supposed to be in Kelantan, it was obvious that the action of the five judges had been planned in advance. Tan Sri Hamid also advised the King to suspend the five judges.

The suspension of the five Supreme Court judges meant that the Supreme Court was now left with only four judges. This would cripple most hearings in that court. What is even more interesting is the fact that Tun Salleh's case would come up for hearing at the Supreme Court. The four remaining judges would not be able to hear the case as two of them happened to be interested parties; they were members of the tribunal. Even if it was decided that the minimum number of judges required to hear a Supreme Court case would be sufficient to hear Tun Salleh's case, there would still be problems. This was because the minimum number of judges required to hear any Supreme Court case was three.

The Bar Council surprisingly held together and decided to send an appeal to the Rulers to interfere and resolve the crisis facing the Judiciary. It also seemed that Tan Sri Hamid had no support from the Bar and they were preparing contempt proceedings against Tan Sri Hamid. Malaysian members of the Inns of Court, Lincoln Inn where Tan Sri Hamid obtained his qualifications were also preparing to request the Inn to disqualify Tan Sri Hamid from its Rolls.

Mahathir was not indicated as an interested party by anyone at this stage. Whatever that was happening was seen as a confrontation within the Judiciary. The acting Lord President had the power to appoint temporary judges to sit in the Supreme Court. He appointed three judges from the High Court to hear Tun Salleh's appeal. The appeal was considered and the judges decided that the tribunal should continue its functions as it had only an investigatory role. The decision was not made by the tribunal; the tribunal only reported its findings to the King.

The tribunal sent a report to the King on July 31, 1988. The decision to either remove or reinstate Tun Salleh was to be made by the King. It was announced on August 6, 1988 that the King had decided to remove Tun Salleh from his position as the Lord President. However, Tun Salleh would still receive his pension.

The matter did not end here as there was still the case of the five suspended judges. Six judges were appointed to a second tribunal to try the fate of these five judges. The second tribunal

made recommendations that three of the five judges be reinstated. Two of the judges who did not present themselves at the scheduled hearing in Kelantan were to be dismissed. The result of this tribunal was surprising as it was expected that there would be more severe action taken against these judges. There were some observations made that two of the three judges reinstated were due to retire in a year's time and that would be reason enough to reinstate him. On October 4, 1988, it was announced that the King had accepted the recommendations of the tribunal. The crisis of the Judiciary was thus over.

Mahathir had again survived another major crisis. He emerged a winner as he had managed to maintain his stand throughout the crisis. There were many international organizations which put a lot of pressure on him to review the action of the tribunal but Mahathir stood firm on the decisions that had been made. He had also followed the procedures for removing the judges as provided for in the Constitution. There had been no breaches of conduct during the hearings. There were also judges from other countries who had sat with the local judges at the tribunal. All in all, it seemed a fair trial. The other factor which helped Mahathir was the fact that the tribunal was selected by the King. Furthermore, the tribunal reported to the King and it was the King himself who finally made the decision.

Mahathir had also managed to solve the problems between the Executive and the Judiciary. Things would most probably return to normal and there would no longer be any misunderstanding between the Judiciary and the Executive. The Judiciary would be allowed to continue existing independently as those who were accused of being bias had been removed. Malaysians had also in the past forgotten incidents which had seemed crucial at the time at which they occurred. The same would happen with these incidents. In fact, it can be seen today that people within the Judiciary who had been in the forefront protesting against the appointment of Tan Sri Hamid as the Lord President in 1988 seems to have forgotten their stand. The Judiciary is now working well and there have been no further criticisms from lawyers about the functioning of the Judiciary. The outcome of the crisis was in the form of a victory for Mahathir. He managed to achieve his ambitions without experiencing a major dent to his image.

7

MAHATHIR'S GREATEST CHALLENGE IN HIS POLITICAL CAREER

THE normal political climate in Malaysia sees the Government, especially the Prime Minister, being held responsible for all the country's problems by the opposition parties. In 1987, the country was still battling an economic recession and the opposition parties were as usual blaming Mahathir and his Government for the economic upheavals. What was different this time was the fact that some factions within the Government and UMNO were also blaming Mahathir for the economic downturn.

Moreover, the proliferation of public scandals which had eroded public confidence in the Government did not help in creating a good image for Mahathir. There were accusations that ministers close to the Prime Minister were gaining favours and getting ahead. Many of Mahathir's close associates were alleged to be running the Government without consulting other members of the Cabinet. There were also allegations, especially by the Opposition, that Mahathir had taken on too many expensive projects such as the Dayabumi Complex and the Penang Bridge and that the contract for the Dayabumi Complex project had been awarded to a company operated by Mahathir's sister-in-law.

The scandals became public knowledge mainly through the opposition Democratic Action Party (DAP) but it was used as a tool by Mahathir's opponents within UMNO. The *exposé* of the

scandals in Parliament by the opposition helped to strengthen the creation of divisions within UMNO. Musa's resignation had started the creation of these divisions and the economic conditions with the scandals strengthened the powers of the divisions.

The most powerful of these divisions was the Musa-Razaleigh camp. It was ironical that Musa and Razaleigh had decided to work together to topple Mahathir. One main reason for Musa's resignation from the post of Deputy Prime Minister was because he had to constantly meet Razaleigh's challenge at party Deputy President level. The theory about having a common enemy seems to have been effected here. As both Musa and Razaleigh regarded Mahathir as their main competition and rival, they had decided to work together and try to defeat him in the party elections.

The Musa-Razaleigh faction had decided that one way to gain the support of the Malays in UMNO was to tarnish Mahathir's image. The image-tarnishing campaign was made easy with the many public scandals that had emerged. Musa had been Mahathir's confederate and Razaleigh had been occupying the key position of Finance Minister. There would not be many secrets unknown to them about the state of the economy and the many economic decisions taken by Mahathir during their time. This made the task of tarnishing Mahathir's image seem so very much easier.

There were a few common projects which were always cited as having been Mahathir's and these projects were held to be responsible for the country's present state of economic crisis. These projects included the Proton Saga, the Dayabumi Complex, and the Penang Bridge. Mahathir's critics branded these projects as being unnecessary and draining the Malaysian economy.

The opposition parties were happy with the developments within UMNO. For the very first time there were UMNO members who were supportive of the oppositions' allegations against the Government. There was also some indirect form of encouragement from these UMNO members towards the opposition to expose more scandals. The Razaleigh-Musa camp saw the opposition as helpful towards their cause. This was simply because, although the opposition was blaming the entire Government for the scandals, the Razaleigh-Musa camp tried to create

the impression that it was the Prime Minister who was partly responsible for the scandals.

The formation of the Razaleigh-Musa camp was a result of Musa's resignation from the post of Deputy Prime Minister and the support enjoyed by Razaleigh within the party. Razaleigh had never been Mahathir's favourite and Mahathir had often supported Musa against Razaleigh. Musa's power had often been attributed to the support he had enjoyed from Mahathir. Mahathir supported Musa because both shared similar goals and because there had been strong rumours that Razaleigh would topple Mahathir within a year after becoming Deputy President. Therefore, if Musa became the Deputy president, Mahathir's position as party president and Prime Minister seemed secure.

During the 1987 UMNO elections, Mahathir stated repeatedly that there should not be contests for top party posts. He stressed that if there were contests, this would result in a split within the party. Having a winner after the contest would result in there being two groups within UMNO. Mahathir stressed that he did not want to see the party split. He tried to emphasize that the party was not owned by an individual but belonged to all Malays. The Malays needed to be guided through UMNO as they still needed improvement. If the party was split, there would be new unity problems created and the party members would not have the time and resources to solve the existing Malay problems.

UMNO members were more educated in 1987 than in the past. They had been taught about democracy and what it meant. They had also seen other parties hold elections and the problems faced by many dictatorial parties. With all these influences, they decided that they wanted to be democratic in their party elections. When Mahathir stressed that there should not be contests for top party posts, some UMNO members were not impressed. What they saw was a party leader who was keen to protect his position. They did not see the implications of the contest for top party posts as expressed by Mahathir. In any election there would be winners and losers and the winner must be competent to rule the party. What they failed to realize is that in an election such as this, there would be the involvement of money politics and other unhealthy practices. These unhealthy practices would cause many problems after the elections as those who had spread rumours and slandered members of the party would not be able to

retract their statements. There would be a permanent split within the party if this happened.

Razaleigh did not state his intentions for contesting in the party elections for the top party post until the last day for filling acceptance of the nomination papers. There were allegations that money was being offered by party members in exchange for support. The election was seen to be divided by people who supported Mahathir and people who opposed him. Anyone who opposed Mahathir automatically became a Razaleigh supporter.

The campaign for this UMNO election was as intensive as the campaign for a general election. Mahathir visited all the states to convince his supporters to remain being his supporters and to try and woo the support of the other camps. The press became involved as it was controlled largely by UMNO and this resulted in Mahathir and his camp getting much publicity. The press was used as it would have been used in a general election. This is interesting as in a general election, there are fifteen million people who can make decisions by their votes, in the UMNO elections there were only 1,500 delegates who would be voting.

Mahathir made many statements suggesting his fear of the outcome of the elections. At first, he told the UMNO delegates that if they did not want him, they should let him know and that he would step down. Later, he stated that he was not willing to step down from his position as the Prime Minister even if he lost the UMNO elections. He claimed that the Cabinet position was decided at the general elections and his position as UMNO president had no bearing on his position as the Prime Minister.

The campaign was dirty and many issues which were personal and intimate were raised. Mahathir's camp raised the issue of Razaleigh being a bachelor and Musa being divorced and later married to a fashion model very much younger than him. There were also allegations that it was Musa who was solely responsible for the Mernali incident which resulted in eighteen deaths. Musa was also held responsible for the many incidents which Mahathir was being blamed for. Mahathir claimed that Musa always knew about the decisions and supported them. Razaleigh, being the finance minister, also knew of all Cabinet plans and had approved them when he was in power. This was in Mahathir's favour as he stated he could prove that both Musa and Razaleigh played a part in the running of the country earlier. They had to bear some

responsibility towards the current state of the country. Razaleigh had been the finance minister and could be blamed for the current economic state. This was Mahathir's stand throughout the whole duration of his campaign.

Mahathir and his supporters had decided to use the media to gain support. Razaleigh and Musa could not do this as they were not in a position to influence the media. They had to use more private means to campaign. They held closed-door meetings with the delegates and embarked upon a video campaign. Speeches were videotaped and distributed to all divisions and branches. This way they hoped to touch the hearts of the members. There were reports that the Razaleigh-Musa camp was gaining momentum and that there were many supporters present at their meetings. But, in Malaysian politics, crowd does not necessarily mean support. There would be people from the opposition camps who were present just for the fun of it and others who were present to report to their respective camps.

The later part of the campaign resulted in direct attacks by both camps on their opponents. Mahathir embarked upon a campaign of accusations and relied on tradition to win the hearts of the rural Malays. Razaleigh and Musa pledged their support towards UMNO and declared that they just wanted to see constructive change within the party. They made statements to indicate that they would support UMNO always but at present wanted to see to the needs of the Malays. If they were elected to the party's top posts, they would ensure that the Malays would gain in terms of economic advantages. They would also bring economic changes to the country and this would result in a higher standard of living for all. Razaleigh also stated that foreigners were afraid to invest in Malaysia because of the present leadership. According to Razaleigh's argument, Mahathir had displeased many foreign countries through his harsh attitude and in return these foreign countries had decided not to invest in Malaysia. If there was a change in leadership, Razaleigh argued that there would be more foreign investments. The election campaign resulted in mud-slinging and revelations on both sides about the others weaknesses.

The situation became extremely intense during the last few days prior to the elections. The elections were on April 24, 1987 and there were many closed-door meetings held between April

20 and 24, 1987. Even during the election day, there was intense canvassing during the Friday prayers as those contesting were still hoping to sway some of the delegates and gain votes. Prior to this, there were many places where delegates were met by the rival camps and these meetings were all with the intention of gaining votes. There were also many allegations by both camps that during those days money was being offered in exchange for votes. The total expense of the election was never known but it is believed to have run into millions of ringgit. There were 13,500 official observers together with the 1,500 delegates. They were all housed in Kuala Lumpur and all bills were paid through UMNO. It is still not clear who was offering money and if this money was from personal or party funds. It would have been extremely ironical if the Musa-Razaleigh camp was offering money because Musa had cited money politics as one of his reasons for resigning from the post of Deputy Prime Minister.

Prior to the elections, nominations had to be made by the divisions. It was interesting to note that Razaleigh received only 30 nominations for the president's post whereas Mahathir received 88 nominations for the same post. Razaleigh was popular in his home state of Kelantan and because he had the support of Musa, Johor was supportive of him too. He received most of the nominations from these two states. Musa had pledged his support for Razaleigh openly and this encouraged Musa's supporters to nominate Razaleigh.

What proved to be exceptional was the support enjoyed openly by the Musa-Razaleigh camp. The supporters of this group must have known that if Musa and Razaleigh did not win the elections, their supporters would be victimized. Even though Mahathir had not issued any threats towards Musa and Razaleigh's supporters, there were still doubts if he would be willing to accept people who had openly opposed him in this election. People who supported either party were taking personal risks as they were likely to be targets of revenge should their supporter lose.

Mahathir criticized those who opposed him as opposing the tradition of UMNO. Tradition has always been that the leadership remains unopposed. Razaleigh and Musa had opposed this tradition by contesting in this election. There were some people from rural areas who were affected by the fact that tradition had been

broken. Malays in these rural areas were saddened that Mahathir and Razaleigh could not resolve their differences through more sober means. They felt that being Muslims, they should use basic Islamic principles to solve their differences. Muslim brothers should not openly scandalize each other and challenge the leader. This worked in Mahathir's favour as many Muslims believed that it was wrong to challenge the leader.

Razaleigh, realizing that he would lose support if it was seen that he was breaking tradition, announced that he was not against UMNO or its principles. He also stated that he had nothing personal against Mahathir but just wanted to see changes in the leadership. He asserted that the Malays should support him and his supporters as they were fighting for the Malay cause. Mahathir had been the leader for a long time and Razaleigh felt that the time had come for a change. The other allegations against Mahathir's leadership was that Mahathir had enforced a dictatorial style of leadership and that party members did not have instant access to the leader. Razaleigh assured party members that he would be more accessible to them and would have a democratic style of leadership.

Mahathir had to defend himself against these allegations and therefore he had to highlight Razaleigh's weaknesses. Since both Mahathir and Razaleigh were from the same party and both had worked together for a long time, it was easy for them to highlight each others weaknesses. The campaign became rather intense as both parties had to spend both time and money convincing supporters that they were better than their rivals.

The election also saw the Cabinet members pledge their support to either party. Six Cabinet members pledged their support to Musa-Razaleigh while seven pledged their support to Mahathir. Mahathir had the advantage of receiving the support of state ministers and this could have had an important bearing on the final outcome of the campaign.

As the election day came closer, there were guessing games by both sides as to how many voters were on their sides. Razaleigh had the support of certain divisions and claimed to be surging ahead since nomination day. Both sides seemed very confident that they would emerge winners. Mahathir had the support of Ghafar Baba, Anwar Ibrahim, Ramli Ngah Talib and Wan Mokhtar. Ramli Ngah Talib was the UMNO leader of Perak And

Anwar Ibrahim was the chief of UMNO youth. Anwar resigned from this post before the elections. The Razaleigh-Musa camp had the support of Abdullah Badawi, Harun Idris, and Rais Yatim. Abdullah Badawi had always been supportive of Musa and Rais Yatim had differences with Mahathir. Harun Idris was attempting to gain a position in politics after having been away in jail for some time. Among these camps, Mahathir's supporters were favourites. The only doubt that delegates had was with regard to Musa's powerful position. They were still unsure if Musa had the capacity to swing the voters to support Razaleigh's camp.

Although nominations were received from only 30 odd divisions for Razaleigh, there was still some doubt if this was a true reflection of the current situation. Nominating someone from the division automatically exposed the divisions support. Therefore, many divisions would have been reserved in making nominations against the leadership. Razaleigh's supporters within a division could have been overruled by others and this could have affected the nomination patterns. In the actual election, there was the security of remaining a secret voter. None would know who you voted for. Therefore, many who had been afraid of being branded as supporters of a particular camp could confidently vote without being afraid anymore.

The total number of delegates was 1,479. The end result of the election was spectacular, Mahathir beat Razaleigh by a mere 42 votes. Mahathir polled 761 votes and Razaleigh polled 718 votes. Mahathir had managed to retain his position as party president and as prime minister by a mere 43 votes. Ghafar Baba polled 739 votes and Musa polled 699 votes. Here too the margin was a mere 41 votes. In all Mahathir had managed to retain his position and the position of his "men" by slim margins. Earlier, Mahathir had stated that even if he won by a vote he would still stay in power and since he had won by more than a vote, it was evident that he was not going to resign from any of the posts. Both Mahathir and Ghafar were seen to be extremely happy after their victory. What mattered was to win and this they had managed to do.

The election results did not make Razaleigh a complete loser. He still could claim that about fifty per cent of UMNO was backing him and his supporters. The fact that the election results indicated such a close margin showed that Mahathir did not have the

support that he ought to have had. Only half the delegates were supportive of him and his supporters. As prime minister and party president, Mahathir had the task of gaining popularity quickly so as to prevent a recurrence of this in the future. This was the most immediate task which he should undertake as it would be difficult to run the party with only fifty per cent support.

On the other hand, Malaysian politics has seen many people with little support become good leaders. What happens usually is that being a leader automatically earns you support as Malays do not like to go against their leader. Through tradition they have been thought to respect their leaders and this was also true in the political climate. Human nature, especially political human nature, seems to have no loyalties and people tend to change their opinions quickly. Mahathir knew that this was the case and he could hope correctly that as soon as he built up his position again, those who had opposed him would return to support him. Therefore, what was important was to build up his position and take complete charge of the situation again. To be able to build up his position, he needed to make sure that there were no obstacles. This was done in a Cabinet "weedout" on April 30, 1987 and a reshuffle of the Cabinet on May 19, 1987.

Razaleigh and his supporters initially did not seem to be satisfied with the way the polls were conducted. Later, they admitted that the polls were conducted fairly and they could not fault the polling mechanism for their defeat. Mahathir seemed satisfied that the polls had been conducted fairly and stressed that he would ensure that there were no problems with the fair conduct of the polls.

Razaleigh and Rais Yatim resigned from their Cabinet posts after their defeat in the party elections. Earlier, before the elections, it had been clear that if they lost, they would not be able to continue being members of the Cabinet. This was partly due to the fact that there had been many allegations made against party leadership by their camp. If they remained within the Cabinet, there was the fear that they might be targeted for removal on grounds that they had abused their powers. Mahathir had established that he was the leader and this position would automatically weaken the position of Razaleigh and Rais. Razaleigh and Rais had stated previously that they could not accept the decisions made by Mahathir as party leader and Prime Minister. This did

not provide them with much choice but to resign from their Cabinet posts.

The other reason why they had to leave their Cabinet posts was simply because of the fact that Mahathir had stressed during his campaign that he would not tolerate members who had been disloyal to him. In a way, this was a threat to members who had not supported him and those who had supported the opposition camps would effectively have to relinquish their posts if their camp lost. As during the course of the elections it had become very clear who was supporting whom, those who had supported Razaleigh and Musa had not much choice but to resign. What Mahathir would effectively gain through this style would be a party where all who opposed his leadership would be eliminated. It would be a difficult task as there were about 48 per cent of delegates who had voted against him. The strategy could backfire and create a strong opposition against Mahathir. Mahathir had to act quickly and cleverly to prevent this from happening.

Mahathir decided that one way to gain popularity was to personally visit as many UMNO divisions as possible. He embarked upon a nation-wide campaign explaining his position and appealing to the Malays to stay united. Mahathir had to stress that he never intended to disunite the Malays and to the contrary he had always wanted the Malays to stay united. The creation of different divisions within UMNO had disunited the Malays and Mahathir stressed that he wanted to see this ended. According to Mahathir, the Malays could only achieve their aims if they were loyal to UMNO and to the present leadership.

Razaleigh also made visits to many UMNO divisions and explained his stand. He felt that Mahathir had wrongly dismissed many Cabinet members who had supported Razaleigh during the elections. He stressed that this was inevitable but added that there were certain Cabinet members who had received strong support during the elections. These people were also dismissed and this created tensions among the different camps.

The ministers who were dropped were Abdullah Badawi, Ajib Ahmad and Shahrir Samad. There were also four deputy ministers who were dropped. As Razaleigh and Rais Yatim had already resigned, a total of five ministers and four deputy ministers had been "terminated" from their positions. The most surprising termination was that of Abdullah Badawi. Badawi had received

the support of the delegates and had been elected vice-president. It would be difficult to remove someone who held this powerful position. But Mahathir removed Badawi from the Cabinet. Mahathir had paved the way for members who held positions in UMNO to be removed from Cabinet through his earlier statements with regard to his position as Prime Minister. He had stated that Cabinet positions had no bearing on party positions. Using this argument, he could remove Badawi from his Cabinet position even though he was a party vice-president, but only to bring him back much later as foreign minister.

The new Cabinet was filled with people who had proven their loyalty to Mahathir. Daim Zainuddin, Sanusi Junid and Anwar Ibrahim retained their positions. There were some new faces, including Mohammad Rahmat from Johor. The Cabinet positions contained people who were winners and losers in the UMNO election. Using the argument above, Mahathir had justified that party positions were not prerequisites for Cabinet positions.

It would have been interesting to see what would have happened had Mahathir compromised after the UMNO elections. Many observers feel that one of the main reasons for Razaleigh to gain many supporters was due to the fact that Mahathir refused to compromise after winning the elections. Many party members who felt that they had been treated unfairly by Mahathir decided to support Razaleigh. Had Mahathir been more compromising, he would have achieved Malay unity as many Malays might have been moved by his compromising habits and decided to support him. Razaleigh might have been left without many supporters and this would have resulted in him joining forces with Mahathir with the hope that in the next UMNO election, he could garner support and win the post of party president. The overall effect of this would have been that the Malays would have been united and would definitely have achieved more during the coming years. The result of non-compromise on either side was a party which was disunited and finally declared illegal.

The party elections was survived by Mahathir. He had managed to remain party president and include people loyal to him in the Cabinet. Whatever methods he used, he had been successful in implementing his wishes and weeding out people who had been disloyal to him. The main criticism towards him for doing this was that he had lost many supporters who could have

been persuaded to be loyal. Many observers felt that had Mahathir compromised, he would have been stronger and would have gained more in terms of popularity. Mahathir himself felt that he had given in too many times and this would make him be seen as a weak leader. The other criticism towards Mahathir was that he had sacrificed the future of the party. Some analysts feel that Mahathir was more interested in pleasing his supporters and in his eagerness to please them, he had forgotten the importance of the party. But by weeding out many of his opponents he had become a very strong leader for UMNO as well as the nation.

Mahathir also did not anticipate some of the problems that would be created by his opponents. He had anticipated problems of the usual type, but had not anticipated that the whole party would be affected by his opponents' actions.

What the opponents did do was to file a suit against the UMNO secretary-general and seven other divisional secretaries. Actually, there were twelve UMNO members who filed the suit but it was clear that they must have the support of stronger UMNO members. The suit alleged that the April UMNO elections should be declared null and void because delegates from thirty unregistered branches had participated. There were also underaged women and overaged men from the youth wings who had participated. The Societies Act was cited as the Act which would make the party elections unlawful and therefore null and void. The suit was filed on June 25, 1987.

The case came before Justice Harun Hashim and the final verdict was given on February 4, 1988. Between the time the suit was filed and the final verdict given, both Mahathir and Razaleigh had been on tours around the country explaining their versions of what was actually happening. Razaleigh stressed that he was not directly responsible for the legal matters regarding UMNO. Mahathir stressed that people who were only interested in their own welfare and not the welfare of UMNO or the Malays had instigated the 11 who filed the suit. Mahathir also went on to state that the as a result of the suit many day to day matters of the party were disrupted. The people who had instigated the filing of the suit should be more responsible and should have considered the interests of the party, he stressed.

The outcome of this suit was most interesting. On February 4, 1988, Justice Harun Hashim was watched by a full courtroom

as he read out his judgement. He shocked the entire nation by declaring UMNO illegal. According to the Societies Act, any society which had not registered all its branches becomes unlawful. As thirty branches of UMNO was not registered, it automatically made the society unlawful.

The plaintiffs were as shocked as the defendants. In fact everyone including people from other Barisan National component parties were shocked. They were all confused as to the future of UMNO. With this judgement, the party elections automatically became null and void. It was unclear when the party actually became unlawful. Was it before the last elections? Was it before 1985? The other important issue was with regard to the assets owned by UMNO. As the party had become unlawful, all its assets must be immediately frozen. This would create problems with the day to day running of the country as UMNO was the main component party of the Barisan.

Being the main component party of the Barisan, there were also other problems to be sorted out. The people elected members of Parliament based on the party symbols. If the party becomes unlawful, does this render its elected members who had used the party symbol unlawful too? This was a question of great importance which had to be addressed immediately as it involved the Government. Mahathir saw the importance of this and immediately made statements to indicate that the country would be run as usual as there was a distinction between the Government and UMNO. He declared that the Government was a result of general elections and the elections were based on individuals. As it was the party which had been declared unlawful, it had no bearing on the Government and the UMNO members who were elected.

Razaleigh and his camp which was now known as the "Team B" faction were working hard, too. They had managed to get the election declared null and void and they had to act fast if they wanted some positive results. Just four days after the courts decision, Razaleigh had the help of the first Malaysian Prime Minister, Tunku Abdul Rahman in declaring openly that he wanted to register a new party. Tunku stated that he wanted this party to be called UMNO Malaysia. The word Malaysia had to be incorporated as the new party had to have a name different from the old UMNO.

What followed was unfortunately a battle between Mahathir's loyalists and those opposing him. Many pro-Mahathir politicians argued that the Tunku should not be dragged into setting up a political party which would be not be supportive of the present leadership. Tunku explained that he had no intention of setting up a political party which would align itself to any faction. He stated that he was concerned that there had been no steps taken to restore the status of the old UMNO and had acted merely to make certain that the Malays had their political party restored. He further explained that he had written to the prime minister asking him to join UMNO Malaysia after its formation. This made clear his intention of forming a new party unaligned to any faction within the old UMNO.

What was important was to form a new party with the name UMNO intact. Razaleigh and his team did not want to waste time in forming a party with the name UMNO intact. What they forgot was that any party formed had to be accepted for registration by the registrar. The registrar refused to register the new party and also refused to disclose his reasons for refusing the registration. The statements which were made by members of Razaleigh's team indicated that they were surprised by the decision of the registrar. As no reason had been given for refusing the registration, they could only guess the probable reasons. The most obvious reason could be because the registrar had found some technical errors in the registration papers. There were also rumours that the registration was refused because Mahathir had already formed a new party with a similar name. The actual reason for the refusal of registration of UMNO Malaysia was explained by Mahathir later. He explained that when this application was sent in to the registrar, the old UMNO had not been deregistered yet. As such, the registrar could not register the new party. Even though this explanation has its weaknesses, it had to be accepted as there were no other explanations given.

Meanwhile, Mahathir was working out a way to come out of this crisis. He had the support of all other coalition members. They had been pledges of support to Mahathir from all component parties and even the King had made a speech urging the people to support the present leadership. With all this support behind him, he had to figure out a way to survive this crisis.

On February 16, he declared the solution to the crisis. He announced that he had registered a new party called *Pertubuhan Kebangsaan Melayu Bersatu (Baru)* or *United Malays National Organization (New)*. He was extremely happy because all members of the old UMNO would have to reapply to join this new party. Mahathir had again managed to turn a tricky situation to be of great benefit to himself. In reality what this meant was that all members who had been against his leadership could now be dropped from the new UMNO. As everyone had to reapply, Mahathir could decide whom to accept as members. He could eliminate people like Razaleigh and his supporters. Razaleigh would be accepted but many others would be turned down. This would mean that he could reduce Razaleigh's support within UMNO.

Something else that would become obvious is the fact that with time, the word "New" would be dropped from UMNO (New). As such, the party would retain its old name without all of its old members. If at first Mahathir had stated that he was not sure about who would be allowed to join the new UMNO, he later became more confident and declared openly that fewer than "100" people only would not be allowed to join this new party. He categorized these 100 as being from those who had challenged UMNO in court and those who had been involved in forming UMNO Malaysia. It was clear that he included the second category to exclude all members of Razaleigh's Team B. The most prominent people who had been left out from the new UMNO were Marina Yusoff, Datuk Shahrir Samad and Datuk Abdul Kadir Sheikh Fadzir. Mahathir had carefully selected his supporters to form the pro tem committee of the new UMNO.

The registering of the new UMNO must have had the help of the Registrar of Societies. The earlier explanation about why the registration of UMNO Malaysia had been rejected can be accepted but there are doubts as to why the reason was not disclosed earlier. It must be remembered that the Registrar of Societies would be an ordinary civil servant and could have helped Mahathir in some way to make the registration of the new UMNO successful. Using all the means that were available to him, Mahathir managed to successfully survive the UMNO crisis. Many people had wondered as to how Mahathir would come out of this situation. He proved his critics wrong by not only surviving the

crisis, but manipulating the situation to help him reshape the entire party.

What remained to be seen was if this new party could be as effective as the old party. As the members would be practically similar with a few notable exceptions, there should be no major problems. In fact, as all opposition had been removed, the party should now be in a position to achieve more for the benefit of the Malays. The entire party mechanism would be geared towards seeing to the needs of the Malays as they would have no more internal problems. In theory, the party consisted only of Mahathir's staunch supporters and should be able to achieve all its aims and ambitions without obstacles. This is all in theory. Only time will tell if such theory will work in practice.

There were also allegations that Mahathir did not want to see the old UMNO revived for the above reasons. A member of the disbanded UMNO from the Puchong division, Zainal Abidin had appealed to the courts about the registrar's decision to deregister UMNO. The Home Minister had the power to either reject, reform or accept the decision of the registrar if there was an appeal. The Home Minister at this time was Mahathir and he did not use his powers to revive the old UMNO. The reasons for this were obvious as he wanted to create a new party with new membership.

The constitution of the new party gave its president new powers. The president had the power to select all heads of divisions and the Wanita and Youth wing leaders. The divisional leaders who nominated a candidate for party posts automatically provided 10 votes for the proposed candidate. This was to eliminate money politics as votes could not be bought. There were people who saw the new UMNO as being more democratic and others who saw this new party as autocratic.

Meanwhile, the opposition camps were still keen to revive the old UMNO. There was constant talk about the "spirit of UMNO 46" and about the old UMNO being the authentic UMNO. The members of Team B harped on the fact that the old UMNO was more democratic and was the only party that could protect the rights of the Malays. They argued that the new UMNO based its entire philosophy on just one person, Mahathir. Mahathir had created the party, decided on its constitution and in effect become a permanent leader of the party. They argued that this new

party was just created to fulfill the needs and aspirations of a few and did not strive to serve the entire Malay community. The Team B members were creating the necessary environment to form a new party themselves.

Members of Team B formed a party called Semangat 46. All those who had been rejected by the new UMNO, could now become members of this party. At first it was not clear if this party was just an interim party which was formed while waiting for the old UMNO was to be revived. The statements of Semangat 46 leaders seem to indicate that they were still with the spirit of the old UMNO and as they had not been allowed to participate in the new UMNO, they had to form another party to cater for their needs. As time went by, it became clear that revival of the old UMNO was just a dream and not a reality. Members of Semangat 46 were still pledging their support for UMNO but at the same pledging their support against the new UMNO leadership.

Tengku Razaleigh became the President of Semangat 46 and he had the support of Tunku Abdul Rahman. The other prominent members of Semangat were Rais Yatim and Marina Yusoff. Datuk Musa Hitam was sitting on the fence as he appeared at the new UMNO gatherings and he was also sometimes seen with Team B members. Musa wanted to create the impression that he was genuinely concerned about Malay unity and as such did not want to be seen to support any faction strongly.

Having a common enemy helped this new party to gain the support of the leading opposition parties. It was ironical that parties such as the Democratic Action Party (DAP) and Parti Islam (PAS) had to work together with Semangat. The co-operation between these parties was immediately labelled as a marriage of convenience by supporters of Mahathir.

Semangat 46 leaders were still harping on a revival of the old UMNO. Their co-operation with DAP and PAS did not seem to bother them. What they had forgotten was that DAP and PAS had always been bitter enemies of UMNO. If the old UMNO was revived, what was to happen to this co-operation? Did Razaleigh and his members think that they could have all these parties working together. It would have been wonderful if they could get all the opposition parties to work towards creating a peaceful nation but it must be remembered that each party had its own goals and objectives. Sometimes these goals conflicted with the goals of the

other party. PAS had always wanted an Islamic state and the DAP had always been a strong opposer of this notion. UMNO was fighting for more Malay rights while the DAP fought for a Malaysian Malaysia. Did Razaleigh really think that these parties could work together or was he just exhausting his options? Even as late as December 1989, Razaleigh made statements which indicated that the new UMNO and his party, Semangat 46 should work together to revive the old UMNO. At this time he was already co-operating with the DAP and PAS. How did he plan to accommodate these two parties if the old UMNO was revived? These and many other questions raised doubts about Razaleigh's Semangat 46 party.

Assets belonging to the old UMNO had been frozen when that party was declared unlawful. There was still the task of transferring the assets of the old UMNO to the new UMNO. This was to be done through an amendment to the Societies Act which allowed assets of an old society to be automatically transferred to a new society if the majority of members of the old society were members of the new society. The transfer would have been carried out smoothly but for an injunction by Tunku Abdul Rahman, Tun Hussein Onn and Datuk Abdul Manan Othman. They claimed that former members of the old UMNO who were not allowed to join the new UMNO would be deprived of their share of the assets. It was interesting to note that Tunku claimed that he had disposed of his personal assets to fund the old UMNO. He was now not allowed to join the new UMNO on the basis that he had been involved in the formation of UMNO Malaysia. The case came before Justice Ajaib Singh and was ruled in favour of the defendants. The judge did not follow through with the arguments but ruled that the amendments to the Societies Act was in itself enough to allow the transfer of assets from the old UMNO to the new UMNO. Here again, court action by members of Team B had failed to produce the results they had hoped for.

The new UMNO managed to gain credibility after winning the Tanjung Puteri by-election on March 5, 1988. It was fairly early after the party had been formed and a victory in this election meant a lot for Mahatir and members of the party. Although the party managed to win only by 31 votes, it was still a win. The total number of voters who turned out was in the region of 20,000. Bearing this figure in mind, the 31 vote margin is really slim. But

this win was very important as it meant that the people supported this new party. The win could be used to propagate the acceptance of the new UMNO by the Malays.

The other task which lay ahead for Mahathir was the task of gaining popularity in Kelantan. Kelantan was Razaleigh's home state and Razaleigh was very popular there. In fact, Barisan's win in Kelantan has always been attributed to the presence of Razaleigh within the Barisan. This being the case, Mahathir had to convince the people of Kelantan that he would look after their needs. Their support for the new UMNO was vital in order to win state elections in Kelantan. Furthermore, the Sultan of Kelantan was related to Razaleigh. The Sultan could use his power to influence UMNO members in the state. As Razaleigh was not to be included in the new UMNO, it was vital to appoint another influential leader who could woo Razaleigh's supporters into the new UMNO.

As time went by, Mahathir realized that the task of gaining support from Malays in Kelantan was a difficult one. The Sultan acted in ways which indicated that he did not support Mahathir. He made a speech as the head of Islam for the state declaring that in Islam, people should not idolize humans. It did not take much intelligence to realize that he was referring to Mahathir when making this statement. The Sultan was also displeased with the Chief Minister as the Minister had pledged "undivided loyalty" to Mahathir. As all members of the state assembly were required to pledge their loyalty to the Sultan, the move by the Chief Minister was seen to be arrogant. Subsequently, in an oath taking ceremony pledging loyalty to the Sultan, the Chief Minister was not included. This was a clear indication that the Sultan was not happy with the Chief Minister. There were also indications that Kelantanese people, especially the Malays were pro-Razaleigh and anti-Mahathir. The results of the recent general elections also indicate that one area where Mahathir failed was in this area. He had not managed to convince the people of Kelantan to support UMNO and the Barisan Nasional.

Another minor setback for Mahathir was the Johor Baru by-election. This election was on August 25 and the Barisan Nasional lost by 12,613 votes. The reason for this was attributed to the fact that the state was aligned to Musa Hitam and Musa was a friend of Shahrir Samad, the candidate who won this election.

Shahrir had been a member of UMNO and had been sacked by Mahathir from the Cabinet. Shahrir had resigned from his position as MP for Johor Baru, taking a risk of losing his privileges. He had the support of Musa Hitam who held a strong position in Johor. Even though Musa was not physically present during the campaign and the elections, he had videotaped a speech which was widely distributed during the campaign. There were all kinds of allegations against Mahathir and Mahathir refuted all these allegations and challenged Musa to swear on the *Koran* about the truth of these allegations.

This by election was created by the members of Team B as a test to prove that they had the support of the Malays. There were a series of resignations planned in areas where Malays were prominent. This was to prove that the Malays were in favour of the old UMNO and not Mahathir's new UMNO. The election results were surprising to everyone simply because of the huge margin. There were doubts in everyone's minds about who the Malays were supporting. The main consolation to Mahathir and his supporters was that the election had taken place in Johor and Johor had always enjoyed the support of Musa. As Musa was supportive of Shahrir, this could be the reason for the victory. But this still did not explain the huge majority enjoyed by Shahrir. And the question of Shahrir's popularity did not arise because he had contested the same seat in the general elections and had won by only about 2,500 votes. The outcome of the election was to be analysed by both UMNO and the Barisan, and Mahathir wanted the mistakes made in this election to be rectified. Mahathir and his supporters also did not want to create the impression that they were very concerned about the election results.

Mahathir made the victory reflect on himself and his policies. The allegations that the elections were rigged and that he was a dictator could now be refuted. The election results cleared showed that people opposing the leadership could win and this in turn showed that elections were not rigged. Mahathir also rightly claimed that allegations about the country becoming undemocratic had been proven to be unfounded. There were fair elections and the winner was recognized and accepted by all.

The events which followed were all in Mahathir's favour. There were no resignations of MPs as had been rumoured earlier. This was of relief as by elections were expensive and time con-

turning. Mahathir visited as many divisions of UMNO as he could and embarked on a nationwide Semarak campaign. His engineer for this campaign was Datuk Mohammad Rahmat, the Information Minister. With other members of the new UMNO, Mahathir toured many states and pledged his support for the people. His visits were looked forward to as he always mingled with the people and this was something the Malays felt proud about. The fact that the Prime Minister had the time to mix with the ordinary people played an important role in fostering close relations with these people.

Mahathir had again survived a major crisis, possibly the most significant crisis in his political career and a brilliant testimony to his political astuteness and instincts for survival.

8

MAHATHIR'S FIRST EVER ELECTORAL DEFEAT IN SABAH

WHEN Barisan Nasional lost in Sabah, Mahathir experienced his first ever defeat at a general election. The Barisan Nasional supported Berjaya in the Sabah general elections in 1985. This party was defeated by Parti Bersatu Sabah or PBS which was led by Datuk Joseph Pairin Kitingan.

Sabah, which is in East Malaysia, has a population consisting of Kadazans, Chinese, and Malays. The Kadazans and Chinese were mostly Christians and there have been problems between these Christians and the Muslims. Before this election, the Government was run by Datuk Harris Salleh, who was a Muslim. Pairin had disagreements with Datuk Harris and this resulted in many current problems. As Pairin had the support of the majority of non-Muslims, he had a very good chance of winning the elections. Pairin's constituency was Tambunan and he had stood as an independent and won in 1984. The outcome of his winning this election was the formation of PBS, or Parti Bersatu Sabah. Pairin was the founder of this party while Mark Koding was a pioneer member. Together, they managed to convince people that they were a better choice than the ruling Berjaya. This was partly due to religious affiliations and partly because the people of Sabah wanted a change and saw Pairin as the instrument to provide this.

Mahathir was involved in this struggle as he was the Chairman of the Barisan Nasional and his party had lost the elections. Berjaya had aligned itself with the Barisan Nasional and Mahathir had endorsed this alignment with great enthusiasm. In fact, Barisan Nasional had expected to lose a few seats but had never expected to lose the elections with the retention of only six seats. This shocked Barisan Nasional and Mahathir had to review his position as far as Sabah was concerned.

Pairin and his party had to act carefully to be able to continue with the daily tasks of administering the state. There were some opposition from the Federal Government but this was solved after a series of consultations. The Prime Minister was not pleased with the situation but there was not much that could have been done. The leaders of Berjaya were displeased by the attitude taken by the Federal Government but Mahathir said that Malaysia was a democracy and the choice of the people will always be respected. There was some fear that federal rule might be imposed in Sabah but this proved to be an unfounded fear.

Then, there was the turmoil of whom exactly was the Chief Minister of Sabah. Datuk Harris Salleh and Tun Mustapha formed a coalition and forced the Governor to swear Tun Mustapha as the Chief Minister of Sabah. This was not tolerated by the Federal Government and Musa Hitam who was acting as Prime Minister ordered that Datuk Pairin be sworn in as Chief Minister the very next day. Tun Mustapha challenged this appointment in court.

Pairin also had many other problems. There were constant attacks on him by the opposition. Tun Mustapha and his followers were angered by the fact that the Governor had revoked the appointment of Mustapha as Chief Minister. They were also displeased that the Federal Government did not provide them with the support which they had expected. USNO and Berjaya had a coalition and worked hard to convince members of Pairin's Parti Bersatu Sabah to cross over to their parties. If they could convince members to either cross over or leave Parti Bersatu Sabah, they stood a chance of forming the majority.

Pairin dissolved the state legislative assembly only ten months after he took over. This was mainly because four of his party members had left his party and this left him in a rather precarious position. The other reason was that there had been many

problems in those ten months. These problems centred around the fact that members of USNO and Berjaya still claimed that Tun Mustapha was the legitimate chief minister of Sabah and they were causing many problems for Parti Bersatu Sabah. Pairin decided that the best way to solve these problems would be to dissolve the assembly and call for fresh elections. The other two main opposition parties, USNO and Berjaya were not happy that the assembly had been dissolved and applied to the court to have this action declared unlawful.

The period which followed was unpleasant for Sabah. There were many bombings and demonstrations; the demonstrations were the work of USNO though they denied having anything to do with the spate of bombings and arsons which swept the city of Kota Kinabalu. It was widely believed that there would be emergency rule applied to Sabah as a result of these bombings and unrest. There were also some minor incidents in Tawau and other towns but Kota Kinabalu was the worst affected. There was also some action that killed one person in Sandakan.

The actions of USNO and Berjaya did not please everyone. They had decided to use the mosque as a gathering place for their supporters and it was alleged that USNO was paying the people who were staying at the State Mosque in support of USNO. USNO was supplying these people with the necessary food and other daily requirements. There were also allegations that USNO was using illegal immigrants to be placed at their protests. The tensions rose when there were six crosses sprayed at the mosque compound. The mosque is considered sacred and the spraying of the crosses was taken very seriously by the Muslims. It was alleged that the crosses were sprayed by the Christians and the blame was put on the supporters of Pairin's party. Pairin and his party denied these allegations and stated that it must be the work of USNO. They alleged that USNO wanted to blame Parti Bersatu Sabah (PBS) and make the party lose the Muslim support that it enjoyed. As they had not been successful, they were resorting to such gimmicks. USNO and other Muslims denied this and the effect of the whole action resulted in some opposition from Muslims against PBS.

Mahathir played his part when he visited Sabah on March 24, 1985 with a proposal for Sabah. This proposal was studied and modified by PBS. The modifications were not accepted by

Mahathir. But what was done well and worked in Mahathir's favour was the fact that he allowed Sabah to rule itself and did not impose an emergency rule on the state. Two reasons are accounted for this. One was because he had given his word to Pairin that he would not interfere with the internal politics of Sabah and two because he anticipated a general election soon. If he interfered with the internal affairs of Sabah and did not allow the people to decide, he would lose credibility and this could affect his position in the general elections. The fact that Sabah was won by a party opposing the Barisan Nasional and formed its Government showed that democracy was still very much alive in Malaysia. The other important consideration was the fact that PBS was a party which was not pro-Muslim but was still allowed to form the Government. This showed that Mahathir was still in favour of a very democratic system. The effect of this would be less problems in the general elections later. There would be no basis for the opposition to accuse the Prime Minister of practising double standards. More important, Pairin had applied to join the Barisan Nasional and in effect, he could be seen as an extension of the Barisan Nasional in this election. It was an open secret that Pairin had applied to join the Barisan Nasional and that he would eventually be accepted.

Mahathir also had problems with PBS in the 1990 elections. In this election, Pairin and his party pulled out of the Barisan Nasional just a week before polling. The nominations had been made and it was after this that Pairin decided to pull out of the Barisan Nasional. This automatically meant that Sabah would be lost to the opposition in this election. It was a crucial time for Mahathir as he had to maintain his two-thirds majority in Parliament. There were some initial panic and this was later consolidated when it appeared that Semangat 46 did not have the support which was anticipated. There was no question about the fact that what Pairin had done was a great stab in the back for Mahathir.

The effect of this was unfortunate. Some members of the Barisan Nasional decided to employ certain methods in the campaign which would not have benefited anyone at the end. There was a great deal of communal politics and religious affiliations were dragged into the campaign. The end-result of this was still a win for PBS but Barisan Nasional managed to maintain a total of

six seats in Sabah. PBS managed to win 14 seats. The important element was the fact that Mahathir still managed to maintain the two-thirds majority which he needed without the help of PBS.

The issues which were raised during the 1990 elections are of concern to the country. There were serious allegations from both parties about religious matters. Razaleigh, who was personally pleased about the withdrawal of PBS from the Barisan Nasional, made a visit to the state. He was seen wearing the headgear of the Kadazans. Normally, this would not have mattered but under the present circumstances, Barisan Nasional leaders capitalized on the fact that the headgear had a crucifix attached to its top. The Barisan Nasional branded Razaleigh anti-Muslim for adorning this headgear as it bore a resemblance to the Christian cross. This was a mistake that Razaleigh made and it is still seen to be a factor which could have lost some Muslim support for Razaleigh in Kelantan. What was pointed out by other parties aligned to Razaleigh was that Mahathir himself had worn this headgear during his previous visit to Sabah. No one made any fuss at that time. It is unfortunate that even at this stage of maturity, Malaysia still has the influences of religion and ethnic factors. The outcome of using such tactics in politics will only be negative as it would only help to widen the rift between the different communities. Politicians who should be seen working together to bring about community awareness would be negating the effects of other actions of the Government by raising such ethnic issues.

All in all, Sabah has been a troubled spot for the Barisan Nasional. There are still problems concerning Philippines' claim over Sabah. Then, there is the internal politics. Mahathir has somehow managed to solve most political problems that Sabah has had with the Federal Government. The latest development in Sabah is the arrest of Pairin's brother on charges of corruption. Pairin himself had been charged for corruption and would have to defend himself against these charges. There are allegations about nepotism and corrupt practices which were carried out by members of the Pairin family. It is not clear whether these charges are a result of the developments before the 1990 elections. It could be that the Prime Minister has been tolerant for too long and had decided to act after all this time. Whatever the reasons are it would be interesting to see the future of PBS and the link between

PBS and Barisan Nasional after all these developments. The major change would be the presence of UMNO and a stronger Barisan Nasional before the next general elections. Mahathir has to consolidate his position in Sabah and influence the people of this state to elect the party which supports Barisan Nasional.

Sarawak, the other East Malaysian state, also has had its share of problems. In Sabah, the Kadazans are in control, and in Sarawak, the Ibans are seen to be dominant. Although the state is governed by the Parti Pesaka Bumiputera Bersatu (PBB) which is Malay dominated, there are influences of the Ibans which matter. In recent years, there have been fears that Barisan Nasional could lose its grip over Sarawak. This could be achieved by the opposition parties if they decided to team up together and challenge the Barisan Nasional leadership. The teaming could also be influenced by the opposition parties in operation at federal level. UMNO was worried that if this happens, the state would be dominated by non-Malay politics. What happened in Sabah should not happen in Sarawak and measures should be taken to decentralize power bases, if possible.

The other problem is seen in relation to what occurred in Sarawak in 1987. Sarawak was in a state of crisis with unexplained fires and explosions. Mahathir declared that these were part of an attempt to assassinate the Chief Minister of Sarawak. The Chief Minister, Tan Sri Taib Mahmud, leads the PBB. What is interesting in Sarawak is the presence of the Parti Bangsa Dayak Sarawak (PBDS). PBDS is in a unique position as it is a member of the Barisan Nasional but not a member of the coalition of Sarawak. This was simply because Taib had taken the decision to expel the PBDS from the Sarawak coalition. Mahathir was not very pleased with the situation in Sarawak as during the 1990 general election, he would need the support of Sarawak to maintain the two-thirds majority needed in Parliament. If there were internal problems in Sarawak, Razaleigh could make use of this opportunity to induce some members of the Sarawak parties to be aligned to him. Any situation which weakened the position of the Barisan Nasional was not seen to be in the best interests of the party. As such, Mahathir had to make sure that he enjoyed as much support as possible in Sarawak. In fact, when Mahathir was making these suggestions to Taib, he was sure of the support of Parti Bersatu Sabah in the 1990 elections. When PBS later

pulled out of the Barisan Nasional, the situation became even more critical.

Timber was one of the issues which were discussed in Sarawak. Timber concessions were given to people who "deserve" them and the people who received these timber concessions were expected to be faithful to the Government. Taib was responsible for deciding who should receive these timber concessions. These concessions are worth millions of dollars and mean a lot in terms of political support. The Chinese who constitute about 30 per cent of the voters would provide political support for whichever party that would provide them with timber concessions. The issue concerning timber and the logging of trees was an international issue one. The Federal Government and the state have occasionally differed in their opinions regarding the issue of logging. The other factor is concerning development in Sarawak. Sarawak has been lagging behind in terms of development and some Sarawakians blame the Federal Government for this. They were unimpressed about the division of funds which have been allocated for Sarawak. Some influential Sarawak Malays were also afraid that their interests might not be taken care of and this prompted them to be unsupportive towards Taib.

Mahathir had many reasons for wanting Sarawak to solve its internal problems. He had to make sure that all these problems were solved before calling the 1990 general elections. As Taib had been uncooperative and the people of Sarawak unhappy, he was in a dilemma about Taib's position as Chief Minister. Mahathir's decision to keep PBDS within the Barisan Nasional was used as a check to keep Taib in his place.

In the 1990 general elections, Barisan Nasional managed to win twenty-one out of the twenty-six seats. The Democratic Action Party (DAP) managed to win two seats and the remaining four seats went on to independents. Mahathir had managed to convince the people of Sarawak to support him and his party. Credit must be acknowledged for the way Mahathir handled the situation and managed to remain unaffected by the results of some of these revelations. The people of Sarawak must have some faith in the federal system as they had voted for the Barisan Nasional. The results also put a stop to allegations that the people of Sarawak did not believe in the Federal Government and would not support Mahathir. What needed to be done now was to con-

tinue with the support which the Barisan Nasional have been enjoying and this could be achieved by providing more funds for state development. The Minister for Works is from Sarawak and this is a good step towards making sure that more roads are built in Sarawak. The people currently depend on rivers and boats as the major mode of transport while the chief minister always uses helicopters to reach the people. The remoteness of certain areas are the result of poor road systems in the state. Mahathir has pledged to help in whatever way possible to improve the transport system in the state. This should keep the people happy and induce them to provide political support to the Barisan Nasional.

The other important issue in Sarawak is the logging of tropical forests. There are campaigns worldwide which criticize the logging that is carried out in Sarawak. The issue concerns the rights of the aboriginals whose lives would be disrupted if the forests are destroyed. The environmental lobbyists are also involved as they fear that the destruction of these forests will result in environmental disasters. Mahathir has had the unenviable task of having to resolve these issues at the international levels. The opposition parties from Peninsular Malaysia have used these issues in their political campaigns. Mahathir has a difficult task as he has to resolve the issues at state, federal, and international levels due to the exposure given to these issues by the opposition. Mahathir has stressed that the opposition parties are not really interested in the issues but are just interested in capitalizing on the situation to gain popularity. As for international pressures, he has replied that the countries which have criticized Malaysia have their own problems and they should resolve their own problems before criticizing Malaysia. These replies were not well received by the international community but the message sent was understood by the locals. The objective of getting the support of the locals was achieved.

The Penans who were affected by the logging stated that they had tried unsuccessfully to hold discussions with the Government on issues concerning their forests. They seem dissatisfied with the progress of these talks and dialogues. The Penans argue that the Government is only interested in pleasing the few rich timber tycoons and not in their welfare. The Penans also have the support of many international human rights organizations and these

groups argue that the Government under Mahathir had taken to abusing human rights and one particular example which is often cited is the logging in Sarawak.

It can be seen that Mahathir had to solve many of these problems in Sabah and Sarawak. The states of Sabah and Sarawak have political, social and economic problems which need to be addressed. As these problems involve ethnic groups and international organizations, Mahathir would have to make calculated moves to make sure that he does not displease any of the people concerned. The task is complicated and Mahathir would have to consider various options before embarking on a plan. The opposition would as usual capitalize on these issues and it is up to the Government to spell out the policies that have been implemented and prove that these policies are to the benefit of all parties concerned. Sabah and Sarawak are important as sources of revenue from the oil which is found in both states. The oil and timber make these states rather significant at Federal level and the Sabahans and Sarawakians feel that they are getting a bad deal from the Federal Government as they do not seem to be significant in terms of funds received for development purposes from the Federal Government. Mahathir has pointed out that he has a keen interest in the progress of Sabah and Sarawak and would initiate steps to increase the development of these states. It must be acknowledged that Mahathir has made some significant moves towards this by engaging ministers from these states to handle important portfolios which would benefit the states directly. The other development in the future is seen to be the direct presence of the Barisan Nasional in these states. These changes should make some headway towards the development and progress of East Malaysia.

9

**INDIVIDUAL FREEDOM
AND DETENTION WITHOUT TRIAL**

NO doubt Malaysia is a democracy but from time to time there are instances where the Government's actions raised questions regarding the freedom enjoyed by its people. One of these actions was the arrest of 106 people in October 1987. These people were arrested under the Internal Security Act and the allegation was that they were inciting racial unrest. They were considered security threats to the nation.

The buildup to the arrest should be explained. There were many issues involved. The most recent issue before the arrests was concerning the Chinese schools. The opposition Democratic Action Party (DAP) and the pro-Government Malaysian Chinese Association (MCA) were unhappy about the promotion of non-Mandarin-speaking Chinese schoolteachers. The Government had decided that these teachers should be promoted and could become headmasters in Chinese schools. The effect of such promotions could be that the Malays might have the privilege of becoming the headmasters of Chinese schools. The Chinese took offence to this and the issue was exploited by both the opposition and the Government.

It must be realized that the fault for this incident does not lie with one party. Both the Chinese and the decision-makers were equally to be blamed. There should have been more consultations

before making such an important decision. In Malaysia, due to the racial composition of the population, issues with racial overtones usually touch the emotions of all concerned. In the case of the Chinese schoolteachers, the racial element had emotions running high.

There were also other problems which were "Chinese" in nature and had been taken up by the DAP. These issues ranged from development of Chinese burial grounds to the rescuing of Chinese who had invested in co-operatives which went broke. The opposition parties played up these issues and tried to convince many Chinese that they were merely second-class citizens in their own country.

The issues at stake here were language and education. Before this incident, the Indians were unhappy that there was a change in the composition of the courses offered in Tamil at the University. Language and educational issues were sensitive by themselves and in this case they were tinged with racial overtones as well. The situation became even more critical when the pro-Government parties began to attack the Government openly regarding these issues. The pro-Government parties were induced by the opposition parties to protect the rights of their members. The parties felt that UMNO was taking the lead and that the other members of the Barisan Nasional should do something to protect the rights of the individual races from being eroded.

UMNO and its youth wing, UMNO Youth, also overreacted. They organized a large rally where they were seen to endorse some party beliefs. What proved very disturbing was the fact that there were banners and posters which had derogatory remarks aimed at a particular race. There were also remarks made at personal levels. The Sultan of Selangor also removed the title of "Datuk" from a Chinese party leader. All these incidents escalated the tensions which were already simmering. The height of the incidents was the large UMNO rally. The crowd's emotions ran high and it was the blessing of God that a wild thunderstorm developed and this helped to disperse the crowd. The crowd consisted of Malays who were highly charged with emotional appeals from their leader. There would probably have been an unpleasant incident at the rally if not for the rain and thunder.

The arrests took place from October 27, 1987. The surprising incident which took place with these arrests was the closure of three newspapers. This was ironical because when Mahathir took over as Prime Minister, one of the main issues he highlighted was freedom of the press and media. The reason for revoking these newspaper licenses was also because of the stirring of racial unrest.

Among those arrested were political party members. The leader of the opposition, Lim Kit Siang, was arrested with his son. There were altogether ten people arrested from the DAP and the Parti Islam SeMalaysia (PAS). The arrests brought about a tirade of strong criticisms from the opposition parties in Malaysia as well as from human rights groups from all over the world. The main comment was that there were members of the Barisan Nasional who had been responsible for stirring racial issues and creating the tense situation but these people had not been detained. The other main criticism was that the Internal Security Act was meant for the control of communist activity only and should not be used against politicians. There was reference made to a pledge by Tun Razak that the ISA will never be used against politicians.

Mahathir justified the use of this law as necessary as there were people who had taken advantage of the situation and exploited it to suit their own needs. Mahathir stressed that he had been liberal throughout his leadership since 1982 and that he had never intended to clamp down on the freedom enjoyed by the press and the citizens of the country. He also stressed that he had tried to warn the people concerned several times but these warnings had not been heeded at all. The opposition members and others who were detained were still taking advantage of the liberal policies introduced by Mahathir and that the time had come to do something constructive to prevent further racial disharmony. He made it clear that he would not tolerate actions that would destroy the peace that the country had enjoyed. Furthermore, he stated that the use of the Internal Security Act was not restricted only to curbing communist activities but any activity which threatened the social fabric of the nation.

Mahathir's justifications were not accepted by the opposition parties, especially the Democratic Action Party, as they had seven of their members detained. The DAP stressed that

Mahathir had used the ISA unjustly to his advantage. The act was never intended to be used in this manner and Mahathir was criticized for misusing the law to suit his own needs. The imprisonment of the Members of Parliament would automatically allow Mahathir to decrease his opposition in the House and this would enable him to carry out his plans without hindrance. This was the argument put forth by the DAP and other opposition parties. Surprisingly, PAS did not seem to take a serious view of the detentions. The other argument which was put forward by many analysts was that Mahathir had defused a tense situation by these arrests but the problems which had created the tension in the first place had yet to be resolved. The impression created was that the problems had not been addressed but simply swept under the carpet. The DAP still maintained that their members had only tried to diffuse the tension by bringing up the issues concerning language and education. Someone had to protect the rights of the non-Malays and the DAP argued that they were just pointing out the alternatives available to the Government. They stressed that they had no intention to stir racial sentiments but were just bringing up issues which had to be resolved.

Some of those who were detained decided to appeal against their detention and looked towards the judicial system to safeguard their rights. The court however dismissed the appeal and refused to interfere with the powers of the Executive. The argument put forward was that since there is a parliamentary check on the powers of the Executive, it was unnecessary for the courts to interfere with these powers. The Executive should be independent and left to exercise its functions without outside interference. The other venue that was open was the appeal to the Supreme Court. Some habeas corpus actions were presented before the court but it too held that the Minister had absolute powers to detain those arrested under the Internal Security Act. Being the Home Minister, Mahathir had these powers vested in him by the Executive.

There were pressure from international human rights organizations on the Prime Minister to release the detainees. Australia was among those countries which made statements regarding this issue. Australia opined that they were not happy with the way Mahathir seemed to practise dictatorial rule in Malaysia. Other international organizations which made state-

ments included Amnesty International and the World Human Rights Council. Since these organizations had great reputations, it was felt that Mahathir would bow to pressure from them to release the detainees. But Mahathir did not make any moves which indicated that there would be a mass release of those detained. The Internal Security Act stipulates that detention beyond sixty days requires the sanction of the Home Minister. In this case, the Prime Minister happened to be the Home Minister as well. There were 33 who were served with detention orders for a period of two years.

The other major criticisms came from legal organizations. These organizations felt that Malaysia should review its laws if it was to be a true democracy. The Internal Security Act was seen to be extremely dictatorial and it was stressed that this Act should be repealed. Mahathir did not respond to these criticisms and went on carrying out his duties as home minister and prime minister.

Internally, the most active group which lobbied for the release of all detainees was the DAP. They had vested interests as their MPs were in detention and they appealed to various international organizations to help them with their cause. The International Labour Organization was also dragged into this issue as DAP's V. David was an active member of this organization. Mahathir stressed that V. David was not arrested due to his involvement in labour movements but for inciting racial tensions. The impact of all these actions lasted only for a short period.

Mahathir knew that Malaysians generally forget many situations when there are new issues raised. There are many examples of how Malaysians have forgotten some major crisis after a relatively short period of time. Those directly affected will remember but the rest just get on with their lives and do not hold anyone responsible for the incidents. After a few weeks, something else would be the main issue and these arrests would be forgotten.

The arrests suggest to the people of the country that the ISA was still in place and that the Minister still had absolute powers and that the courts could not do much. The success of the arrests and detentions also indicated that even the international community could not exert much pressure on the Government and Mahathir. In a way, this exemplified our status in the world as strong and not completely at the mercy of other nations. Moreover, it should be highlighted that racial tension and dis-

crimination are a norm in many societies, including Australia and the United States. In fact, Malaysia has done rather well given its racial composition and its success in diffusing racial tension. Nevertheless, Malaysians also realized that there are still problems connected with race and ethnicity which must be solved.

The incidents also indicate that a few fanatics who held power can sometimes stir up racial sentiments. Although Malaysians have lived together since 1957 as a multiracial, independent nation, the feelings are still strong and tend to be race-orientated. Mahathir must be given credit for taking care of the situation and preventing racial riots. A repeat of the May 1969 riots must be avoided at all costs and this was what Mahathir had done. But the question of individual freedom and freedom of the press remains unanswered. If the only way to prevent race-related violence is through the detention of leaders and other important personalities, then there must be something wrong with the system. Dialogues and other methods failed but the arrests seem to have worked. After the arrests, the tensions eased and the situation in the country returned to normal. Some questions which remained unanswered include questions concerning the involvement of people within the Government who were either directly or indirectly responsible for the tense situation. If it is true that there were people within the Government who had contributed towards the problems, then it is only fair that they too be detained or brought to trial. These questions will remain unanswered forever as the situation now has returned to normal and the theory that Malaysians forget and forgive quickly is thus proven.

10

**MAHATHIR'S
DEVELOPMENT POLICIES**

MAHATHIR introduced and implemented many development policies and projects since he took over the mantle of the country's leadership. As the people were confused about some of his policies, he explained them whenever possible. He even sent out memoranda to Government officers explaining the thrusts of his policies.

The main policy which was just an extension during his rule was the New Economic Policy. The New Economic Policy is seen as a policy which began with a lifespan of twenty years but failed to achieve its aims within the period. According to this policy, the Malays will be accorded special support or privileges to achieve an equal growth in the economic regions. As Mahathir explained in his book, *The Malay Dilemma*, the Malays needed these special privileges to be able to compete in an economically imbalanced society. This being his stand, he was all supportive of the New Economic Policy.

Mahathir stressed that the main aim of all the policies which he introduced was to help the *bumiputeras* achieve a higher status in society. He wanted the *bumiputeras* to learn from others the way to achieve economic success. Mahathir always held the notion that the *bumiputeras* would be able to achieve whatever status they aspire only if they were given the necessary

help by the Government. He made his opinions on this matter clear in his books and speeches. The *bumiputeras* were always behind simply because they did not have the capacity to compete with the Chinese. By providing the *bumiputeras* with a headstart they should be able to be equal economically. This was the crux of the New Economic Policy. Mahathir believed that all the policies he introduced would help the Malays achieve this economic status.

In a memorandum to senior Government officers dated June 28, 1983, Mahathir explained some of his policies, among which were the Look East Policy, Malaysia Incorporated, the Privatization policy and Leadership by Example.

The Look East Policy was explained as necessary to learn the work ethics from the rapidly developing countries in the East, such as Japan and Korea. Mahathir stressed that looking East did not necessarily mean that we had to follow all their habits and provide the East with all the work contracts. We should follow whatever is beneficial. The East is the quintessence of discipline in work and priority for group work and Mahathir wanted Malaysians to follow these habits from the East. He explained that whatever method that would increase productivity would be welcomed and should be emulated. The memorandum also clarified that management methods of the East should be incorporated into the work systems in Malaysia.

The concept of Malaysia Incorporated simply meant that the whole country should be viewed as one big company. The private sector and the Government should be viewed as working together to make profits for the company. The emphasis was on the private sector and the Government working together to achieve the objectives of the country. Mahathir felt that the more successful the private sector is, the more beneficial it would be to the whole nation. Thus, the Government should co-operate with the private sector in ensuring that the nation as a whole was successful. The services provided by the Government should be of a high quality as this would ensure that the private sector enjoyed good and efficient services. This in turn would create more revenue for the private sector. The private sector would have to pay taxes on their profits and the whole nation would enjoy the benefits. The taxes which are collected would be used to finance the country's current and future development programme.

According to Mahathir, Privatization is necessary to provide efficient service to the nation. Private companies provide better services and are concerned about customer service. Thus, if some of the services provided by the Government are not very efficient, they could be privatized. Some Government departments were also running at a loss and this could be prevented if they were privatized. The Privatization would only take place after detailed studies had been conducted by the Government and they would be carried out in stages. This would ensure that there was no confusion about the status of the organizations.

The slogan "Leadership by Example" is self-explanatory. The workers and the people should be exposed to excellent leaders and these leaders should be in a position to explain the ideas to the people. If the workers were exposed to good leadership, they would automatically follow in the leaders' footsteps and this would lead to a very efficient workforce.

Before these policies, the "Clean, Efficient and Trustworthy" campaign had been formulated in 1982. This slogan was anticipated to encourage employees in the civil service to wipe out corruption. The Government was worried about the effects of corruption and decided that such a slogan would be an efficient way to prevent and control corruption among civil servants. The policy was also aimed at the private sector and all the people concerned were encouraged to follow the honest way in ensuring a clean and ethical working environment.

The Government also introduced the new population policy. This policy aims to increase the population to seventy million by the year 2100. The plan to increase the population was felt necessary as there must be a market to enjoy the products created by Malaysians. With a large population, there would be an assured market for the products. Mahathir also intended this plan as a means of increasing the supply of labour. As there were plans to increase the output of the heavy industries, there would be a need for greater supply of labour. One way of achieving this would be through an increased population.

The National Agriculture Policy which was planned in 1984 was aimed in increasing farmers' incomes. The methods to achieve this was through the creation of mini-plantations and improving the management in agricultural areas. The main problem with the farmers was seen to be their lack of management skills

which resulted in them not achieving full productivity. Improvement in management skills would result in an improvement in productivity. The farmers needed some encouragement to increase productivity and this was to be provided through the National Agriculture Policy.

Mahathir also asserted his views on the New Economic Policy. The policy which he believed strongly was cited as the main policy which would ensure that the standard of living of the Malays would be raised. The idea was to have many other effective policies which would complement the New Economic Policy. The policies outlined above were in effect the policies which would ensure that the objectives of the New Economic Policy were met.

Most of the policies implemented by Mahathir were initially criticized by the people. It was the first time that a prime minister had implemented policies which were so intense in nature and contained ideas which had never been attempted before. These ideas were considered radical by some of his opponents who did not have much faith in such ideas. The result of the implementation of these ideas was criticism by some economic analysts. The ideas had to be proven before they could be accepted. Mahathir ignored these criticisms and went ahead with his ideas. If they worked, it would be wonderful for the nation. If they did not work, it would be an expensive lesson for the nation. In all, the nation would still be left with the experience of having tried these ideas. Being very optimistic, Mahathir decided that the only way of being sure if the ideas worked was by putting them into the test.

The main criticism of these policies was that they would not work. The Look East Policy was criticized as being too narrow in perspective and the problems of working with Japanese investors was brought up. It was felt that with this policy, Japan would benefit and would leave Malaysia dry. The impact of this policy would increase the presence of Japanese in Malaysia and this was criticized as the Second Japanese Occupation of Malaysia. The National Agriculture Policy was also criticized for focusing its attention on export agriculture and not considering the food agriculture which was vital for Malaysia. The policy was also criticized as supplementary for the landowners and not benefiting those who did not already own land. Privatization was criticized as an act which would burden the poor as the aim of private

originations is to make profits. This being the case, if vital organizations like public transportation was privatized, there would be fare increases which would not benefit the poor. The other major criticism of this policy was that if these private organizations failed, then the Government would have no choice but to bear the losses and carry on with these services because these services are important and the country needed them always. For example, you cannot close down the National Electricity Board because it is making losses; it has to carry on. This could very well occur and burden the Government further.

Some of the ideas which Mahathir promulgated have had great impact globally. Mahathir proved that these pundits were wrong. The country managed to survive the economic recession of the 1980s and is now in a state of boom. This is mainly due to the efforts of Mahathir and his development policies. Those who criticized some of these projects have had to retract their statements as many of these projects have been successful. The effects of some policies are not seen yet but Mahathir believes that these projects would be successful in the foreseeable future.

The restructuring of the civil service must be carried out to remove incompetent people from this sector. As the aim of some of Mahathir's policies is to have an effective and efficient civil service, there must be an effort to remove the "deadwood" from the civil service and replace them with more effective managers. The old practice of replacing civil servants with poor administrators simply because they have political clout should not be tolerated. The red tape present in all bureaucratic organizations throughout the world is also present in the Malaysian civil service. Mahathir stressed often that he is making an effort to change this to provide the private sector with greater opportunity to spend less time clearing red tape. The concept of Malaysia Incorporated incorporates this idea. If this can be achieved, it would be the most beneficial move in creating a more conducive environment for both the public and private sectors.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
5800 S. UNIVERSITY AVENUE
CHICAGO, ILLINOIS 60637
TEL: (773) 835-3100
FAX: (773) 835-3101
WWW: WWW.CHEM.UCHICAGO.EDU

RESEARCH INTERESTS
Catalysis, Organometallic Chemistry, and
Organic Synthesis

EDUCATION
B.S. in Chemistry, University of Illinois at
Urbana-Champaign, 1988
M.S. in Chemistry, University of Illinois at
Urbana-Champaign, 1990
Ph.D. in Chemistry, University of Illinois at
Urbana-Champaign, 1993

PROFESSIONAL EXPERIENCE
Postdoctoral Fellow, University of Illinois at
Urbana-Champaign, 1993-1995
Assistant Professor, University of Illinois at
Urbana-Champaign, 1995-2000
Associate Professor, University of Illinois at
Urbana-Champaign, 2000-2005
Professor, University of Illinois at Urbana-Champaign,
2005-Present

AWARDS AND HONORS
Fellow, American Chemical Society, 2000
Fellow, American Chemical Society, 2005
Fellow, American Chemical Society, 2010
Fellow, American Chemical Society, 2015
Fellow, American Chemical Society, 2020

RESEARCH GRANTS
National Science Foundation, 2000-2005
National Science Foundation, 2005-2010
National Science Foundation, 2010-2015
National Science Foundation, 2015-2020
National Science Foundation, 2020-Present

11

LOOK EAST POLICY: EFFECTS AND IMPLICATIONS

MAHATHIR introduced the Look East Policy in late 1981. It was introduced at a time when Malaysia was rather unhappy with Great Britain and this created some doubts about the aims of the Look East Policy. Some quarters felt that the Look East Policy was introduced because of the tensions with Great Britain. It must have been the impression created as Mahathir was asked often if the Look East Policy was merely an alternative to the West.

The Prime Minister cleared the air when he clearly stated that the Look East Policy was not aimed at discrediting any particular country but was aimed at emulating the ways of countries much closer to home. Looking West was common in the ASEAN countries and Mahathir felt that ethical and moral values in the Western countries were eroding. The values which Malaysians wanted were no longer to be found in the Western nations. The cultural and ethical values of the West seemed to be going further and further away from the values common to Malaysia. Therefore, it would be a better balance to follow some of the countries in the East.

The point that was made with regard to looking to the East was that we should try to follow only what was good and not follow all Eastern habits blindly. The work ethics and the concern for the welfare of the workers seemed to be important in the East and

this should be followed closely. The aim of this was to create a workforce which emphasized the importance of hard work and commitment. The shift from following the models of the East rather than models from the West was seen to be beneficial for the nation as the people would be able to relate better to the values of the East. Mahathir stressed that Looking East does not mean begging from the Eastern countries or shifting the responsibility of developing Malaysia to these Eastern countries. It was also not necessary to buy all goods from these Eastern countries or to award all contracts to them. The offer made by these countries must be good and it would be studied before offering any contracts to these nations. The effects of having offered contracts to those nations would also be studied. In the long term, the Government wants to see the local contractors and businessmen learn the skills employed by the Japanese and this would be the main aim of the Look East Policy. The transfer of technology and skills will be given top priority and all contracts that are offered to these countries would have a major local component in them.

The relationship between Japan and Malaysia goes a long way. There were Japanese people who had been attracted to the plantations in Malaya since 1910. The British then had monopoly over the vast amount of resources available in Malaya and this prompted the Japanese to rethink their strategies to have control over the wealth in these colonies. To make matters worst, the British imposed a quota system thus restricting the imports of Japanese goods into Malaya. The cotton goods produced by Japan had become popular in these states and with the import restrictions, the Japanese felt that they were treated unfairly. It was then that the Japanese leaders decided that they should invade some of the British colonies and Malaya was targeted as it provided vast amount of resources for Japan. The result of all these incidents was the invasion and control over Malaya for a period of three and a half years from 1942 to 1945. During their occupation of Malaya, there were many problems between the Japanese and the locals. The Japanese tried to teach the locals some of their cultural values but as their occupation was rather short, they were not very successful. The impact their policies created were totally eroded during the post-war period. The Chinese were also believed to have suffered during the Japanese

occupation as the Japanese had some policies which were pro-Malay.

After independence, Malaysia still encouraged trade relations with Japan. The first Japanese investment in Malaysia was in the form of a joint-venture textile manufacturing project in 1957. This figure increased and in 1970 it was believed that there were more than 45 such projects in Malaysia. It must be understood that Malaysia then was still a small market for such projects and most of the manufactures were exported.

The next stage of Japanese investment in Malaysia was in the area of electronics and electrical goods. The development of ASEAN countries as an alternative to Japan began in the early 1970s. Malaysia was targeted as the ideal location for Japanese investments as there were attractive inducements provided by the Government. Japan and Malaysia also shared a heavy industry project as in the Malayawata steel mill and this was the first heavy industry project in Malaysia. It was also the very first time that Japan had exported its technological skills to a Third World country. The impact of this industry was rather slow and the logistical reason for engaging in this project was because there were some deposits of iron ore in Malaysia.

Malaysia was considered an excellent trading partner for Japan even before the implementation of the Look East Policy. Japan had trade totalling over US\$4 billion in 1980 and was Malaysia's main trading partner that year. There were many projects which were jointly financed by Japan and Malaysia in the 1970s and these were carried out during the 1980s. The Japanese firms were willing to help finance many of their joint-venture projects. Big Japanese firms such as Mitsui, Kawasaki, Nippon and Mitsubishi already had some major projects lined up in the early 1980s.

Japan favoured Malaysia as a trading partner for various logical reasons. The Japanese like to work in an environment where there is no hindrance to their progress through political upheavals. They had learnt a bitter lesson in Iran when the Shah was overthrown. The losses which they incurred because of their involvement with Iran were high and this had made them look for safer places for their investments. Other Asian countries had problems with the high levels of corruption and lack of infrastructure. Malaysia was still relatively free of corruption and the

Government was willing to provide the necessary assistance to make the projects successful. The other reason for preferring Malaysia was because the Malaysian economy had grown steadily since the 1970s and this was a great criteria for Japanese companies. Whatever investments they had in Malaysia would grow and the value of their investments would be intact. This proved to be the greatest factor favouring Malaysia over other countries.

The implementation of the Look East Policy was timely as Japan was already a major trading partner with Malaysia and the policy would help spell out some of the terms which would ensure that Japan and Malaysia could co-operate in the long term. The emphasis was on developing co-operative projects where technology would be transferred and thus there would be benefits for both Malaysia and Japan. The most significant of all the projects introduced after the implementation of this policy was the Proton Saga Project.

Mahathir had always been impressed with heavy industry projects. He felt that Malaysia should not be afraid to take up projects which were major and intensive. The implementation of heavy industry projects in Malaysia would also help make the country a leader among the ASEAN nations as the other ASEAN nations would have to depend on Malaysia for the skills and technology associated with heavy industries.

The Malaysian car project was seen as a personal dream that Mahathir had nurtured since becoming the Prime Minister. He had visited the Mitsubishi headquarters in Japan and requested its assistance in setting up a car manufacturing plant. As there were benefits for Mitsubishi in this plan, the company had agreed. The result of this was the setting up of PROTON or Perusahaan Otomobil Nasional Sendirian Berhad. The setting up of a car industry was not seen as an end in itself. The industry has to depend on other local industries as the project needed rubber, electronics and metalwork to supplement it. This would mean that there would be an immediate market for these products. The end result would be opportunities for employment and a decrease in unemployment. The major benefit would be in the form of technology transfer and in this case the transfer of technology from a highly industrialized nation. The benefits of the project seemed to outweigh the disadvantages. The other idea which Mahathir nurtured was to make this car an ASEAN car. There was no other

country in the ASEAN region producing cars and this would encourage the other ASEAN nations to support the Proton Saga project.

The setting up of the company to manufacture this car was given priority. A joint-venture was created between HICOM or Heavy Industries Corporation of Malaysia and Mitsubishi. The Malaysian partner had a seventy per cent share in this venture. The balance of the capital needed for the entire project came from loans which were provided by Japanese organizations.

The project which was initially supposed to start in 1986 was prescheduled and the first car rolled off the assembly line in 1985. The Proton Saga, as the car was called, had many components which were from Japan but the commitment of the workers and the company stressed that this will change in the next few years. The car was expected to be completely Malaysian by 1994. The transfer of technology had also begun to take place. There were many workers who were sent to Japan for up to six months to undergo intensive training programmes. The content of Japanese staff in the initial phase of the project was about a hundred but this was gradually reduced by two-thirds by the year 1988. This was an indication that the transfer of technology had some effect. There was some concern about the management in 1988 and this resulted in a revamp of the administration. As most of the senior managers in PROTON comprised ex-civil servants who did not have the necessary technical skills to manage a project of such proportions, some changes had to be made. The end result of these changes was that the senior management is still controlled by the Japanese. It is expected that this will change in the near future as the emphasis is on transferring these administrative skills to the local senior officers. There have also been many training programmes set up to ensure that there is genuine transfer of technology. Mahathir took personal interest in the project to ensure that all problems or hitches associated with the project will be solved quickly.

To further illustrate this point, the project was first discussed in 1981 and the company was formed in 1983. Within a few months, negotiations had begun and the plant was built. This was remarkable considering the amount of red tape one usually had to go through before embarking on such a massive project. The plant was completed in just 19 months. The project was rushed

through and this in itself showed the commitment that the Prime Minister held for the project.

The Japanese had helped Malaysia realize the dream of making its own car. The local officers were impressed with the involvement of the Japanese officers and they were highly regarded in the industry. Everyone who had worked with the Japanese in the initial setting-up stages of the Proton Saga project was impressed with the input provided by the Japanese. The Japanese wanted to make sure that the final product would be able to withstand the Malaysian climate and roads and they tested many versions and made changes to these versions until they were absolutely certain that they had the perfect car.

It was decided after many market surveys that the most popular models in terms of consumer demand were in the region of 1,300 to 1,600cc. This being the case, PROTON decided to initially produce two models, one with a 1,300cc engine and the other with a 1,500cc engine. The pricing of these cars had to be competitive with the current models in that range. It was decided to keep the price at about 2 to 3 thousand ringgit below the nearest competitor. This resulted in the car becoming the most popular car in Malaysia within the first two years of its launching.

The launching of the first Proton Saga took place on a grand scale and it was televised live throughout Malaysia. The appeal to the nation was very emotional, we had managed to produce our very own car and the patriotic Malaysians should support this car. The press coverage of the event too was very elaborate and the marketing people had a good start with this support. Within a few months, PROTON had a waiting list. As the car became more and more popular, there were many people who criticized it. The criticism ranged from comments about the lack of safety in the car to the lack of power the car had. All these criticisms were proven unfounded as there were many who owned the car and had no problems with it. EON, or Edaran Otomobil Nasional, the car dealer marketing the Proton Saga, came out with many ideas which proved the capability of the car. The car was later marked for export to many other countries. Great Britain was one of them. In Great Britain, the car was sold at a competitive price and became popular very quickly. It also managed to win two awards in Great Britain. All in all, there were no major problems with the car itself as it has proven itself. There are currently five models in

the market, including a limousine version. All models are selling well and the demand exceeds supply.

The major criticism towards this project is with regard to the costs involved. It was estimated that the project would cost at least M\$1.5 billion, including both direct and indirect costs. This estimate includes the infrastructure and the opportunity costs. The viability of the project is said to be unjustified by the costs involved. To this criticism, Mahathir has offered the explanation that the long-term benefits of the project will definitely outweigh the total costs involved. There are many opportunities to sell this car overseas and this in the long run should be able to outweigh the costs incurred. The small domestic market is anticipated to grow and this will help to keep the project in a constant state of revival. The situation in 1991 is that there is a strong demand and PROTON has been unable to meet this demand. This demand is only from the local sector and there is also a growing awareness of the car in foreign markets. The company has not been able to meet the demand and has been considering increasing the production capacity. This can be done through the introduction of more shifts and would result in the full capacity of the plant being realized. The export potential of the car has been tested and it is now believed that the car can attract buyers in the developed countries as well as the Third World. The long-term plans of PROTON should be to increase the capacity of the plant and to meet the demand. There are also many potential countries which have shown interest in importing the car to their respective countries. PROTON has now indicated to those interested that they would not be able to meet their demand and have proposed that they would be contacted when the capacity of the plant has been increased.

The rapidly changing state of technology was cited as another problem Malaysia would face. The argument was that the technology would change so rapidly and Malaysia would be left behind if it became involved in heavy industries. Malaysia would always be behind in terms of technological advances as we cannot develop our own technology and would always have to depend on imported technology. This argument does not stand. We are just introducing a twelve-valve model while in Japan, they had already introduced the sixteen-valve models. But the basic question is whether the consumers are willing to pay more to pur-

chase better models. Our consumers have been happy and contented with these models and it would only be the Japanese who would introduce the latest in car technology. These latest gadgets would eventually penetrate the local markets. We have always been behind when it came to motor vehicles as we had our own assembly plants where they had to complete the production of the old models before introducing new models. This being the case, we would not be very affected by being a little behind in motorcar technology.

Negative effects of the Proton Saga project would be felt by the present car manufacturers whose vehicles would have to compete with the Proton Saga. The assembly of cars in the region of 1,300–1,600 cubic centimetres would undoubtedly be affected. As there would be protective policies for the National car, other manufacturers would have to "wind down" their scale of operations.

In fact, some local assemblers have already wound down their operations and diversified into other areas such as real estate and production of car spare parts. The other result of the national car is seen to be the high cost of motorcars in general. The price of the Proton Saga is set as a base price and whenever there is an increase in the price of this car, the price of other cars, including second-hand ones, increases automatically.

Mahathir refuted these criticisms as premature and pessimistic. He stated that there would always be people who like to oppose whatever plans the Government implements. There should always be a first time for everything and if we are afraid to step ahead, we would be left far behind. The country cannot always depend on its primary resources and oil as the major source of revenue and the only way to get out of this rut is by implementing such grand plans. The plan may not be perfect but whatever the outcome, Malaysia will learn from the results. Mahathir believes that the transfer of technology and the pride of having manufactured our own car will help keep this project alive and growing. Whatever the criticisms, Mahathir's vision of a Malaysia car has been translated into a huge success. The Proton Saga is the best selling car in its range in Britain. Mahathir has proven many of his critics wrong.

Mahathir was influenced by the success of Japanese business ventures across the globe. Looking East would not be complete

without learning how these successful operations were managed. The Japanese called these operations *sogo shosha*, which directly translated means "a general merchant or trader". There are now many corporations in Japan which call themselves *sogo shoshas*, but it must be realized that there are some special characteristics which have to be present before a corporation can be truly termed a *sogo shosha*. The main difference between a *sogo shosha* and a normal corporation is that these Japanese corporations trade virtually any product. They are not limited by any means to trade in any one or a few products. Their trade also covers many countries across the world. They are international traders who trade in any commodity or product. At any given time, a *sogo shosha* would have trading interests in Japan, Indonesia and United States and would be trading different products in these countries. There is also some indication that these corporations have extended their trade to socialist countries as well.

The scope of a *sogo shosha* can be better understood by looking at some areas where they trade. It is seen as a leader through which overseas markets are exposed to Japanese products. The financial needs of other newer companies are also looked after by these corporations. As these corporations are large and have huge sources of revenue, they are very powerful and have political clout in Japan. It is sometimes seen that these corporations are in control of prices and can manipulate consumer prices to their advantage. The *sogo shosha* has the power to manipulate overseas Governments and, in some cases, influence the decisions made by overseas political leaders. It must be acknowledged that these corporations do more than just trading in various goods. As they have the financial power, they are in a position to manipulate and create situations to their own advantage. In Japan, these corporations control more than fifty per cent of all trading activities. Having so much power is to the advantage of the *sogo shoshas*.

The idea of forming an equivalent type of corporation in Malaysia was floated around and resulted in the formation of Sime Darby Pemas Trading Corporation. SDP was formed in 1983 and was expected to have powers equal to that of a *sogo shosha* in the long term. Malaysia needs these large corporations if the long-term plan is to have a manufacturing industry. The

penetration of international markets can be achieved through the establishment of these large trading corporations. As Malaysia can only provide a very small domestic market for all the goods intended to be produced, there is a need for such organizations. The idea of Looking East can only be complete with the formation of these large corporations. As *sogo shoshas* are vital organs in the economic establishments of the East, it must be used as a vital organ in Malaysia. It is not necessary to follow all the principles of the *sogo shosha* but we can take what is good and leave out whatever that is felt to be a weakness in the structure of these *sogo shoshas*.

Malaysian manufacturers are a very conservative lot and have not been exposed to large bulk orders. They normally cannot meet the demand for these large orders and tend to lose overseas business because of this weakness. With the establishment of *sogo shoshas* this problem can be overcome. The large corporation can accept orders from overseas businessmen and place the orders to the various manufacturers. In this way, the trade is not lost to some other country and the manufacturers are also assured of business.

These large corporations can also expand the trade to other newer markets. As the corporation has the blessing of the Prime Minister and the Government, it would be easier for them to engage in new overseas ventures. They can act as intermediaries or go-betweens for the small businesses in the country and provide them with new markets. Malaysian small businessmen are not very concerned about expanding their contacts to new or less popular nations. They have the capacity to service the existing contacts and usually look to these contacts to provide them with new contacts. The *sogo shoshas* can play a role in changing the outlook of the businessmen and provide them with new ideas and markets.

The other important role of these corporations can be in the area of technology and skills. As these corporations are large and have adequate funds, they can establish research and development departments and engage their overseas contacts to transfer skills. The overseas exposure of these organizations could be used to our advantage.

There were many critical reports about the failure of these *sogo shoshas*. The reasons for this failure are varied. The first

and most significant reason for the failure of these business ventures is timing. These corporations were incorporated at a time when Malaysia was going through a recession. All businesses were failing and there were not many manufacturers who could be of assistance to these corporations. During a recession, any new venture would have problems getting off the ground and this was true with these corporations; they had teething problems which were never addressed and which ultimately led to their failure. Given the current economic climate these corporations would have been successful.

The other reason these corporations were not very successful was due to competition from the Japanese *sogo shoshas*. The Japanese corporations proved to be great competition for the local corporations. These local corporations were totally insignificant in the international markets and could no way compete with the larger Japanese corporations. In the business sector, the product matters but what sometimes matters even more is the service provided by the corporations to the executives of other corporations. The Malaysian *sogo shoshas* could not service these executives as well as their Japanese counterparts. Furthermore, there was also much competition from other newly formed *sogo shoshas* from South Korea and Taiwan.

Finance was another area where the Malaysian *sogo shoshas* had problems. The Japanese corporations had extremely good links with the Government and the banks. These links were reinforced from time to time and the banks totally supported the large corporations. These close links allowed the corporations to finance their activities and sometimes even provide finance for their trading counterparts. They enjoyed the advantage of the banks providing them with low interest rates and had the full support of the Government. This allowed them to practically provide all aspects of trade to their partners. A dealer could expect financial help from these corporations and this encouraged trading through them. This would not be encouraged in Malaysia as there would be pressure on the corporations to trade with organizations that paid promptly. The credit terms provided would not be too attractive to encourage trade.

The Prime Minister had anticipated some of these problems and had made provisions for them. He stressed that the idea of these large corporations had to be studied in great detail and that

they would be improved as time went by. The emphasis was on taking the ideas which were suited for the country and leaving out whatever that was thought to be a hindrance to the progress of Malaysia. As mentioned earlier, these large corporations had the capacity to control prices and to engage in corrupt practices. These ideas would not be followed. What we wanted from the *sogo shoshas* was their expertise in business ventures and international trade. The transfer of technology would be limited to these principles and not be influenced by the other weaknesses of the system.

In a way, this would be difficult hard to achieve. The Japanese model was successful based on the concept of working with the co-operation of many other groups. The way this co-operation was achieved is still vague. It could have been through granting of favours or through some exchange process where both parties would have something to gain. The symbiotic relationship between the large corporations, the Government, financial institutions and private influential individuals must be present before the *soga shoshas* can be completely successful. It would also be a hard task to try and take only the good factors from the system.

Mahathir has had an excellent idea of using the Japanese model and has also been cautious to warn us about the dangers of copying the ideas directly without modification. We should try every idea and see if it is feasible. Even if the idea fails, we would still have learnt something from the idea. We should not be afraid to use these ideas for there would be no progress if we are afraid of failure.

Mahathir must also have realized that there would be some cultural problems in following these ideas. Some Muslims would be opposed to ideas where the main aim is to make profits. Some business ideas can be interpreted to mean that tolerance is not ideal in the business world. The picture of a businessman is one who is willing to take risks and be ruthless, if necessary. Here again, Mahathir had somehow managed to convince the people that we can follow the Japanese and other Eastern models without becoming the typical ruthless businessman. The important element is the influence of the Prime Minister over the Malay community. The influx of Japanese business ventures into the country and the principles of Japanese businesses were all well accepted by the Malay community. The persuasive skills of the

Prime Minister must have had an effect on the tolerance and acceptance of these values.

The management of Japanese companies is based on a system where complete loyalty is expected by the company of its employees or workers. To achieve this, workers are often employed directly from school and tertiary institutions. The emphasis is on group achievements rather than on individual superiority. The profits of the company are usually shared with the workers and there is no sense of superiority by any of the senior management. The orientation of workers into the workforce takes place naturally with the newer workers being helped by the more senior workers. Promotions are based more on seniority rather than on merit. From the beginning, the worker is given a sense of security and in return the worker is expected to be loyal to the company. There are many benefits provided by the management and this is an indication that the profits are being shared by the company with the workers.

The Japanese company in Malaysia is seen to produce workers who would be exposed to such management styles and in this way would learn to be loyal to the company. Another aspect of these firms would be the training provided by the Japanese to the local workers. These local workers would then have skills which they would be able to use elsewhere within the industry. The drawback of this notion is that the Japanese companies are reluctant to train the local labour force. To overcome this factor, it would be better to have the locals learn the Japanese language and would thus be able to pick up skills through reading instructions. This method has been used in the United States and has proven to be rather effective. In fact, many workers in Japanese firms have been encouraged to learn Japanese to facilitate effective communication between Japanese managers and local workers.

The Prime Minister wants the nation to become more disciplined and hardworking and one way of achieving this is through the implementation of the Look East Policy. The problems which were encountered in back 1981 may not be present today. This is partly due to some advantages the Look East Policy has had over the years. There are still many Japanese firms whose investments are in Malaysia. The Japanese are now looking more towards countries like Malaysia to invest in and the

friendship between the two countries make it easier for them to invest here. Workers who work in Japanese firms have also benefited in many ways. They have been trained to achieve more and have gone through the processes which Japanese workers go through. In the long term, this would be of benefit to the nation. There are also many other countries which are looking towards Japan as a source of inspiration and universally there has been an increase in the number of people learning the Japanese language. We started doing so since 1982, thanks to Mahathir's initiative.

The workers in Japanese firms have a unique union system which Malaysian firms are now trying to emulate. This is the concept of the "in-house union". The term is self-explanatory; it simply means that the union is formed and managed by members of the company itself. There would be no collective agreements and interference from the unions of other firms. In this way, each organization is completely independent and has to manage its own union activities. There are many advantages to this system.

Such a system ensures that the workers' rights are looked after as the workers are in a position to voice their complaints easily to the in-house union. Decisions can also be made quickly and effectively as the workers are all in the same organization. The involvement of top management in the union would also be of help as major problems can be sorted out together. The needs and wants of the workers would be looked after very well as the people who make decisions would be directly involved in the workers' problems. They would have first-hand experience with workers' problems and this would be an advantage. There would no longer be the problem of union leaders making decisions on behalf of organizations which they do not know much about.

There must be some prominence given to the labour movement as it is important to have a strong organization that looks into labour problems. This is necessary to ensure that firms do not capitalize on workers' goodwill to make more profits. The important aspect of this issue is to achieve a balance between a strong labour force and a strong labour movement. If the labour movement has too much power, it would work in a negative fashion. Countries which have labour forces which are too strong have seen a downfall in the welfare of the workers through loss-making organizations. These nations have workers who are over-

controlled by the respective labour movements and this proves to be a hindrance to national progress. As Malaysia is still young in its industrialization process, it would be to her disadvantage to have a labour force which is too strong. The effects would be negative for both the workers and the nation.

The Look East Policy did not focus its attention only on Japan but also on South Korea and Taiwan. There have been a number of construction contracts which have been awarded to South Korean firms. These contracts include the Penang Bridge and the building of some of the highways. There have been complaints about the quality of work produced by these firms but none of these complaints have been serious enough to warrant a change in policy.

Allegations of high level corruption were made by the Opposition in the awarding of these contracts, but these allegations were found to be baseless as they were never proven. This illustrates the importance of making allegations only if there is proof. As there have been many allegations made but none proven, the people have begun to disregard any new allegations which are made. There have also been allegations that these "Eastern" firms have been awarded these contracts although their tenders were more expensive than local contractors. It is difficult to prove such allegations and as such there has been no attempt made by anyone concerned to use these allegations as a preventive measure against awarding future contracts. South Korea has the reputation of being good builders through their Middle Eastern contracts and this fact cannot be disputed. The idea of these contracts is to encourage the transfer of technology in the construction sectors. The buildings constructed by these foreign firms are much superior in finish compared to our buildings and it is hoped that the local contractors will learn some techniques from these foreign builders.

There have also been Japanese companies involved in construction. The classic example is the Dayabumi Complex which cost M\$400 million and was completed in 26 months. The project was tendered for and won by a Japanese firm. There were some local firms which tendered for the project but it was felt that the project was better in the hands of a Japanese construction firm. This was in line with the transfer of technology as there was

some new method which was to be used in the construction of this building.

In conclusion, it can be summarized that Looking East has not been just another individual policy but a policy which has links with Mahathir's other policies. The emphasis of this policy is on improving the motivation of local businesses through the Japanese and other Eastern models. The stress is on employer relations and loyalty to the corporations. The corporation is likened to a large family where the workers are treated like family members. There is complete co-operation and trust between the members of the corporation and this would result in the overall success of the whole corporation.

All policies have to be tried and proven. This is a universal principle that applies equally to Malaysia as well. The problem of who would be accountable if these policies fail was never addressed when they were formulated. At the end of the period of a policy, the person who implemented the policy might no longer be in a position of power. The same rules apply if the policy is successful. Someone must take credit for the success of the policy. In the case of the Look East Policy, Mahathir stressed from the very beginning that he was willing to take full responsibility for the policy and he would either "sink or swim" with it. This is indeed a very courageous stand and here again the Prime Minister has proven that he is willing to make decisions and stand by them. The important point of the whole exercise is that it has the support of the Government. A policy backed by the Government does not usually fail unless there are major inherent flaws. In the case of this policy, the major flaws can be ironed out with the support of the business community. With the support of the Government and the business it is really hard to imagine this policy failing. Mahathir must have realized this and that was probably why he decided to back this policy with all his energy.

Some countries are troubled by the reality that Japan has the financial clout to economically invade their territory. This has never bothered Malaysia. We are used to putting up with foreign investments up to the extent of economic invasion. First, the British owned many plantations and it was only in the 1980s that we took over these plantations from them. Then, there was the investments from Chinese businessmen from Singapore and Hong Kong. We still put up with these invasions as we see oursel-

ves gaining by the inflow of capital from these nations. Malaysians are generally patriotic and nationalistic but they can be persuaded by a strong leader that the actions of these foreign investors are of great benefit to the nation. There is also an abundance of land and the ownership of property by foreign nationals can be tolerated. Investments in other forms by these foreign nationals are encouraged. Therefore, bearing this in mind, the Look East Policy can be seen as merely an extension to this concept. The marketing of the nation can be specific to just one nation, Japan. The ideas learned from this can be used for the benefit of both parties. The impact of these investments would have a positive effect on the inflow of funds from other nations as well. There would also be an interest in setting up industries in Malaysia because of the success enjoyed by the Japanese. The Look East Policy can thus be seen here as a marketing strategy to increase the flow of investments into Malaysia.

It must be pointed out that there have been problems with the Look East Policy. The Prime Minister himself stated in 1984 that there must be co-operation from both sides. He was referring to the imbalance of trade in favour of Japan and to the fact that there were complaints that the transfer of technology was not taking place satisfactorily. There were also some problems when Japan refused landing rights for Malaysia Airlines. This problem was eventually solved through the Prime Minister's intervention. There were also some Japanese companies which were developing certain tactics to avoid paying tax in Malaysia. The other problem which Japan faces with all countries of the world is with regard to protectionism. Japan has a closed system where their goods are usually exported but the import of foreign goods is not allowed. This was applied to Malaysia. While we were promoting Japanese goods and services, Japan was not allowing the import of some Malaysian goods. It must be pointed out that even if there was provision for Malaysian goods to be imported and marketed in Japan, it would still be problematic. This is because the Japanese prefer to buy their own products even if they are a little more expensive. This kind of patriotism towards their goods can never be displaced. Such a situation would leave Malaysia in a disadvantaged position. There seems to be no solution to such problems. We can only hope and wish that looking East would instill this kind of patriotism within our population.

THE PRIVATIZATION POLICY

PRIVATIZATION was a policy promulgated by Mahathir Mohamad and was introduced in 1983. The emphasis of this policy was to gradually shift the responsibility of managing public sector enterprises to the private sector. The reason for this was simply because the public sector was not efficient enough to manage these enterprises and the private sector was expected to manage them more efficiently as it has the necessary experience and expertise to do so. Privatization was implemented with other policies, including the Look East Policy and Malaysia Incorporated, and while these two policies are slowly fading away, the Privatization Policy has gained a stronger foothold and is playing an important role. The Privatization Policy is seen to be gaining more prominence in the 1990s. Currently, there are about twenty public enterprises which have been privatized while about eighty-five more are under review for privatization.

The incidence of privatization has had some link with the former Finance Minister, Daim Zainuddin. In fact, the appointment of Daim into the Government from the private sector can be considered as part of the privatization process. He has the experience in managing private companies and one of his functions as Finance Minister was to provide valuable advice in making this policy a success.

According to the Government, the aims of the Privatization Policy are many. The first and most important aim is to reduce

the financial and administrative burden of the Government. The Government is currently bogged down with administrative strain and one way to reduce this would be through the implementation of this policy. The second aim is to increase the productivity and efficiency of the civil services. There were many complaints about the effectiveness of public enterprises and it was expected that with the private sector managing these enterprises, there would be an automatic increase in the efficiency of these organizations. These private companies would also be in competition in the business environment and this would bring about further improvements in their services. The increase in private enterprise is also seen to be directly involving the economic system of the country. There would be economic growth and this would lead to more foreign investments. There is also a close link between the Privatization Policy and the New Economic Policy. The introduction of new private enterprises would see the involvement of more Malays in the private sector. This would in a way help achieve the growth of *bumiputeras* in the private sector.

The Prime Minister stressed that one of the main reasons as to the timing of the Privatization Policy was due to the New Economic Policy. As there were now many *bumiputera* companies, it would mean that there will be opportunities for *bumiputera* participation in privatization. If privatization had been carried out some years ago there would have not been enough *bumiputera* companies or individuals to participate in this policy. With the growth of *bumiputera* businessmen in the private sectors, there is now the reality of these people taking an active part in the privatization of the public sector.

The size of the civil service has also increased yearly and the Privatization Policy would be a way to ensure that some of the statutory bodies within the civil service are managed more effectively. There are questions concerning this idealistic approach towards increasing the efficiency of the private sector. The main question which would remain unanswered for at least a few years is whether privatization with the retention of the same staff would lead to more efficiency. The argument lies with the fact that the management would become motivated with the principles of the private sector, namely, profit. This can be negative in some ways and it has to be experimented beforehand to realize if the whole

exercise is to be beneficial. There is also the question as to what would happen if the exercise proves to be unsuccessful.

The Government has employed several methods to achieve privatization. These methods are described in detail by many Government documents. There have been sales of state run establishments. The example of this would be the establishment of Syarikat Telekom Malaysia Berhad, the private company which took over the activities of Telekom. The ultimate aim of such establishments is to become public listed companies. There would be share issues which would enable the company to be listed in the Kuala Lumpur Stock Exchange. The aim of the New Economic Policy would be met through the issue of special *bumiputera* shares.

There were other schemes where public issue of shares were partly financing state-owned corporations. Malaysia Airlines (MAS) is an example of such an establishment. The privatization of such corporations was also in line with the New Economic Policy as there were shares reserved for *bumiputeras*. This form of privatization is known as corporatization of Government services. There will be no substantial changes in the management and control of the organization. The Government is still able to maintain its control over the organization and yet tap into the funds of the private sector and individuals. There are provisions in Malaysia Airlines for the Government to remain the main decision-maker. This is done through the issuing of Special Rights Redeemable Preference Shares. These shares are held by the Government and provides special rights for the Government in matters dealing with the actual control of the company. Through the holding of these shares, the Government can theoretically control the organization even if it owns less than 50 per cent of the shares. Other schemes include the contracting out of services to private organizations. The City Council has contracted out the parking bays in the city of Kuala Lumpur. The companies which are awarded these contracts must have *bumiputera* participation. Through this approach, it is hoped that the aims of the New Economic Policy are met. This is also seen as a way of allowing *bumiputeras* to prove themselves. If they are unable to manage a contract effectively, the Government would not reaward the contract to them when it expires. The pressure would be on these private firms to prove themselves capable and this would conse-

quently increase productivity. The controversial North-South Highway Project is another example of privatization. Here, the whole project was awarded to a private firm, United Engineers Malaysia Berhad and this company was allowed to collect toll. The toll collected would cover the costs incurred in building the highway. It is cases such as these which pose to be worrisome as the public are burdened with the payment of tolls in return for the use of a vital service. The argument lies with the fact that the public is already highly burdened in paying road tax and this toll payment would burden them further. But, on the other hand, an efficient infrastructural development programme can only be achieved through privatization and Mahathir should be applauded for the rapid progress made in such development.

The establishment of a private television station TV3 was possible after the implementation of the Privatization Policy. This resulted in competition which had never been encountered before by the Government-owned RTM, or Radio Television Malaysia. In a way this is supposed to be a healthy development as the private television station can be seen to be independent of Government views. But on the other hand, this station is partly owned by the Fleet Group which is owned by UMNO. In a way, this really means that the news and statements of this station could be influenced by the Government through UMNO.

The main criticisms of the Privatization Policy concern the ways used by the Government in awarding contracts to private companies. There are allegations that there is abuse of power by people in the Government when awarding contracts. These allegations have been supported by the fact that there are some companies controlled by the political parties which have been awarded some of these contracts. There have also been contracts awarded without the calling of tenders. To overcome these issues, Mahathir was quick to introduce the Official Secrets Act. With this Act in place, there are many restrictions when the general public want information. The Act does not allow the disclosure of information on any Government issues. This would include information connected to the awarding of tenders. In this way, the information can be kept in confidence and would prevent the time consuming task of unnecessary explanations. It must be remembered that these tenders are awarded openly and there is really no secret about the finality of the contracts. In one instance, the

Prime Minister openly acknowledged the fact that some contracts had to be awarded to companies which could help political parties. The surprising factor in this instance was that there was a big hue and cry over this contract before it was acknowledged by the Prime Minister. After he openly acknowledged that the contract was awarded to a company which would help UMNO, there was nothing the opposition parties could do. In a way the openness of the Prime Minister surprised these parties and helped clear the air.

There is a need for accountability in the area of privatization. The Government could be more responsive in making public announcements regarding the process of awarding tenders and contracts. The secrecy which surrounds this process is in a way hindering the process of privatization. There is no need for this secrecy and matters which are kept as secrets come out in the open sooner or later anyway. Since this has always been the case, there is really no point in keeping the process a secret.

Concerns are expressed that services offered by these private operators would be costlier than the public service. The creation of a double system whereby there are two sets of services, one for the poor and one for the rich would not help in achieving the objectives of Government policy. Such a situation must be avoided at all costs. One way of doing so would be through keeping the costs of these private organizations as low as possible. This cannot be guaranteed in the long term but Mahathir has assured the public that there would always be alternatives available for the poor. In a way this assurance has helped the rural folks to accept the objectives of privatization. They have the assurance that the services which they have been enjoyed at low rates would still be continued.

Mahathir also stressed that firms which are engaged to take over essential services would be selected on the basis of stability. This is an important factor as it would be pointless to allow newly established companies without experience to manage essential services. There would always be the fear that if this company failed, there would be far-reaching consequences on the Privatization Policy. It would also be unfair to allow essential services to lapse. The public would suffer as a major consequence and this could be transferred as lost votes. Bearing all these factors in mind, it must be acknowledged that the Prime Minister has a tough task of ensuring that these private firms are stable.

The tendering process must be expressed and explained to the companies which would likely be submitting tenders. The current policy is that the Government is allowed to choose and award contracts to whoever they decide. This policy has many disadvantages to the Government. There would be lesser companies tendering for projects as the companies have no idea about the criteria on which the awarding of the contract is based. This would mean that the Government might have limited the number of companies which can do a certain job. Furthermore, on certain occasions, the Government had used the "first-come, first-serve" basis in awarding contracts. This is definitely not a very good policy as there may be other more efficient tenders which were received later. The best policy would be to use the open tender system and examine the tenders carefully and decide based on various relevant criteria.

The argument that privatization is the creator of monopolies must be debated upon before embarking on a large scale privatization project. Large firms, when privatized, would be in a position to monopolize their sector of business. The creation of a monopoly through privatization would be of no benefit to the general public. The monopoly created would be a private one and the aims of private organizations are mainly capitalistic. These capitalistic aims would result in having profits as the only motive of the firms. This could in effect be a great disadvantage to the poor. Social services, if privatized and run on this model can have disastrous effects on the poor. They would not be able to afford these services and this would raise ethical questions about this policy. Therefore, the privatization that is carried out must be done with safeguards to prevent the private firm from monopolizing the trade.

The bright side of the whole issue of privatization is that there are many Government sectors which are making huge losses at present. The privatization of these sectors can be of no loss to the Government. There would be private companies interested in these sectors with the hope of making profits. These companies should have the help of professionals and could end up making profits. This would have immediate effects on the releasing of the Government's burden. The Government has plans to sub-contract projects which have not been completed by Government contractors to private firms. This is beneficial to those people

who have invested in these projects and have waited many years only to see the project delayed.

The point that has to be understood in the case of Malaysia's Privatization Policy is that in many instances, the Government would still be participating in the management of the privatized organizations. This would be in the form of having interest in the organizations or in the role of a watchdog reviewing the functions of the organizations. Whatever role the Government assumes, there would still be the occasional contact with the privatized organization. This role is seen to be important as some of the functions of these privatized organizations are essential for the country to function normally. These privatized organizations are usually managed by the former "civil servants" and so fundamentally there are no changes in staffing. It would be interesting to see if the same staff work harder and become more productive when the organization has been privatized. The image of being a staff of a private firm and not belonging to the large bureaucracy of the Government mechanism might have an effect on the morale of the staff. The executives of private firms are expected to perform and their promotions are based on their performance during the year. This rule must therefore apply to newly privatized firms. Can the deficiencies of the civil service be corrected by privatization?

Government analysts indicate that there is considerable conflict between the New Economic Policy and the Privatization Policy. This direct conflict can be explained by the rationale of these two policies. One policy emphasizes the provision of special privileges to the *bumiputeras* while the other is based on free enterprise. Mahathir explains that the function of the New Economic Policy is to adjust the imbalance of participation in business ventures and is aimed at providing all races and foreign investors a chance to participate in the growth of the country. The policy should not be seen as a discriminatory policy against anyone but rather as a policy which plans to integrate the various races in contributing towards the growth of the country. The Privatization Policy should therefore be seen as complementary to the New Economic Policy as both these policies share the common aim of developing the economy. If privatization improves the economy of the country, it would help attain the objectives of the New Economic Policy. Therefore, these two policies should

be seen not as conflicting but consonant with one another. As explained earlier, there are measures taken within the Privatization Policy to ensure *bumiputera* participation. In fact, the participation of *bumiputeras* in the newly privatized organizations is seen to be the most important aspect of these organizations.

The final outcome of the Privatization Policy has yet to be understood because it has not been felt by the economy. There are still many teething problems with the policy and, furthermore, the Malaysian public have not fully understood its implications. We have to take into account the effects of the recession and now that the economy has recovered, it is boom time again. The average Malaysian does not remember the recession during good times. This has always been a major observation and, therefore, whatever policy that is promulgated during boom times is seen to be effective. The Privatization Policy has gone through the recession and is now being observed during the boom. There would be reports about this policy later in the 1990s.

13

THE MALAYSIAN ECONOMY

MAHATHIR holds the view that our economy cannot be seen to be independent and must be linked with the world economy. Lessons from the past should be remembered and we should anticipate the future of the economy from past experiences. For instance, just by looking at the movement in the Kuala Lumpur Stock Exchange will show us that this exchange is controlled by events which happen in Tokyo or New York. Somehow, an earthquake in the United States has an effect on the prices in the Malaysian stock exchange.

Concerning the economic situation in Malaysia, the Prime Minister argues that the Government of a small powerless country can never be in complete control of their economy. This is due to fluctuations in the international currency markets which cannot be controlled by this small powerless country. Currency fluctuations happen everyday and the rates of interest and repayments of loans would be affected by these currency fluctuations. The share markets have an effect on the economy as the trading of these shares can affect the collaterals which are kept with the banks which, as explained earlier, are controlled by the foreign markets as well. Therefore, the overall performance of the national economy is in a way controlled by events which take place in different parts of the world.

The period between 1981 and 1985 saw a growth in the economy at a rate of 5.8 per cent per annum. This resulted in per

capita income growing from M\$3,719 in 1980 to M\$4,609 at the end of 1985. There was reduction in the Federal Government's budget deficit. The figure was around 18 per cent of the GNP in 1982 and was at around 8.2 per cent in 1985. There was an increase in the export of manufactured goods, an increase of about 12 per cent in a period of five years. The rate of unemployment rose from 5.7 per cent in 1980 to 7.6 per cent in 1985. This was due to the economic slowdown during these years. Other figures show that the equity ownership of *bumiputera* interests increased by 5 per cent in these five years. The overall increase of ownership interests in this period was 12 per cent.

The Prime Minister commented in 1989 that the growth rates achieved in the period from 1987–1989 were impressive. The growth rate for 1988 was 5.7 per cent. The export sector saw tremendous increases during the 1988–1989 periods. The total value of exports in 1988 was M\$55.3 billion, an increase of over 55 per cent when compared to 1986 figures. The reason for this was not totally attributed to the increase of commodity prices. There were increases in the manufacturing sectors and increases in the productivity rates of the farmers. The effect of the Government's efforts to engage in manufacturing industries has paid its dividends as there was a significant 75 per cent increase in the export of manufactured goods when compared to 1986.

Mahathir was generally happy to note that consumer spending had increased in these years. This was an obvious indication of the level of consumer affordability. This was also an indication that the average consumer had extra income to spend on luxury items.

The aim of the New Economic Policy was to reduce the rate of poverty and consumer spending patterns could in a way be an indication if these objectives were being met.

The private sector has shown growth throughout this period. The credit extended by commercial banks to the private sector has increased considerably and this is an indication of growth in this area. The projects approved by the various Government agencies for private sector investment was also an indication of growth in this area. The Foreign Investment Committee reported an increase in activity through 1988 and 1989. The Government had a very important role to play in increasing the investments of

foreign nationals in Malaysia. There were positive steps taken to induce these foreign companies and nationals to consider Malaysia as an alternative to other Asian countries for their investments. The interest rates have become very attractive and are one of the lowest in the world. This is due to the intervention by the Government and the policy of monitoring these rates. The monetary policy measures which were taken by the Mahathir Government made sure that there was always sufficient funds available at reasonable cost. The Government reduced the corporate tax rates and provided pioneer status for some foreign investors. All these and an infrastructure that was in place made Malaysia rather attractive and created a very conducive environment for investors. The final products of these manufacturing industries are sold globally and this has increased foreign funds and improved the balance of payments.

Mahathir stressed the importance of the attitude of the private firms which engage in contributing towards national growth. The Government can provide many incentives and reliefs but the private sector must complement these policies and work towards increasing productivity. The private sectors should also be committed socially towards implementing the New Economic Policy and improving the standards of rural economies. The attainment of these goals can be achieved if the private and public sectors work together. Mahathir was quick to realize that the public sector must perform well in order to improve the living standards of the rural people. The importance of the private and public sectors is not only in increasing productivity and making profits but should also be towards contribution of efforts to eradicate poverty and improve the living standards in rural areas. There must be genuine concern for these goals and only then can the country attain the aims of all these economic policies. All future plans of the Government would have to play an important role in improving the rural economy and the standard of living of the rural poor.

Being a doctor and having great faith in science and technology, Mahathir stressed the importance of this sector in improving the socio-economic standards of the nation. The importance of this was reflected in all of the Prime Ministers plans and there were allocations made for research and development. The research priorities would be studied and these funds would be

provided towards research in high priority areas. The idea of setting a central body to coordinate these research areas and to ensure that the funds were used effectively had been long overdue. This would ensure that there were no duplication of projects and that only the most deserving and relevant research projects receive funding. Research and development should be a priority of the private sector as this will help achieve further growth in this area. The Government has encouraged the private sector to take an active part in research and development through various schemes. These schemes provide the necessary push that is necessary for the private sector to move on in this area. Co-operation is encouraged between the Government and the private sector in this area.

Mahathir has had to repeat his stand on rural development often. He feels strongly that rural development should be achieved through the manifestation of various policies. Although he visits villages frequently and is very interested in the welfare of these villagers, the media does not give much priority to these visits. As we have noticed in the past, the media and the reporters who make efforts to follow Mahathir to these villages never question him on the actual purpose of these visits. Very often these journalists are more interested in party matters and on more newsworthy issues. This can be seen as a reason for the misconception that the Prime Minister is not very interested in rural development. It was only during the Semarak campaign that the media decided to give some priority to the rural visits by Mahathir.

The development of rural economies has been done differently through the years. The first few years since independence, priority was given to farming and the rural folk were only interested in carrying out farming activities. There were some schemes set up to help these farmers market their produce and the farmers went about their daily activities which were centred around the village. There are still some farmers from that generation who have never left their village and have never been to a town. In fact, there are some farmers in this generation who have never been to Kuala Lumpur or to any major city. These farmers are very contented with their style of living. They are sometimes totally devoted to religious activity and spend most of their spare time praying and relaxing. Then, during the 1970s, the Government decided that these farmers had to be helped to

attain land ownership. There were many departments set up within the Ministry of Agriculture to help farmers use more effective methods to increase productivity. The farmers were educated and their children were encouraged to attend schools. Many amenities such as schools were built and the children were encouraged to attend these schools. The aim was to raise these farmers' standard of living.

When Mahathir came into power, he realized that there were still many areas where these rural folks were backward. He decided to use various methods to improve the standard of living of these folks. In many of his speeches, he has stated that whenever he visits other countries, he is always on the look-out for products which the rural people can produce. The rural economy can be improved through diversification. There have been some cottage industries set up with the help of the State Governments and this is done with the aim of increasing the standard of living of these rural folks.

The blame for not achieving a higher standard of living lies on the *bumiputeras* in the rural areas. The policies are formulated to help all rural people but with the New Economic Policy, there is special emphasis on the development of *bumiputeras*. Mahathir blames the *bumiputeras* for not taking advantage of this policy to create more businesses for themselves. The *bumiputeras* have been pampered and been overprotected but they have been a little slack and should shoulder some of the blame themselves. Mahathir indicated time and time again that the major weakness of the *bumiputeras* was their poor management skills. This extends to the *bumiputeras* in the village. They rely heavily on the Government to provide them with the capital and later realizes that they do not know how to use this capital effectively. Lessons learnt from this recurrent trend should be to educate the *bumiputeras* before providing them with the capital. Mahathir realizes that the *bumiputeras* always seem to see the non-*bumiputeras* as more fortunate and the non-*bumiputeras* see the *bumiputeras* as the more fortunate ones. This will never change but what must be achieved by Government policies is the reduction in the gap of the standard of living between the *bumiputeras* and the non-*bumiputeras*. This should apply to the poor as well as the rich. The targets of the New Economic Policy

have not been achieved and therefore the Government must decide further options to realize the aims of reducing poverty.

Farmers and fishermen who form a large part of the rural population should strive to produce more. The methods which are used by the farmers today are still comparatively ancient. The farmers have been given opportunities to increase their awareness of new and more productive methods through Government schemes. More farmers should make use of these schemes and improve their productivity to feed the fast expanding population.

The National Agriculture Policy was implemented in 1984. This policy is said to have been written by the Prime Minister himself and is aimed at providing the farmers with more lucrative schemes to be more successful. Mahathir always stressed that the main reason for the failure of many ventures is simply due to poor management. In this policy he manages to provide some ideas which can resolve this problem. The main thrust of this policy is to create mini plantations which could be more effectively managed. The current method of farmers having very small plots of land to cultivate is seen to be rather unproductive. If these small farms are all consolidated into small plantations, there would be more efficient management. The Government would provide help to manage these small plantations and it would be beneficial to all concerned. The Government is concerned that there still exists a need to import food mainly rice from other countries. Mahathir wants to see Malaysia become self-sufficient in her need for food. The paddy farmers would be given help in the management areas. The effectiveness of plantations is proven in the case of rubber. Smallholders have always had less yield when compared to the larger rubber plantations. This is due to the expert advice which the larger plantations receive. If this concept can be extended to other crops as well, there would be a vast increase in productivity. The Government also created a special Cabinet Committee to oversee that the agricultural sector was doing well. This committee was given the task of making sure that the aims of the National Agriculture Policy were met.

The role of Government agencies in agriculture was also to be studied. The major Government agencies which are involved in helping farmers are Federal Land Development Authority (FELDA), Rubber Industries Smallholders Development Authority (RISDA) and the Malaysian Rubber Development Cor-

poration (MARDEC). It was seen that the functions of these organizations sometimes overlapped and therefore there was a need to monitor their activities. The financing of rural plantations and smallholders was done mainly through FELDA, Bank Pertanian and rural co-operatives. FELDA is the main source with credit for financing over fifty per cent of the rural farmers. Mahathir has always stressed that the private sector should play a more important role in helping the rural industries. The commercial banks are rather reluctant to finance rural farmers as they are unable to provide collateral. The mechanisms of private banks are more favourable to urban development where collateral can be provided. It would be interesting to see if the planned changes in legislation regarding questions over Malay reserve land would change the attitude of private banks over financing rural industries. It is hoped that with the emphasis on private investment into the area of food production, these financial institutions will be able to do their bit by providing the necessary finance. The other alternative would be to allow the private sector to participate as a partner with the Government agencies in agricultural projects. The stress is on improving the productivity rates of farmers and helping the nation to overcome poverty, shortage of food and develop the rural areas all at one go!

Sanusi Junid, the minister of agriculture is seen to be a dominant character in making some of these ideas feasible. There have been visits by various Government officials to countries such as Japan, Korea and Thailand. These officials have been instructed to digest information about the agricultural sectors in these nations. There are ideas to make agriculture and fishery more lucrative. These ideas when implemented would have a direct effect in eradicating rural poverty.

Tourism which has been given prominence lately has also had an impact on some rural sectors. There are special tours arranged by the Ministry of Culture which emphasize the cottage industries in the rural areas. This sector has to be expanded and it is anticipated that it would contribute towards the success of reducing poverty. Mahathir has taken a personal interest in the tourism industry and has emphasized the importance of cottage industries. As his interest is in both these areas, there would be some effects which would produce positive results. In many of his speeches, Mahathir has requested the private financial sectors,

especially the banks, to help the rural farmers. Banks have been requested to give some space and time for these farmers if they default their loans. The attitude of the Malay businessmen is to simply declare bankruptcy when pressed hard for repayments. Mahathir argues that this is not of benefit to either party, the banks or the businessmen. Therefore, it will be more beneficial if the banks are able to hold on. This would foster better understanding between the people and the financial sector and it would be of benefit to the banks in the long term. The banking sector has heeded this advice and there are many banks which have provided help to the rural businessmen. This has helped some of these businessmen revive their businesses and contribute towards the achievement of the New Economic Policy.

The Prime Minister regrets that the attitude of local farmers and fishermen have remain unchanged through the years. There can only be so much the Government can do to help these sectors. Whatever the Government does, it is up to the people in these sectors to take up the opportunity and work towards being more productive. The lack of motivation and participation of these farmers and fishermen is very disappointing and proves to be a major hindrance towards the implementation of various development projects. Although these people understand that they are not performing up to expectation, they seem very contented and are not interested in facing new challenges. Although new methods of fishing in the deep sea have been around for years, yet there are not many local fishermen who have ventured into this area. What seems interesting is the fact that there are neighbouring countries which have used these skills and are catching our fishes.

The economic situation is seen to be rather good in the 1990s. The Malays have still not achieved the targeted 30 per cent control over the country's economy but nevertheless they have been more active in the various sectors of the economy. Some Malays have succeeded while others have failed but the experience gained would be invaluable. Mahathir also sees that many *bumiputeras* have given up their businesses to non-*bumiputeras*. The overall figures indicate that the average *bumiputera* is still not confident of investing directly in businesses. There is the risk of losing the entire capital through direct investments. The Government has increased the involvement of

bumiputeras in business and the Prime Minister has played an important role in achieving this.

The *bumiputeras* also benefited from the Amanah Saham National scheme which was exclusively meant for them. The dividends from this scheme was very encouraging and many *bumiputeras* who have invested in this scheme are enjoying the profits now. In a way, such schemes are seen to be more beneficial and safe among the *bumiputeras*. Although the gains may not be as extensive as being involved directly in business, nevertheless the risks are less. There were and still are instances where *bumiputeras* sell their rights to these special shares to non-*bumiputeras* but even by doing so the *bumiputeras* make some money. This may not be the ideal situation but as the Government has not much choice, it tolerates it.

There was also a Bumiputera Investment Fund set up with an initial capital of M\$200 million. Mahathir had strong interest in this fund and developed some guidelines for the effective functioning of this fund. The Fund was initially set up to buy up shares allocated for *bumiputeras*. As was often the case, all shares which had been allocated for *bumiputeras* were never absorbed by the *bumiputera* community. This was because the *bumiputera* community did not have the capital to purchase these shares. The Bumiputera Investment Fund would buy up the shares and this would help the *bumiputeras* to maintain control of the economy. It was through the Bumiputera Investment Fund that Permodalan Nasional Berhad was set up. This company had a paid-up capital of M\$100 million. The function of this company was to buy up the special shares allotted to *bumiputeras* and hold these shares as a trustee. The shares would eventually be sold to *bumiputera* investors. It was through Permodalan Nasional Berhad that Amanah Saham Nasional was established. The managers and members of the Bumiputera Foundation were carefully selected as they were entrusted with the task of investing for the *bumiputeras*; they must be reliable and honest. The concept proved extremely successful and Permodalan Nasional Berhad is one of the most successful *bumiputera* business ventures today.

Improvement to the rural sectors also meant that the issue of housing for the rural population had to be tackled. In the urban areas there were schemes which allowed the low income families

to buy low-cost houses. In the plantations there were problems with the housing needs of the workers. The major plantation companies provided houses for their staff and labourers. There seemed to be not many problems with these organizations except minor alterations to the standards in housing. The companies were co-operative and the Labour Ministry had no problems with these larger and financially sound plantation owners. The problem was with the smaller plantations; it was obvious that the labourers were being treated badly and were shortchanged when it came to issues such as housing, etc. The Labour Ministry was given the task of looking into the living standards of these smaller plantations. As there were some allegations of abuse of power by the managers at these smaller plantations, a special section was set up by the Labour Ministry to monitor the activities of these plantations. The largest group affected by these issues were the Indians and Malays. There were very few Chinese who worked in the plantations. The Chinese prefer to own and work in these plantations rather than work for someone.

The overall effect of all the policies that were implemented to look after the needs of the rural population has had some effect in reducing the levels of poverty among them. The incomes earned by the farmers has increased steadily since 1986. Farmers have attained a higher standard of living since the 1970s. The prices of major commodities are high and this helps to increase the incomes of the farmers and the rural sectors. The manufacturing industries are doing well and this has prompted many rural people to migrate to the towns. Mahathir has held strong views about the migration of the rural population to the towns. He stated that if the people were willing to work in the agricultural sectors during the recession, the rate of unemployment would automatically drop. The high rate of unemployment was because of the large number of rural people who had migrated to the urban areas in search of jobs. Malaysians are rather choosy when it comes to selecting jobs and this has been one of the major reasons for the high rate of unemployment.

The economy has registered an average growth of 5.8 per cent during the 1986-1990 period. This is in line with the targeted rate of 5 per cent per annum. The manufacturing sector is expected to grow at the productivity rate of 5 per cent per annum. The unemployment rate for 1990 was predicted at 7.6

per cent, a reduction from the 8.1 per cent in 1988. The economy is anticipated to grow rapidly and this growth will eradicate unemployment and poverty.

Mahathir has been praised for his farsightedness in aiming for Malaysia to become a developed nation by the year 2020. He has seen the importance of co-operation between the private and public sectors as an ingredient in achieving growth and development. He launched the Malaysian Business Council in 1990 and has given priority to the development of human resources, especially the talents, skills, creativity and will of the people. New standards must be set and achieved. Only then will there be growth and development. Entrepreneurship and entrepreneurial development will be given importance.

The importance of developing a language base, especially English, is seen to be indispensable. Mahathir believes that while Bahasa Melayu would be the official language of the country, there would be a greater emphasis placed on the English language. A developed Malaysia must have more educational opportunities and he is undoubtedly the best person to vouch for this. His tenure as a former education minister and his interest in educational development will provide him the necessary experience to make Vision 2020 a reality.

The Vision 2020 objective is not merely to enable the nation to achieve high industrial growth but also to ensure that the people enjoy a better quality of life. Under the Sixth Malaysia Plan and the Second Outline Perspective Plan, the Government has pledged to implement programmes for a more united and just society. Towards this end, Mahathir also emphasized the concept of a caring society. Being developed does not mean sacrificing one's culture and moral values. Concerning the development of Islam, he reiterated that one can be a Muslim and achieve development simultaneously. There is no conflict between Islam and development.

Mahathir is committed to making Malaysia achieve the status of a Newly Industrialized Country within the next thirty years. He is confident Malaysians have the will and determination to make this dream a reality by the year 2020. His critics, both at home and abroad, will have to admit that his economic policies have been farsighted and he is the most dynamic Malaysian leader with a clear vision of where he wants his nation to go.

14

CLEAN, EFFICIENT AND TRUSTWORTHY

ONE of the very first policies Mahathir adopted during the early days of his premiership was to create a "clean, efficient and trustworthy" Government. It is interesting to observe that Malaysia witnessed the unfolding of a series of corruption scandals during the 1980s. This could be because Mahathir had kept to his word and allowed the freedom which he promised when he came into power. The leaders before him did not promise to give complete freedom to the press as a result of which many events were hushed up and never made known to the public.

The first major scandal that erupted was the Bumiputera Malaysia Finance (BMF) affair. The Government lost close to M\$2.5 billion in this notorious scandal. The corrupt practices of the bank's officials became public knowledge through the report and white paper prepared by a committee chaired by Tan Sri Ahmad Noordin. This scandal involved corruption and collaboration and ended with the murder of a faithful bank employee.

The scandal began with the formation of a public listed company which was later renamed Carrian Investment Ltd (CIL). The main person behind this organization was George Tan, a businessman who had gone to Hong Kong after being declared bankrupt in Singapore. His Carrian Group of Companies claimed that they were appointed as agents by the Government

of Malaysia to deal with the purchase of property in Hong Kong. Loans were given to the Carrian Group of Companies and to other companies associated with the Group and even to George Tan's personal friends. There were instances when the Group planned to purchase properties which were later to be resold to the Malaysian Government with handsome profits to the Carrian Group. The irony of these transactions was that the purchases were financed by the Malaysian Government through Bank Bumiputera. One could very well argue that the sole intention of setting up Bumiputera Malaysia Finance in Hong Kong was to serve the Carrian Group better.

There were allegations that many Malaysian ministers were involved but these allegations were never proven.

The report prepared by Ahmad Noordin stated that there was a special relationship between George Tan and the directors of Bank Bumiputera. On many occasions, George Tan managed to obtain loans through a phone call. These were loans amounting to millions of ringgit and he was able to obtain them even before getting the paperwork done. The fact remains that Bumiputera Malaysia Finance and Bank Bumiputera were both aware of these huge loans to the Carrian Group, yet nothing was done. In fact, there were efforts to keep these companies afloat even after knowing fully well that the Group was going into liquidation.

Lorrain Osman, who was then the chairman of Bumiputera Malaysia Finance (BMF), was very close to all the directors of the Carrian Group. The relationship between Ibrahim Jaafar, another director of BMF, and George Tan was very close, purportedly almost "like brothers". Ibrahim was given a Rolls Royce for his personal use by George Tan and there were many occasions when both of them were seen together. The relationship between the bank executives and directors and the Carrian Group was so close that they were willing to co-operate and mislead the auditors of BMF. There were instances when George Tan issued post-dated cheques for the sole purpose of defrauding the auditors. All these actions went "unnoticed" by the bank and its headquarters in Kuala Lumpur.

Mismanagement is excusable if it is done unknowingly. The case of BMF is a case where mismanagement was planned and carried out in various stages. The corrupt nature of the people in-

involved in this scandal when exposed showed the nature and extent of corruption that can exist in the banking sector. The bank was Government-owned and this made it seem even more serious. The taxpayers lost M\$2.5 billion because of the acts of a small group of dishonest bankers. When the report was made public there were many people who were concerned. This is a healthy trend as people have begun to realize the importance and seriousness of these blue-collar crimes.

The Government was closely associated with this scandal because it owned the banks concerned and because the scrutiny of Bank Negara Malaysia, the central bank, was questioned. Bank Negara Malaysia was governed by many regulations about loans to foreign ventures. Furthermore, it also has the responsibility of supervising the local banks. Bank Negara Malaysia seemed to have failed in both these roles. There are still many questions left unanswered about the role played by the central bank in the BMF issue. One probability is that there were members of the central bank who were aware of the extent of loans but were keeping quiet because of other reasons. There is also the question why the central bank did not act even after there was a confidential report submitted to the Governor. This report spelt out in detail the extent of BMF's involvement with the Carrian Group. Bank Negara Malaysia reacted only six weeks later and by that time, more loans had been granted by BMF to the Carrian Group.

The Governor of the central bank states that he had met with the Prime Minister and briefed him on the extent of the involvement of BMF with the Carrian Group. The Government through the Prime Minister must have acted after this briefing as the central bank sees its role as having ended after informing the Government of this state of affairs. The Government is the major shareholder of the bank and it should have acted to prevent further loans to the Carrian Group. The position of the central bank in this case was rather unenviable. The central bank has to act on its supervisory role and can make decisions to prevent the banks from engaging in certain transactions. But there must be authority received from the Government, namely the Finance Minister who has the powers to guide and authorize the actions of the central bank. The central bank acted in its capacity as a supervisory watchdog in many small cases and the question which should be asked is why didn't it act in such a large and important

case such as the BMF. As mentioned earlier, to be able to act, the bank needs authority from the Government. The BMF case was highly politicized and the bank probably did not have the power in this case. The BMF directors would also have been comfortable acting without the authority of the central bank and not having fears about facing hurdles from the central bank. This is because they had the sanction from higher Government authorities. Political support could have been anticipated in case of any problems from banking authorities.

Another issue was the fact that many of those involved in the BMF scandal have yet to be brought to trial. The Prime Minister is keen to see the Government weeded out of corrupt practices but unfortunately has been kind to those involved in the BMF scandal. The report prepared by Ahmad Noordin and his group was made public and the people involved in preparing the report stress that they did not have the powers to carry out an investigation with intentions to bring people involved to book. Nevertheless, there are a few cases which have been filed and the outcome of these cases would be most interesting.

Ironically, the committee which looked into the problems and presented the report was criticized. The chairman, Tan Sri Ahmad Noordin, seems amused that the politicians are not intending to look at the report subjectively but prefer to criticize the people involved in investigating and presenting the final report. The role of the committee was to find out what happened to the M\$2.5 billion. They were not given the task or the power to investigate crimes which had been committed. There was no legal requirement for people to co-operate and there were other stumbling blocks, namely, people in Hong Kong who did not bother to respond to the committee. Bearing in mind all these problems, it must be appreciated that the task force managed to present a report which was quite comprehensive.

Mahathir realized that the whole scandal was a setback for the Government, especially since he had initiated the "clean, efficient, and trustworthy" campaign. In support of Mahathir, it must be said that one of the reasons the scandal was reported heavily and received much publicity, both local and foreign, was because of this campaign. The press was also allowed to report freely the activities which had taken place and there were very few limits on what could not be reported. This freedom enjoyed by the press

should be attributed to the Mahathir administration as freedom of the press was exercised.

Mahathir was rather kind to those involved in this scandalous affair. There were not many people questioned about their activities and some were given warnings and sacked after this incident. But Lorrain Osman, one of the main culprits, languished in a British jail; he has the reputation of being the longest kept person in remand in modern British history. His many appeals against extradition to Hong Kong came to nought when he was finally extradited to the island colony on December 16, 1992 to stand trial. He holds the trumpcard because he has most of the vital information connected to the BMF scandal. Mahathir cannot therefore be faulted for not bringing to book most of the people involved in this scandalous affair due to insufficient evidence.

The year 1987 brought with it the biggest financial scandal within Malaysia which directly affected many Malaysians. There were 588,000 depositors of 24 deposit-taking co-operatives who were affected. These co-operatives faced losses estimated to be more than M\$650 million. The reason this is of interest to the Government and affects the Government directly is because there were members of Parliament who had been involved in this scandal. The other important aspect of this scandal is that it involved mainly Chinese depositors.

The depositors of these co-operatives were mainly from the rural population. Farmers, fishmongers and labourers who worked in plantations were the major clients of these co-operatives. The scandal was a perfect example of the rich and powerful literally robbing from the poor and powerless. There were many *Tan Sris*, *Datuks* and politicians, some of them still in power, who have been taking the money of the poor hawker, taxi driver and the vegetable gardener to enrich their coffers.

The leading Chinese political party, Malaysian Chinese Association or MCA, had no choice but to put pressure on the central bank to intervene. The Prime Minister was consulted and briefed on the state of affairs. The leaders of MCA had to get the support of the Government to help the people affected by this scandal as it had become a political issue. The central bank had to step in and this resulted in these financial institutions losing their freedom and power. The assets of these organizations were frozen and resulted in other political repercussions as there were

a fair number of politicians who were directors of these co-operatives.

The case of these co-operatives has some implications for Mahathir. Unlike the BMF scandal, the co-operative scandal involved many depositors who ran the risk of losing their life savings. This incident affected these depositors directly and the implications would have been felt by the Government even if there had been no political parties involved. The situation was more intense because many of the depositors came from the Chinese ethnic community. In Malaysian politics, if there are ethnic issues involved, it is important politically and would have political implications. The party which looks after the interests of the particular ethnic group would be called upon to help with the situation. This case was even more significant as there were MCA members who were involved and affected by the scandal. The depositors were members of the MCA and some of the directors who had committed fraud to create these huge losses for the co-operatives were also members of the same party. As many people were involved, there were many voters who would have been involved too. The Barisan Nasional, through the MCA, would have to act to pacify these voters as otherwise there might be implications in the coming elections.

Mahathir made some statements on the effect of this scandal and that the people involved would be looked after by the Government. This was necessary and timely as it did give some hope for many of the depositors. Only the state was in a position to help these depositors and the Prime Minister was seen as a spokesman for the state.

The end result of state intervention was that most depositors managed to get a ringgit-for-ringgit refund. They had lost some money in terms of interest but overall they managed to get most of their money back. The corruption which was present in the system was exposed and there were many arrests made. Three politicians were arrested and convicted in the process. The action of the police indicate that Mahathir does not support corrupt politicians and that justice does finally prevail in some instances.

The other form of corruption is not direct corruption but covert corruption which is present in some public sectors of the economy. Political parties are sometimes involved. This is mainly because Malaysia has political parties which own or are linked

closely with major corporations. It is inevitable that when the Government owns private companies, there will be questions raised about conflict of interest. When contracts are awarded to companies which are linked with the political parties, the public perceptions which follow are usually negative. Mahathir has explained that the process is completely free of corruption. Politicians are also allowed to have links with private corporations. The Prime Minister directed that all politicians should transfer their interests in private corporations to others. Most politicians have done just that! They have transferred their interests to people close to them like their wives or children and in some instances to their parents. This seems proper but when Government contracts are awarded to these companies, there is always the question about conflict of interest. Unfortunately, conflict of interest is not seen to be a major criminal offence. There are no proper guidelines issued in association to this problem. The end result is the presence of some dishonest politicians who use their positions and abuse the trust placed in them as leaders. In these instances, it is hoped that these people do not forget slogans such as "leadership by example".

A chapter on corruption is absolutely necessary when writing about Mahathir because of his strong views on the subject. Although one of the first policies or slogans implemented by Mahathir after coming into power was to wipe out corruption, there were many corruption scandals during the 1980s. These scandals influenced further legislation and powers of agencies such as Bank Negara Malaysia and the Anti-Corruption Agency. These agencies were kept busy during the 1980s and had to be extra careful when carrying out their duties. The effects of these corruption cases were not felt heavily by the nation because of the intervention of these agencies. Mahathir realized the need to review the legislation on corruption and the Finance Ministry has taken up the task of reviewing the legislation with regard to the loopholes in the old legislation. The years to come will see further input to this area and the lessons learnt from these scandals will not be put to waste.

15
**ISLAM, MALAYSIA
AND MAHATHIR MOHAMAD**

MALAYSIA is a multireligious country where the major religion is Islam. Islamic values often contradict the values of other religions. The Muslims are very conservative and have strong religious beliefs. The religion and its values have considerable impact on the values of the nation. With modern ideas and ideals, it is sometimes difficult to reconcile these Islamic values with the thrust of modern ideas.

As a leader of Malaysia, Mahathir is aware of these problems. He has taken the approach of being involved with Islamic values and ideals while making sure that the religion does not hinder the nation's progress. A balance is very difficult to attain because there are people within the Malaysian community itself who use the religion as a political tool to their advantage. Mahathir has become rather involved with the activities of Islamic organizations. The main organizations which have Islamic principles embodied in their constitutions include organizations such as Tabung Haji, Bank Islam, Takaful and the International Islamic University. As their names suggest, these organizations carry out activities which range from banking to education.

The Tabung Haji was set up to enable Muslims to save with the religious purpose of performing the Haj at the Holy Land of Mecca in Saudi Arabia.

Islamic principles regarding investments are different from Western banking principles. In Islam, it is wrong to earn fixed interests. Therefore, many Muslims prefer to hoard their money at home rather than keep it in interest-bearing accounts. Although hoarding of money is wrong based on Islam, Muslims prefer to do so rather than place it in interest-bearing accounts. The Government realized this and after much thought, Bank Islam was established to serve the needs of these Muslims. The system which this bank operates is based entirely upon Islamic principles. The Muslims now had a bank they could rely on and Mahathir played a major role in helping this bank to operate based entirely on Islamic principles.

The setting up of Syarikat Takaful Berhad was prompted by the fact that the Muslims did not have a system of insurance based on Islamic principles. They were rather reluctant to buy insurance from the common Western-based insurance companies because these companies did not follow Islamic principles. Due to this reason, the Government set up a committee to study the principles of Islamic insurance. The result of this was the setting up of Takaful. This company is run based upon Islamic principles and therefore the Muslims are not hesitant to buy insurance from this company. Their needs in banking and insurance had been met through the efforts of the Government.

The International Islamic University was set up to meet the education and training needs of the Muslims. This institution is run based upon Islamic principles and there are many courses which meet the needs of Islamic students. The main areas where this institution has made an impact is in the areas of law and economics. The Syariah Law, which is Islamic Law, is taught and has become a popular subject not only among Muslim students but also among non-Muslims. The students are appreciative that they are able to understand better the principles of this legal system. The economic system based on Islamic principles is also useful as the Malays can understand these systems and make better Muslim managers.

The Prime Minister stresses the importance of managing these institutions. Although people trained in these institutions would be well versed in Islamic principles of management, they will still need to understand other management principles which can make their businesses successful. The ideas which would

make these organizations work must be Islamic but the actual management must be able to follow universal methods of effective administration. The administrative skills of people working in these organizations must be good enough to overcome everyday problems. Mahathir shares this view with the people who manage these organizations. Furthermore, it is anticipated that these organizations would be free from corruption and illegal business practices.

Mahathir also realized that the religion could be used to educate the Malays and make them realize that it has many important principles which will help make the Muslims more effective people. In this respect, the religion always states that man should have a thirst for knowledge. The Malays should follow these principles and in this way religion will help them to become more successful.

The Muslim ideal of becoming self-sufficient is not possible in the modern world. Western ideas have always been condemned by Muslims but Mahathir points out that we have to depend on these Western ideas for survival. Muslims should imbibe good ideas from the West so that they can become more self-sufficient. The Muslims in cities have been exposed to the Western culture and there have been many Western cultural ideas copied by both Muslim children and adults. This cannot be prevented as we depend on the West to provide us with many of our essential items. Western technology is prevalent everywhere and there is no way Muslims can claim to live without the support of these Western influences. Therefore, Muslims have to act quickly and effectively if they wish to be self-sufficient. Whatever happens, the culture has already been affected by the west and it would take many years before these cultural influences can be erased from the minds of Muslims. This "cultural pollution" must be controlled at all costs before it gets out of hand.

Another important point made by Mahathir concerns the low levels of co-operation among Muslims. He argues that if the Muslim community does not want to accept Western ideas and principles then the Muslim nations should try to be more co-operative. What is happening now is to the contrary. There are Muslim nations which stab each other in the back and the Muslim world is filled with wars and unnecessary infighting. All these must stop before the Muslims can become self-sufficient.

Even within Malaysia itself there are problems with certain groups which attack other groups for being less Islamic or misinterpreting the teachings of Islam.

Mahathir takes a serious view of people who misinterpret Islam. He stresses that there are those who are genuine in not understanding the religion but there are others who use the religion for gainful purposes. The Islamic community in Malaysia belongs to different subgroups and much precious time is wasted on arguments about who is more Islamic. The time frittered on such arguments can be usefully spent working out projects which would benefit both Malaysia and the Islamic world. Many Muslims do not understand the underlying principles of Islam and this leads to confusion among them. This is not merely a Malaysian phenomena but rather a trend in many Islamic countries. The West sees Islam as a religion which is oppressive but this image can be changed if the Islamic nations co-operate and shed this tarnished image. Muslims must also realize that Islam is a religion and not an ideology. Socialism, communism, and capitalism are ideologies and therefore cannot be compared to Islam as such comparison is just not logical.

Forming a stable and co-operative nation should be the emphasis. Islam should be used to benefit the people and help them overcome their problems. The religion is filled with ideas which emphasize that morals, ethics, and good principles should be followed always. If these principles are followed closely by those claiming to be good Muslims, then the nation has nothing to worry about. The result would be the creation of an honest and ethical nation with strong principles. This can neither hinder progress nor create stumbling blocks to growth.

Malaysia has already implemented Islamic laws at state levels. There are Syariah courts which administer Islamic laws. Islamic laws affect Muslims only. Despite this, there is a general feeling, and sometimes fear, that these laws may be administered to all the other races as well. But this fear has proven to be unfounded as the Prime Minister and the Government have assured the other races that their rights will not be affected. There have been recent amendments to the Constitution which give the Syariah Courts exclusive jurisdiction over matters within their jurisdiction. The Civil Courts will have no more jurisdiction in these matters.

The reason for this is to place some importance in the Syariah courts and elevate their position.

Islam is the official religion of Malaysia but the other races are allowed to practise their beliefs and religions. As Islam forms an important part of the culture, there are political implications to this religion. Malay politics will never be free from being linked with Islam. PAS claims to be championing the rights of Islamic people. They claim that Mahathir does not understand the religion and it is only their leaders who understand Islam. These claims are new and became effective only in the 1980s. This was simply because the party had been able to gain the support of the people by citing Islam. This was the only party then which claimed to be Islamic and so there was not much competition or clashes with their ideologies and the ideologies of other parties. When Mahathir came into power, he decided that Islamic values can be incorporated into the systems of the country without upsetting the other religions. This was decided after much careful deliberation. There was talk that Islamic values had been incorporated into the political system of UMNO. PAS had only one strong point which was the fact that it was supporting the values of Islam. If UMNO had managed to incorporate Islamic values into their party, then PAS would be no different from UMNO. Therefore, this party decided that they should now challenge any other party claiming to champion the rights of Islamic people.

PAS now claims that it is striving for an Islamic country. UMNO is different because it claims to be incorporating Islamic values into the present administration of the nation. It is obvious that between the two styles, PAS will fail to attract the support of the non-Muslims. In fact, it has been reported that many Muslims would not support PAS as they see it to be too involved in religion. The issue of who exactly is more Islamic became so involving that at one stage, Mahathir challenged PAS to an open debate on national television to solve the issue once and for all. The King however instructed this debate cancelled.

Interest in this debate became so intense that all members of UMNO Youth and UMNO itself were asked to identify orators among them. There were many who were opposed to the idea of having this debate. This was mainly because it was felt that PAS would get publicity and might be perceived to be a much stronger party. In actuality, PAS did not have much support in most states,

except in Kelantan. If there was this live televised debate, then it might rekindle some support for PAS. Mahathir, on the other hand, must have felt that one way for PAS to destroy itself completely was to go live and share its views with the Malaysian public. There would definitely be no support for this party from non-Muslims. Even the Muslims might be clear about the state that was suggested by PAS. As PAS was labelled undemocratic and not tolerable to the nations multiethnic and multireligious value systems there would be comments from the other religious groups after this debate. Another allegation against PAS was that it was encouraging the country's armed forces not be loyal to leaders who were "unIslamic". There were allegations that PAS was instructing Government servants not to take instructions from leaders who were "unIslamic". PAS also seemed to label followers of UMNO as non-believers as they had some nationalistic elements in their constitution. The King made the right move when he instructed the debate cancelled as there would have been unnecessary tension created in the nation, especially in the states of Kelantan and Terengganu.

With the split within UMNO and the formation of Semangat 46, the situation became even more interesting. As both Semangat 46 and PAS had only one common aim, that is, to topple the leadership of Mahathir, these two parties decided to work together. Another party with the same aim was the DAP and the DAP and Semangat 46 made a pact. This situation became rather amusing as this actually meant that the DAP and PAS were in fact working together. And as we all know, PAS and DAP have not been on good terms for quite a long while. DAP does not even support the mild Islamic concepts being incorporated by Mahathir. They have always been against the implementation of any Islamic or semi-Islamic legislation into the political system. PAS, on the other hand, was striving for an Islamic state. How could these parties which have contradicting ideologies ever work together? It was definitely a marriage of convenience which was sure to end in bitter divorce.

What followed was complete confusion among the members of the public and within PAS itself. There were many members of PAS who opposed the relationship which the party had with Semangat 46 because they felt that Semangat 46 did not understand their concept of Islam. The other supporting factor was that

the enactment of Islamic laws in Selangor was strongly opposed by DAP. PAS supported this enactment and as such there was direct confrontation between the two parties. The Islamic religion was the main issue which made this political relationship shaky.

Another interesting development was that people like Tengku Razaleigh Hamzah and Marina Yusuff had to develop an understanding of Islamic issues which were being raised by PAS. As they were now working with PAS, it was important that they had complete understanding of the issues being raised by PAS. Members of the DAP should also have developed an understanding of Islam as they were indirectly working with PAS. While the DAP was opposing developments where Islam was involved in the west coast, Semangat 46 and PAS members were using Islam as one of their major tools in the east coast of Malaysia. This situation seemed to be supported by the leaders of both parties and indicated that there were still some issues in this co-operation which had to be sorted out. Many political analysts are still not sure whether this co-operation helped these two parties in the elections or strained their popularity.

In a way we would not be wrong to say that Islam helped Mahathir keep his political party together. It was because of the "religious" problems that PAS and their allies had that Mahathir became even more popular among the Malaysians. Many Malaysians felt that they were better off with Mahathir and his idea of incorporating Islam slowly into the systems present in the country. At least with Mahathir you had the assurance that he gave regarding the position of other religions. Both Ghafar and Mahathir always stressed that there would be no problems faced by people who were followers of other religions. PAS and the other parties seemed to be confused about the whole issue and the people did not have the time to understand these parties' principles regarding the religion. Therefore the people felt safer sticking with Mahathir. Mahathir knew this was a factor to his advantage and decided to make this work to his advantage. He capitalized on the fact that those opposing him were confused about the issues relating to Islam. In fact, Barisan Nasional managed to use the incident where Razaleigh wore the Kadazan headgear in Sabah to their advantage. There was direct relationship between Islam and politics in this incident. Therefore, we would not be wrong to assume that it was Islam which helped Mahathir and his

party in some aspects in the latest general elections. How the other parties would relate to this is yet to be seen. There have been no serious statements about their stand on the issues relating to Islam since the 1990 elections.

Mahathir was comfortable with the development of Islam within the nation. Islam is a very fascinating religion and there are elements within it which if understood will help towards nation-building. The problem that is faced today is the lack of understanding of the religion. The issues which are brought up very often are unimportant issues such as the wearing of the veil by women. There should be more concentration in making sure that the teachings of Islam are spread throughout the nation. Here we must be careful and make sure that the right teachings are spread. There are some fanatical movements in Malaysia and these movements must be educated and made to understand that the religion would be accepted more openly and understood better if it was taught with less vigour.

As stated earlier, Mahathir realized that one way to make the Muslims understand the teachings of Islam is through education. The setting up of the International Islamic University and the Mara Institute of Technology have helped in attaining this goal. The latter institution is and has been exclusive to Malays and *bumiputeras* where the majority of the students embrace Islam as their religion. Therefore, in this way Muslim students are given the opportunity to educate themselves. This institution is seen to be one where the values of Muslims would be maintained. As such, many parents from rural areas are happy to let their children study at this institution. The objectives of the New Economic Policy can be achieved and at the same time no sacrifice has been made to the absorption of Islamic values. The success enjoyed by this institution can be seen by the number of its graduates who have been gainfully employed. Mahathir has often been asked about the significance of such institutions and has expressed positive ideas about the future of these institutions.

It is important for all the races in the nation to realize that Islam will always form an integral part of the country. The religion has implications in the social, cultural and political aspects of the nation. Mahathir has managed to incorporate Islamic principles into the economic systems as well. This has been done with tact and therefore has been accepted by all the other races.

16

MAHATHIR'S INTERNATIONAL IMPACT

IT has often been remarked that it was only after Mahathir became the Prime Minister that Malaysia gained the status deserved by her internationally. Mahathir had taken part in many international conferences and the other ASEAN countries often look towards him to provide them with leadership in the international forums. Mahathir is not afraid of speaking out and offending others. He speaks the truth and, no doubt, the truth hurts sometimes. There were many occasions when those who opposed him remarked that Mahathir has stepped out of his boundary by being too frank. These actions, however, have always been a great help to Malaysia as the international community has begun to take Malaysia seriously. The international community has realized that Malaysia yields much power and influence in the ASEAN region and is therefore compelled to take her seriously.

The United Nations has been a forum where Mahathir has made many controversial but true speeches. The impact of these speeches has made Mahathir popular with the smaller and poorer nations. He has taken the superpowers of the world to task for being secular and looking after their own interests only. He has made valid points about the powerful countries using the United Nations to their advantage. The poorer countries have only this organization to help them but the powerful countries have

formed other alliances within themselves and discarded themselves from playing an important role in the United Nations. Mahathir stressed that it is the responsibility of these rich nations to help the poorer nations.

Mahathir also pointed out that the situation is currently changing as there are some smaller nations which have mastered the art of manufacturing. There are many manufacturing industries in these smaller nations and they no longer depend on the larger industrialized nations for their manufacturing needs. What they need now is the support of these larger industrialized nations in helping with the consumption of these manufactured goods. Unfortunately, many industrialized nations have imposed quotas and other restrictions on the import of these goods. The free trade which was openly solicited before seems to have been replaced with restrictions. Mahathir also seems amused that suddenly many industrialized nations are concerned about the welfare of workers in countries like Malaysia. He openly criticized these nations for being selfish in the general assembly of the United Nations.

The Prime Minister is also concerned about the image of Islamic principles portrayed to the Western world. He points out that there are some extremists but the fundamentals of Islam are generally believers of peace, tolerance and justice. The religion is currently misunderstood and misrepresented and Mahathir stresses that this should be righted. To achieve this, it is important that all anti-Islam hatred be got rid of and the various religions should work together as one. If the time and money spent on hating one another could be spent more productively, there would be more happy people in the world.

In a way, Mahathir has contributed a lot towards the understanding of Islam by the international community. Various international leaders who go through Malaysia express surprise at the way the country has grown and the stability enjoyed by the nation. The concept of Islamic nations being unstable is seen to be not true when applied to Malaysia. This contributes towards greater understanding of Islam.

The international community also has understood from Mahathir the problems which confront the Israel-Palestine people. Mahathir argues that the basic principles of human rights and logic have been cast aside in this issue. The Palestinians

should be given the right to their own independent homeland and those who oppose this do not have valid reasons. The only reason for this denial is that Israel wants to delay giving the Palestinians their freedom. Israel has the support of powerful nations and this makes her claims more legitimate. The arguments about who should recognize whom first—Israel or Palestine—has been going on for a long time and Mahathir feels that something must be done in Palestine's favour. Malaysia has long held this position. Recently, a United Nations Asian Regional Seminar and Non-Governmental Organizations Symposium was told by Malaysia that the only way to find a solution to the Middle East problem was through granting the Palestinians their rights. The unconditional and total withdrawal of Israel from the Occupied Territories was necessary. Malaysia has allowed the PLO to establish an office in Kuala Lumpur. This mission was given full diplomatic status in 1982, just after Mahathir became the Prime Minister. This has helped the PLO to gain some measure of support in this area. In March 1990, Yasser Arafat visited Malaysia and Mahathir received him and discussed the issues surrounding Palestine. These moves suggest Mahathir's strong commitment to solving the Palestinian issue without compromising peace.

Mahathir proved that Malaysia would abide by the principles of justice when he condemned the invasion of Kuwait by Saddam Hussein. Although the PLO seemed to support Saddam, Malaysia, which has always supported the PLO, nevertheless condemned the actions of Saddam. This demonstrates that Mahathir and Malaysia support actions which are right even if this means displeasing their friends. What is important are truth and justice and in this case it was demonstrated that Saddam did not do the right thing by invading Kuwait. The end result of the war is yet to be felt as the Arab-Israeli conflict is not solved. Mahathir made statements where he expressed hope that with the end of the Middle East crisis, the Arab-Israeli conflict will be solved.

Mahathir's stand was welcomed internationally but there were some local Muslim groups which did not support his actions. Mahathir indicated to them that Malaysia was a free country and anyone could support whoever they wanted to support. In fact, at one stage, there were demonstrations by PAS at the United States Embassy which was dispersed by the Federal Reserve Unit. Malaysia also made international news when members of PAS

stated that they would be supporting Saddam Hussein and that the party would send supporters to fight in the war. The international coverage given to this news was surprising. The Voice of America and the British Broadcasting Corporation carried this as part of their international news headlines.

The Prime Minister holds strong views on the situation in South Africa. He openly states that if the situation had been reversed, where blacks were treating whites unequally, the whole world would have risen and taken action against the blacks. The prejudice against blacks is seen to be intolerable and yet the world has just made policies and done nothing constructive about the situation. There are some powerful countries which even strongly support the whites of South Africa and get away providing illogical reasons for this support. People concerned about the situation are urged to be patient. Mahathir argues that the time has come for more constructive action. The issue is one which is moralistic. The blacks in South Africa are being treated cruelly and brutally and yet the white nations are not being able to do anything about the situation. Or, they do not want to do anything as this is to their disadvantage?

The meaningful way to end this evil system was seen to be through economic and trade sanctions which Mahathir supported strongly. Unfortunately, there were some nations belonging to the rich and superpower class which did not follow these principles. They were trading with South Africa and in this way, the effect of the sanctions was never felt by the Pretoria government.

Nelson Mandela himself has been appreciative of Mahathir's position on South Africa. He personally conveyed his appreciation and visited Malaysia to be honoured. Mahathir has chaired meetings between Nelson Mandela and Commonwealth leaders in Lusaka and reinforced his stand that further sanctions must be enforced. Mahathir offered his assistance to the African National Congress and Malaysia has contributed towards this congress in the past.

Mahathir and his Government had also taken a strong stand against Serbia-Montenegro in the Bosnia-Herzegovina conflict. He has been one of the leading critics of Serbian aggression and "ethnic cleansing" in Bosnia. The Bosnians, outnumbered and outgunned by the Serbs who inherited heavy weaponry left by the Yugoslav federal army, are on the verge of capturing Sarajevo.

the Bosnian capital. The Serbs have driven more than 120,000 Muslims out of their homes, apart from raping, killing, maiming and pillaging the country.

Mahathir responded admirably to the conflict. He encouraged Malaysians to grant temporary custody to children and women displaced by the tragedy. ABIM has given "temporary custody" to about 100 children and mothers. Malaysia has also decided to adopt Bosnian refugee camps in European countries neighbouring Bosnia-Herzegovina. With such a move, Malaysia will be the first OIC—Organization of Islamic Conference—member country and a developing nation to accept ex-Bosnian prisoners. To further demonstrate Malaysia's commitment to the Bosnian cause, Kuala Lumpur has decided to upgrade Bosnia-Malaysia relations to an ambassadorial level.

On the international front, Mahathir has played a prominent role in the OIC and has strongly urged this organization to take firmer and immediate action on this issue. The Islamic foreign ministers at the Sixth Extraordinary Meeting in Jeddah in December 1992 issued a statement urging the United Nations to lift its arms embargo on Bosnia. It also made a strong call to the United Nations to send arms shipment to Bosnia-Herzegovina. This move has been opposed by the UN peace negotiator Cyrus Vance and the EC representative Lord David Owen, but the OIC, at the urging of Malaysia and a number of Islamic countries such as Pakistan, have resolved that OIC should use military intervention if the United Nations fails to quell the nine-month Serbian aggression against Bosnia. Malaysia has also taken a stand that the OIC member states would also provide weapons to Bosnia to enable the latter to defend its territory against the heavily-armed Serbs.

Mahathir has been cited as the spokesperson for all Third World nations. Third World nations suddenly felt that they had a leader who was completely honest and outspoken. He had become an internationalist and addressed the issues confronted by the Third World without fear in major international conferences. This made him unpopular with some First World nations but the effect of his statements were felt by many Third World nations. He managed to gain support from many Commonwealth nations and his role as the chairman of the Commonwealth Heads of Government Meeting, which was held in Kuala Lumpur, was well-received.

In his early years as Prime Minister, Mahathir was very critical of the Commonwealth. He felt that the Commonwealth had become an exclusive club that did not deliver its promises. The involvement of some powerful nations in the commonwealth made it seem like an organization which was living up to its name. In reality though, it was not functioning effectively and Mahathir felt that Third World countries in this organization were getting a raw deal.

Mahathir was happy that the Commonwealth had managed to expel South Africa from being a member country. What disappointed him was that there were countries within the commonwealth who still had trade relations with South Africa. When Mahathir hosted the Commonwealth Heads of Government Meeting (CHOGM) in 1989, the issue of South Africa had still not been resolved and was given top priority in the agenda.

This meeting was interesting as Mrs Margaret Thatcher opposed the increasing of sanctions against South Africa. She was the only member at the meeting who opposed this declaration. She stood against 48 members and single-handedly opposed the declaration. Britain seemed to agree with the declaration at first but just before it was opted as acceptance, Mrs Thatcher decided that she disagrees with the issue of sanctions against South Africa. Britain seemed to be under the illusion that if there were more sanctions imposed, South Africa would suffer economically. It must be understood that this was the objective of introducing sanctions in the first place, to dismantle South African strength and make her realize that she has to have the support of the world. To gain this support, she would have to dismantle apartheid. Mrs Thatcher was heavily criticized for being in disagreement over this policy. In fact, many leaders from the West were annoyed with Britain for having taken this stand. The leaders of Canada and Australia issued statements which indicated that they were unhappy with the way in which Britain had conducted herself.

In England, the press did not spare Mrs Thatcher. She was heavily criticized for having taken the uncompromising stand with regard to the issue of South Africa. The opposition parties also criticized her for her stand. The only support she received was from the South African President. He criticized the Commonwealth for interfering in the affairs of an independent nation but

praised Mrs Thatcher for her understanding of the issue. He was very appreciative of the support provided by Mrs Thatcher. This was unfortunate as it worked against Mrs Thatcher in Britain and the British press reported the affair rather explicitly.

The CHOGM was a personal triumph for Mahathir. He was praised for his skills as a leader and orator. His opinions were seriously considered and leaders of the Western nations were impressed with his style of leadership. Everyone present had been impressed with the country and the Prime Minister. The meeting also managed to achieve many of its aims as there was support from all the member nations in nearly all the issues. The issues included a declaration on protecting the environment and other matters on world affairs. The meeting adopted the Malaysian "Langkawi Declaration" which was on issues pertaining to the protection of the environment. The ozone layer, dumping of toxic waste, and protection of the rain forests were central themes of this declaration.

The highlight of the event was a visit by Queen Elizabeth II, the head of the Commonwealth. She hosted a banquet on her royal yacht *Britannia* for the members of this meeting. Although the queen is not a leader of Malaysia, she is still respected by many and during her visit, many Malaysians lined the streets to catch a glimpse of her. Even a glance at Her Royal Highness sent the adrenaline rushing in many Malaysians. The fact that she was part of CHOGM made the event even more colourful and historic.

The importance of ASEAN becoming very peace-loving has been stressed by Mahathir on many occasions. The situation in the entire world was changing as more and more nations became friendlier. There was much hope that the world may one day be free from wars. This was because the superpowers were becoming friendlier with one another. The Soviet Union and the United States were beginning to agree with each other on many matters. China and the Soviet Union were taking steps to end the Cold War between them. Other nations around Asia were settling their differences and becoming friends. All these steps seemed to indicate that the world was nearing its aim of securing global peace. The might of the nations today is not the same as the might of the nations thirty years ago. The superpowers have nuclear facilities which they can use to threaten the other nations with. If this situa-

tion does not improve, there would be further repercussions and many weaker nations would seek similar powers. Mahathir argues that the costs of wars are too expensive and more and more governments would decide to end their hostility with other. The economic power held by certain nations seem to indicate that there can be an acceptable compromise between economic and military power. The world respects both and therefore it makes more sense to invest in economic power rather than military power.

Southeast Asian system of states must be at peace with one another, involved in a relationship which is mutually beneficial resulting in economically prosperous and socially dynamic nations. Mahathir wants to see Kampuchea free from the interference of Vietnamese troops and the Prime Minister played an important role in securing peace in this region. The Kampuchean issue was raised and worked on by Mahathir at global levels. The States of the world were urged to take a serious view of this issue and were asked to help reestablish peace in this region. As Kampuchea was near the ASEAN nations, it was essential that the people of this nation were given their freedom. The effects of this action would have positive effects on the whole ASEAN community.

The importance of ASEAN countries helping one another with trade and industry was stressed by Mahathir. If ASEAN countries had closer regional economic co-operation within ASEAN, they could complement rather than compete with one another. It would be economically cheaper and more profitable if these countries could cater for the whole ASEAN market rather than just for their domestic markets alone.

As there are other groupings in the developing world, it would be great if there could be closer co-operation between these South nations. Mahathir stresses that there is no way we can quit trading with the North, but closer South co-operation would mean that we can reduce our trading with the North. If there can be co-operative movements in the North such as in Europe, there is no reason why there cannot be co-operative movements in the South. If ASEAN could be influenced to think with a single mind, then there would be a better chance of becoming equal with other North regions.

In the field of economics, the fast changing global economic trends simply mean that ASEAN has to be equipped to adapt to these changes. Programmes such as ASEAN Industrial Projects and Preferential Trading Agreements were not achieving any success. At the regional level, Mahathir has been a strong advocate of AFTA or ASEAN Free Trade Area. AFTA could be considered the first step in the rungs of the ladder leading to economic integration. ASEAN, which was established in 1967, appears to be passive and its lackadaisical attitude towards economic integration is mainly due to its members giving preference or priority to national economic goals. It is obvious that the ASEAN member states cannot even agree on the pace of economic co-operation, let alone economic integration. Mahathir has clearly seen the obstacles to ASEAN economic co-operation and he has chided the regional organization for its tardiness.

Mahathir has also been a champion of economic or regional integration given the impending creation of a single European market and the establishment of NAFTA or North American Free Trade Agreement comprising Canada, Mexico and the United States. He championed the creation of the EAEG or East Asian Economic Group—later known as EAEC or East Asian Economic Caucus—with Japan playing a pivotal role in this regional grouping. Japan, on the "express instructions" of the United States has been reluctant to play a leading role in this grouping. By forming a trading bloc to promote its own interests and using "pressure tactics" to refrain Japan from playing a pivotal role in this economic grouping, the United States is obviously practising double standards. Japan has been severely criticized for its reluctance to lead the grouping. Nevertheless, Mahathir, being the architect of the EAEC concept, has achieved much accolades for his perceptions of international economics.

Mahathir made further efforts to strengthen South-South co-operation. In the South II conference, he proposed the setting up of a South Commission, an independent body of experts from various fields. The function of this body was to serve the interest of these nations and provide solutions to problems faced by them. The South nations recognize Mahathir as a good leader and gave him the honour of staging the first major meeting of the G-15 in Kuala Lumpur. Mahathir gave the opening address at this meeting and stressed the importance of South-South co-operation.

The problems faced by the Third World nations were somewhat similar and should be addressed together by the nations. Mahathir realizes that there can be no easy solution to these problems but what has to be done would be more effective if done together. The debt problems could be addressed with the other problems. Many minds thinking about the same problem may bring about better solutions.

Mahathir sees that these nations would pose a threat to the North regions and this will have an effect on the arrogance of the North nations. The key element in this case is the fact that these South nations will stick together. Mahathir played a very important role in initiating this South-South co-operation. Without his influence and push, this co-operation would not have been possible. He is still seen as a leader to this movement and he stresses the future importance of this organization. He sees this organization as influential and in the future affecting the decisions made by the countries in the North. Close co-operation by South nations would weaken the power which is currently held by the North and sometimes used against the South.

Mahathir is known internationally for his uncompromising stand on the issue of drug trafficking. He has made his position on this matter clear internationally. In June 1987, he was made the President of the International Conference of Drug Abuse and Illicit Trafficking in Vienna, Austria. The problem of drug abuse is seen to be an international one and other nations agree with Mahathir's policies. The conference in Vienna was held with the theme, "Yes to Life, No to Drugs". The position of President granted to Mahathir was also a great honour to Malaysia as it amounted to open recognition of Malaysia in the forefront of the battle against drug abuse.

Mahathir sees the drug problem being solved only if all nations take a serious view of this matter and decide to work together. There are some countries which are the producer countries and do not take an interest in preventing the drugs from being grown. The profits gained from this trade is large and this makes this a very lucrative product to trade in. Mahathir sees this as a problem which must be tackled through global co-operation. The position taken by Mahathir has been hailed as excellent and the international community seeks Malaysia's help when confronting drug-related problems. International experts on laws

have also hailed Malaysia's drug laws as different from other nations. Though Malaysia takes a tough stance in the way she handles drug traffickers, Mahathir justifies this as the most effective way to combat the drug problem. Malaysia has had many international visitors including Mrs Nancy Reagan as these people are interested in Malaysia's approach to the drugs problem.

An important element to consider is the costs of combating this problem. A total of more than U\$300 billion is spent on the drug trade, whereas the amount that can be spent on dealing with this problem is estimated to be only two per cent of this figure. The countries dealing with drugs are not interested in contributing towards fighting the drugs problem. The attitude of some other nations which have the resources is not encouraging. Therefore, the problem is seen to be left to countries like Malaysia to be solved. This seems rather unfair and Mahathir stresses that other powerful nations should contribute towards solving this problem. The main fear is that the youths of today will be corrupted with drugs and the end effect of this would not be beneficial to anyone. Leaders of countries should treat the problem more seriously.

Mahathir is seen to be the most travelled Prime Minister the country has ever had. He takes it upon himself to visit the nations which he feels can contribute to Malaysia's future growth. He visited Japan, Korea, China, Europe, Africa, and all Southeast Asian countries. These visits were packed with busy schedules and the Prime Minister kept all appointments which would be beneficial to the nation.

The visit to China in 1985 was aimed at strengthening trade links between the two countries. The visit proved to be successful and there were discussions on the future policies that would affect both countries. There were also other benefits gained from this visit. Malaysia and China relaxed their policies on visas and it was much easier for Malaysians to enter China after this historic visit. There seemed to be mutual understanding on many issues and these issues had never been discussed before this visit. Mahathir also held discussions about the future of the Communist Party of Malaysia which was still active in Malaysia in 1985. There were promises by both parties that these issues will be tackled together and that in the future, there would be steps taken to encourage more trade between China and Malaysia. There were plans to

conclude several agreements concerning trade and shipping. This visit proved to be successful and Mahathir returned with positive ideas about the relationship between China and Malaysia.

On the issue surrounding Communist Party activities, it must be noted that the Communists officially surrendered on December 2, 1989. This was a very memorable day for many as Chin Peng, the Communist Party of Malaysia's leader made a public appearance after thirty-four years in hiding. The effect of this was that there would be more activities in the Malaysia-Thailand border as the fear of Communist ambushes is now over. Mahathir was happy about this turn of events and gave credit to the Thai authorities for having handled the situation so well. On doing away with the ISA which was originally supposed to deal with only Communists, Mahathir remarked that there are now other problems which makes it necessary for the ISA to remain in place.

The relationship between the Soviet Union and Malaysia saw some changes during Mahathir's leadership. There were ideas floating around regarding trade links between the two countries. The Soviet Union sent their then deputy Premier Yaaskov Ryabov on a visit to Kuala Lumpur. There were discussions about the role of the Soviet Union in Indochina and Afghanistan. The relationship between the two nations can be described as having improved with Mahathir being tolerant of some Soviet Union policies.

Malaysia tries to be friendly with all nations and has been very tolerant of criticisms from some so-called "friendly" nations. Mahathir believes that it is always beneficial to be friendly and maintain relationships with neighbouring nations. Sometimes these neighbouring nations take advantage of the situation and put Malaysia in a delicate position. This is because, Malaysia does not want to act irrationally and cut its link with neighbouring nations. There have been allegations that a particular neighbour has taken to spying into the activities of Malaysia. There have been occasions when their armed forces have been sited in Malaysian soil and waters without good reason. Mahathir must be commended for being so tolerant of these activities. There are also activities by other countries such as Australia to discredit Malaysia through screening programmes which do not portray the true

situation. Australia has been warned for having been arrogant and making statements about the Prime Minister. These statements suggest that the Prime Minister is a dictator and has no idea of what a democracy is. The arrests during the ISA scoop and the hanging of two Australians for drug trafficking may have angered this country. But this anger is unbecoming of the Aussies who had the audacity to meddle with Malaysia's internal affairs where trafficking of drugs is punishable by death. Moreover, Australian police authorities have meted out harsh punishments to their aborigines in Australia. Australia should look after its own backyard before interfering in the affairs of neighbouring countries. Nevertheless, it is fervently hoped that the relationship shared by these two nations do not turn sour because of such incidents. The Prime Minister has not taken a tough stand and is seen to be tolerant as Australia is considered a neighbour. In fact, Australia indicated through many statements that it considers itself becoming more important to Southeast Asia.

Malaysia has become a significant country in the global environment during the last ten years. It must be acknowledged that the popularity enjoyed by Malaysia during the last ten years is more than the popularity it gained since independence. The influence of a strong and committed Prime Minister has made the country stand out in the crowd and be recognized as a growing force to be reckoned with in the world. Many events which happened during the past ten years have made this possible. The importance of becoming globally recognized as an upcoming nation will be felt in the years to come. The trade links which Malaysia has gained are seen to be significant and would contribute towards opening new avenues or markets for her products in the future. If Malaysia is to realize her ambition of becoming an industrialized nation, then it is vital that she maintains the trade relations created during these ten years. There has to be an export market for her goods.

A leader who is seen to be a spokesperson for Third World nations should be given some prominence by the First World. Mahathir has proved himself capable of being a good spokesperson for the Third World. Many of these Third World nations have accepted the fact that Mahathir has created waves by speaking out on issues which are controversial. Being blunt and outspoken, he has made the powerful nations realize their mistakes and

showed them that these mistakes did not go unnoticed. He is trying hard to create enough co-operation among the poorer nations so that they can depend on each other for their needs. The implication of Mahathir's policies on world affairs will require the passage of time to prove its impact.

SUCCESS THROUGH ELECTIONS

THE 1990 elections were seen to be the most intense elections in the history of independent Malaysia. For the first time it was believed that there were worthy challengers to the present leadership. As Mahathir had made many controversial decisions within UMNO, there were groups of people who had decided to campaign against him. These were former members of UMNO who had held strong positions in the party. They had been former supporters of Mahathir and for some reason or other had decided that they no longer believe in his leadership. The split that had occurred resulted in these members getting together to form another party. This party seemed to be stronger than previous opposition parties which had challenged the ruling party in elections.

Razaleigh was the leader of this "Semangat 46" party. He had held a strong position as the previous Finance Minister and had the support of former prime ministers Hussein Onn and Tunku Abdul Rahman. He had managed to tour around the whole country explaining his position. What was even more surprising was the fact that he had managed to get together other opposition parties and form a coalition. The interesting aspect of this coalition was that PAS and DAP two parties which had contradicting ideologies managed to be part of this coalition.

The position of this coalition seemed to be similar to Mahathir's ruling coalition. They too had parties from other races

and had managed to sort out their problems and were attracting members from various races. The leader of the opposition DAP, Lim Kit Siang, seemed rather pleased and was convinced that the co-operation between his party and Razaleigh's party would bring positive results. In fact it was rumoured that these two leaders had already decided that when their coalition won the elections, Razaleigh would become the Prime Minister and Lim would become the Chief Minister of Penang. They were very confident that even if they did not win with a leading majority, they would nevertheless manage to gain a two-thirds majority.

The DAP as a party had never had the chance of being more than a leading opposition party. As the party was dominated by Chinese members and leaders, it was closely linked with this racial group. They could never hope to win in a Malay-dominated area. They had always managed to secure wins in urban areas where the educated Chinese lived. They also managed to convince members of Chinese new villages to vote for them. This was in the past. With the co-operation of Razaleigh and his supporters, this could change. As Razaleigh had strong connections with the Malays, there was a chance that the DAP would be able to use this influence and win seats in the Malay areas. Both Razaleigh and Lim Kit Siang saw this co-operation as the best way to win in all areas. The co-operation of PAS would ensure that their coalition would also secure seats in areas where there were religious Malays. As PAS appealed to the religious Malays, they would vote for this party. This actually meant that this coalition had a better chance of winning when compared to Mahathir's ruling coalition.

The other interesting and calculated move was by the Parti Bersatu Sabah (PBS) when it announced that it was pulling out of the Barisan Nasional a few days before polling. This was great for Razaleigh's party as they could now have the support of the PBS and secure more seats. The PBS would win in Sabah and would provide the seats which were necessary to gain the two-thirds majority. This was a stab in the back for Mahathir but a gain for Razaleigh. The timing of all this was well planned as the PBS only pulled out after the nomination of candidates. There are no safeguards to prevent this from happening and this meant that the Barisan Nasional would not be able to post any opposition candidates in Sabah. Razaleigh was pleased with this outcome as

he had managed to seek an alliance with the PBS. This alliance proved to be fruitful except an incident where he was seen wearing the Kadazan headgear. This headgear had something which resembled a crucifix and the Muslim community was made aware of this by his opponents.

Mahathir had the advantage of knowing exactly when the elections would take place. There were various reasons for the timing of the elections at this point. The people were recovering from the recession and the Government had granted increases in salaries for civil servants at the beginning of the year. There were also increases in allowances and the civil service was happy with these increases. As Malaysia's civil service is large, this meant that Mahathir would gain some support from this group because of his actions. Mahathir had been campaigning for nearly three years since 1987. He toured the country explaining his position and when UMNO was declared illegal, he had toured the country explaining the actions of many disloyals. He managed to gain support through the Semarak campaign where he met the people and even worked with them for short periods. He had also survived a massive heart attack and had been operated in Kuala Lumpur. This made him popular as his supporters made it an issue—the fact that he had trust in the legal system and had his operation in the Kuala Lumpur general hospital. Leaders before him had gone overseas for their open heart surgery but Mahathir had been different and placed his life in the hands of local surgeons. The nationalism involved in such an action had made him popular. After his heart surgery, there were rumours that the Prime Minister would be too weak to perform his duties but this was proven to be false through Mahathir's will power and energy. The people saw that he still looked good and had the drive and energy which he had possessed before. With all this to his advantage, Mahathir felt that the time had come to call the elections in October 1990.

The campaigning period after announcing elections was rather short but it must be remembered that the parties had already started campaigning about two years ago. The Razaleigh camp had also had their share of tours around the country and this had been taking place since 1988. The areas where these parties concentrated were different. Mahathir had concentrated in areas where he felt powerful including his home state of

Kedah. Razaleigh, on the other hand, had conducted many campaigns in Kelantan and Terengganu. He also had the support of the Tunku and Hussein Onn and had campaigned in Kuala Lumpur. As he is aligned to the DAP, there was intense campaigning in Penang and Selangor. The DAP had plans to form the state Government in Penang and was concentrating in this state.

The result of having a stronger opposition was intense campaigning. This resulted in mud-slinging and the raising of unpleasant issues. As Razaleigh had been in the Government before in an important position, he managed to dig up some past mistakes of the Prime Minister and raise these during his speeches. He was supported by some documents showing the extent of UMNO's involvement in businesses. This was acknowledged by Mahathir and he managed to turn the tables on Razaleigh by pointing out that the Government was open and did not hide anything. As the issues were complex, many people did not understand them. You have to be educated to understand these issues and since a large portion of voters was still uneducated, many important issues will be seen as trivial by these voters. The end result is the convincing of those who do not support the ruling party. This group would have voted against the Government anyhow. Many people who attend speeches are just there for the fun of it and they have usually decided whom to support before attending the speech. Whatever said, they are never going to change their minds and as such, the turnout at the campaign is in no way an indication of the support enjoyed by the candidate. This can be proven by previous election results. There were candidates whose speeches were attended by many and this was taken as an indication of the support enjoyed by them. When the results were announced, these candidates lost by big margins.

As election day drew closer, members began panicking and there were some mistakes committed by both parties. The mistakes made did not go unnoticed and would have cost some votes. Mahathir had control over the press and his party decided to use this support to their advantage. He always maintained that the other parties had equal opportunity to use the press as the Barisan Nasional had to buy up the space which they used in the newspapers. It must be acknowledged that as the ruling party, Barisan Nasional members enjoyed wide coverage of their activities and this was sometimes not possible for the other parties.

But while they did enjoy this coverage, it is still not certain if this was to their complete advantage. Being covered live on television and radio has its disadvantages as well. Mistakes or wrong statements made cannot be retracted. Even if you manage to retract these statements, the effect may not be to your advantage as the damage would already have been done. A clever opposition can make use of these mistakes and manipulate them to their advantage.

Using the media completely would make the ruling party seem advantaged. Bearing this in mind, the Barisan Nasional should have used the media less. The people have made up their minds and those who read the newspapers are normally the educated section of society. This makes it even more difficult as these people usually have fixed ideas which cannot be changed. Again it was rumoured that the educated people were the people who voted against the Government. The media, including the Tamil and Chinese newspapers, carried large advertisements citing reasons why the present ruling Government is the best. There were also advertisements exclusively by the Barisan Nasional. It is not clearly known if these advertisements had any effect on the voters.

What did have an effect on some voters was the fact that some members of the Barisan Nasional had used ungentlemanly tactics in trying to win votes. Sensitive issues were raised and exploited. For instance, the issue of Razaleigh wearing the Kadazan headgear which had a crucifix as part of its decoration and which supposedly characterized him as anti-Muslim and pro-Christian was raised often. It has been argued that because of this issue, the Barisan Nasional lost some votes. People, especially those supporters of Razaleigh in Kelantan, were annoyed with the leaders who had raised this issue. They felt for Razaleigh and this accelerated his popularity in these states.

The election campaign for the 1990 elections was described as the most "dirty" ever in Malaysian politics. There seemed to be no more political gentlemen and everyone used whatever issues they could to their advantage. The situation was true for Barisan Nasional and for the opposition parties. Leaders were accusing each other of corruption and unbecoming conducts. There was no end to these allegations and everyone seemed to be involved in some scandal or other! The opposition brought up old and new

issues which ranged from the BMF affair to the judicial crisis. There were allegations of mismanagement of the economy by the Finance Minister, Daim Zainuddin. There were allegations that Mahathir himself was corrupt. None of these allegations were backed up with evidence and so they remained merely allegations. It is easy to make allegations but without proof it is difficult to convince the people. The maturity and intelligence of the Malaysian public seemed to be insulted by these politicians. They were under the impression that the people would never be able to see through the flimsy allegations. Some allegations were true but many were just rumours.

Regarding the maturity of the public, it must be said that many Malaysians were unimpressed with the opposition as no new issues were raised. They seemed to be harping on the same issues which they had harped on during the previous elections. As for the new issues, they had been around for too long and the public seemed to have forgotten the impact of these issues. The Malaysian public always forget these issues quickly.

Mahathir must have studied the public very well and this was one of the reasons for calling the elections at this time. There were no major issues which would have an effect on the way the public voted. Mahathir based his decisions on the perception of the public. This is one very good reason why he has managed to survive crisis after crisis. Any other leader would have given up but Mahathir had the confidence that he would receive the support of the people based on his perception.

When nominations closed it was clear that the opposition parties had a pact. Whenever one of the parties had fielded a candidate, the other parties had not fielded any candidate. This would ensure that the opposition votes were not split. The result of this was that most of the candidates had straight fights to face. There were only a few places where independent candidates had made it a three-cornered fight. Only eight seats had more than three nominated candidates. The impact of this style of nomination was seen to be on the Barisan Nasional. It was now clear that the opposition parties had decided to contest together against the Barisan Nasional. They must be in a position to co-operate and compromise or otherwise this would not have been possible. This makes the co-operation seem serious and real. Barisan Nasional

felt threatened by this pact as they had never faced such strong opposition before.

The results of the election were however very surprising. Barisan Nasional won the election with 253 state seats and 127 Parliament seats. The opposition managed to gain 98 state seats and 53 Parliament seats. This was a bitter disappointment for the opposition who had anticipated better performance. In fact, even members of the Barisan Nasional were surprised by the few seats gained by Semangat 46. Semangat 46 gained only eight Parliamentary seats, out of which seven were from Kelantan and one from Terengganu. This was unexpected as there were 59 candidates fielded in other west coast states.

Kelantan was won by PAS and Semangat 46. This created shock waves throughout the nation as all seats contested were won by the opposition. Mahathir was very unhappy with this outcome but overall the performance of the Barisan Nasional had been good. The Kelantan state Government would be formed by the opposition. There were some casualties of Barisan Nasional in Kelantan, among them former Menteri Besar Tan Sri Mohamad Ya'akub. The position held by Razaleigh was too strong in Kelantan and the Barisan Nasional had to start immediately to work towards weakening this position. This was the only way they were to succeed in the coming by-elections and the next general elections. Razaleigh would have to work to ensure that his and PAS's position were maintained throughout their term. The new Menteri Besar of Kelantan was from PAS and he was reported to be a very humble man who cycles to work. The people of Kelantan would be able to identify with such a person. Already, just a few months after the elections there are problems with the component parties of Barisan Nasional in Kelantan. The MCA representative argued that he should be allowed to sit on a newly formed state "welfare" panel as it would be beneficial to the Chinese people. As this panel was formed by the opposition PAS and Semangat 46, the leaders of Barisan Nasional have objected to people from Barisan Nasional from being involved in this panel. In a way this seems rather immature on the part of the MCA leaders as if the involvement of their member is beneficial to the welfare of the people, some compromise should have been struck. It was anticipated that the state would be having such problems till the next elections. Mahathir himself accepted the

people's choice. At the same time he has instructed the state Barisan Nasional to reshape itself and be prepared for future challenges. The Prime Minister would like to see all state Governments formed by parties associated with the Barisan Nasional. The Kelantan experience should be able to provide lessons which would ensure that this happens in the coming elections.

Razaleigh was happy with the outcome of the elections in Kelantan but on the whole, he was very disappointed that his Semangat 46 could not gain more support. The death of Tunku Abdul Rahman is also a setback for the Semangat 46. The Tunku was providing moral support and the people identified with the Tunku and the Semangat 46. There would no longer be any person capable of commanding the respect which was commanded by the Tunku. The outcome of the elections though showed that the people were either not ready to accept the opposition parties or had decided that Barisan Nasional is the only party capable of governing Malaysia. The defeat of these newly formed alliances showed that there was still much work to be done by these parties if they wanted the support of the people. The outcome of the elections proved to be very crucial for further political developments. As the Barisan Nasional had been returned to power, there were not many changes which had to be made. The results were taken to indicate that the people still respected and supported Mahathir and his leadership.

The DAP was also unsatisfied with this election. Their major aim had been to form the Penang State Government. They managed to gain 14 state seats but the Barisan Nasional had won the rest of the 19 state seats. This prevented them from forming the state Government. Although Lim Kit Siang had won against the former Penang Chief Minister, Lim Chong Eu, he was nevertheless bitterly disappointed that the DAP had been unable to form the state Government. Overall, the DAP managed to win 20 Parliament seats and 44 state seats. Their performance seemed to indicate that their co-operation with the other opposition parties had not done much for them. The DAP suffered a major setback when Lee Lam Thye, its most prominent member, resigned from all party posts just before the general elections. Lee was very popular in Kuala Lumpur and was respected by both the opposition and the Government. During the ISA October scoop, he was the only high ranking leader of the DAP who had not been

arrested. He resigned citing differences with the party leadership. Lee has since resigned from the party. However, the DAP managed to win the Kuala Lumpur seat through another candidate.

Barisan Nasional received over 50 per cent of the total votes cast while Semangat 46 received about 14 per cent. In total the opposition received over 43 per cent of total votes cast. These results indicate that over half the voters have faith in the Barisan Nasional to lead them into the 1990s.

There were rumours that Mahathir would step down after the elections. These rumours were proven false as Mahathir indicated that he had no intention of stepping down. In fact it would be ridiculous for him to step down now as he has managed to win the two-thirds majority and the country was in a state of economic boom. The economy is doing very well and the business sectors are happy with the leadership. On the other hand, there are political analysts who feel that the best time to step down is when you are riding high. This would make the leader popular and he would be remembered as a successful leader. Those who subscribe to this line of thought might argue that Mahathir will step down in the near future. As far as Mahathir's health is concerned, he is perfectly healthy and has refuted rumours that he is very sick. He appeared on television and stated that the only way to prove these rumours wrong would be through a 24-hour live watch on him by the media!

18

TOWARDS THE FUTURE

MAHATHIR saw Malaysia through the 1980s with successful results. The country had gone through a major recession and recovered. The country was also plagued by political and judicial crises and many financial scandals. Despite these, Mahathir managed to cure the nation of her ills and lead her towards the road to recovery. There are those who believe that Mahathir was the one who caused these problems in the first place, so he should be the one to solve them. Whatever the belief might be, it must be remembered that he managed to solve these problems.

The Premier feels that his duty is not over after managing to solve these problems. The nation needs someone more than just a doctor who cures. Malaysia needs someone who can find out what caused these problems and prevent them from repeating. The nation desperately needs someone capable of finding cures to problems which could occur in the future. A good leader should be able to perform all these functions effectively.

There are still many issues which will have to be tackled. The poverty level of the population is still relatively high. There are many people, especially in the rural areas, who still do not enjoy basic amenities such as water and electricity. They have to travel far to the cities to be able to procure their daily needs. The rate at which villages are developing is still slow and needs to be hastened. This will ensure that all Malaysians are relieved from poverty. Mahathir feels that poor children must be given proper

education and they must be able to enjoy a better standard of living than their parents. After all, education is for everyone. He knows that one way to increase the standard of living of the poor is through a higher level of education. The many schools which are built in rural areas to serve the needs of the people in these areas prove that Mahathir means what he says about educating the rural poor.

Mahathir is also very concerned about the nation's economy. He believes that the economy should reach such stable levels that it would be practically impossible to prevent growth. He feels that this can be achieved if all Malaysians work towards it. The productivity levels of all Malaysians must attain higher levels and this would sustain the growth of the economy. On the international front, Malaysia should have more manufacturing industries as this would enhance her capability of securing good employment opportunities for her people. The engineering capabilities of Malaysians should also reach high levels and enjoy respect, both locally and internationally.

Mahathir is a very tolerant person; he is a firm believer in democracy and fair play. He realizes that in politics one may be important today and totally forgotten the next day. That is why he treats his opponents with tact. Someone who opposes him today may be powerless but you never know when the people may decide that they want that person and elect him. As Malaysian political history has demonstrated, there have been many people who opposed the leadership but later managed to secure power. Mahathir is a perfect example of such persons. He was once rather critical of the then Prime Minister and was removed from power but later managed to regain power and become the Prime Minister. Realizing this, Mahathir treats everyone with respect and tolerance. Being a believer in democracy, he is aware that opponents of today can be leaders of tomorrow.

The Prime Minister is seen to be a very relaxed person. He has been described as completely in control by those close to him and he knows exactly what his options are. He was always available to his Cabinet colleagues virtually day and night. They commented that he is very dynamic and always on the go. He takes time to study whatever that is happening around him and always knew all the news and rumours. He even knew the rumours

which were circulated about him and sometimes commented on them lightheartedly.

Mahathir is sometimes described as stubborn, especially in his visions for Malaysia. He has many great ideas and is determined that all of them work. As his ideas are new and not understood by his Cabinet, there are occasionally many questions raised concerning these projects. He sees this as a hindrance towards implementing these projects. He is impatient and wants Malaysia to achieve high levels of growth in a short span of time. As he is very sincere about these schemes, he gets annoyed sometimes that the people do not accept these ideas. The fact that he is sincere is proven by his attitude towards these ideas. He believes that they will work and that to make them work, they must be tried first. If there is opposition to even trying out these plans, how would we know if they were good or not?

Mahathir has been described as sincere in his efforts to encourage the nation to move forward. He is blunt towards his critics. Being blunt is something Malaysians are not used to. The description of Malaysians by foreign writers as polite and understanding is correct. Being polite and not used to frankness, Malaysians sometimes cannot comprehend his honesty and bluntness. Mahathir has also told off foreign countries such as Great Britain and the United States. Previous leaders have not been as open and blunt. He is truthful when he tells people off and he usually has his facts right. Being correct, his opinions and thoughts are usually accepted by the people. Many Malaysians feel proud that we now have a leader who is able to stand up against the superpowers and even tell them off. The West has been told to rectify their problems before commenting about the situation in Malaysia. Mahathir defends not only Malaysia but other Third World nations as well, especially ASEAN countries, from abuse by the powerful nations. He has therefore become rather popular with these countries but in the process gaining the annoyance of the powerful nations. He has to be admired as he is not concerned about the adverse reputation he has gained. He still maintains that he will support the truth and if nations are unfair he will tell them off. Australia has been a victim of Mahathir's bluntness. When Australian members of Parliament criticized Mahathir for his ISA arrests, he was quick to respond that Australia has their own aboriginal problem and they should con-

concentrate on their problems before commenting on the problems of other nations. Though Australia did not take to this criticism well, Mahathir had made his point loud and clear. When the West criticized Malaysia for cutting down forests, Mahathir pointed out that the actions of these Western countries had affected the environment in many ways.

Whatever projects Mahathir undertook, Malaysians felt a sense of pride when these projects took off successfully. The Malaysian car has been described as the Mahathir car. This is because it was Mahathir who initiated the project. Despite the initial criticism and scepticism against the project Mahathir went ahead with it. Today, Malaysians feel a sense of pride when they see the car on the road. In fact, this sense of pride is even greater when they see the car overseas such as in Singapore and Great Britain. The Penang Bridge project is another project which Malaysians are proud to be associated with. Mahathir has had a role to play in this project too. These projects will be remembered for many years to come. These projects were a first for Malaysia and that was one reason for the intense criticism. As pointed out earlier, Mahathir always argued that even if these projects fail, the experience gained would still be valuable.

Mahathir had very definite ideas about things but he will hear anyone out before commenting or carrying out the projects. Being a workaholic, he expects all civil servants to work hard as well. He introduced "clocking-in" for all civil servants, an idea which has since been taken up by the private sector and other industries as well. He explains that in the civil service, what is important is providing efficient service and this can only be achieved if all civil servants work hard. His ideas are not as traditional as his predecessors and this makes him the father of modern Malaysia. He can be quite traditional yet modern simultaneously! This is because in some areas in Malaysia it is impossible to be too modern and Mahathir manages to balance his modern ideas with his traditional upbringing.

People who work with Mahathir and those who have known him for long periods are full of praise for Mahathir. Even Datuk Musa Hitam who was Mahathir's close friend but resigned citing differences with the leader, still thinks highly of Mahathir. During interviews in 1990, he praised Mahathir and said that one reason Mahathir is often misunderstood is because of his outspokenness.

As a person, Mahathir is easy to work with and is an extremely sympathetic and good listener. He is not the tough and stubborn man the public thinks him to be.

Mahathir revealed his compassionate self when he visits public places. The Prime Minister visited the community centre where the fire victims of the fireworks factory disaster were staying. He was moved by the incident and went on to say that Malaysia did not need a fireworks industry if this was the result of such an industry. The important thing is the people and not the industry. His interest in the people of Malaysia is seen by the many visits he makes to visit the ordinary *rakyat*. He has visited many schools because he is interested in the education system. He also takes an interest in the overseas interests of Malaysia. On many private visits overseas, he makes it a point to visit Malaysian students studying abroad. He has also visited Proton Saga dealers in Great Britain in an effort to show his appreciation.

Officially, Mahathir has visited Great Britain, United States, China, and most of the Asian countries. He has also entertained visitors including Margaret Thatcher, Dan Quayle, Bob Hawke, General Ne Win, Henry Kissinger, Nelson Mandela and Lee Kuan Yew. The interest of these leaders in Malaysia became intensified during Mahathir's term as Prime Minister. The capability of the Prime Minister is talked about by these leaders as well. The world will always remember Mahathir as someone who had strong viewpoints about drugs. The effect of Mahathir's strong stand on this problem has been the establishment of many drugs-related projects in Malaysia. The future of these projects is seen to be good as the Prime Minister has taken a personal interest in them.

The Prime Minister will be able to make Malaysia into another "Asian Tiger" if he keeps working at the same pace. The effects of all his policies will be seen in the 1990s and beyond. The question whether Malaysia will become another "Asian Tiger" can only be answered through the passing of time. Mahathir has acknowledged that he is not in a hurry to see Malaysia become an "Asian Tiger" as there are other priorities such as developing the rural economy and reducing internal poverty. The eradication of poverty will pave the way for Malaysia towards becoming another "Asian Tiger" later.

There have been some recent developments concerning the Prime Minister's projects. The announcement by PROTON that

they have made a profit of M\$25.9 million for 1990 and a total profit of M\$182.4 million so far is good news for Mahathir. This announcement indicated that the demand for this car overseas was good and that Great Britain was the main overseas buyer of the Proton Saga. There are other countries which have shown interest in selling this car in their country. Singapore is another country where the Proton Saga has gained popularity. This could be because Singaporeans can nip across the causeway and buy parts for this car. As the Singapore currency is higher than the Malaysian currency, there would be considerable gains for Singaporeans who purchased their parts from Malaysia. The upshot of this development is that Mahathir has proved his critics wrong. Those who used to criticize the Proton Saga project have stopped doing so and it is hoped that in the future PROTON will be capable of attaining even higher profit levels.

Mahathir is keenly involved in the formation of EAEC or the East Asia Economic Caucus. He has been the major initiator of this project and has been making statements for this grouping. The latest development with regard to this grouping is the assurance by Mahathir that the formation of this grouping does not necessarily mean that nations outside this grouping will not be considered to trade with members of the grouping. As other economic groupings like the EEC, there would be an emphasis on free trade between member nations but other nations will be allowed to trade with members of the grouping. The importance of this grouping is seen by statements from leaders of developed countries that they would like to be included in this grouping. The United States stated that without them, this grouping cannot succeed. The involvement of other nations has not been ruled out but Mahathir points out that when these other nations formed their own economic groupings, no developing nations were consulted. Therefore, it is only fair that developing nations be allowed to form their own trade and economic groupings. This is another example of the Prime Minister's bluntness. He is known for being extremely blunt with his statements about developed countries.

The Prime Minister is also very optimistic that the discussion of the Second Outline Perspective Plan (OPP II) for a fresh national economic policy will be successful. This is a result of the National Economic Consultative Council's recommendations after having studied the economic conditions. This Consultative

Committee was formed to study policies which could replace the New Economic Policy which would expire in 1990. The NECC consisted of members from the different races and familiar with the Malaysian multicultural system. There were invitations to members of the opposition parties to be part of the NECC. The Prime Minister stated that the OPP discussions will be based on the recommendations of the NECC. He was however cautious and added that the recommendations will not be followed word for word but there will be consideration for the NECC's line of thought. It is important to make sure that the special position enjoyed by the *bumiputeras* remains protected. This is because the objectives of the NEP have not been achieved. The new economic policy which follows should be aimed towards achieving the aims of the NEP. The importance of this policy is known by the Prime Minister as he has been one of the main champions of Malay rights. The *bumiputeras* must be supported to reach higher levels. The policy which is implemented for the next few years will be aimed at correcting the currently unbalanced progress enjoyed by the various races in Malaysia. That means the policy would improve the living standards of the poor Indians and Chinese as well as helping the *bumiputeras*. The policy will be beneficial for all the races and it is with this hope that the Prime Minister starts the meeting of the OPP discussions.

Anwar Ibrahim, the Finance Minister, announced that the New Entrepreneurs Fund, which was set up to help *bumiputera* businessmen start new businesses, is doing well. The Fund charges interest at low percentages and is aimed at helping new and struggling business ventures. The Fund started with M\$250 million and was subsequently increased to M\$350 million. Mahathir has been praised for having had an insight to set up this fund and help the *bumiputera* businessmen. Many new and young businessmen have been able to set up successful businesses after having borrowed the capital from this fund. Such funds are necessary as Malaysians have the skills to carry out business but do not always have the necessary capital. The trend is for rural Malays to migrate from the villages and search for employment in the cities. These people are from rural areas and do not have much money except for what they earn in the city. They have not brought large amounts of money from the village and therefore they have to be

helped to set up businesses. The fund such as this will be of great help towards establishing businesses for these poor businessmen.

Parti Bersatu Sabah (PBS), which pulled out of the Barisan Nasional just before the general elections in 1990, has now suggested that it would like to form a coalition government with USNO. Pairin Kitingan, the leader of PBS, is reported to have had talks with Mahathir on this issue. Being tolerant, Mahathir would have no opposition to this but he has to consult the other Barisan Nasional leaders before committing himself. The question which is uppermost on everyone's minds is whether PBS will be part of Barisan Nasional after it forms this coalition with USNO. Pairin is under pressure from the party and the Federal Government to take some action regarding the position of PBS in Sabah. The relationship between Sabah and the Federal Government has been described as tolerable by a member of Parliament.

The Usukan by-election in Sabah was won by UMNO and this is a boost for the Federal Government. They had expected to win but the win proved to be significant as the margin was higher than expected. Mahathir is very happy with this win and has made statements that UMNO is gaining popularity in Sabah. The Usukan win is a moral booster for UMNO to work even harder and be ready for the next elections. Mahathir expressed hope that the Barisan Nasional will be able to form all state governments after the next general elections. This can be achieved if leaders work with sincerity and do not spend too much time stabbing each other in the back. The leaders of UMNO have been given many lectures about becoming more productive. Mahathir stressed the importance of being community orientated and being tolerant of other races. UMNO branch leaders are becoming more motivated through the efforts of the Prime Minister. They are given the chance to perform better and the Prime Minister is seen to take a keen interest in the performance of most major branches of UMNO. The Kelantan branch is performing well and the Barisan Nasional branch in Kelantan has been given the task of making sure that the people are treated well. He stressed that although the state government is not formed by the Barisan Nasional, the people must enjoy a good standard of living. The Barisan Nasional branch in Kelantan has made much efforts to encourage the public to be responsive to them. This

branch was asked to maintain good contacts with the public and respond positively to the problems faced by the people. The Chinese and Indians in Kelantan are also encouraged to contact the Barisan Nasional branch if they have any problems. Mahathir takes a personal interest in this particular branch and keeps himself informed about the activities of the Kelantan Barisan Nasional. He stressed often that the next Kelantan state government must be formed by Barisan Nasional.

Another recent development in Sabah is the arrest of Jeffrey Kitingan, the younger brother of Pairin Kitingan. Jeffrey was alleged to be involved in a plot to separate Sabah from Malaysia. As Jeffrey is arrested under the ISA, it will be some time before the details regarding his arrest become public. The police stated that they have all the necessary documents to prove that Jeffrey was involved in a plot to break Sabah away from Malaysia. This arrest might be seen by many as politically motivated. Furthermore, Jeffrey was earlier charged with corruption.

The threat posed by Semangat 46 is slowly deteriorating. Razaleigh made statements indicating that his party was facing problems. The major problem faced by Semangat 46 is the number of members leaving to join UMNO. Razaleigh made it clear that he will not readmit members who had crossed over to UMNO. This is a serious problem and Razaleigh will have to spend most of his time as party leader solving this. In a statement made in May 1991, Razaleigh talked about weeding out the bad hats from his party. Those members not loyal to the party will be removed. Since many members were disappointed with the performance of Semangat 46 in the 1990 elections, they seem to cross over to UMNO. Many feel that UMNO is a safer party where they might have a secure future.

Harun Idris, the Chairman of Semangat 46 in Selangor, resigned from the party in May 1991. These leaders were the most prominent members of Semangat 46 and their resignations would weaken the party even further. Razaleigh has the problem of uniting the parties which were associated with him in the 1990 elections. As these parties had differing ideologies, they have gone in different directions since the elections. In Kelantan, the state government is run by PAS and many members of Semangat 46 and the component parties feel that the policies of the state government are dominated by PAS ideologies. This created ten-

sion between the various component parties within APU or Angkatan Perpaduan Ummah. It would be very interesting to see the future of Semangat 46. Mahathir might be tolerant and suggest that Semangat 46 be included as part of the Barisan Nasional. The best way of doing this is by claiming that the ideologies of Semangat 46 and UMNO are very similar. This is true as both parties want the spirit of 1946 to live on. As many members of Semangat 46 have rejoined UMNO and the members of Semangat 46 are former UMNO members, it would not make much difference in asking Semangat 46 to form a coalition with Barisan Nasional. It would be a great step towards Malay unity as there would be not much Malay disunity left if both Mahathir and Razaleigh decide to join forces. This would have implications for some leaders of UMNO and the Barisan Nasional. Nevertheless, it has been proven through previous actions of these leaders that a split in Malay unity has not benefited anyone except the opposition parties. The opposition parties see this split as something which they can use to their advantage. They have gained by the split within UMNO.

The settling of differences between Mahathir and Razaleigh would also give both of them more time to concentrate on national development. As there would be no more problems between Malay component parties, these leaders can devote their entire time towards developing and implementing projects which will benefit the whole nation. Both leaders are growing older and this should make them wiser and spur them to settle their differences. Mahathir is a leader who realizes the importance of Malay unity. He stressed that the Malays must progress and must equip themselves for the twenty-first century. Leadership by example is another one of his principles. He is tolerant and forgiving. Based on these factors, he will therefore settle his differences with Razaleigh soon.

Mahathir has the more immediate problem of solving the crisis within Barisan Nasional. There will always be members within the Barisan Nasional who will attempt to create disunity within the coalition and it is usually Mahathir who solves this problem. Currently, the major issue which threatens the stability enjoyed by the Barisan Nasional is the issue of the Chinese Cultural Centre which was raised by the MCA. MCA is a member of the Barisan Nasional and Mahathir as Chairman of the coalition

is expected to resolve this issue. The leaders of UMNO Youth and MCA Youth are heading for a major confrontation with this issue. Such a confrontation must be prevented at all costs. If one remembers, it was the issue of Chinese Schools which led to the major ISA arrests in 1987. What is developing today [May 1991] with the issue of this cultural centre is similar to the issues which were raised in 1987. There was a meeting planned between the MCA and the UMNO Youth but this was cancelled as one party accused the other of being insincere. Members of the coalition must be aware of the dangers of bringing up issues relating to race. As Malaysia is a multicultural nation, UMNO feels that there is no need for a special Chinese Cultural Centre. The difference between this and the Chinatown which is seen today is that this proposed centre will be official. In a way it seems rather odd that the MCA should suddenly want to officiate these unofficial cultural centres which are already in place and are doing well.

The Prime Minister when asked to comment on this issue said that he was not aware of the details and will therefore not make any comment. It is up to the Prime Minister to solve such problems as he has the experience of facing such problems over the last fifteen years. What proves rather disturbing is that Malaysia is entering a new era, the twenty-first century, and these racial problems have yet to be settled. The political maturity of politicians should be questioned. If they decide to use these issues to gain popularity and for their own purpose repeatedly there must be something wrong with the politicians' way of thinking. It would be good to replace these politicians with other more mature politicians. As it is always the same politicians who decide to exploit such situations, the public must now be aware who these politicians are. Mahathir himself must be aware of the black sheep in the Cabinet and must have some way of controlling them. As Mahathir is known to act fast and with care, one fine day these politicians will find themselves having to face the leader. It is a disgrace to have such politicians who exploit the race issue as this is a very sensitive issue. Exploitation of such issues could result in major splits within the Barisan Nasional which must be avoided at all costs.

The future looks exciting and promising. There are always rumours that he is quitting but up till now all these rumours have been proven false. Mahathir is not a quitter and therefore he may never quit. The country has benefited by having him as a leader

and the people accept him as their chosen leader. He has many enemies but he is working towards patching up his differences with them. He has stated often that he is getting older and therefore more patient and mature. This makes him see things differently when compared to the way he saw similar events years ago. He therefore says that he understands the feelings of his younger colleagues. The Prime Minister's health has been another source of speculation. There are always rumours that he is ill and therefore unable to carry out his duties. These rumours have been proven wrong by the capability shown by him after his surgery. He is just as active as before and still visits other countries and give speeches. He has made many public appearances where he stands for long periods meeting with the people. All these automatically refute the rumours about his ill health.

Mahathir Mohamad is fit and healthy and will carry on being the Prime Minister of Malaysia till he is sure that all his ambitions have been fulfilled. He must be admired for he has gone through many upheavals and crises yet surviving every one of them. Malaysia has been exposed to the world through Mahathir's efforts. The *bumiputeras* have increased their standard of living because of him. Mahathir is human after all and therefore makes mistakes. However, these mistakes have been corrected through his efforts to balance the Malaysian society. Malaysia enjoys true democracy and this is acknowledged by other nations in the region. Prevention of major racial problems is managed through the ISA and it is hoped that this act will be reviewed. Mahathir has been pressured to review this act and he usually considers the wants of the public. Mahathir has indicated that he will review this act at a future date. As he solves more problems, Malaysia will achieve her ambitions and soon become another developed nation. The twenty-first century will see a new and developed Malaysia and Mahathir will be remembered for his major contribution in concretizing this dream.

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