



Elites and Regimes in Malaysia

Revisiting a Consociational Democracy

William Case

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Contents

About the Author	i
Glossary of Acronyms	iii
Foreword	ix
Preface	xi
Chapter 1 Elites and Regimes	1
Chapter 2 Colonial Experience and Consensual Elite Unity in Malaysia, 1786–1957	35
Chapter 3 Crises in Consensual Elite Unity in Post-colonial Malaysia, 1957–1986	87
Chapter 4 Prelude to Crisis: Mahathir's Emergence as National Leader, 1981–1986	152
Chapter 5 Intra-UMNO and Interethnic Crisis: Mahathir as National Leader, 1986–1988	184
Chapter 6 Crisis Resolution: Mahathir's Retention of National Leadership, 1988–1995	215
Chapter 7 Elites and Regimes: The Significance of Malaysian Continuity	252
Bibliography	269
Index	291

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Glossary of Acronyms

ABIM	Angkatan Belia Islam Malaysia, Islamic Youth Movement of Malaysia
ACA	Anti-Corruption Agency
ACCCIM	Associated Chinese Chamber of Commerce and Industry of Malaysia
ADS	Administrative and Diplomatic Service
AMCJA	All-Malaya Council for Joint Action
AMIPF	All-Malaysia Indian Progressive Front
API	Angkatan Pemuda Insaf, Organisation of Youth for Justice
ASEAN	Association of Southeast Asian Nations
BMA	British Military Administration
BMF	Bumiputra Malaysia Finance
CARPA	Committee Against Repression in the Pacific and Asia
CCC	Chinese Consultative Committee
CDS	Capitalist Developmental State
CHOGM	Commonwealth Heads of Government Meeting
CLC	Communities Liaison Committee
CWC	Central Working Committee
DAP	Democratic Action Party
DTC	Deposit Taking Cooperative
EGM	Extraordinary General Meeting

EON	Edaran Otomobil Nasional, National Automobile Distributer
Exco	Executive Council
FAMA	Federal Agricultural Marketing Authority
FELDA	Federal Land Development Authority
FMS	Federated Malay States
FMSTA	Federation of Malay School Teachers Associations
GDR	German Democratic Republic
GOLKAR	Golongan Karya, Functional Groups
HICOM	Heavy Industries Corporation of Malaysia
ICA	Industrial Coordination Act
IMP	Independence of Malaya Party
ISA	Internal Security Act
JVP	Janatha Vimukthi Peramuna, People's Liberation Front
KBI	Kesatuan Belia Islam
KBL	Kilusang Bagong Lipunan, New Society Movement
KMM	Kesatuan Melayu Muda, Young Malays Union
KMT	Guomindang
KSM	Koperasi Serbaguna Malaysia, Malaysian Multipurpose Cooperative
KUB	Koperasi Usaha Bersatu, United Business Cooperative
LDP	Liberal Democratic Party
LP	Labour Party

LTAT	Lembaga Tabung Angkatan Tentara, Armed Forces Provident Fund
LTTE	Liberation Tigers of Tamil Eelam
LUTH	Lembaga Urusan Tabung Haji, Islamic Pilgrims' Management and Fund Board
MARA	Majlis Amanah Rakyat, Council of Trust for the Indigenous People
MARDI	Malayan Agricultural Resource and Development Institute
MAS	Malay Administrative Service
MCA	Malayan/Malaysian Chinese Association
MCCIM	Malay Chamber of Commerce and Industry of Malaysia
MCKK	Malay College of Kuala Kangsar
MCP	Malayan Communist Party
MCS	Malayan Civil Service
MIC	Malayan/Malaysian Indian Congress
MNP	Malay Nationalist Party
MPAJA	Malayan People's Anti-Japanese Army
MPHB	Multi-Purpose Holdings Berhad
MTUC	Malaysian Trade Unions Congress
MUI	Malayan United Industries
NasMa	National Party of Malaysia
NDP	New Development Policy
NECC	National Economic Consultative Council
NEP	New Economic Policy

NIC	Newly Industrialising Country
NOC	National Operations Council
NSTP	New Straits Times Press
OPP	Outline Perspective Plan
OSA	Official Secrets Act
PAP	People's Action Party
PAS	Parti Islam se-Malaysia, Pan-Malaysian Islamic Party
PBS	Parti Bersatu Sabah, Sabah United Party
Pernas	Perbadanan Nasional Berhad, National Trading Company
PETA	Pembela Tanah Air, Defenders of the Fatherland
Petronas	National Petroleum Company
PMIP	Pan-Malayan Islamic Party
PPP	Perak, later People's Progressive Party
PSRM	Parti Sosialis Rakyat Malaysia
PUTERA	Pusat Tenaga Rakyat, Central Force of the People
PWTC	Putra World Trade Centre
RIDA	Rural and Industrial Development Authority
SCBA	Straits Chinese British Association
SDP	Social Democratic Party
SEDC	State Economic Development Corporation
SITC	Sultan Idris Training College
SLFP	Sri Lankan Freedom Party

SLORC	State Law and Order Restoration Council
SMP	Second Malaysia Plan
SS	Straits Settlements
SSCS	Straits Settlements Civil Service
UCSTA	United Chinese School Teachers Association
UDA	Urban Development Authority
UDP	United Democratic Party
UMBC	United Malayan Banking Corporation
UMNO	United Malays National Organisation
UMS	Unfederated Malay States
UNP	United National Party

Foreword

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The pace of change in Malaysian society and in particular, the phenomenal economic growth of the last two decades has made Malaysia one of the most envied success stories of the region. This remarkable economic success has been achieved against the backdrop of Malaysia's complex socio-political situation particularly the multi-ethnic nature of the society with its attendant problematic inter-ethnic relations and other social divisions generated by class, gender, regionalism, religious and other factors. In addition, despite evidences pointing to the emergence of authoritarian structures in Malaysian politics, this has in no way been detrimental to political stability, and has in fact assisted in the economic growth of the country.

Various attempts have been made at explaining the complexities in Malaysia's political and economic situations with some observers preferring to argue from the ethnicity angle where Malaysian society is viewed as essentially composed of ethnic divisions and inevitable ethnic tensions and where the political future of the country is very much tied up by crises in inter-ethnic relations. Another less prevalent view is that of the 'consensus' approach, focussing on the process of continuous negotiations and consensus between and among various sections in efforts towards peaceful coexistence.

It is in utilising this second perspective that the author of this book focuses on elites and regimes, arguing that it is accommodative relations among elites which have ensured political stability for the country and continuance of the governing body. In this volume, the author offers a broad analytical framework which seeks to interpret Malaysia's political history and process, particularly the persistence of accommodative relations among Malaysian elites and stable semi-democracy right up to the current political situation. Some readers might disagree with the author's arguments particularly his utilising of elites and regimes as his main analytical and not too much emphasis on the role of structural and mass-level constraints on regime stability and democracy. Nonetheless, in provoking further debates on the study of Malaysia, this critical work is an important contribution to our further understanding of how Malaysia, in spite of its problematic

inter-ethnic relations which occasionally have erupted into open conflicts, has managed to maintain its political stability and made it possible to carry out economic development programs which have contributed to the country's continuous economic growth.

Preface

Comparative politics has long been concerned with democratic preconditions, transitions, consolidation, and breakdown in developing countries. During the 1950s, modernisation theorists tried to specify the socioeconomic prerequisites for political democracy in a variety of these settings. During the 1960s and 1970s, however, comparativists were led to consider developmental pressures for rapid industrialisation, ethnic pressures for preferentialist policies, and the authoritarian regimes that usually resulted. Then, with the renewal of democratising processes in the late 1970s and 1980s, comparative politics returned to the analysis of regime openness. With each shift in inquiry, though, some advances were made. The investigation of authoritarianism increased understanding of structural constraints upon the forms regimes take, while recent studies of democratisation have highlighted the importance of elite interaction and choices. Hence, in seeking to explain regime change and continuity, analysts are now able to adopt a 'complex' approach which, while focusing principally on elite behaviour, also gives weight to the structural forces that in some degree circumscribe that behaviour.

Variable elite relations, mass attitudes, and structural forces combine to produce different regime outcomes. In most developing countries, elite factions compete ruthlessly, and, in undermining or outflanking one another, they prompt uncontrolled regime oscillations. In a much smaller number of developing countries, however, elites enter into accommodative relations that enable them to withstand or even contain structurally induced cleavages and divided mass loyalties. This second pattern is the subject of this book. I want to show that accommodation among national elites enables them to transcend destabilising structural forces, thereby making democratic stability possible.

To demonstrate this convincingly, I concentrate on a 'hard' case, to wit, Peninsular Malaysia, wherein elite accommodation is subjected to some formidable structural pressures. Malaysian society is sharply divided between ethnic Malays and 'non-Malays' (principally Chinese), a division reinforced by religious, linguistic, and cultural divisions, as well as by historically separate roles in politics and business. Moreover, Malaysia's place in the world economy involves its reliance upon high commodity prices abroad and sustained infusions of foreign technology and investment. I attempt to show, however, that despite Malaysia's stark social pluralism and economic dependence, its elites have generally remained autonomous and

accommodative enough that they have been able to operate a stable and at least semi-democratic regime.

Although this book involves a case study of elite relations as they have played out in Peninsular Malaysia, it has larger theoretical ambitions: many of the social cleavages and structural adversities present there are experienced by other developing (and indeed, developed) countries. Of course, Malaysia possesses some salutary, countervailing advantages not seen in many comparable cases. One thinks first of its ready availability of land, a generally quiescent rural sector, and a relatively rich and diversified resource base. But these features are often negated by a wide range of impediments to stable democratic politics—volatile ethnic relations, a recent Islamic ‘resurgence’, increasingly restive labour organisations, and a drumbeat of international criticism over the country’s environmental policies—that display unusual range and severity. In other words, there is no shortage of challenges in the Malaysian setting with which to illustrate the thesis that elites may confront and purposively overcome deep structural strains, an exercise that bears lessons for other plural societies.

In this book, I do not seek to construct and test a falsifiable model so much as offer a broad analytical framework with which to interpret more than two centuries of Malaysian political history and processes. In the first chapter, I present this framework, one that recognises the importance of structural and mass-level constraints on regime stability and democracy, but which nonetheless asserts the primacy of elite relations for regime outcomes. In doing this, I discuss a variety of Asian countries that display different elite configurations, societal make-ups, and levels of economic development. Chapter Two suggests that among the preconditions for favourable elite relations in plural societies discussed by Arend Lijphart, a tradition of accommodation born of colonial experience is in developing countries most important. My interpretation of British colonial experience as contributing to democratic stability in Malaysia offers a useful foil to more common, highly critical assessments of colonialism’s impact. Further, my attempt to show that Lijphart’s consociational model still has considerable life in it helps to stake out one end of an emerging debate over how best to understand Malaysian politics. In Chapter Three, I recount the disintegrative pressures upon post-colonial multiethnic elites that have been described by Alvin Rabushka and Kenneth Shepsle, and I show how their ‘predictions’ of democratic breakdown have been avoided in the Malaysian case. One also notes that these several works, though put forth by Lijphart, Rabushka, and Shepsle during the 1970s, have new relevance in the 1990s as scholars again grapple with issues of democracy and

ethnicity. Finally, this book's last three chapters present an extended analysis of how accommodative relations among Malaysian elites and stable, semi-democracy have basically persisted during ten years of leadership by Mahathir Mohamad, a prime minister who has been variously likened to an 'Ataturk' or a 'refined Marcos'.

I should also state at the outset that I have not scoured primary Malay and Chinese-language sources, government documents, or British colonial archives. I have instead relied essentially on secondary books, articles, and journalistic accounts in an attempt to reconstruct and reinterpret the Malaysian political record. Throughout my three years of research, I have been less interested to gather new information (especially 'scoops' like the reasons behind Musa Hitam's resignation) than to offer a new analysis. However, I gained valuable personal experience and insight into the Malaysian scene while lecturing in American politics at the Institut Teknologi MARA-Texas International Educational Consortium (TIEC) program in Shah Alam between September 1987 and December 1988. Moreover, after receiving a fellowship from the University of Texas, I was able to return to Malaysia in October 1989 in order to conduct a relatively extensive series of interviews with many organisational leaders during a four-month period.

These interviews were with more than fifty top position holders in a wide variety of party, bureaucratic, military, business, media, educational, public interest, cultural, and religious organisations. My aim was to assess the strength of elite-level commitment to overall accommodation, particularly during and after the critical period in which numerous opposition leaders were arrested in October 1987. In conducting these elite interviews, I agreed that any material quoted would not be directly attributed to the respondents, and this may detract somewhat from the authoritativeness of many of the statements that I present. Nevertheless, the interviews were extremely useful in terms of gaining orientation and forming impressions. Indeed, after interviewing powerful state decision makers in often lavish offices, official residences, or, in one instance, in a chauffeured German sedan while en route to lunch at the Kuala Lumpur Regent, I came away with a clear sense of why elites strive to remain elites, and why others aspire to replace them.

I would thus like to thank the University of Texas for awarding me the Bess Heflin University Fellowship that funded my travel and stay in Malaysia, the Australian National University for providing a post-doctoral fellowship enabling me to rewrite the original manuscript, and the Australian Defence Force Academy and Griffith University for allowing me the time between teaching duties to make final revisions. I would also like to thank Malaysian officials in the Social

and Economic Research Unit (SERU) in the Prime Minister's Department for giving me permission to carry out interviews, the dean of the Faculty of Economics and Administration at the University of Malaya, Mokhtar Tamin, for arranging staff support and office space and offering general encouragement, and to all those who consented to meetings or helped me to schedule them. Though political culture in Malaysia must be described as guarded, and while elites undertake certain risks in sharing their views and information with foreign researchers, much reticence was offset by the generosity that continues to mark private life in the country.

I would like to acknowledge my indebtedness to my dissertation adviser, Professor John Higley, for having shared a theoretical outlook, as well as for wrestling tirelessly with my prose in an effort to render it more readable. I also thank Dr Harold Crouch at the ANU for scrutinising an early version of the manuscript, my colleagues, Jim Henson and Bill Nichols, for perusing a draft of the theory chapter, and Alison Ley for her very dedicated proof-reading. And I want finally to thank those who saw me through my field research in Kuala Lumpur, Selangor, and Johor, especially my wife, Rebecca, my son, John Stamford, and my good friends, Encik Kirby Ng, Donald Pharamond, Rosli, Kumar, Tango, and Chai Leng—and indeed, the entire chapter of the Petaling Hash House Harriers (PHHH).

William Case
Brisbane 1996

Elites and Regimes

This book is an effort to unravel the highly complex, often opaque political record of Peninsular or West Malaysia. As we will see, this region's political, economic, and social features often elude easy classification and defy causal statements. As one example, does societal pluralism require an authoritarian state in order to contain social conflict? Or does such pluralism lead to democratic politics, effectively preventing the state from consolidating its grip over diverse mass constituencies? Does multiethnicity perhaps cut both ways at once? If so, does this elicit complementary strands of authoritarian and democratic state response? Or does it inject competing imperatives and deep tensions into political life? Or are these tendencies even mutually negating such that on balance multiethnicity has little direct, defining impact on politics—instead lending itself to varying interpretations by opinion leaders? These kinds of conundrums appear at every turn in analyses of politics in Peninsular Malaysia, hampering our understanding of ethnicity and ethnic cultures, socioeconomic classes, regionalism, Islamic resurgence, development strategies, and the sundry cleavages that these phenomena may produce. Indeed, because the Peninsula's political record can by itself support a challenging study, no attempt is made to go still further afield to include the eastern states of Sabah and Sarawak.

In my own effort to understand Malaysian experience, I focus on elites and regimes, treating them as analytical tools and the primary objects of inquiry. Elites and regimes lie at the core of political life, and they guide one in posing and researching central questions, as well as probing a variety of contiguous issue areas. Adopting this approach to Malaysia is very much in the 'consociationalist', elite-centred tradition of Stanley Bedlington, Stephen Chee, Milton Esman, Bruce Gale, John Gullick, Arend Lijphart, Diane K. Mauzy, Gordon Means, R.S. Milne, Eric Nordlinger, K.J. Ratnam, and Karl Von Vorys.¹ At

¹ See Stanley S. Bedlington, *Malaysia and Singapore: The Building of New States* (Ithaca: Cornell University Press, 1978), pp.141-71; Stephen Chee, 'Consociational Political Leadership and Conflict Regulation in Malaysia', in *Leadership and Security in Southeast Asia: Institutional Aspects*, edited by Stephen Chee (Singapore: Institute of Southeast Asian Studies, 1991), pp.53-86; Milton Esman, *Administration and Development in Malaysia: Institution-Building and Reform in a Plural Society* (Ithaca: Cornell University Press, 1972), and 'Malaysia: Communal Coexistence and Mutual Deterrence', in

base, it asserts that despite deep structural constraints and mass tensions, elites have been able to maintain (or recover) their accommodation across ethnic lines, enabling them to operate a stable, even semi-democratic regime. It says nothing, necessarily, about the inherent altruism or self-interest that mark elite calculations.

Further, in extending, or updating this tradition, one can challenge some new, sometimes 'radical' works that doubt the capacity of elites to shape their relations in important ways. For example, James V. Jesudason, in his highly regarded study, suggests that Malay state elites have been beholden to mass constituents, forcing them in recent decades to cease their cooperation with Chinese business elites. This has inhibited any formation of a 'state-capital alliance', thereby denying Malaysia the rapid economic growth enjoyed by other late-developing countries in the region.² Alasdair Bowie contends that the

Racial Tensions and National Identity, edited by Ernest Q. Campbell (Nashville: Vanderbilt University Press, 1972), pp.227-43; John Gullick and Bruce Gale, *Malaysia: Its Political and Economic Development* (Petaling Jaya, Malaysia: Pelanduk, 1986); Arend Lijphart, *Democracy in Plural Societies: A Comparative Exploration* (New Haven: Yale University Press, 1977); Diane K. Mauzy, *Barisan Nasional: Coalition Government in Malaysia* (Petaling Jaya, Malaysia: Marican and Sons, 1983), pp.136-50; Gordon P. Means, *Malaysian Politics*, 2nd ed. (London: Hodder and Stoughton, 1976), pp.440-49, and *Malaysian Politics: The Second Generation* (Singapore: Oxford University Press, 1991), pp.10-13; R.S. Milne and Diane K. Mauzy, *Politics and Government in Malaysia* (Singapore: Federal Publications, 1978), pp.352-56; Eric A. Nordlinger, *Conflict Regulation in Divided Societies* (Cambridge MA: Harvard University, 1972), p.11; K.J. Ratnam, *Communalism and the Political Process in Malaya* (Kuala Lumpur: University of Malaya Press, 1965), pp.209-16; K.J. Ratnam and R.S. Milne, *The Malayan Parliamentary Election of 1964* (Singapore: University of Malaya Press, 1967), pp.31-59; and Karl Von Vorys, *Democracy Without Consensus: Communalism and Political Stability in Malaysia* (Princeton: Princeton University Press, 1975).

2 Jesudason suggests that 'state elites play a central role in the economy, sometimes to lay the basis for growth, but often to ensure that the course of development takes place along lines that bring support for the regime'. Hence, Malay state elites, in seeking this support, drew away from Chinese business leaders and caused the economy to decline over time. Jesudason writes:

I remember as a young boy in the 1960s how frequently Malaysia was praised as an economic and political success in Asia. Economically it was ahead (in per capita GDP terms) of Taiwan and South Korea, the present 'economic miracles'.... Yet by the early 1980s, as I embarked on this study, it was apparent that the country was experiencing a relative decline within the East Asian region.... I wanted to study the relative decline of the Malaysian economy giving due recognition to internal social-structural arrangements, and, in particular, to the role of ethnic structures.

James V. Jesudason, *Ethnicity and the Economy: The State Chinese Business, and Multinationals in Malaysia* (Singapore: Oxford University Press, 1989),

shifting terms of a 'communal settlement' have driven the development strategies of elites, propelling them in lockstep along a trajectory of import substitution, export orientation, and heavy industrialisation.³ These analyses, however, give us only part of the picture. Jesudason's study, undertaken during the mid-1980s, is thus unable to account for Malaysia's economic recovery and high growth rates during the last part of the decade and into the 1990s. Such growth is made all the more remarkable by the adverse global conditions in which it has occurred. Bowie underestimates the agility with which elites have synthesised different economic policy approaches throughout Malaysia's progress, and he misses the significant privatisation and trade liberalisation that are currently under way. And both authors, finally, must be taken aback by the extent to which Malays *and* Chinese have promoted, and benefited from, this rapid economic growth, forging the collaborative relationships that mark today's business scene.

Francis Loh Kok Wah and Joel Kahn identify another kind of constraint upon state elite action. In criticising elite-centred consociational models, they advise us that ethnic identities and cultures are not 'givens' which elites in Malaysia have sought altruistically to manage. Rather, ethnic cultures have been steadily reinvented, even fragmented by a new middle class, enabling that class now to evade a malicious elite hegemony.⁴ But here a problem crops up. Apart from mixing explanatory and normative concerns, Loh and Kahn are unable to show that this reinvention of culture necessarily disadvantages elites. Indeed, because it generally celebrates 'feudal' Malay customs and preserves many ethnic differences at the societal level, Malay state elites may be encouraged if not to initiate this process, at least to remain congruent with it. If it is true, as many observers contend, that state elites in Malaysia are dedicated now to relentless economic growth, it is difficult to see how they might more efficiently socialise and discipline their work force, as well as interdict

p.vi. Jesudason later describes how high commodity prices masked the inefficiencies of the state's pro-Malay redistributive policies during the 1970s, but then fell during the 1980s, plunging the state into 'a serious financial position' (p.76).

3 Alasdair Bowie, *Crossing the Industrial Divide: State, Society, and the Politics of Economic Transformation in Malaysia* (New York: Columbia University Press, 1991).

4 Loh and Kahn write that 'we hope to address not only academic but political concerns as well, for example: how can we best understand, and hence combat, the increasingly authoritarian actions of the current regime?' Francis Loh Kok Wah and Joel S. Kahn, 'Introduction: Fragmented Vision', in *Fragmented Vision: Culture and Politics in Contemporary Malaysia*, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), p.8.

cross-ethnic labour organising. In short, while elite motivations and mass attitudes may change, and the terms of elite-mass relations may be in consequence renegotiated, one should not lose sight of the primacy and adaptability of elites.

Loh and Kahn might also argue that in focusing on cumbersome variables like elites and regimes, one is unable to grasp the peculiarities of Malaysian politics. But what might be lost in precision is perhaps gained in wider relevance. In short, my intention is to analyse along a baseline of broad commonality, producing a work that is generalisable and accessible. Put simply, a treatment of Malaysian politics should enable specialists from other geographic areas easily to enter and compare: my aim is to speak with more than the world's several dozen Malaysianists. Hence, in this first chapter, I will define and explore some prominent variables, disaggregating them into types and patterns that enhance their dynamism and explanatory power. In doing this, I will refer regularly to contemporary Asian settings in order to develop and illustrate different contentions. And in the next chapters, I will apply the integrated framework that results to Peninsular Malaysia, offering a new—or at least revised and updated—interpretation of its politics.

Regime Forms

I want mainly to account for the forms which political regimes take, that is, the extent to which they are stable or unstable and democratic or authoritarian. Regimes can be thought of as 'basic patterns in the organisation, exercise, and transfer' of state positions and power.⁵ As such, they are operated by state elites who head key governing, bureaucratic, and military organisations. Insofar as competitions between these elites, or struggles between them and the leaders of mass constituencies do not result in 'forcible seizures' of state power, regimes can be considered stable.⁶ And to the extent that state elites heading governing organisations are politically responsive to, and consent electorally to be replaced by, the leaders of mass constituencies, regimes can be considered democratic. Let us consider these dimensions more closely.

Turning first to regimes' underlying dimension of stability or instability, one notes that while forcible seizures of state power may occur in many ways, they usually involve in reasonably developed settings some degree of support, initiative, or acquiescence from the

⁵ John Higley and Michael G. Burton, 'The Elite Variable in Democratic Transitions and Breakdowns', *American Sociological Review* 54(1), (February 1989), p.18.

⁶ *Ibid.*

military. In one familiar pattern, elected governing elites, having at least the implicit support of the armed forces, abrogate established power-sharing arrangements and manipulate the constitution in order to prolong their tenure. Inasmuch as this closes off opportunities for competing parties who had anticipated coming to office electorally, it invites their retaliation, paving the way to eventual regime instability. A recent case involves Sri Lanka where the governing Freedom Party (SLFP) imposed a new constitution in 1972 in order to lengthen its term in office to seven years. In response, the United National Party (UNP), after winning elections in 1977, also altered the constitution, removing power to the presidency and monopolising that office until 1989.⁷ A local observer identifies the difficulty precisely: 'The flaw is that successive [parties] have viewed the constitution not as a consensual arrangement, embodying enduring values and principles of governance, but as an instrument to consolidate power. This led to disillusionment with constitutional means of resolving Sri Lanka's national question, and eventually to armed conflict with the Tamils'.⁸

In partial contrast, a more purposive executive coup involves an incumbent head of government entrenching his rule forcibly through active support from at least some military elites. We find this pattern in the Philippines where President Marcos, after his election in 1965, steadily limited access to state power enjoyed by traditional elite families.⁹ When Marcos later found himself barred by the constitution from serving a third term, he sought first to install his wife, Imelda, as president. Then, with military assistance, he simply invoked martial law in 1972, jailing 30,000 opposition members. Larry Diamond observes that 'no instance of democratic breakdown better illustrates the personal desire to retain and expand power at all costs than the executive coup by Philippine President Ferdinand Marcos'.¹⁰

Another pattern of regime instability unfolds when the head of government or governing party is overthrown through a military

7 Urmila Phadnis, 'Sri Lanka: Crises of Legitimacy and Integration', in *Democracy in Developing Countries: Asia*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.166-67.

8 Neelan Tiruchelvam, 'Sri Lanka's Two Rebellions', *Asian Wall Street Journal* (hereafter cited as *AWSJ*), 7 October 1991.

9 Karl D. Jackson, 'The Philippines: The Search for a Suitable Democratic Solution, 1946-86', in *Democracy in Developing Countries: Asia*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.241.

10 Larry Diamond, 'Introduction: Persistence, Erosion, Breakdown, and Renewal', in *Democracy in Developing Countries: Asia*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.5.

coup. In these circumstances, military elites may act on their own initiative or in conjunction with other elites or organised mass constituencies. In addition, after seizing state power, military elites may be forcibly replaced by other military factions, thereby perpetuating regime instability. In contemporary Southeast Asia, Thailand appears to have been particularly susceptible to such upheavals, witnessing between 1932–87 16 coups, 13 constitutions, and 43 cabinets.¹¹ These actions have resulted in periods of direct military rule or the imposition of a civilian leader in order to mask de facto military preeminence.

Lastly, governing elites may be brought down as the military abets, or acquiesces in, mass uprisings. In Iran during 1979, for example, demoralised military elites stood aside as followers of the Ayatollah Khomeini rose up and seized state power.¹² Similarly, in the Philippines in 1986, key military elites refused to intervene as factions in the *Kilusang Bagong Lipunan* (New Society Movement, KBL), the Makati business elite, the Catholic Church, and mass constituents combined to oust President Marcos in the ‘miracle at EDSA’.¹³ And in Bangladesh during 1990, the military remained neutral as students mobilised bureaucrats and professional groups and forced President H.M. Ershad from power. Bangladesh also illustrates how the military may itself be seriously divided, fomenting counter-coups, civil wars, and wars of secession. During 1971, when the Pakistani army moved to suppress the secessionist movement in East Bengal, some Bengali officers joined with the independence leaders. Subsequently, within the new army of Bangladesh, divisions emerged between those officers who had fought actively for a separate country and those who had remained in (West) Pakistan during the conflict. The *Far Eastern Economic Review* observed that ‘both these hotheads and the repatriates hankered after political power ... and this led to the many coups in the 1970s’.¹⁴

A regime’s second dimension, its democratic or authoritarian character, is indicated by the extent to which governing elites consult with, respond to, and are electorally replaced by the leaders of

11 Chai-Anan Samudavanija, ‘Thailand: A Stable Semi-Democracy’, in *Democracy in Developing Countries: Asia*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.320.

12 Robin Wright. *In the Name of God: The Khomeini Decade* (New York: Touchstone, 1989), p.25.

13 Jackson, op. cit., 254.

14 The *Far Eastern Economic Review* (hereafter cited as *FEER*), 27 December 1990, p.15. For background on the Bangladesh conflict, see Talukder Maniruzzaman, *Bangladesh Revolution and its Aftermath* (Dacca: Bangladesh Books International, 1980).

organised segments of civil society. It is important to point out that democracy is best understood in these procedural, electoral terms. At base, this involves meaningful, regularly held elections, the right freely to organise in order to contest those elections, and a broadly enfranchised population of voters—in short, the ‘polyarchy’ conceptualised by Robert Dahl.¹⁵ Burton, Gunther, and Higley show that to go further and refer to ‘economic’ or ‘social’ democracy confuses procedural and substantive variables, thereby losing analytical power.¹⁶ They note that the former German Democratic Republic (GDR), for example, while distributing wealth relatively equitably and maintaining an official commitment to social justice, could hardly be considered a democracy. Moreover, if these procedural and substantive variables are separable, ‘one may be temporally and perhaps causally prior to the other’.¹⁷ In other words, some level of economic development and equality may be a precondition for, or an outcome of, democratic procedures.

But even within this narrow categorisation of procedural democracy, the degree and mechanisms of consultation and representativeness vary greatly. Alfred Stepan sketches the range of possibilities in terms of ‘exclusionary’ and ‘inclusionary’ corporatism, variants which, while falling short of democracy, respectively offer limited and broad avenues for societal representation.¹⁸ Similarly, James Malloy writes of clientelist, populist, and corporatist strategies for controlling access to state power.¹⁹ As an example, Chai-Anan describes the incorporating approach adopted by Thai bureaucratic elites.

The privileged organised groups, such as the Banker’s Association, the Association of Industries, and the Chamber of Commerce, have been given access to the decision-making process in economic spheres, but their participation is of a consultative nature rather than as an equal partner. Likewise, labour unions have

15 Robert A. Dahl. *Polyarchy: Participation and Opposition* (New Haven, Yale University Press, 1971).

16 Michael Burton, Richard Gunther, and John Higley, ‘Introduction: Elite Transformations and Democratic Regimes’, in *Elites and Democratic Consolidation in Latin America and Southern Europe*, edited by John Higley and Richard Gunther (Cambridge: Cambridge University Press, 1992), p.2.

17 Ibid.

18 Alfred Stepan, *The State and Society in Peru: Peru in Comparative Perspective* (Princeton: Princeton University Press, 1978).

19 James Malloy, ‘The Politics of Transition in Latin America’, in *Authoritarians and Democrats: Regime Transition in Latin America*, edited by James M. Malloy and Mitchell A. Seligson (Pittsburgh: University of Pittsburgh Press, 1987), pp.235-58.

also been given a limited consultative role in labour relations, while the bureaucracy still firmly maintains its control over farmers' groups through the ministries of Interior and Agriculture. Although there were general elections again in 1983 and 1986, popular participation remains relatively low. Where turnouts were high the successes were due to active mobilisation by officials of the interior ministry rather than to voters' interest in political issues.²⁰

In other settings, elites heading state organisations may collectively initiate or perpetuate greater regime opening, moving from a category of 'semi-', 'limited', or 'quasi-' democracy to fully democratic procedures.²¹ This is signalled when incumbent elites are held more directly or widely accountable for their rule, to the point where they can be electorally turned out by mass constituents in favour of competing elites. The electoral replacement of the Congress government by a Janata Dal-dominated coalition during 1989, and the replacement of this coalition in the following year's elections, reaffirmed that India, despite its epic leadership failings, is probably the best overall example of procedural democracy in Asia.

The two dimensions that make up political regimes intersect to produce four basic forms: unstable authoritarianism, unstable democracy, stable authoritarianism, and stable democracy. These classifications represent, of course, ideal types that rarely occur in a real world of continuums and fence-sitters. Indeed, the Malaysian regime, while stable, straddles the authoritarian and democratic quadrants to yield what is best understood as a semi-democracy. But however stable or unstable, democratic or authoritarian, these several regime forms are driven by prior sets of elite dynamics.

Elites, Supporters, and National Leaders

Analysts increasingly agree that regime forms are distinct from, and in large part the product of, elite attitudes, choices, and relations. In examining regime opening, Samuel Huntington writes, for example, that 'democracies are created not by causes but by causers. Political leaders and publics have to act'.²² At the same time, William Welsh

20 Chai-Anan, op. cit., pp.338-39.

21 For a useful discussion of 'soft' authoritarianism and 'hard' democracy, see Guillermo O'Donnell and Philippe C. Schmitter, 'Defining Some Concepts (and Exposing Some Assumptions)', in *Transitions from Authoritarian Rule: Prospects for Democracy*, edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), vol. 4, pp.6-14.

22 Samuel Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991), p.107. See also Robert

cautions that 'elite decision-making behaviour does not take place in a vacuum. It is conditioned by numerous factors of social, economic, and cultural context that must be analysed in conjunction with the behaviours of elites if those behaviours are to be fully understood'.²³ We must therefore adopt a 'complex' framework that locates explanatory primacy in elite relations, yet one which is sensitive to the structural sources of social or socioeconomic cleavage (eg., ethnic, linguistic, or religious segmentation and class stratification) that may impact upon elite autonomy and strategies. In brief, interactive elites must mobilise (or demobilise) support by accurately gauging and appealing to mass attitudes which, I will argue, have been shaped strongly by structural forces. Let us consider interelite and elite-mass relations more fully, as well as take account of subelites and national leaders.

National Elites

A national elite consists of 'persons who are able, by virtue of their strategic positions in powerful organisations, to affect national outcomes regularly and substantially'.²⁴ A central contention of this book is that elite unity or disunity is the main determinant of the forms regimes take. Putnam observes that while 'the classical elite theorists, Mosca, Pareto, and Michels, treated the unity of the ruling elite as axiomatic, [this] should be a matter for empirical investigation rather than definitional fiat'.²⁵ Thus, elites who are 'consensually unified'²⁶ display a 'restrained partisanship',²⁷ synthesising and adhering to procedural 'rules of the game'. This configuration makes in turn for a stable regime and, if these elites permit, democratic politics. I have suggested that India's stable democracy, operated by consensually unified elites in often fragmented social and economic circumstances, is a foremost example in Asia. Conversely, the absence of elite consensus about rules leads to unrestrained competitions, efforts to exclude important factions, and hence, an unstable regime. Any democratisation carried out in this latter situation is imperilled by continuing elite struggles and is probably short-lived. As an example, in Thailand's 'October Revolution' of 1973, student leaders succeeded

D. Putnam, *The Comparative Study of Political Elites* (Englewood Cliffs NJ: Prentice Hall, 1976), pp.124 and 128.

23 William A. Welsh, *Leaders and Elites* (New York: Holt, Rinehart, and Winston, 1979), p.45.

24 Burton, Gunther, and Higley, op. cit., p.8.

25 Putnam, op. cit., p.107.

26 Burton, Gunther, and Higley, op. cit., p.11.

27 Giuseppe Di Palma, *The Study of Conflict in Western Societies: A Critique of the End of Ideology* (Morristown NJ: General Learning Press, 1973).

in inducing democratic regime change while the military was distracted with internal factionalism. Girling records, however, that three years later, a newly ascendant military faction gained 'approval by the king [for a] rightist offensive ... and the feeble structure of democracy began to break under the weight of steadily increasing military probes and pressures'.²⁸

The existence and importance of game rules for consensual elite unity is well-established by elite theorists.²⁹ Rules specify the fundamental propriety of different political behaviours. They are quietly manifested in 'tacit understandings' and 'operational codes',³⁰ *garantismo*,³¹ pacts,³² and settlements,³³ and they may be formally recorded in organisational by-laws and national constitutions. Further, while informal rules generally precede and are more meaningful than formal rules and institutions, they may feed into and reinforce one another. Finally, with respect to their origins, game rules may be derived from some combination of cultural norms, colonial experience, precedents set by elites at important historical junctures, and broadly recognised notions of fair play. But while these early events and contexts are strongly formative, they do not produce rules that are so rigid as to bar necessary adjustments.³⁴

Hence, while consensually unified elites compete strongly for state positions and power, mutually acceptable—and adaptable—rules of the game contain their competitiveness, dissuading them from undertaking divisive strategies and actions. Simply put, rule-bound elites do not

28 John Girling, *Thailand: Society and Politics* (Ithaca: Cornell University Press, 1981), pp.208-9.

29 See, for example, Kenneth Prewitt and Alan Stone, *The Ruling Elites: Elite Theory, Power, and American Democracy* (New York: Harper and Row, 1973); and Putnam, op. cit.

30 Giovanni Sartori, *The Theory of Democracy Revisited, Part One: The Contemporary Debate* (Chatham NJ: Chatham House, 1987), p.229.

31 Giuseppe Di Palma, *To Craft Democracies* (Berkeley: University of California Press, 1990), pp.50-61.

32 See Terry Lynn Karl, 'Petroleum and Political Pacts: The Transition to Democracy in Venezuela', in *Transitions from Authoritarian Rule: Prospects for Democracy*, edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), vol. 2, pp.196-219; and Guillermo O'Donnell and Philippe C. Schmitter, 'Negotiating (and Renegotiating) Pacts', in *Transitions from Authoritarian Rule: Prospects for Democracy*, edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), vol. 4, pp.37-47.

33 See Michael Burton and John Higley, 'Elite Settlements', *American Sociological Review* 52, no. 3 (June 1987), pp.295-307; and Burton, Gunther, and Higley, op. cit., pp.13-24.

34 Di Palma, *To Craft Democracies*, p.109.

strive to win at all costs. First, game rules order elite bargaining in innermost decisional 'committees'—in Sartori's phrase, the 'real stuff' of politics³⁵—herein preventing factions from creating confrontations and forcing crippling deadlocks. Second, in wider arenas, game rules discourage elites from mobilising mass constituents in ways that would seriously threaten other elites and provoke retaliatory violence. In short, game rules may be culled from a variety of traditions and events to regulate the committee behaviours and mobilising strategies of elites. They then reflect and extend consensual elite unity, thus laying the basis for a stable and possibly democratic regime.

National elites in most developing countries are disunified, failing to adopt or consistently to observe procedural game rules. A disunified elite thus contains persons and factions who deeply distrust one another, and who compete for state power and supporters in unregulated, often ruthless and violent ways. In these circumstances, a competing elite faction which moderates its drive for power in order to forge accommodative attitudes and procedures risks its own destruction. Sung-joo Han describes this configuration in South Korea.

In the Korean political culture and under the existing rules of the game, compromise is not seen as a sign of rationality and good will but as a signal of weakness and lack of resolve not only by one's adversaries, but by one's allies as well... Any gesture toward compromise is likely to be met by further demands by the adversary, which tries to take advantage of the opponent's perceived feebleness. Politics in Korea usually take the form of a zero-sum game in which winning is more important than keeping the game playable and productive.³⁶

A comprehensive shift in attitudes is therefore necessary to transform elite disunity into consensually unified behaviours (and thereby to bring about regime change from instability to stability). Elites must at some level acknowledge the worth of their rivals, respect the legitimacy of their claims, then collectively seek an allocative, rule-guided formula for accommodative interactions. I am concerned in the next chapter with one way in which this historically rare set of elite practices has been instituted, that is, through British colonial experience. Here, I will contend that once consensual elite unity is established, it tends strongly to persist, weathering the

³⁵ Sartori, *op. cit.*

³⁶ Sung-joo Han, 'South Korea: Politics in Transition', in *Democracy in Developing Countries: Asia*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.285.

defections and disruptions that periodically provoke crises. This is because cooperative attitudes and behaviour reliably produce benefits—or ‘side payments’³⁷—for most elite groups over time, making it in their collective, long-term interest to moderate their competitions and see crises through.

Subelites and Mass Constituents

In addition to exploring the origins of consensual elite unity, I want to investigate pressures that test that unity and in some instances, seriously erode it. In creating and sustaining their accommodation through compromises and trade-offs, elites risk alienating constituents who shore up their elite statuses. An elite person’s constituency consist of (1) pivotal ‘subelites’³⁸ who hold mid-level organisational positions and (2) more distant and diffuse mass followings. By skilfully dispensing organisational positions and resources, elites ensure that subelites assist them in implementing projects and maintaining mass support. But if elites make too many costly concessions to each other, and/or they become too removed from their followings, ‘subelite political activists’³⁹ may emerge who are more committed to their own advancement than to the retention of interelite accommodation. Putnam emphasises the ‘tendency for party activists and middle-level elites to disagree more sharply and to support the amicable give-and-take of practical politics less wholeheartedly than do the top national leaders’.⁴⁰ Hence, when opportunities arise, activist subelites may arouse mass grievances against their own leaders by portraying them as too conciliatory; they may additionally denounce other organisational elites as rapacious.

It is important to recognise, however, that elite and subelite influence is not unlimited with regard to mass attitudes and behaviour, that elites and subelites operate mainly as ‘clarifiers of choices’.⁴¹ Elites, whether unified or disunified, and subelites, whether allegiant or activist, can only present to mass constituents certain options for

37 Sartori, *op. cit.*, pp.231-32.

38 The ‘subelite’ concept is Mosca’s. William Welsh writes that ‘Mosca believed that there existed in most societies a ‘subelite’ that served both as a channel of contact and communication between the elite and nonelites, and as a potential tool for the recruitment, sometimes on a relatively large scale, of new members into the elite’. Welsh, *op. cit.*, p.5.

39 Lijphart, *op. cit.*, p.53.

40 Putnam, *op. cit.*, p.120.

41 Clarence Stone, ‘Transactional and Transforming Leadership: A Re-examination’, paper presented at the Annual General Meeting of the American Political Science Association, San Francisco California, 31 August 1990.

action (or conversely, for demobilising *inaction*).⁴² Mass constituents, in turn—their outlooks shaped strongly by structural forces—must select or decline to select among the appeals and choices that are made available to them. But while mass constituents are thus exposed to a range of elite and subelite-sanctioned options, they are unable to move outside these options to initiate and sustain their own complex political undertakings. That is, in the absence of elite and subelite power and mobilising, mass constituents can do no more than join in spontaneous protests (eg., ‘race’ and food riots) that either fizzle quickly or are easily suppressed. As an example, consider the following observation made by Scott in his study of rice growers on the Muda Plain in Malaysia:

If there were a national or even regional political vehicle that gave effective voice to the class interest of the poor on such issues as land reform, mechanisation, and employment, it would undoubtedly find a large following. But *Partai Islam* is not that vehicle, dominated as it is by large landowners, and the socialist party (*Partai Rakyat*), for reasons of repression and communalism, has never established a real foothold in Kedah.⁴³

This illustrates clearly that while objective inequalities and structural misfortunes may be manifested in severe mass discontents, they do not of their own well up in meaningful political outcomes. In sum, elites and subelites exercise only limited control over mass constituents, offering them a selection of appeals and choices. But mass constituents find that if they freely reject these choices, their grievances remain unrepresented and inadequately organised, and their emotive and material needs go largely unmet.

Let us now consider the ways in which these dynamics might play out to undermine a configuration of consensual elite unity. Activist subelites, aspiring to full elite status, can make appeals aimed at wresting mass constituents away from compromising elites. These subelites understand that mass constituents possess a reactive autonomy by being able to withhold or withdraw their support from

42 David Brown writes that elites are unlikely to be able to get away with inventing a crisis, or merely asserting an internal political cleavage where none exists.... [Elites are] constrained in [their] choice of legitimacy symbols by the social and political realities; but this may be restated in the reverse form, that it is the social and political realities which provide [elites] with the symbols which [they] may then manipulate. David Brown, *The Legitimacy of Governments in Plural Societies*, Occasional Paper No. 43 (Singapore: University of Singapore Press, 1984), p.8.

43 James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven: Yale University Press, 1985), pp.244-45n.

elites, greeting with profound indifference heavily brokered, irrelevant, or clumsy appeals that do not mesh with their structurally induced outlooks. In this situation, activist subelites give full vent to mass sentiments rooted in ethnicity, class, or some other set of divisive mass identities. And while overall game rules might permit that, within limits, followings be built or reenergised in this way, activist subelites disregard and push past these limits, seriously challenging consensual elite unity and inflaming mass grievances.

For their part, national elites, though preferring to perpetuate their consensual unity, might hereby be prevented by subelite activities from reaching or sustaining it. Specifically, elites might lack the capacity to resolve the contrary demands of fellow elites on one plane and activist subelites on the other. In the end, such elites may be forced to abandon their accommodative relations in order to outflank subelites through partisan appeals aimed at recapturing their mass support. As elite members cease to cooperate with fellow elites, 'politics-as-bargaining' becomes 'politics-as-war',⁴⁴ and regime stability is put proportionately at risk.

The National Leader

In some countries, a paramount national leader, usually occupying a formal position as president or prime minister, may operate above the general level of elite and subelite interactions. The national leader is distinguished by an extraordinary ruling capacity, and, through his or her leadership 'style', he or she may display either a power-sharing or power-monopolising orientation. Among Indian national leaders, Diamond finds instances of both orientations, contrasting 'Jawaharlal Nehru's decision to serve as prime minister in India's first post-independence government [that] set a trend toward democracy', with the 'manipulative, coercive, suspicious, and self-serving character of Indira Gandhi's rule from 1966 to 1977'.⁴⁵ Furthermore, the national leader may act upon these orientations to shore up or alter any existing pattern of elite and subelite behaviour. In Malaysia during the 1960s, Prime Minister Tunku Abdul Rahman acted generally to enforce a configuration of consensual elite unity. During the 1980s, however, Prime Minister Mahathir, implementing high-speed growth and new corporate ownership policies, disrupted elite relations and provoked elite challenges that caused him forcefully to reimpose consensual elite unity.⁴⁶

44 Sartori, *op. cit.*, p.224.

45 Diamond, *op. cit.*, p.10.

46 See William Case, 'Comparative Malaysian Leadership', *Asian Survey* 31, no. 5 (May 1991), pp.456-73; and John Funston, 'Challenge and Response in

Not all countries feature such national leaders, though certainly all do have a formal chief executive. According to some accounts, Japan at the start of the 1990s exemplified a leaderless condition. Its prime minister, Toshiki Kaifu, functioned as Noburu Takeshita's 'puppet', while Takeshita and other Liberal Democratic Party (LDP) elites remained locked in factional paralysis.⁴⁷ In other cases, the status of national leader may be held by a personalist 'kingmaker' or *eminence grise*. A good example is Deng Xiaoping who, while operating as chairman of the Central Military Commission of the People's Republic of China until 1989, and thereafter only as president of the Chinese Bridge Association⁴⁸, installed and removed sundry prime ministers and Communist Party chairmen. In short, paramount national leaders sometimes wield considerable formal or de facto ruling power, and they can augment or undermine consensual elite unity, as well as contain or exacerbate elite disunity. Hence, in any elite-centred analysis of regime continuity and change, a national leader, if present, must be assigned an important, though variable, role.

Let me summarise the argument to this point. I am seeking to account for differences in political regime forms, specifically, the extent to which they are stable and democratic. I have suggested that consensual elite unity, involving accommodative attitudes and the common observance of game rules, is necessary for regime stability and, further, lasting democratic politics. Moreover, while elite unity, once established, persists in most cases, it may be challenged by activist subelites who arouse and mobilise the structurally-induced grievances of mass constituents. Finally, a paramount national leader may exist who can further influence these patterns, reinforcing or reordering either consensually unified or disunified patterns of elite and subelite relations.

Components of Consensually Unified Elites

In order to develop more completely the configurations that I have outlined—and to reduce the framework's level of abstraction—it is necessary to identify the discrete components that make up national elites. Collectively, elites may be thought of as 'the principal decision makers in the largest or most resource-rich political, governmental, economic, military, professional, communications, and cultural organisations and movements in a society'.⁴⁹ But because these elites and the organisations they lead possess different amounts of resources

Malaysia: The UMNO Crisis and the Mahathir Style', *Pacific Review* 1, no. 4 (1988), pp.363-73.

47 *FEER*, 24 January 1991, p.17.

48 *AWSJ*, 20-21 March 1992.

49 Burton, Gunther, and Higley, op. cit., p.8.

and power, their contributions to overall consensual unity and regime form are necessarily unequal. Thus, while risking caricature, it makes analytical sense briefly to distinguish and rank order state elites, economic elites, and civil elites, roughly approximating their relative weightage and tasks. Further, elites at the state level can usefully (if often artificially) be separated into governing elites, bureaucratic elites, and military elites. Lastly, we recall that all powerful organisations are inhabited at middle levels by subelites, and that the entire scheme may be overseen by a national leader. These distinctions are partly illustrated in Table 1.1.

Table 1.1: Components of National Elites

Elite Component	Organisational Base		
State Elites	Governing ruling party, coalition or movement	Bureaucratic civil service, state enterprises, judiciary	Military armed forces and police
Economic Elites	Industrial, Commercial, Financial & Landed banks, agency houses, large business firms, trade & employer associations		
Civil Elites	Opposition parties, coalitions & movements	Occupational small and medium business organisations; professional groups; labour & peasant organisations	Voluntary ethnic, cultural, religious & public interest associations & movements

State Elites and Regime Stability

Elites heading state organisations ostensibly possess an ultimate and uniquely legitimate power to rule. Sartori records that state authority is (1) 'sovereign' in that it can overrule any other rule; (2) 'without exit (in the Hirschmann sense)' because it extends to the frontiers that territorially define citizenship; and (3) 'sanctionable' because it is sustained by the legal monopoly of force.⁵⁰ But while state elites may cumulatively enjoy supremacy, the complexity of state tasks in reasonably developed settings requires their organisational differentiation. Thus, building upon Mosca's initial distinction between

⁵⁰ Sartori, *op. cit.*, p.215.

'political' and 'governing' elites,⁵¹ we identify state elites directing governing, bureaucratic, and military organisations. Governing elites, then, lead a party, coalition, or movement holding state power, perhaps in the context of an elected legislative assembly. Bureaucratic elites head the civil service, public enterprises, 'parastatals', and the judiciary. Military elites, finally, consisting of the high-ranking officers in the military and police, are arrayed into various units and services.

It is an empirical question which state elites—governing, bureaucratic, or military—hold most ruling power in diverse settings. In Malaysia, the United Malays National Organisation (UMNO), the central party within the governing coalition, clearly prevails over (and nearly subsumes) the bureaucracy and armed forces. In Japan, the governing party is 'infiltrated' and checked by bureaucratic elites. 'The bureaucracy ... staffs the LDP with its own cadres to insure that the party does what the bureaucracy thinks is good for the country as a whole.... The elite bureaucracy of Japan makes most major decisions, drafts virtually all legislation, controls the national budget, and is the source of all major policy innovations in the system'.⁵² Alternatively, an amalgam of bureaucratic and military elites may rule through an 'electoral machine' as in Indonesia under GOLKAR,⁵³ or the military may rule essentially alone as in Burma (Myanmar) under the State Law and Order Restoration Council (SLORC). In these latter cases, ornamental party elites, if they exist, may govern, even reign, but they do not rule. But however state positions and power are organised and exercised, my contention is that if all state elites have reached consensual unity about their relative standings and procedures, they are immune to forcible overthrows: refraining from seeking violently to oust one another, and collectively resisting societal pressures, they are able to operate a basically stable regime.

Economic Elites and Economic Growth

State elites, when consensually unified, can maintain by themselves at least a basic level of regime stability, even while blocking economic growth or regime openness. Burma in the early 1990s is a case in point, its SLORC leaders holding state power and financially sustaining themselves through rudimentary border trade, 'the crash sell-off of immediately available resources—timber, gems, and fish' to business

51 See Welsh, *op. cit.*, pp.8-9.

52 Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982), pp.20-21 and 50.

53 Harold Crouch, *The Army and Politics in Indonesia*, 2nd ed. (Ithaca: Cornell University Press, 1988), p.271.

groups in neighbouring Thailand.⁵⁴ Hence, despite Burma's lack of industrialising progress, the absence of economic elites, and the impatience expressed by Burmese students, monks, and ethnic secessionist groups, only disunity between the ruling military elites can pave the way to their forcible removal.

At the same time, if it is true that a political motive underlies the drive for economic growth, it follows that failure to grow may be politically damaging over time. The reasoning here is that while a subsistence economy can meet ordinary physical needs, some elites and mass constituents aspire to 'full human status'.⁵⁵ The 'inability to take part in ... industrial civilisation ... makes a nation militarily powerless against its neighbours, administratively unable to control its own citizens, and culturally incapable of speaking the international language'.⁵⁶ Accordingly, failed or interrupted economic growth breeds deep discontents that may gradually feed back on and strain relations between state elites. More concretely, military elites who equate growth with patriotic assertion or national security may reevaluate the status of existing governing elites as suitable state partners.⁵⁷

Accordingly, state elites in many countries seek actively to promote high-speed economic growth. Indeed, in late-developing settings, it is probably only concerted state power that can extract and organise capital resources for large-scale infrastructural projects and technological innovation.⁵⁸ Private domestic capital, lacking 'start-up' or 'turn-key' capacity, is generally weak and risk-averse.⁵⁹ But after state elites have formed public enterprises and made initial industrialising gains, they may bog down in heavy-handed planning processes which stifle competitiveness and continuous growth. Examining Japan, Johnson details 'the most obvious pitfalls of plan rationality: corruption, bureaucratism, and ineffective monopolies'.⁶⁰

54 *FEER*, 22 February 1990, p.17.

55 Johnson, *MITI*, pp.24-25.

56 Ernest Gellner, 'Scale and Nation', in *Philosophy of the Social Sciences*, vol. 3 (Aberdeen: Aberdeen University Press, 1973), pp.15-16, as quoted in Johnson, *ibid.*, p.25.

57 See Alfred Stepan, 'The New Professionalism of Internal Warfare and Military Role in Expansion', in *Authoritarian Brazil: Origins, Policies, and Future*, edited by Alfred Stepan (New Haven: Yale University Press, 1973) for an extended discussion of these state-level tensions.

58 For a concise summary of the 'theory of intentional economic development' carried out by the 'capitalist developmental state (CDS)', see Chalmers Johnson, 'South Korean Democratization: The Role of Economic Development', *Pacific Review* 2, no. 1 (1989), pp.4-5.

59 Peter Evans, *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil* (Princeton: Princeton University Press, 1979).

60 Johnson, *MITI*, p.23.

In Malaysia, for example, state and economic elite statuses have nearly merged in recent decades in the country's unique practice of 'money politics'. In Indonesia, the state persists as the principal owner of banking, manufacturing and resource-based interests.⁶¹ Consequently, growth programs begun during President Suharto's New Order administration brought early progress, but gradually slowed in a notorious bureaucratic inefficiency and family corruption.⁶²

These observations suggest that state elites committed to growth must eventually nurture entrepreneurial and 'agile' economic elites—owners and managers of private capital that can refine national investment patterns and add value to production. Economic elites head organisations that are commercial, financial, landed, or industrial in character, specifically embodied in chambers of commerce, employer associations, major banks and brokerages, trading agencies, and large corporate firms. Further, economic elites seek support from shareholders, employees, subsidiary businesses, suppliers, and consumers. And if, then, state elites consensually unify with economic elites—acknowledge them as partners in economy-building, provide them with incentives, protections, labour discipline, and generally balance their coordination with business competitiveness—economic elites can reciprocate by infusing new dynamism into the growth process.

In particular, as political trust filters into the outlooks of economic elites, their penchant for concealing business profits and practices attenuates. They then modify or abandon conservative *rentier* activities and diffident commercial transactions featuring rapid turnover and high liquidity in order to invest in more long-term and productive undertakings.⁶³ Hence, with respect to state and economic

61 Ulf Sundhaussen, 'Indonesia: Past and Present Encounters with Democracy', in *Democracy in Developing Countries: Asia*, edited by Larry Diamond Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.463.

62 As an illustration, *FEER* records that three transnational corporations were short-listed by the Indonesian government in 1989 to receive an important contract to upgrade the country's telephone system:

All three were teamed up with powerful local 'sponsors'. NEC/Sumitomo had formed a joint venture with Humpuss, a small but growing conglomerate owned principally by Hutomo 'Tommy' Mandala Putra, Suharto's youngest son. Fujitsu took as its agent Elektrindo Nusantara, 45 per cent owned by Bimantara Group, which in turn is controlled by Bambang Trihatmodjo, Suharto's middle son. And AT&T, sources say, was backed by Siti Hardijanti Rukmana, Suharto's eldest daughter, and Sujatim 'Timmy' Abdurachman Habibie, the younger brother of Research and Technology Minister B.J. Habibie. *FEER*, 24 January 1991, p.40

63 James C. Scott, *Political Ideology in Malaysia: Reality and Benefits of an Elite* (New Haven: Yale University Press, 1968), p.248.

elite relations in post-war Japan, Johnson writes that 'cooperation can be ... quite deliberately engineered by the government and others [in order to produce] high-speed growth'.⁶⁴ He describes the Enterprises Bureau forming the Industrial Rationalisation Council during the 1950s in order to convene several hundred state elites and business executives from all the country's major industries in 44 committees and 81 subcommittees.⁶⁵ This council mechanism fostered accommodative understandings between Japanese state and economic elites, instituting management reform, lifetime employment obligations, greater industrial productivity, and of course, impressive economic growth.

In short, while state elites can preserve basic regime stability without the entrepreneurship of economic elites, they can vastly enhance stability with it. Heightened economic growth and increased state revenues broaden the scope for state programs, projects, and thus the means with which to placate state personnel and to satisfy mass aspirations. Accordingly, state elites may act to promote and guide economic elites, giving them resources and decisional autonomy within a framework of property rights and understandings. Reassured economic elites, in turn, rather than evading or obstructing state policies, are led to contribute to economic growth, thereby augmenting regime stability.

Civil Society Elites and Democratic Procedures

After fostering consensual unity, regime stability, and economic growth, state and economic elites may choose to broaden their consultativeness and increase regime openness, even to the point of instituting democratic procedures. An immediate question is why would elites choose in this way to complicate their political lives? Democracy, after all, means that mass electorates can intrude upon elite competitions, and that the tenures of governing elites are regularly challenged. Moreover, mass constituents may demand substantive policies that impinge upon the private wealth, and hence the status, of economic elites.

In fact, most state and economic elites would probably prefer not to open the regimes they operate, wanting instead to preserve their autonomy and exclusivity. But economic growth—commenced by state and economic elites themselves—erodes deferential mass attitudes and the unquestioned acceptance of authority and hierarchies.⁶⁶ Scalapino notes that in recruiting mass support for economic growth, a participatory impulse emerges that must be dealt

64 Johnson, *MITI*, p.8.

65 *Ibid.*

66 Diamond, *op. cit.*, p.34; see also Putnam, *op. cit.*, p.124.

with: 'Economic modernisation cannot succeed unless the people can be mobilised on behalf of the specific goals necessary for its achievement, and, as success is attained, a rising demand for political participation must be accommodated, particularly in terms of enabling citizen involvement in the political process at levels below the top'.⁶⁷ In short, as economic growth continues, many mass constituents acquire new ambitions, first to join in the creation and consumption of new material wealth, later to participate in the decision making that privately manages this wealth or that politically distributes it.

Hence, as mass populations develop sophistication and awareness, new kinds of elites come forth to mobilise them in pressing for access or regime opening. Leaders of new professional groups that emerge, or that had formerly 'fronted' for the state, call increasingly for civil liberties: journalists seek a free press, lawyers an independent judiciary, and academics autonomous universities and the right to free inquiry.⁶⁸ Heads of small- and medium-sized business associations search out public sector opportunities, subsidies, and regulatory benefits. And opposition parties, trade unions, student populations, intellectuals and artists, and public interest groups seek to win or to influence political offices. Taken together, we may refer to the leaders of these 'attentive' mass constituencies—existing outside the state and top economic circles—as civil society elites.⁶⁹ Although they usually lack the official and financial capacities possessed by the state and large economic organisations, these civil elites derive considerable influence from the moral content of their message and the sheer volume of their newly mobilised support.

67 Robert A. Scalapino, 'Introduction', in *Asian Political Institutionalization*, edited by Robert A. Scalapino, Seizaburo Sato, and Jusuf Wanandi (Berkeley, University of California Press, 1986), p.7.

68 Myron Weiner, 'Empirical Democratic Theory', in *Competitive Elections in Developing Countries*, edited by Myron Weiner and Ergun Ozbudun (Duke University Press, 1987), p.22.

69 Edward Shils discusses classic conceptualisations of 'civil society' in which an 'economic sphere compris[ing] many industries and business firms' exists alongside religious, intellectual, and political 'spheres'. He records that for Hegel, privately-owned property in a market economy was the central feature distinguishing civil society from the state. See Edward Shils, 'The Virtue of Civil Society', in *Government and Opposition* 26, no.1 (Winter 1991), p.9. In my framework, however, while economic elites may exist separately from the state, they must also be made analytically distinct from medium- and small-sized businesses, voluntary associations, and other civil society organisations. Shils seems implicitly to recognise that the importance of economic elites is disproportional to ordinary categories of citizens in civil society, writing that 'law binds the state as well as the citizens. It protects the citizens from arbitrary and unjust decisions of high political authorities, bureaucrats, the police, the military, and the *rich and the powerful*' (italics added) (p.16).

However, just as state elites can, if consensually unified, refuse to accommodate economic elites, so too can they exclude civil elites without quickly or seriously impairing basic regime stability. State actions in Tiananmen Square in 1989 and the Burma leadership's repudiation of the National League for Democracy's electoral victory in 1990 show this very clearly. But in other instances, consensually unified state elites may overcome the ambivalence of their economic elite partners and choose—through a 'consent of the governors'—to open their regime.⁷⁰ To the extent that the participatory desires of civil elites are met, societal frustrations are diminished and regime stability is enhanced. The importance of state elite consent in this process is illustrated in present-day Taiwan.

The ruling elite's decision to pursue democracy is at least as important as the requisite socioeconomic and cultural conditions. Popular demands for political democratisation may generate pressure toward democratic reform, but they do not necessarily lead to it. Taiwan may have all the necessary conditions for democracy, but the transition from a soft authoritarianism or its present form of tutelary democracy to a truly representative democracy must await the ruling elite's support for further reform and the opposition leaders' willingness to compromise.⁷¹

As described earlier in this chapter, elite consultation and regime openness may range from controlled forms of populism or corporatism to various degrees of competitive democracy. In low-income countries, a controlled inclusion of civil elites may be sufficient for placating mass constituents. In these settings, though mass constituents might seem sometimes to bristle with 'popular upsurge',⁷² they are in fact less insistent upon establishing democratic procedures than upon simply removing the harsh authoritarianism that neglects or represses them. When economic growth proceeds, however, it imparts in many persons a learned sense of independence, self-efficacy, and organising skills that can only be meaningfully

70 Scalapino notes that 'the commercial-business class ... may join or support the political reformers, but this class remains strongly concerned about stability and seeks in many cases to direct governmental power on its own behalf rather than allowing a reduction in that power'. In Robert A. Scalapino, *The Politics of Development: Perspective on Twentieth-Century Asia* (Cambridge MA: Harvard University Press, 1989), p.7.

71 Hung-Mao Tien, *The Great Transition: Political and Social Change in the Republic of China* (Stanford: Stanford University Press, 1989), p.7.

72 Guillermo O'Donnell and Philippe C. Schmitter, 'Resurrecting Civil Society (and Restructuring Public Space)', in *Transitions from Authoritarian Rule: Prospects for Democracy* (Baltimore: Johns Hopkins University Press, 1986), vol. 4, pp.53-56.

exercised under a democratic regime. Thus, in Indonesia, where the peasantry has long been incorporated and linked to the state through a system of cooperatives, state elites recognise that they may need gradually to accommodate more participatory mass attitudes.

The notion of the ignorant farmer provided for by the more enlightened better-off has deep cultural roots in Indonesia's feudal past. But many now feel that [in order] for cooperatives ... run on a top-down basis [by the Department of Cooperatives] ... to play a major role in the national economy, they should be viewed as something more than a charitable institution. 'We are moving away from mass movements like these. They are too patronising, too condescending', said a senior official at the Department of Agriculture.⁷³

Thus, one begins to see that stability and democracy, while analytically distinct, are interactive dimensions. Specifically, consensually unified state elites, appreciating the stabilising effects that regime openness can bring, may consent to incorporate or democratise in proportion to their society's level of development. Of course, if these elites refuse to open their regime, they may feel considerable heat from below, but they can usually withstand it. But by opening their regime after economic growth, state elites can reduce this heat, thus greatly easing their ruling task.

Finally, while separate components of national elites may contribute jointly or successively to regime stability, economic growth, and political democracy, some of their undertakings may be advanced by a powerful national leader. In the unsettled conditions of Singapore in the early 1960s, Lee Kuan Yew forged a consensually unified elite at the state level, and he ensured that his governing party ruled over the bureaucracy and military. Accordingly, Singapore's political stability since 1963 has been guaranteed by Lee's national leadership and the almost 'total dominance' of the People's Action Party.⁷⁴ Similarly, one could argue that in Malaysia during 1987-88, Prime Minister Mahathir's vanquishing an elite-level, intra-UMNO challenge from Tengku Razaleigh reequilibrated elite relations and maintained regime stability, an interpretation that we will consider in Chapter Five. Further, in South Korea, President Park Chung Hee, though failing to 'consensually unify' all state elites (as his assassination dramatically indicated), operated a 'strong' state

⁷³ *FEER*, 19 April 1990, p.56.

⁷⁴ Richard Clutterbuck, *Conflict and Violence in Singapore and Malaysia, 1945-83* (Singapore: Graham Brash Ltd., 1985), p.322.

apparatus that greatly advanced economic growth during his tenure.⁷⁵ And lastly, in Taiwan, President Chiang Ching-kuo's strong leadership commitment to growth and political reform enabled him to liberalise the governing KMT, as well as the overall regime form.⁷⁶

To summarise, I described in this section an ideal-type sequence of national elites consensually unifying their relations. At the state level, governing, bureaucratic, and military elites may apportion positions and power in ways that foster accommodative attitudes and basic regime stability. Further, they can use state capacity to offer incentives and resources to new economic elites who then extend and refine the growth process. Finally, state elites may overcome the reservations of their economic partners in order to accommodate new civil elites with democratic procedures. In this way, the aspirations of mass constituents, heightened and made sophisticated by growth, are peacefully assimilated and the regime further stabilised.

Challenges to Consensually Unified Elites

This section identifies some structural sources of pressure on elite relations and regime patterns. It argues that seriously unbalanced or interrupted economic growth animates social cleavages, increasing the likelihood of first, state elites being challenged by subelites and second, democratic institutions being overloaded by civil elites. It considers also the ways in which state elites may respond, variously protecting or abandoning their own consensual unity.

Ethnicity and Class

As long as sustained and shared economic growth continues, wage settlements, career tracks, and shopping malls fulfil most mass-level longings. Further, any lobbying or protest as seeps still into the political arena is quickly assimilated through democratic mechanisms. But if perceptions set in of unevenly shared gains—or more seriously, losses, in the event of economic downturn after prolonged growth—mass constituencies become more sharply disposed to political mobilisation. In short, unbalanced or interrupted economic growth hardens social inequalities and breeds mass discontents, precipitating a search for new leadership that may tempt activist subelites or civil elites.

In this situation, state elites are challenged by organisational subelites to distance themselves from their colleagues in order to concentrate benefits on their supporters—or face demotion or

⁷⁵ See Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Oxford, Oxford University Press, 1989).

⁷⁶ Tien, *op. cit.*, p.74.

replacement. Furthermore, state elites are confronted in democratic institutions by civil elites who forcefully arouse and articulate the grievances of opposition parties, failing business entities, and sundry other organised mass constituencies. State elites may also resort then to divisive mass appeals, thereby endangering their overall consensual unity, as well as any existing or emerging regime stability and democracy.

It is necessary to ask how mass discontents are conditioned by social structures, prior to elites and subelites mobilising mass constituencies to political action. In a context of multiethnicity and economic inequalities, mass grievances take root in ethnic communities and socioeconomic classes, thus cumulating in a variety of 'ethno-class' outcomes. First, class divisions may form within ethnic communities, but mass constituencies (or class 'fractions') may fail to unify across ethnic lines. For example, in ethnically segmented Sri Lanka during the late 1980s, the anti-system, Marxist *Janatha Vimukthi Peramuna* (People's Liberation Front, JVP) attracted much mass Sinhalese support. Similarly, the secessionist Liberation Tigers of Tamil Eelam (LTTE) espoused radical, egalitarian doctrines that helped to galvanise oppressed Tamil strata and castes. Communal enmity persisted at the mass level, however, as the JVP violently opposed on nationalist grounds the Tamil community's seeking a separate homeland. As the JVP experience shows, then, it is possible to struggle at once against the capitalist class of one's own ethnic community and *all* the classes that make up a rival community.

Second, class divisions may form within ethnic communities and, in the presence of a skillful class leader promising clear material gains, mass constituents may cooperate across ethnic lines against their respective superiors. Alluding to Malay, Chinese, and Indian government workers in Malaysia, a public employees' union official observed in an interview that 'on bread and butter issues, all will unite'.⁷⁷ By way of concrete example, consider a recent labour dispute in Fiji, a country whose state apparatus is dominated by indigenous Fijian elites, and whose society is divided into Fijian and Indian communities. In 1990, the state-owned Fiji Sugar Corporation faced a work stoppage by the National Union of Farmers, an ethnic Indian organisation demanding more favourable terms. Fijian farmers, after deliberation, evidently spurned Fijian managers and buyers to join with their Indian counterparts, thereby mounting interethnic class action.⁷⁸

A third, more common configuration, however, involves mass constituents in plural societies seeking leadership and friendships

⁷⁷ Interview, Kuala Lumpur, January 1990.

⁷⁸ See *FEER*, 28 June 1990, p. 15.

across class lines in ethnic unison against a competing community. Dogan and Pelassy outline this succinctly.

Most developing societies are characterised by vertical stratifications that are more visible, solid, and easily recognised than the partly hidden horizontal cleavages. Stratification into social classes is obviously less likely to be perceived in a society vertically divided into racial, ethnic, tribal, religious, linguistic, or clientelistic pillars.⁷⁹

Ethnic Malay orientations during the Malayan Emergency offer an example of vertical, ethnic allegiances negating mass solidarity—within, as well as across ethnic communities. Despite the objective existence of rigid class inequalities, mass Malay constituents served dutifully in the security forces under Malay state elites in order to repress a levelling insurgency mounted by the Chinese-led Malayan Communist Party (MCP). They were not enticed by Chinese guerrilla leaders trying to diversify communal images, purposively adopting some nonethnic symbols and naming their military wing the Malayan Races Liberation Army.⁸⁰ The Emergency configuration suggests that elites and subelites find it far easier to mobilise support by appealing to the ethnic attachments of mass constituents than to their class calculations.

Despite prolonged research and debate, scholars can as yet offer no ready theoretical explanation for social affiliation ranging strongly along ethnic lines. In traditional societies, this 'extension of kinship sentiments'⁸¹ seems to be intensely 'primordial'.⁸² In more developed settings, a lingering or revived 'feeling of common descent alongside the belief in shared interest' may be more rationally based.⁸³ Further, many radical theorists hold that ethnic sentiments are merely false consciousness, planted by the owners of capital in order to fracture the working class. Hence, in considering which phenomenon most readily gives coherence to, and politicises, ethnic sentiments—primordialism,

79 Dogan and Pelassy, *op.cit.*, p. 47.

80 See Richard Stubbs, *Hearts and Minds in Guerilla Warfare: The Malayan Emergency, 1948-60* (Singapore: Oxford University Press, 1989).

81 Pierre L. Van den Berge, *The Ethnic Phenomenon* (New York: Elsevier, 1981), p. 80.

82 Clifford Geertz, *The Interpretation of Cultures* (New York: Basic Books, 1973).

83 Milton J. Yinger, 'Intersecting Strands in the Theorisation of Race and Ethnic Relations', in *Theories of Race and Race Relations*, edited by John Rex and David Mason (Cambridge: Cambridge University Press, 1986), pp.24-25. Accordingly, white South African workers or poor 'whites' in the southern United States may cohere against black populations as much out of calculated self-interest as 'primordial' racial hatreds.

rationality, or false consciousness⁸⁴—one can conclude only that any combination of them may in discrete instances sketch out ethnic 'categories' and vitalise them as 'communities'.⁸⁵ One thus considers also that such identification is at least partly adjustable or perhaps intermittent, congealing reactively against competing communities in an assertion of 'group worth',⁸⁶ 'psychic comfort',⁸⁷ or 'reflected glory'.⁸⁸ As John Stone observes, a person of mixed heritage may be classified as 'white' in Brazil (especially if financially successful), 'coloured' in South Africa, and 'black' in the American South.⁸⁹ But in spite of this mutability, ethnic sentiments and relations remain generally more viscous than do socioeconomic classes, and they are therefore more personally compelling. While an individual's class standing might imaginably be bettered, one can have few illusions about switching the ethnic affiliation one ancestrally holds or the 'race' in which one phenotypically resides. Consequently, though ethnicity lacks objective markers that eternally persist, it can have great subjective hold over mass constituencies during particular periods.

These sentiments can be activated when economic growth (or decline) affects ethnic statuses unevenly.⁹⁰ A member of an ascendant ethnic community, even if personally poor, may find vicarious satisfaction in the material success of his or her ethnic leaders. Conversely, one may be driven to resentment or soul-searching by the inferior fortunes of one's community. 'Deprivation, it should be emphasised, is often with reference not to one's individual situation but to the situation of one's group relative to others'.⁹¹ Hence, one

84 See Joel S. Kahn, 'Class, Ethnicity, and Diversity: Some Remarks on Malay Culture in Malaysia, in *Fragmented Vision: Culture and Politics in Contemporary Malaysia*, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), pp.170-74.

85 Judith Strauch, 'Multiple Ethnicities in Malaysia: The Shifting Relevance of Alternative Chinese Categories', *Modern Asian Studies* 15, no. 2 (1981), pp.235-60.

86 Donald Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985), pp.185-86.

87 Strauch, *op. cit.*, p.235.

88 Judith Nagata, *Malaysian Mosaic: Perspectives from a Poly-Ethnic Society* (Vancouver: University of British Columbia Press, 1979).

89 John Stone, *Racial Conflict in Contemporary Society* (London: Fontana Press/Collins, 1985).

90 David Brown suggests that there is no intrinsic reason for separate ethnic identities to create ethnic conflict. Ethnicity is politicised by 'unequal access ... to state resources arising from educational, wealth disparities, etc'. Brown, *op. cit.*, p.5.

91 T.C. Pettigrew, 'Three Issues in Ethnicity: Boundaries, Deprivations, and Perceptions', in *Major Social Issues: A Multidisciplinary View*, edited by J.

notes that while ethnic sentiments and conflict cannot in most cases be reduced expressly to class, they have a material component nonetheless. This takes the form of an intraethnic, cross-class appreciation of collective prosperity relative to the well-being of a competing community. And as these inequalities are perceived to worsen, rival communities dramatise their respective identities and worthiness through the resumption or intensification of venerable linguistic, religious, and cultural practices. At their nadir, ethnic relations slip into 'natural repugnance'.⁹²

In sum, though mass constituencies are in some cases disposed to cohere on a class basis, they more generally respond to ethnic appeals and gather in ethnic formations—an inclination that persists or is rediscovered even as modernisation extols individual advancement and material rationality. There follow sobering implications for regime stability and democracy in plural societies. Even in countries that at base are regarded as ethnically homogeneous, economic decline can seriously strain relations between elites. Argentina, Bangladesh, Somalia, South Korea, and Turkey are but a few cases in point. In ethnically divided countries, however, economic imbalances are transmitted through, and magnified by, divisive ethnic structures, and thus they impact still more severely upon elite relations. We will now consider some of the ways in which these challenges are conveyed to consensually unified elites, and the ways in which these elites may respond.

Disunifying Elite Stratagems and Techniques

Ethnic sentiments may be moderated or worsened by economic trends, and they may either be ignored or stirred politically to mass action by activist subelites and civil elites. Thus, as elaborated above, in the midst of hard times and intense ethnic passions, subelites and civil elites may mobilise mass constituents in order to prod temporising state elites to stake out more aggressive positions. In Malaysia, Judith Nagata observes that

the political elites probably come closest to being a social class with a burgeoning consciousness of its own interest and identity capable of spanning ethnic dimensions. Even the elites, however, can slip back easily into an ethnic identity and to ethnic symbols when pressures from their constituents (voters, retainers, colleagues, and so forth) require it.⁹³

Milton Yinger and Stephen J. Cutler (New York: Free Press, 1978), pp.32-37, as paraphrased in Yinger, *op. cit.*, p.28.

92 Stone, *Racial Conflict*, p.25.

93 Nagata, *op. cit.*, p.255.

Furthermore, if a paramount national leader is on the scene, he or she may act in rule-breaking ways that exacerbate this trend. In this sequence of events, democratic politics first come under pressure and then regime stability.

Let us trace the ways in which state elites may respond to these challenges from subelites and civil elites, at first striving to perpetuate their consensual unity, later, as disunity deepens, simply to prevail in interelite struggles. The substance of rules and rule violations is in some degree peculiar to each local setting, and it is therefore an important object of field inquiry. Nonetheless, we can sketch out a progression of increasingly serious intrigues and assaults that seem universally to violate principles of representativeness, trust, and fair play.

Seeking initially to maintain their consensual unity, state elites (probably with the concurrence of economic elites) deal first with civil society leaders. State elites reevaluate the participation of organised mass constituencies in national politics as serving less to strengthen the regime than to threaten its stability, and the costs of democratic procedures as outweighing their legitimating benefits. They therefore deploy some stratagems and techniques against civil elites: cooptation, divide-and-rule, 'planting' (ie., covert positioning of rival 'front' persons or organisations), discrediting, and finally, some degree of regime closure. State elites next implement restraining measures against subelites who have launched challenges from within their own organisations. These include 'mothballing' (ie, the temporary removal from an overheated arena of presently troublesome, though normally useful, subelite persons), demotion, and expulsion.

But if subelites have mobilised such mass support that they have grown too powerful to contain, consensually unified state elites may be drawn gradually apart. In this situation, elite persons or factions will probably give priority to maintaining their followings over interelite cooperation, or else they risk loss of elite status and replacement as players.⁹⁴ In this situation, state elites, either reluctantly or with belated enthusiasm, begin stirring social grievances and reenergising their competitiveness relative to other elites. Accordingly, they break accommodative game rules, mobilise without restraint among mass constituencies, and force confrontations in elite decisional committees. And inasmuch as state elites now contribute directly to their own mounting conflict, their relations may be transformed into

⁹⁴ If an elite person or faction refuses to 'part' and is in consequence overtaken by subelites, a subelite 'ascension' may occur. However, this outcome does not in all cases cast the national elite into disunity. Subelites, having realised their ambitions, may regenerate understandings in order to protect their new statuses and stakes.

disunity with grave implications for regime stability. Concrete indicators of this disunity at the elite level lie in consistent use of the following techniques:

(1) *Undermining*. Elites may hollow out the standing of other elites by coopting, coercing, or otherwise weakening their adversaries' constituencies.

(2) *Artful inflexibility*. Elites may tacitly encourage their subelite supporters to adopt 'activist' postures so that when they negotiate with other elites, they can claim that their hands are tied and their bargaining position 'regrettably' fixed. This involves a gamble that the elites against whom the stratagem is targeted will prefer the devil they know, and that they will make concessions they otherwise would not.

(3) *Disingenuous conciliation*. Elites may make false offers of rapprochement to rival elites, secure in the knowledge that the latter's supporters will not permit them to accept. This confronts the targeted elites with a 'no-win' set of choices: agreeing to reconciliation creates difficulties for these elites in returning to their supporters; a refusal to conciliate publicly labels targeted elites as uncooperative and responsible for existing turmoil.

(4) *'Dis-cooperation'*. Elites may strive to win new support outside their acknowledged mass constituency. With the help of subelites, they appeal directly to mass grievances, mobilising once dormant populations, or even poaching on the constituencies of other elites. Unregulated, often personalised attacks and violent power struggles may ensue.

As elite factions move steadily through this menu of techniques, they risk converting their consensual unity into outright disunity. A national leader, moreover, may hasten this decline by ignoring tacit understandings and overriding formal rules in order roughly to assert his or her prerogatives. For example, Das Gupta contends that Indira Gandhi sought to monopolise state power by imposing emergency rule during 1975-77, but that national elites, wishing to protect their own consensual unity, worked collectively to restrain her:

She set out to dismantle the democratic system of persuasion and replace it with an authoritarian mode of creating and enforcing public assent... [But] the party system in India revealed a valuable reserve capacity to mobilise the political resources to replace the dominant system by a more competitive one in a time of democratic crisis.⁹⁵

⁹⁵ Jyotirindra Das Gupta, 'India: Democratic Becoming and Combined Development', in *Democracy in Developing Countries: Asia*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), pp.73-74.

On the other hand, in the Philippines, Ferdinand Marcos's abusive national leadership may have succeeded in permanently dissipating consensual elite unity. These eroded elite relations have produced regime instability, and recent democratic openness in the country has served to fuel this instability. The acting chairman of the Philippines Commission on Elections, Haydee Yorac observed during President Corazon Aquinos's tenure that

practices and devices that we used to denounce in the days of the dictatorship have resurfaced with new intensity—except now we do them in the name of democracy.... In a lawyer-dominated society there is a remarkable cynicism about rules [and] a tendency to undermine rather than reinforce the rule of law.... Fraud, terrorism, undue influence and bribery of public officials are resorted to without hesitation or remorse to gain unfair advantage.⁹⁶

In sum, a consensually unified national elite may in rare circumstances seriously unravel. Specifically, in a context of structural pressures and easily mobilised mass constituencies, subelites may conspire to gain organisational ascendancy, civil elites strive to grab state power, economic elites disinvest and carry out capital flight, the national leader heightens his or her paramouncy into grandeur, and state elites, perhaps after hesitating, disperse and join in the overall fray. As I have suggested above, there is evidence that such fragmentation occurred under Marcos in the Philippines.

Conclusions

I have sought in this chapter to outline an interpretive framework for analysing regimes that incorporates elite relations, mass dispositions, and structural forces. But which of these factors is weightier, and how precisely do they intersect? My basic thesis is that elite attitudes and relations are the single most powerful determinant of regime form. Hence, when state, economic, and civil elites undertake to 'consensually unify'—a posture made manifest by their common and consistent observance of game rules—regime stability, economic growth, and democratic politics are likely to result. Conversely, when restive elites at the state level calculate that they stand to gain more by refusing to enter or honour agreements, instead going individually or factionally for broke, their behaviour will inhibit stability, regardless of how prosperous the economy or democratic the regime might momentarily be.

⁹⁶ Quoted in *FEER*, 17 January 1991, p.23.

Far-seeing national elites thus discern the value of their consensual unity—but there may be impediments to their reaching or sustaining it. Thus, while focusing mainly upon state elites, one must remain sensitive to the social or socioeconomic structures that shape mass dispositions, and that may tempt subelites to defect and civil elites to rise up. By making salient appeals, activist subelites and civil elites can harness mass grievances to their own ambitions, arousing otherwise inert mass constituents to political action. State elites, then, in a bid to recover the support that undergirds their elite statuses, may break with one another, bringing uncooperative strategies to bear in their decisional committees and wider public arenas. And though these elites may thereby succeed in remaining elites, their changed relations and rule violations cumulate in crises that risk tipping their overall configuration into disunity.

In order to more readily grasp the importance and directionality of these many variables and processes, they are charted in an ideal-type sequence in Figure 1.1.

Throughout Asia, Western countries and Japan contributed in their colonial capacities to the acceleration, reordering, or delay in building the consensual elite unity described in this chapter. In many cases, colonial powers granted independence either hurriedly or after military defeat—modes of decolonisation that hindered the consensual unification of indigenous state elites. Pakistan and Indonesia provide examples of the regime instability that resulted.⁹⁷ In other settings, colonial officials showed greater sense of purpose, though they neglected to unify local elites heading state organisations before undertaking logically subsequent processes of economic growth or democratisation. For example, during the colonial period in Korea, the values and statuses of traditional governing elites were purposively run down.⁹⁸ At the same time, 'Japanese colonialists ... dragged South Korea into the world economy ... building railways, ports and factories; patterning a government administration along Japanese lines; and nurturing the forerunners of South Korea's big business groups, the *chaebol*'.⁹⁹ In other words, while disunifying Korean elite relations at the state level, the Japanese laid the basis for a local economic elite, a course that left the country politically unstable, even as it rapidly industrialised. Further, in the Philippines, prior to

97 See Myron Weiner, 'Institution Building in South Asia', in *Asian Political Institutionalization*, edited by Robert A. Scalapino, Seizaburo Sato, and Jusuf Wanandi (Berkeley: University of California, 1986), pp.295-96; and Lijphart, *op. cit.*, pp.183-84).

98 Han, *op. cit.*, p.300. See also 'Koreans Struggle with Split Feelings Toward Japan', in *AWSJ*, 22 October 1991.

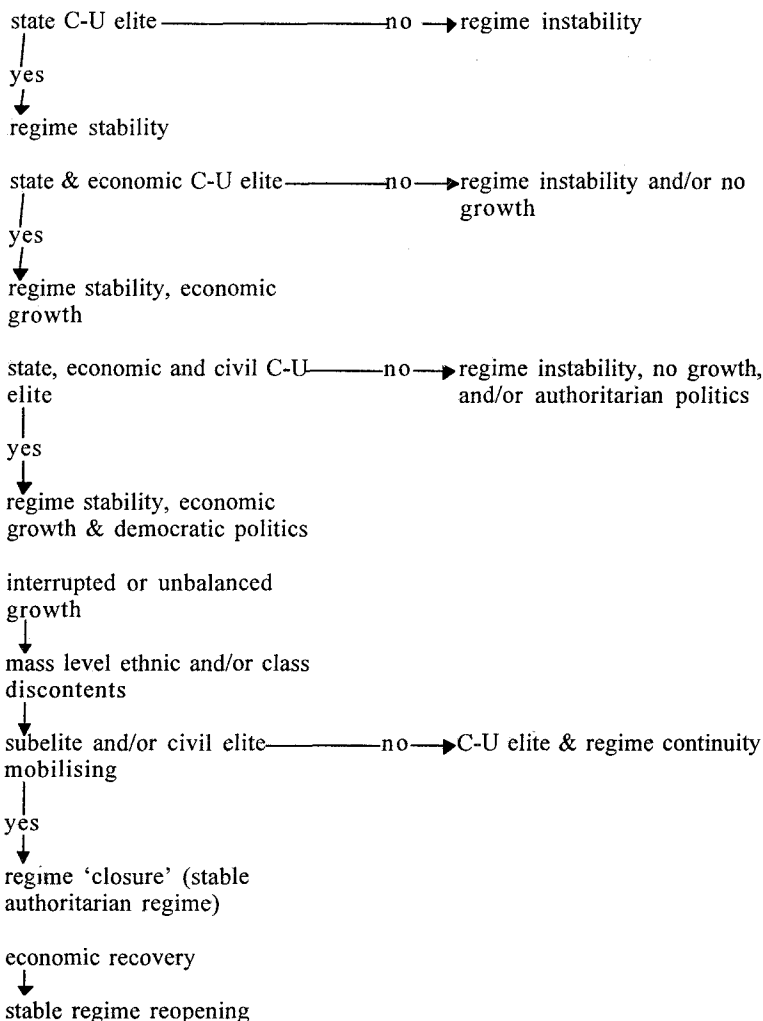
99 *FEER*, 31 January 1991, p.40.

the formation of a disciplined, rule-bound state bureaucracy, the United States rushed to introduce democratic procedures.¹⁰⁰ Philippine governing elites have since shown a marked lack of restraint while campaigning and holding state offices, and thus they have operated an unstable, though periodically democratic regime form. In India, the British consensually unified state elites, but democratised the regime before encouraging economic elites, seemingly predisposing that country to long-term under-development. Likewise, the British introduced democracy in Malaysia before the emergence of indigenous economic elites. In consequence, during the decade after independence, the glaring absence of a Malay stake in the economy fed political violence and a rollback of democratic procedures after 1969.

In Malaysia, moreover, uneasy relations between state and civil elites have produced a regime that while stable, has featured only semi-democratic procedures. Nevertheless, one can argue that the ambiguities of the Malaysian regime amount to a comparatively successful pattern when one considers that the country has never experienced a military coup, and that after India and Japan, Malaysia's democracy has been the most institutionalised in Asia. Further, the country has generally enjoyed steady, if until recently modest rates of economic growth. Thus, in view of Malaysia's deep ethnic tensions and economic vulnerabilities, I want to investigate the reasons for these unexpectedly favourable regime outcomes.

¹⁰⁰ Lucian Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge MA: Harvard University Press, 1985), p.121. See also Jon S.T. Quah, 'The Origins of the Public Bureaucracies in the ASEAN Countries', Occasional Paper No. 32 (Singapore: National University of Singapore, 1978), p.16.

**Figure 1.1: Elite Relations and Regime Outcomes
[‘C-U’: Consensually Unified Elite]**



Colonial Experience and Consensual Elite Unity in Malaysia, 1786-1957

At independence in 1957, Malaysia possessed a consensually unified elite. As memory of colonial experience receded, however, elite and subelite observance of informal game rules became less consistent. Put simply, because economic growth was unevenly shared and occasionally stalled, mass constituencies could easily be mobilised by ethnic appeals, thereby tempting elites to deploy disunifying strategies. As we will see in the next chapters, these fluctuating behaviours punctuated Malaysia's political record with crises. But more significantly, elites stopped short of seriously weakening the regime's stability or its semi-democratic character. It is important, then, to investigate the origins of this enduring, even reequilibrating set of consensually unified elite attitudes, a task to which we now turn.

This chapter is divided into two parts. The first evaluates a series of conditions put forth by Arend Lijphart to help account for elite 'coalescence' and 'consociational democracy', concepts that while designed for analysing some plural societies in Europe resemble the configurations of consensual elite unity and stable democracy with which I am more broadly concerned. I conclude that the most important condition that Lijphart proposes is a 'tradition of elite accommodation', one rooted in the Malaysian case in some indigenous cultural norms and British colonial experience.

In the second part of this chapter, I briefly present a new interpretation of the Malaysian historical record. While basically agreeing that the British transformed Malaya into 'the epitome of the plural society'¹ and introduced a pernicious 'racial stereotyping',² I argue that colonial experience served also to unify what can be termed local elites within and across their ethnic communities. In making this argument, it is not my purpose to display new archival data with which to refute piece-by-piece an existing literature that is overwhelmingly

¹ Judith Strauch, 'Multiple Ethnicities in Malaysia: The Shifting Relevance of Alternative Chinese Categories', *Modern Asian Studies* 15, no. 2 (1981), p.241.

² Lim Teck Ghee, 'British Colonial Administration and the Ethnic Division of Labour in Malaya', in *Kajian Malaysia* 2, no. 2 (December 1984), p.56.

critical of British colonialism and capitalism.³ Even less do I wish to cloud the discriminatory impact of colonialism upon mass-level agrarian populations in Malaya (described compellingly by Lim Teck Ghee and Kernial Sandhu).⁴ But drawing upon materials that are already available, one can offer—at least as a basis for discussion—a new analysis of colonialism's effects at the elite level. In brief, by pursuing a 'sophisticated' rather than short-term and rapacious self-interest, British motivations helped foster consensual unity among local elites. And though these elites did not construct after independence the full-blown consociational democracy that Lijphart describes, they nonetheless continued to limit their competitions in ways that perpetuated a stable and at least semi-democratic regime.

Lijphart's Facilitative Conditions

Important work on elites and democratic politics has been done by Arend Lijphart, focusing mostly on small and multiethnic countries in central Europe. He contends that in these plural settings ethnic, religious, linguistic, cultural, and deep-seated ideological affiliations usually divide mass constituencies, thus posing grave challenges to democratic stability. However, under some conditions, elites may cooperate actively to contain these divisions and preserve some democratic procedures. Specifically, 'coalescent' elites may operate a consociational democracy in which they regularly measure their constituencies through elections, then allocate state positions and

³ Eg., see Collin Abraham, 'Manipulation and Management of Racial and Ethnic Groups in Colonial Malaysia: A Case Study of Ideological Domination and Control', in *Ethnicity and Ethnic Relations in Malaysia*, edited by Raymond Lee (De Kalb: Northern Illinois University, Centre for Southeast Asian Studies, 1986), pp.1-27; Benedict Anderson, 'Introduction', in *Southeast Asian Tribal Groups and Ethnic Minorities: Prospects for the Eighties and Beyond* (Cambridge MA: Cultural Survival, 1987), pp.7-8; Jomo K.S., *A Question of Class: Capital, the State, and Uneven Development in Malaya* (New York: Monthly Review Press, 1988); William R. Roff, *The Origins of Malay Nationalism* (Kuala Lumpur: University of Malaya Press, 1974), pp.11-31; M.R. Stenson, *Industrial Conflict in Malaya: Prelude to the Communist Revolt of 1948* (Kuala Lumpur: Oxford University Press, 1970), and *Class, Race, and Colonialism in West Malaysia: The Indian Case* (Vancouver: University of British Columbia Press, 1980).

⁴ Lim Teck Ghee, *Origins of a Colonial Economy: Land and Agriculture in Perak, 1874-1897* (Penang: University Sains Malaysia Press, 1976), *Peasants and Their Agricultural Economy in Colonial Malaya, 1874-1941* (Kuala Lumpur: Oxford University Press, 1977), and 'British Colonial Administration'; and Kernial S. Sandhu, *Indians in Malaya: Some Aspects of Their Immigration and Settlement, 1786-1957* (Cambridge: Cambridge University Press, 1969).

resources among these constituencies in proportion to their numbers.⁵ In short, a majoritarian, government-versus-opposition, winner-takes-all approach to Westminster democracy is avoided in order that leaders of minority segments can provide also for their followings, a practice safeguarded in decisional committees by informal understandings and a 'mutual veto'. Politics are therefore consultative, stable, and, though elitist, retain basic democratic procedures.

In developing this thesis, Lijphart tried to identify the conditions that may dispose national elites to adopt this desirable, if rare, set of interelite and elite-mass relations. He sought also to identify the concrete institutions of consociational democracy that coalescent elites produce and that serve to reinforce their prior accommodative attitudes. These institutions include federalist power-sharing, proportional representation in a parliamentary setting, a 'grand coalition', and an 'oversized cabinet'. In this chapter, I am mostly concerned with Lijphart's first area of inquiry, the structural and historical conditions that enable a coalescent national elite to emerge. My intention is briefly to investigate the presence and value of these conditions in a variety of settings, though with specific relevance to the case of Malaysia.

A Multiple Balance of Segmental Power

Lijphart first cites the desirability of a multiple balance of power in which there are several social segments of similar size, thus discouraging their leaders from seeking to prevail over one another. Thus, in Indonesia, it has been argued that the existence of several hundred ethnic identities preserves peaceful relations among at least *pribumi* segments ('indigenous' Indonesians). Extending this argument, Diamond hypothesises that in some African countries, ethnic segmentation forms a basis for 'social pluralism and political competitiveness that favours decentralisation and regime openness'.⁶ Conversely, a bipolar or clearly hegemonic arrangement tempts

⁵ The term 'consociational' was introduced by David Apter in his study of Nigeria. See Mattei Dogan and Dominique Pelassy, *How to Compare Nations: Strategies in Comparative Politics* (Chatham NJ: Chatham House Publishers, 1984), pp.82-91. In *Democracy in Plural Societies: A Comparative Exploration* (New Haven: Yale University Press, 1977), Arend Lijphart used the concept to analyse regime outcomes and the societal *versuiling* ('pillarisation') found in some European countries. The Netherlands was divided into five religious and secular *zuilen* ('blocs'), Belgium into Flemish and Walloon *familles spirituelles*, Austria into a socialist and a Catholic *lager*, and Switzerland into three territorially defined, linguistic communities.

⁶ Larry Diamond, 'Introduction: Roots of Failure, Seeds of Hope', in *Democracy in Developing Countries: Africa*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner), p.12.

powerful leaders to monopolise power rather than share it, a quest that risks leaving important minorities excluded, disaffected, and perhaps intent upon destabilising the regime.

In contrast to these claims, Rabushka and Shepsle refer to a report on Northern Ireland which holds that an overtly hegemonic ethnic arrangement may be most stable. Specifically, the study concludes that if power were possessed more fully by the dominant Protestant community, its leaders would be more complacent: 'In Ulster, "if the Catholics were a smaller proportion of the whole population ... a better understanding might have been possible. But 35 per cent is an uncomfortably large minority, especially when over 50 per cent of the children under fifteen are Catholic".'⁷ In this view, bargaining from strength encourages tolerance and a propensity to offer generous terms to weaker players, a basis for accommodative relations.

At independence, however, Malaysia had neither the multipolar or clearly hegemonic configurations that these authors variously characterise as favouring regime stability. Instead, ethnic Malays made up roughly half the population and ethnic Chinese were approximately one third. Thus, the Malay community was preponderant, though not hegemonic, a status seemingly leaving its leaders insecure, yet with reasonable prospects (and hence, strong incentives) for forcibly seizing full state control. On the other hand, ethnic Chinese elites might have banded together with the country's Indian leaders to form a 'non-Malay' alliance, further eroding the multipolarity favoured by Lijphart, as well as the hegemony discussed by Rabushka and Shepsle. Indeed, a near bipolar face-off would have emerged between Malays and non Malays, a configuration that Lijphart describes as the most volatile of all.

In any event, students of international relations recognise that the prolonged debate over which polar configuration is most stabilising— hegemonic, multipolar, bipolar, or multipolar with a 'balancer'— remains unresolved, indicating that elites may choose to act in ways that display considerable autonomy from underlying unit sizes and power distributions. Hence, that Malay leaders chose to contest democratic elections alongside non-Malay elites in the years before and after Malaysian independence, and that non-Malay leaders were consistently awarded some state positions in the governing coalition and bureaucracy, must be ascribed to something other than the

⁷ *Orange and Green: A Quaker Study of Community Relations in Northern Ireland* (Northern Friends Peace Board, 1969), p.4, as cited by Alvin Rabushka and Kenneth Shepsle, *Politics in Plural Societies: A Theory of Democratic Instability* (Columbus: Charles E. Merrill, 1972), p.86.

workings of hegemonic generosity or a constraining balance of multipolar power.

Crosscutting Cleavages and Overarching Loyalties

Lijphart observes that segmental identities are demarcated by a variety of societal fault lines which, if cross-cutting, may be mutually compensating. In addition, a sense of overarching nationalism may bind together the disparate segments within a country. A case in point is Thailand, its indigenous Thais and ethnic Chinese practicing a common Buddhist religion, generally speaking a common language, and often featuring strong phenotypical likenesses. Further, the Thai monarch, 'as symbol of the nation [is] approached with an almost sacred awe by the mass of ordinary people'.⁸

In Malaysia, however, social cleavages appear generally to reinforce one another, effectively concretising 'incompatible' ethnic subcultures.⁹ Malays speak Malay, practice Islam, possess a distinct culture, and put forth a claim to indigene status and special rights. The Chinese community, in contrast, has historically preferred to speak English or Chinese dialects, practised an ambiguous, polytheistic religion, if any¹⁰, and relished a pork-based diet and alcohol that are greatly offensive to most Malays. Moreover, political and economic inequalities partially coincide with these differences. Indeed, of the many bases for ethnic resentments, indigenous Malays can most readily be mobilised around the 'Overseas' Chinese community's legendary aptitude for wealth creation; other distinguishing Chinese traits are probably seized upon secondarily. In turn, discontents among Chinese can be aroused over their subordinate political citizenship status and hence, their inability to obtain state contracts, scholarships, and generally to 'get ahead' due to obstacles laid down by 'unenterprising' Malays.¹¹ Finally, these Chinese sentiments are unalleviated by any sense of overarching nationalism, a point on which Lijphart himself is clear. He writes that 'there is a Malay nationalism and all of the official symbols of the Malaysian state

8 John Girling, *Thailand: Society and Politics* (Ithaca: Cornell University Press, 1981), p.153.

9 Lucian Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge MA: Harvard University Press, 1985), p.248.

10 Gordon P. Means, 'Malaysia', in *Politics and Modernization in South and Southeast Asia*, edited by Robert N. Kearney (Cambridge MA: Halstead Press, 1975), p.165.

11 See Donald Snodgrass, *Inequality and Economic Development in Malaysia* (Oxford University Press, 1980).

derive from Malay culture, but these are either meaningless or repugnant to the other segments'.¹²

In sum, at independence, one could agree with Milton Esman that 'seldom ... have peoples with so little in common been fated to share the same territory and participate in the same political system'.¹³ Thus, after independence, with the restraining presence of British officials and security forces much diminished, Malay state elites might easily have adopted confrontational postures, politically excluding Chinese elites and expropriating Chinese property. That Malay elites chose instead to show considerable political and economic forbearance toward the Chinese leaders cannot, therefore, be explained by the countervailing effects of crosscutting cleavages or the unifying force of overarching national loyalties.

Segmental Isolation

Perhaps in contradiction to the hypothesised desirability of crosscutting cleavages and overarching loyalties, Lijphart also highlights the salutary effects of segmental isolation. He observes that if diverse segments are spatially or socioculturally separated—and thus kept from the day-to-day contact that instead of fostering dialogue makes differences more glaring—ethnic identities may remain benign.¹⁴ In this situation, elites are assured reliable, 'encapsulated' followings that empower them to bargain with other elites, while activist subelites find few obvious mass grievances upon which to mount challenges.

Lijphart's contention that segmental fences make for good neighbours has been questioned, however. Pappalardo argues that mass-level ethnic resentments are as likely to flourish in isolation, ignorance, and the persistence of unflattering stereotypes as they are

¹² Lijphart, *op. cit.*, p.155.

¹³ Milton J. Esman, 'Malaysia: Communal Coexistence and Mutual Deterrence', in *Racial Tensions and National Identity*, edited by Ernest Q. Campbell (Nashville: Vanderbilt University Press, 1972), p.228, as quoted by Lijphart, *op. cit.*, p.155.

¹⁴ Stone lends support to this notion, arguing that proximity is less likely to smooth relations across ethnic cleavages than create social friction: 'This is a mistake that parallels the error often made by naive liberals who believe that interracial contacts *per se* break down racial stereotypes'. John Stone, *Racial Conflict in Contemporary Society* (London: Fontana Press/Collins, 1985), p.89. Walker Connor writes further that 'while the idea of being friends presupposes knowledge of each other, so does the idea of being rivals.... Minimally, it may be asserted that increasing awareness of a second group is not certain to promote harmony, and is at least as likely to produce, on balance, a negative response'. Connor, 'Nation-Building or Nation-Destroying', *World Politics* 24, no. 3 (April 1972), p.344.

through social convergence and contact.¹⁵ And if Pappalardo's thesis is as plausible as Lijphart's, Malaysia has in the decades after independence suffered on both counts. Malay rice farmers and Chinese retailers, middlemen, and moneylenders have traditionally met in markets throughout Peninsular Malaysia to engage in unequal exchanges; they have thereafter returned to their respective rural and urbanised milieus to characterise one another unkindly. In short, Malays and Chinese have had enough contact in village market places to garner mutual disrespect, while they have been residentially separate and socially insular enough that these attitudes have festered. Even today, Prime Minister Mahathir observes that 'in offices, we work together, in the factories we work together, but we don't play together. Unfortunately, we go back to our own homes'.¹⁶ Thus, given the absence or inconsequence of the segmental isolation factor in Malaysia, the willingness of Malaysian elites to cooperate across ethnic lines must have stemmed from some other source.

Small Country Size

Lijphart postulates a direct relationship between the smallness of a country and the coalescence of its national elites. First, small geographic size spares elite decision makers a distracting, divisive menu of foreign policy choices. If anything, a small country's vulnerability concentrates elites' thinking, homogenising and maturing their world view. Second, small population size means that elite persons are fewer in number, their communication networks more intimate, and accommodative interaction therefore more likely.

Malaysia is a relatively small country, but consensual elite unity does not necessarily flow from this condition. The observations of King Jigme Singye Wangchuk, who governs the small country of Bhutan, are apposite. Regarding the large-scale migration of Hindu Nepalese into the southern provinces of his country and the resulting grievances among his Buddhist subjects, the King noted 'a tendency among our people to identify themselves more closely with nationalities of other countries... [I]n a large country [ethnic] diversity adds colour and character to its national heritage without affecting national security, but in a small country like ours it adversely affects the growth of social harmony and unity'.¹⁷ Similarly, during

¹⁵ See Adriano Pappalardo, 'The Conditions for Consociational Democracy: A Logical and Empirical Critique', *European Journal of Political Research* 9, no. 4 (1981).

¹⁶ Quoted by Margaret Scott, 'Where the Quota is King: In Malaysia, Discrimination is the Law of the Land and Segregation the Way of Life', *New York Times Magazine*, 17 November 1991, p.64.

¹⁷ Quoted in *Far Eastern Economic Review*, 20 December 1990, p.22.

much of Malaysia's colonial period, the leaders of immigrant communities were more attuned to political affairs and social movements in China, India, and the Netherlands East Indies than intent upon contributing to local political integration and development. Even after independence, some Malay subelites and civil elites were more inclined to call for merger with Indonesia than to recognise that country as a security threat, while some Chinese elites stubbornly persisted in their loyalties to the Taiwan-based KMT.¹⁸ Hence, that most of these leaders, in a context of strong centrifugal forces and allegiances, chose generally to contain their differences can hardly be attributed to their willingness to defend their new homeland against external powers. Nor can the smallness of an elite population satisfactorily explain the presence of consensually unified attitudes. Cambodia, for example, despite its small elite size and international vulnerabilities, produced during the mid-1970s a highly disunified elite overseen by a series of unchecked, even idiosyncratic national leaders. Likewise, many other small countries in Asia and Africa have displayed in the contemporary period a pattern of elite disunity and tyrannical leadership.

A Tradition of Elite Accommodation

Lijphart, in presenting the conditions I have elaborated above, suggests that fortuitous distributions of societal segments, especially in small countries, can dispose elites to seek coalescence. But we have seen that such conditions have either been absent in the Malaysian case or have failed to yield the hypothesised benefits. Yet Malaysia, at least between 1955-69, is cited by Lijphart as having possibly been one of the few consociational democracies in the developing world.¹⁹

Thus, while Lijphart spends much time exploring social configurations and mass attitudes, he can advance none of them as sufficient or even necessary for elite coalescence. Perhaps the allure of structural forces and constraints—for Lijphart as for others—lies in their promise of enhanced predictive power and certitude, contrasting with the theoretically unsatisfying prospect of elites autonomously, even whimsically, reorganising their relations for better or worse. In the end, however, Lijphart is led to focus on a facilitative condition that originates not in societal segments, but in purposive colonial

18 Heng Pek Koon, *Chinese Politics in Malaysia: A History of the Malaysian Chinese Association* (Singapore: Oxford University Press, 1988), pp.88-93.

19 Another one was Lebanon between 1943-75. Elsewhere in post-colonial settings, coalescent elite relations and consociational democracies collapsed promptly, as in the Congo, Rwanda, and Burundi, or gradually, as in Indonesia, Cyprus, Nigeria, and Suriname. See Lijphart, op. cit., pp.181-86.

design, a tradition of elite accommodation that logically precedes full elite coalescence and the formation of a stable, democratic regime.²⁰

In *Competitive Elections in Developing Countries*, Myron Weiner develops this theme further, focusing on the countries that became independent after World War II.²¹ He cites the importance in these cases of British colonial experience—in particular ‘the British tradition of imposing limits on government, of establishing norms for the conduct of those who exercise power, and of creating procedures for the management of conflict’—for instituting accommodative attitudes and relations among local elites. In brief, the British offered in colonial settings what Weiner terms a ‘model of tutelage’ that involved recruiting local elites into bureaucratic structures and representative councils. Let us consider, then, some of the aims, practices, and outcomes associated with this colonial experience.

British colonial officials began by bringing together regional leaders, thus forging new networks of local elites. Scalapino captures colonialism’s ‘integrative role’:

Colonial powers took regions composed of diverse ethnic or tribal groups, regions that had previously been only loosely knit together, and imposed upon them an organised government. And through that government, they enforced law and order on a scale hitherto unknown. From these developments emerged the nation-state of later times, a state not infrequently burdened with incongruous boundaries and incompatible multiethnic groups but nonetheless sufficiently formed to survive the travails of the post-independence era.²²

Second, the British recruited local elites into new state organisations, thus limiting their competitions with new game rules. Put simply, the British displayed ‘a commitment to the creation of bureaucratic structures.... Order was to be maintained not through force or arbitrary authority but through prescribed procedures and the rule of law’.²³ As an example, Zakaria Haji Ahmad attributes some of

20 Arend Lijphart writes that ‘a prior tradition of elite accommodation is—like the other conditions discussed in this chapter—a favourable condition for consociational democracy. It may even be of greater importance than the others, but it is not a prerequisite’. Lijphart, *op. cit.*, p.103.

21 Myron Weiner, ‘Empirical Democratic Theory’, in *Competitive Election in Developing Countries*, edited by Myron Weiner and Ergun Ozbudun (Durham NC: Duke University Press, 1987), p.20.

22 Robert A. Scalapino, *The Politics of Development: Perspectives on Twentieth-Century Asia* (Cambridge MA: Harvard University Press, 1989), p.3.

23 Weiner, ‘Empirical Democratic Theory’, p.19.

the elite accommodation and political stability of contemporary Malaysia to its

'close administration' ... a legacy of British colonial rule. The powers and coverage of the bureaucracy ... are extensive and have made Malaysia a 'closely administered' state, more than, say Burma, which also was under British colonial tutelage. This close administration, to an extent, provides a political setting with advantages for the post-colonial governing elite.²⁴

Third, the British practiced indirect rule in some settings, recruiting local elites into an array of policy-making councils and conferences. This strategy, though, meant less to solicit any serious indigenous input into British decision making than to impart some legitimacy after the fact, could nonetheless help to stabilise politics further. Very briefly, accommodative elite attitudes, game rules, and restrained behaviours, instituted in bureaucratic structures, were deepened by participation in councils. Moreover, local governing elites might meet with local business elites in these councils, sometimes fostering, or reinforcing cooperation across ethnic lines in order to promote economic growth. Certainly the best investment schemes were reserved for private British capital; this was, after all, a basic purpose of empire building. But British economic activity gave rise to local business elites who, while barred or dislodged from large-scale undertakings, moved still into ancillary niches and services. In these circumstances, local business elites could grow powerful enough that they were brought into policy-making councils. And over time, these councils, however symbolic or ceremonial, introduced consultative, even broadly representative principles that could unfold in some democratic procedures.

Prior to the Second World War, of course, the British did not, apart from its 'white dominions', India, and Sri Lanka, reach out any further to civil elites and mass electorates. The British Colonial Office, giving scant thought to the time when its empire might be decolonised, was hardly charged with a sense of democratising mission. Indeed, Weiner reminds us that 'the viceregal model is ... just as much a part of the British tradition as the Westminster model'.²⁵ But by practicing indirect rule and turning seldom to force, the British

24 Zakaria Haji Ahmad, 'Evolution and Development of the Political System in Malaysia', in *Asian Political Institutionalization*, edited by Robert A. Scalapino, Seizaburo Sato, and Jusuf Wanandi (Berkeley: University of California, 1986), p.224.

25 Myron Weiner, 'Institution Building in South Asia', in *Asian Political Institutionalization*, edited by Robert A. Scalapino, Seizaburo Sato, and Jusuf Wanandi (Berkeley: University of California, 1986), p.291.

sometimes instilled, or strengthened in local elites a tradition of accommodation, thereby unwittingly paving the way for independence and perhaps stable democracy. Moreover, these local elites hardly remained oblivious to the comparative regime openness found in Britain itself, impelling them to take the lead in pressing for greater self-government. On this point, Scalapino writes that 'as parliamentarism and other attributes of modern democracy developed in the West ... the gap between governance at home and rule abroad grew steadily more conspicuous—both to citizens in Europe and to colonials, especially the new elites. In reality, Western imperialism was being undermined politically at an accelerating rate—and by the imperialists themselves'.²⁶

In distinguishing very briefly between Britain's model and that of some competing colonial powers, one observes American and French approaches both going astray, though in quite opposite directions. First, as described in Chapter One, the American model erred in the Philippines by failing adequately to form bureaucratic structures, emphasising instead the importance of elections. Lucian Pye writes that 'almost from the beginning of American rule, the Filipinos were taught that politics meant elections, not careers in the civil service [creating a] free-for-all spirit of grandiose promises, back-room deals, and patronage [and, after independence] complete breakdown in government authority'.²⁷ In consequence, Philippine national elites have been left to operate a chronically unstable regime, veering between democratic and authoritarian forms. Conversely, France's paternalistic rule dwelled less on the merits of elections than on its own 'cultural arrogance and centralising traditions'.²⁸ The French thus passed on their cultural values rather than any accommodative, power sharing formulas, an approach repeated by the Dutch in the East Indies.²⁹ And while French colonial experience occasionally produced consensually unified local elites able to perpetuate regime stability (eg., Senegal and Tunisia), none has proved to be enduringly democratic.

Differences were clear also in the ways in which decolonisation processes were carried out. When, after World War II nationalist sentiments surged across empires, the British began peacefully to withdraw. This contrasted sharply with the actions of some other colonial powers. The French, Dutch, and Belgians sought to reclaim their possessions, causing violent wars of independence that broke

26 Scalapino, *op. cit.*, p.5.

27 Lucian Pye, *op. cit.*, pp.121 and 126.

28 Diamond, *op. cit.*, p.9.

29 Scalapino, *op. cit.*, p.33.

down any accommodative traditions and brought local military elites to the fore. In post-colonial Indonesia, for example, new elites explicitly rejected Dutch recommendations of consociational formulas and federalist power sharing. Accordingly, Lijphart underscores the importance of gradual decolonisation 'in a spirit of harmony and goodwill'.³⁰ And Weiner records that the British met such requisites for stable democracy more regularly than its rivals:

Every country with a population of at least 1 million (and almost all the smaller countries as well) that has emerged from colonial rule since World War II and has had a continuous democratic experience is a former British colony. Not a single newly independent country that lived under French, Dutch, American, or Portuguese rule has continually remained democratic.³¹

Of course, British motivations combined democratic ideals with strong self-interest. As we will see in our investigation of Malaysia, while the British professed concern for the welfare and liberties of mass populations soon to be removed from their charge, they were equally concerned that their own economic stake should not also be removed through nationalising, confiscatory policies. The British did not, in short, trust their successors with the administrative sway that they had themselves enjoyed—and they therefore sought to limit the prerogatives of local elites with democratic procedures.

In addition, while more effective in democratising than other colonial powers, the British were not everywhere successful in fostering democratic politics or the traditions of elite accommodation that precede them. In Burma, the British were preoccupied during the colonial period with militarily rounding out their control of India, vanquishing, even humiliating, local monarchs, quickly exploiting resources, and pushing through trade routes to China.³² Moreover, Weiner records a sobering list of East African states once linked to Britain, but now unstable democracies or one-party systems. In explaining these outcomes, Diamond suggests that African independence leaders sometimes subscribed to democratic practices only in order to win favour with colonial authorities and the right to oversee the decolonisation process.³³ In still other countries, consensual elite unity dissipated in ethnic tensions among a subsequent

³⁰ Lijphart, *op. cit.*, pp.218-19.

³¹ Weiner, 'Empirical Democratic Theory', p.20.

³² D.R. Sardesai, *Southeast Asia: Past and Present* (Boulder: Westview Press, 1989) pp.104-17.

³³ Diamond, *op. cit.*, p.13.

generation of leaders. In Sri Lanka, for example, leaders of rival Sinhalese-based parties sought eventually to outflank one another by directing their rhetoric and policy drives against the ethnic Tamil community. Local elites could, then, after Britain's departure, come quickly or belatedly to perceive their consensual unity and democratic procedures as impediments to achieving their factional aims.

Trying to account for the frequent inadequacy of British colonial rule in fostering elite accommodation and democracy, Huntington suggests 'that the duration of democratic institutions after independence is a function of the duration of British rule before independence'.³⁴ Britain, though commencing colonial rule in parts of Asia and the West Indies in the seventeenth century, only entered Africa in a serious and official capacity in the nineteenth—evidently, the local elite tutelary process was there too brief. Yet long-colonised Asian states unmentioned by Huntington—Burma, Pakistan and Bangladesh, and perhaps Hong Kong and Singapore—must today be described as unstable, undemocratic, or both. In contrast, the relatively short British involvement in most of Malaysia and, further afield, Botswana, has left stable, at least semi-democratic regimes in place.³⁵ Plainly, the length of colonial rule does not correlate with the presence of accommodative, democratic traditions among local elites.

Thus, what needs to be examined along with British colonial experience (either of short or long duration) are local elite choices—and indeed, any local cultural norms that antedated that experience, yet helped in important ways to reinforce it. Specifically, elites in decolonised settings needed to recognise the value of, and to choose deliberately to perpetuate, their consensual unity, regime stability, and democratic procedures. They could be encouraged in this by the persistence or revival of precolonial norms about interelite accommodation and elite-mass obligation. Gullick demonstrated long ago that Malay political culture underpinned fine hierarchical rankings and loyalties in 'normal' times, but tended to break down in critical moments of succession. It appears to have been the contribution of the British to have helped regularise succession processes, then opened them up somewhat more broadly to mass participation.

In summary, four points emerge. First, although different societal configurations can shape elite attitudes, one more profitably looks for the causes of consensual unity among elites themselves. Second, the most important condition for this attitude has been an

³⁴ Samuel Huntington, 'Will More Countries Become Democratic', in *Political Science Quarterly* 99, no. 2 (Summer 1984), p.206.

³⁵ See John D. Holm, 'Botswana: A Paternalistic Democracy', in *Democracy in Developing Countries: Africa*, edited by Larry Diamond, Juan J. Linz, Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1988), pp.179-216.

accommodative tradition, brought about sometimes in developing countries by synthesising elements of British colonial experience with precolonial outlooks. Put another way, bureaucratic structures and representative councils could encourage and institutionalise some prior understandings about political prerogatives and challenges. Third, local elites often advanced these processes independently: aware of Britain's own regime openness, they pressed steadily for self-government. And after World War II, Britain responded generally with peaceful decolonisation, thereby leaving traditions of accommodation intact. Fourth, the sum experience of this tutelary model, irrespective of its length, was itself not enough. Elites in countries decolonised by Britain had still to value their accommodative traditions—and consensually unified relations—in order for any democratic procedures to persist.

Consensual Elite Unity in British Malaya

The orderliness of precolonial Malay political culture has been shown by writers such as Anthony Milner, John Gullick, Husin Ali, Clive Kessler, Koo Kay Kim, and Shaharuddin Maaruf.³⁶ A sometimes cooperative division of labour existed also between regional Malay political elites and Chinese headmen, an exchange of state concessions and labour forces that turned on revenue farming, tin mining, and sharing the spoils. It is not the aim of this section to elaborate these features again. Doubtless they helped lay the basis for a tradition of elite accommodation, but not so much that politics remained stable throughout the nineteenth century. Indeed, much of the Malayan Peninsula was wracked by turmoil during this period, involving succession disputes, civil wars, and large-scale struggles over mining territories. Hence, the purpose here is to show how traditions of elite accommodation were revived or consolidated, essential to explaining the stable, even semi-democratic politics that have more recently persisted. This takes the form of a short interpretation of Malaysia's colonial experience.

³⁶ As examples, see A.C. Milner, *Kerajaan: Malay Political Culture on the Eve of Colonial Rule* (Tucson: University of Arizona Press, 1982); John Gullick, *Indigenous Political Systems of Western Malaya* (London: Athlone Press, 1958); C. S. Kessler, *Islam and Politics in a Malay State: Kelantan, 1838-1969* (Ithaca: Cornell University Press, 1978); Khoo Kay Kim, *The Western Malay States, 1850-1873: The Effects of Commercial Development on Malay Politics* (Kuala Lumpur: Oxford University Press, 1972); S. Husin Ali, *The Malays: Their Problems and Future* (Kuala Lumpur: Heinemann Asia, 1981); and Shaharuddin Maaruf, *Concept of a Hero in Malay Society* (Singapore: Eastern Universities Press, 1984).

Precolonial Malay States

What is today Peninsular or West Malaysia was until the last quarter of the nineteenth century a number of loosely consolidated Malay states (*negeri*). In orderly periods, each of these states was overseen by a state leader and elites, their elaborate protocols informed by long contact with the Hindu kingdoms of India. Thus, a Malay ruler, or in Islamic times, a sultan, possessing mystical abilities (*daulat*) and state regalia, surrounded himself with a royal household and elite-level entourage. Further, the ruler legitimated regional elite and subelite aristocrats, known as chiefs or rajas, providing them with titles, insignia, and letters of authority (*surat kuasa*) with which to operate tolls on riverine commerce and marshal forced peasant labour (*kerah*). In turn, the chiefs forwarded part of their levies to the ruler in acknowledgment of his leadership status and prowess.

Ideally, the ruler provided conciliatory state leadership, validating claims and dampening conflict among elites and subelites.³⁷ When this accommodation persisted, regime stability could support a regional greatness. Andaya and Andaya record, for example, that trade volume in the Malacca sultanate in 1510 was three-fifths that of Seville at the end of the century, then one of the wealthiest cities in Europe.³⁸ More commonly, however, agreements between Malay leaders and elites dissolved in disputes over succession or factional battles among chiefs for control of tax-generating river mouths and junctions, creating an insecurity that hindered economy building. Cowan writes about 'ruinous tolls that tended to choke off trade [and] harsh and arbitrary exactions from the peasantry which crushed all incentive toward industry'.³⁹ Milner notes that 'wealthy Malay traders were frequently victimised by rajas.... [I]t was useless to be energetic when it was certain that any profits [would] be gobbled by those higher up'.⁴⁰

But rulers and chiefs plainly desired wealth, partly for the personal retinues and rituals of state that it supported.⁴¹ Hence, while their mutual intolerance and avoidance of game rules usually disinclined Malay leaders and elites to hazard investments, they were at the same time receptive to an enterprising elite of nonindigenous traders and

37 For a concise overview of Malay political systems before massive expansion of the tin trade and the formal penetration of British colonialism, see Khoo, op. cit., pp.12-22.

38 Barbara Watson Andaya and Leonard Y. Andaya, *A History of Malaysia* (London: Macmillan, 1982), p.44.

39 C.D. Cowan, *Nineteenth Century Malaya: The Origins of British Political Control* (London: Oxford University Press, 1961), p.40.

40 Milner, op. cit., p.22.

41 J.M. Gullick, *Indigenous Political Systems*, p.95; *Rulers and Residents: Influence and Power in the Malay States, 1870-1920* (Singapore: Oxford University Press, 1992), p.54; and Milner, op. cit., pp.49-52.

producers who would take such risks. Historically, then, in the more cosmopolitan entrepôts on the Strait of Malacca that attended the trade route between India and China, Malay rulers and chiefs permitted resident Arabs and Indians to engage in commercial activities. Over time, Chinese economic elites also emerged in the three coastal enclaves of the Straits Settlements (SS), established by the English East India Company between 1786-1819. And though these Straits Chinese were divided into rival secret societies, lineage systems, and competing clan, dialect, and home province associations, they collectively displayed much interest in moving from coastal merchant exchange to tin mining and crop cultivation deeper in the peninsula.

Malay rulers and chiefs had sometimes injected tin ore into the coastal trade, but given the often unsettled conditions up country and low levels of technology, the enterprise remained intermittent and the returns scanty. These Malay leaders and elites thus often sought Chinese partners in order to upgrade their industry. Cowan notes that the Malay *menteri* (governor) in the Larut field of Perak, and the Malay chiefs in Kuala Lumpur and Kuala Selangor all sought to attract Chinese investment and labour. In the southern state of Johor, Trocki reports that the ruling *temenggong* (Malay minister in charge of markets and defence), Daing Ibrahim, 'joined forces with the Chinese pepper and gambier planters ... produc[ing] a new and more stable income for the *temenggong*'.⁴² Straits Chinese merchants responded with capital advances of money, rice, opium, and new mining and planting equipment.⁴³ Moreover, some styled themselves *kapitan Cina*, directly recruiting mass followings of contract labourers from southeastern China and incorporating them into *kongsi* networks and secret societies. By the 1850s, this activity helped open vast new tin fields in the hinterlands of Penang, Malacca, and up the Klang River in the central west coast state of Selangor. Similarly, on Singapore island and later in the Johor region, the Chinese planted large tracts of pepper and gambier.

What was the effect in the Malay states of linking disunified state leaders and elites with equally divided, if dynamic, economic elites? While mining and agricultural production at first grew dramatically, political violence later set in, followed promptly by economic collapse. Elite restraint, understandings, and game rules—to the extent that they had existed—were abandoned as fortuitously placed chiefs grew richer than their rulers and 'wrecked Malay political culture'.⁴⁴

42 Carl A. Trocki, *Prince of Pirates* (Singapore: Singapore University Press, 1979), pp.88-89.

43 Cowan, *op. cit.*, p.67.

44 Emily Sadka, *The Protected Malay States, 1874-1895* (Kuala Lumpur: University of Malaya Press, 1968), p.32. Khoo Kay Kim notes also the

Moreover, as economic growth eroded Malay elite relations, it finally prevented growth from continuing. Cowan describes these outcomes:

Large-scale trade did not develop, and [Chinese and European] investors failed to secure steady returns on their capital. This was largely due to the political [in]stability of the area ... titular rulers were weak, and in each state power was divided among a number of chiefs, all more or less independent and at odds with one another.... In these circumstances the presence of large numbers of Chinese miners who brought their own feuds with them often only increased the instability and disorder.⁴⁵

Accordingly, a severe, three-way succession dispute broke out among Malay pretenders in the state of Perak in the north, and disunity persisted in the one-time Minangkabau confederacy of Negeri Sembilan in the south. In addition, elite factions of Straits Chinese, split into Cantonese and Hakka linguistic groups and backed by rival secret society armies, rose to take control of the major tin fields in Larut in Perak and in Kuala Lumpur in Selangor. In the latter instance, the separate struggles of Malays and Chinese eventually overlapped to produce an unusual interethnic configuration. Specifically, the ongoing Selangor Civil War between Malay Bugis and Minangkabau merged with a conflict between Hakka and Cantonese groups over the Kuala Lumpur field such that Malays and Chinese often fought together against other interethnic alliances.⁴⁶ Political instability and economic disruption reached their peak during the years 1870-73⁴⁷, just after new food canning technology in the United States had begun to create large international markets for tin.⁴⁸

disruptive effects of increased revenues on the ruling class, as well as the emergence of secret societies. Sadka, op. cit., pp.109-43

45 Cowan, op. cit., p.26.

46 Sadka, *The Protected Malay States*, pp.35-36.

47 Gullick outlines the instability marking the Malayan peninsula in the nineteenth-century: 'civil war in Kelantan (1839); usurpation by force in Trengganu (1839); succession dispute in Kedah (1854); civil war in Perak (1851-57); takeover of Johor (except Muar) by Temenggong Ibrahim (1855) and civil war in Muar (1879); usurpation by intrigue in Selangor (1857) leading to civil war (1867-73); civil war in Pahang (1857-63); civil war in parts of Negeri Sembilan (1848 and 1869)'. John Gullick, 'The Role of the Malay Ruler Between 1850 and 1950', *Kajian Malaysia* 9, no. 2 (December 1991), p.16n.

48 Cowan writes that 'about 1870 world demand for tin increased.... The initial impulse for this development seems to have come from America, where the canning of cooked meats and fish, condensed and evaporated milk, and vegetables, developed rapidly after the American Civil War'. Cowan, op. cit., p.140.

In Johor during this period, the Malay ruler faced a different kind of challenge. Given the area's small Malay population, the *temenggong* was not undermined by rival claimants and lineages. Instead, his cultural expectations about political preeminence were threatened by the mounting assertiveness of the Chinese planters he had recruited. Esconced in their pepper and gambier plantations, the Chinese established new levels of autonomy, then withheld the revenue payments upon which Malay governance depended. Moreover, Trocki notes that as rivalries developed among the planters themselves over gambier prices, land tenure, and financial systems, even Chinese fortunes declined. Open battles erupted finally between secret societies, leading in Johor to 'administrative breakdown ... chaos, confusion, and eventual bloodshed'.⁴⁹

Local Elite Formation, 1786-1895

The British East India Company established ports in Penang in 1786, Malacca in 1795, and Singapore in 1819. The company then linked these dependencies together as the Straits Settlements in 1826, and it made Singapore the capital city in 1830. The Straits Settlements were initially administered as an appendage of the Presidency of Calcutta, first by the company until the Sepoy Mutiny in 1857, then by the India Office until 1867. Thereafter, the Straits Settlements were ruled separately as a crown colony by the Colonial Office until the Second World War.

The venerable question arises over why the East India Company and, later, the British government, sought to take and hold such distant outposts? There are two well-known and partially related reasons, the first involving straightforward economic gain, the second, a much weaker 'civilising' impulse. At base, secure enclaves were necessary to facilitate and defend Britain's commercial expansion in Asia. The Straits Settlements thus entered into a triangular trade pattern linking China's exportation of tea to Britain with India's exportation of opium to China. Later, with the company's loss of the transshipment monopoly on the China trade in 1833, and with Britain's colonisation of Hong Kong in 1842, the Straits Settlements were confined to the regional exchange of tropical forest and sea products. Cowan explains that the East India Company's interest in the Straits Settlements had always been peripheral, and that after it lost the China trade, it 'grudged the money' spent on administering the Settlements.⁵⁰

49 Trocki, op. cit., p.92.

50 Cowan, op. cit., p.20.

By 1870, however, the value of tin in Malaya became clearer. Accordingly, the British reassessed the Straits Settlements as a platform from which to enter into the peninsula and organise a profitable flow first, of tin and later, of rubber latex. To this end, 'the main priority of the British administration in [Malaya] was to establish an effective and efficient system of government so as to create stable conditions conducive to the successful economic exploitation of the country'.⁵¹ As described in the previous section, part of this undertaking involved British officials recruiting local elites into the colonial state apparatus. Moreover, that some local elites assisted in, and benefited from this political and economic development gave rise to a second colonial purpose. This sentiment was perhaps best articulated by Lord Milner, the secretary of state for the colonies in 1919, who, 'inspired by Britain's civilising mission ... stressed that development should benefit both the British and inhabitants of the colonial territories.... [T]his was not to be a policy of naked exploitation by British capitalist interests'.⁵²

British colonialists, of course, carried out this civilising task with uneven sincerity. Hence, in refining the imperative further, Lord Milner distinguished between the needs of white settler dominions, 'whose right to equality with Britain had been recognised', and territories of native peoples in need of additional tutelage, 'potentially very rich, but as yet not fit for self-government and equality with Britain'.⁵³ W.H. Treacher, the resident-general in the Federated Malay States, wrote in 1904, 'I do not despair of Malays eventually becoming valuable public servants in the higher grades of the civil service, but race characteristics, the result of centuries of tropical environment cannot be changed in a decade, or even in two or three decades'.⁵⁴ An unadorned appraisal of British intentions and methods would thus conclude that official ideals—undergirded by guile, 'orientalist' assumptions, and a storehouse of cooptative positions and pensions—primarily involved winning over local elites and inducing them to collaborate, thereby insuring a less costly means of commercial empire building than brute conquest. Indeed, many observers dismiss the civilising purpose as self-serving paternalism, a duplicitous 'moral rationale' for Britain's 'primary and end purpose ... of rapid economic and commercial development of the country's

51 Jagit Singh Sidhu, *Administration in the Federated Malay States: 1896-1920* (Kuala Lumpur: Oxford University Press, 1980), p.135.

52 Yeo Kim Wah, *The Politics of Decentralisation: Colonial Controversy in Malaya, 1920-1929* (Kuala Lumpur: Oxford University Press, 1982), p.37.

53 Ibid.

54 Quoted in Loh Fook Seng, *Seeds of Separatism: Educational Policy in Malaya, 1874-1940* (Kuala Lumpur: Oxford University Press, 1975), p.21.

natural resources'.⁵⁵ In short, while the British Colonial Office found justification for its imperial presence in its duty to tutor good government, seldom did it adjudge local elites sufficiently instructed that they could graduate to *self*-government. This reasoning is, though, by the way. One can argue that Britain's economic motives and its civilising mission combined in a 'sophisticated' self-interest, and that however disingenuously British tutelage was administered, it contained formulas for consensual elite unity and policy-making efficacy that were sometimes dispensed in colonial settings. With independence, local elites thus often found that, however inadvertently, they had been equipped to operate a stable and in some degree democratic regime.

In the Malayan peninsula during the early 1870s, the warring between Chinese secret societies in the tin fields of Larut threatened to back up into Penang, the northernmost of the Straits Settlements ports. Britain's trade and tutelary aims thus spurred a 'forward movement' into the Malay States⁵⁶, largely carried out through peaceful negotiation. In 1874, the Straits Settlements governor, Sir Andrew Clarke, convened the feuding Malay chiefs from Perak and the disunited Chinese headmen from Penang and Larut at the coastal island of Pangkor. There Clarke mediated negotiations first among Chinese leaders, then among the Malays. Removed from their diverse supporters, these leaders were able to compromise and began to resolve their respective conflicts over mining rights and royal succession. The agreements, known collectively as the Pangkor Engagement, also instituted a British 'resident' in key Malay states to 'advise' the Malay ruler, a step toward political stability and mining productivity.

The British residents, each supported by a nascent, civil service of British personnel,⁵⁷ turned first to reorganising relations among Malay

⁵⁵ Roff, *op. cit.*, p.12.

⁵⁶ See E. Thio, 'The British Forward Movement, 1880-1889', in *Papers on Malayan History*, edited by K.G. Tregonning (Singapore: Journal of South-East Asian History, 1962), pp.120-34.

⁵⁷ Sidhu contrasts Britain's state-building exercise in the Malay states with its experience in other colonial settings:

When the British assumed control of the government of the Malay states, they did not find an indigenous civil service and thus lacked the advantage of reforming and disciplining, as for example in Egypt, something already in existence. They were forced to create a civil service essentially British in character and the only Malays employed in responsible administrative work were the *penghulu* in charge of agricultural districts. These local officials who had occupied vital positions in traditional Malay society usually belonged to the lower

leaders and elites. Initially, this involved as much violence as tutelage, highlighted by the assassination in 1875 of J.W.W. Birch, Perak's first resident, and the Perak War that resulted.⁵⁸ But over time, the Malay states were each more clearly demarcated, new capitals and commercial centres were designated, succession disputes were settled, and individual rulers were affirmed and propped up. In addition, the rulers' authority over substantive matters related to Islam and Malay custom was formally specified, they were given appointive powers at the village level, and their statuses were celebrated with palaces, pensions, and land grants that supplanted their stockades and uncertain tribute. The rulers' paramountcy was also distinguished during this period by a systematic reduction in the standings of the chiefs, usually through the replacement of their tollway activities with regularised salaries. The overall effect, very briefly, was to tighten consensus among Malay leaders and elites over relative positions and powers, then incorporate them into the colonial state apparatus.

With respect to Chinese economic elites, the British were initially content to leave their community's complex authority patterns and elite-mass relationships undisturbed. As Britain's economic stake in Malaya deepened, however, and as the Chinese community became more familiar and penetrable, the British modified configurations of Chinese leadership, consolidating and controlling them more closely. An agency called the Chinese Protectorate was established in each of the Malay States, replacing the autonomous *kapitan Cina* system and assuming its arbitration and welfare roles. Colonial officials recalled from Chinese concessionaires control of the lucrative gambling and opium revenue farms, thus grounding Chinese economic elites more productively in the mining and plantation sectors. The secret societies that mobilised the Chinese labour force in the mines were outlawed in 1890 and at least partially replaced by police.⁵⁹ In this way, subelite secret society headmen, like subelite Malay chiefs, were denied some of their organisational autonomy and ability to challenge their ethnic leaders. Moreover, these headmen were often appointed as judicial magistrates, reorienting them from informal codes to public, statutory law. Sadka captures the overall profile of new Chinese elites:

ranks of the aristocracy, and were responsible for district subdivisions or *mukim*.

Sidhu, op. cit., p.12.

58 See Cowan, op. cit., pp.216-34.

59 See Tan Pek Leng, 'Chinese Secret Societies and Labour Control in the Nineteenth Century Straits Settlements', *Kajian Malaysia* 1, no. 2 (December 1983), pp.40-44.

After the death of [Selangor *Kapitan*] Ah Loy, the nature of Chinese leadership changed. His successors ... sat on state councils and sanitary boards, sponsored vaccination campaigns ... and endowed schools and hospitals. The day of the secret society headman and war chief was over. His features softened into the stereotype of the wealthy community leader under colonial rule, the monument of civic virtue, the inveterate committee member, contributor to charities and sponsor of progressive activities and good works.⁶⁰

Using colonial power, the British modified, yet preserved, many features of Malay state elites and Chinese economic elites. Each set of ethnic elites was clearly delineated, more internally unified, and attached to the colonial apparatus in a pattern that could be described as 'ethno-corporatism'. But what did the British do to link the leaders of these pillars together in a tradition of elite accommodation and representative principles? In 1876, the secretary of state for the colonies, Lord Carnarvon, ordered the Straits Settlements governor to convene in several of the Malay states a 'mixed' policy-making council embracing the ruler, the British resident, and the most important Malay chiefs. These state councils, patterned after representative fora in India and the Sarawak Council of State formed by James Brooke in 1855,⁶¹ performed some legislative and executive functions subject to the approval of the governor and the Colonial Office.⁶² And although the residents gave the rulers nearly obligatory advice in nominating members and shaping agendas, they were

on the whole ... intelligent administrators anxious to secure a basis of consent for their proposals. There was always the possibility of securing modifications or postponements of unpopular measures by representing the general opposition to them in council. The Malay and Chinese members made representations and put forward suggestions that were sometimes incorporated in the final decision.⁶³

60 Sadka, *The Protected Malay States*, p.308.

61 See Chai Hon Chan, *The Development of British Malaya, 1896-1909*, 2nd ed. (Kuala Lumpur: Oxford University Press, 1967); and Gullick, *Rulers and Residents*, p.39.

62 Gullick notes that 'the state councils established in Selangor and Perak in 1877, and later in other states by the colonial regime, were an innovation in outward form and procedure. Yet they were—unknowingly perhaps—built upon foundations of Malay practice of informal consultation between a ruler and his court officers and chiefs'. Gullick, *Malay Society*, p.24.

63 Sadka, *The Protected Malay States*, p.114.

Sadka thus shows that until federation in 1895, Malay rulers in state councils were able to exercise much discretion over the appointment of district headmen (*penghulu*) and religious magistrates (*kathi*), and over such issues as Malay pensions, peasant farming, Muslim personal law, and capital sentences.⁶⁴ Gullick portrays Sultan Idris of Perak and Sultan Ahmad of Pahang as particularly forceful figures able to check British decisions in these areas.⁶⁵

Gullick writes also that it 'suited the residents to include the leading Chinese [*kapitan*] among the members of the new state councils. In this way they could discuss taxation and kindred matters with the Chinese leaders in the presence of the ruler, whose formal authority was needed for the arrangements made'.⁶⁶ Further, within this framework, Malay and Chinese elites were able to interact directly in pursuit of complementary aims. The Chinese councillors were concerned mainly with tin mining, minimising taxes on the industry, protecting advances, and disciplining labour.⁶⁷ The Malay rulers, appreciating that their state pensions depended on economic growth (and therefore upon the entrepreneurial success of the Chinese), responded by using their governing status to ratify through the 'sultan in council' necessary orders and regulations. More surprisingly, in studying the minutes from Selangor State Council meetings and Selangor Secretariat files, Sadka discovered several cases in which Chinese members supported the rulers in successfully opposing the British resident.⁶⁸

One should not, of course, make overmuch of this. Gullick explains that after the British took control of revenue 'farming'—the basis during precolonial times for economic cooperation between the rulers and *kapitan Cina*—the state councils ceased to foster meaningful discussions over revenue raising and estimates.⁶⁹ Further, as the councils declined more generally in importance after federation in 1895, personal contacts drifted to an extent that Chinese leaders

64 See Emily Sadka, 'The State Councils in Perak and Selangor, 1877-1895', in *Papers on Malayan History*, edited by K.G. Tregonning (Singapore: Journal of South-East Asian History, 1962), pp.89-119.

65 Gullick, 'The Role of the Malay Ruler', pp.2-3.

66 Gullick, *Rulers and Residents*, p.374.

67 Sadka, *The Protected Malay States*, p.114.

68 See Sadka, 'The State Councils', p.116. She concludes that in these ways, the state councils 'provided a means of conciliating Malay leadership and moulding it to new patterns of government. It gave Malays and Chinese a sense of participation in affairs, even if it limited their influence on decisions. They were identified with government in passing the measures which enabled government to act; they shared in the assertion of power'. Sadka, *The Protected Malay States*, p.194.

69 Gullick, *Rulers and Residents*, pp.374-75.

issued up only perfunctory, ceremonial expressions of loyalty to the rulers. In Johor, Trocki shows that during the last half of the nineteenth century, it was less any state councils introduced by the British than the *temenggong* themselves who forged mechanisms with which to reconcile their Malay leadership with Chinese economic activities. After seeing the great difficulties that the British, the Riau Malays, and the Dutch had had in governing rural Chinese populations in their respective possessions, *Temenggong* Ibrahim resorted firstly to 'whatever traditional patterns of rule seemed appropriate'.⁷⁰ Put simply, he acknowledged the considerable autonomy that the Chinese had already claimed, though firmed his acquiescence with some administrative methods learned from the British. In particular, the *temenggong* identified some Chinese headmen as *kangchu* ('lord of the river'), provided them written grants of authority called *surat sungai* ('river document') or *surat tauliah* ('letter of authority'), and permitted them to operate plantations along specified river valleys. In this way, the cultivation of gambier and collection of taxes was delegated finally to the *kangchu*, but revenues were then forwarded to the *temenggong*. Fitted out with *kangkar* ('administrative building') at the mouth of designated rivers, this '*kangchu* system' of elite accommodation and market relations persisted in Johor until its abolition in 1917. Trocki concludes that 'the Johor government thus began as a minor innovation on a very old theme'⁷¹—one only partly shaped by British colonial experience.

Nonetheless, it can still be argued reasonably that the state councils operated by the British in Malaya set useful precedents. In synthesising some indigenous cultural norms with a 'European type of procedure',⁷² they began to outline the rule-bound arenas that Weiner maintains are a key part of democratic tutelage. In addition, though stopping short of deeply integrating local elites across ethnic lines, the state councils served at least to orient elite relations in ways that avoided ethnic antagonisms. Even in Johor, Trocki concedes that *Temenggong* Ibrahim's successor, Abu Bakar, 'followed contemporary British colonial models in organising the state at this time'.⁷³

70 Trocki, p.89. For a description of the growing sophistication of the *kangchu* system (ie., its new letters of authorisation and tiers of participants) during the reign of *Temenggong* Ibrahim's successor, Abu Bakar (who became the maharaja of Johor in 1868, and sultan in 1885), see Trocki, Chapters Five and Six. By the end of the century, the *kangchu* system appeared nearly to be a 'quasi-governmental business' (p.162).

71 Ibid., p.90. See also James C. Jackson, 'Chinese Agriculture Pioneering in Singapore and Johore, 1800-1917', *Journal of the Malayan Branch Royal Asiatic Society*, 30, no.207 (July 1965), pp.84-87.

72 Gullick, *Malay Society*, p.24.

73 Trocki, p.157.

Observing the sundry components of Johor's state apparatus—including its new state council and residencies—Trocki notes that top position holders were drawn in nearly equal numbers from the Malay and Chinese communities. Throughout the Malay states, then, one can trace to these councils the basis for fuller elite coalescence, perhaps ripening into the configuration specified by Lijphart as favouring political stability in plural societies. What is more, on a broader plane, Gullick even suggests that 'the Malay population began to view the members of the state council as a channel through which they could state their case to the new regime'.⁷⁴ As one example, he describes Hugh Low, the second resident of Perak, as meeting regularly with *penghulu* and village petitioners. Of course, this could hardly be classified as meaningful self-government. But it could be viewed as laying additional groundwork upon which later elites might make their stable regime a more democratic one.

British Ascendancy, 1895-1920

During the boom years between 1895 and the collapse of rubber prices after the First World War, British colonial and business officials grew preoccupied with administrative efficiency and rapid economic growth.⁷⁵ Accordingly, they began to circumvent the Malay rulers, state councils, and indeed the British residents, concentrating state and economic power more fully in Singapore and Kuala Lumpur.⁷⁶ A new three-part, administrative scheme was imposed upon the peninsula. While the crown colony of the Straits Settlements was kept officially separate and ruled by the Colonial Office through the governor, the four Malay states of Perak, Selangor, Negeri Sembilan, and Pahang were grouped together in 1895 as a protectorate known as the Federated Malay States (FMS). In addition, the states of Perlis, Kedah, Kelantan, Trengganu, and Johor, heretofore of little colonial interest because of their lack of mineral wealth, were loosely linked between 1909-14 as the Unfederated Malay States (UMS). Within the UMS, a British 'adviser' was also appointed in each state in order to facilitate communication between the individual rulers and the Straits Settlements governor.

In the new FMS capital of Kuala Lumpur, a resident-general was then installed to oversee the four existing residents. Moreover, a Federal Council, evidently modelled on the *Bose-vaka-Turaga* of Fiji

⁷⁴ Gullick, *Rulers and Residents*, pp.46-47.

⁷⁵ For an economic history of the Malayan rubber industry during this period, see John Drabble, *Rubber in Malaya: The Genesis of the Industry* (Kuala Lumpur: Oxford University Press, 1973).

⁷⁶ Gullick, *Rulers and Residents*, p.70.

and the *Pitso* of Basutoland,⁷⁷ was instituted in the FMS in 1909, and it greatly overshadowed the several state councils in importance. The Federal Council's membership consisted of the governor of the Straits Settlements (in a new *ex officio* capacity as FMS high commissioner), the FMS resident-general, and the four residents and Malay rulers. But as discussion in the Federal Council was conducted in English, the rulers contributed and profited little, and they eventually ceased attending. A supplementary Conference of Rulers (or *Durbar*) was organised in order that they could meet elsewhere with the governor and the resident-general, but after two meetings, the forum was disbanded. Moreover, a new Federal Secretariat, containing an array of specialist and technical departments, absorbed and centralised the bureaucratic tasks of the Malay states' diverse civil services. The upshot of this highly complex scheme was that the Straits Settlement governor, serving as FMS high commissioner and president of the Federal Council, as well as the official to whom UMS advisers were responsible, gained more centralised control over the whole of what was informally labelled British Malaya.

Hence, after 1900, as colonial officials increasingly overlooked the Malay rulers in policy making, the rise of British business interests tended also to weaken the Chinese in some sectors of the economy. For example, British firms acquired new capital intensive tin dredges and other technologies that greatly offset the Chinese advantage in access to cheap mining labour. More generally, many British planters, having been frustrated by low coffee prices, switched to growing rubber, now much in demand by the flourishing American automobile industry. Vast British-owned plantations of rubber latex-bearing trees formed quickly throughout the FMS, thus remaking the protectorate into 'one of the principal economic units of the world'.⁷⁸

In this context of rapid economic growth and new British ascendancy, it is worth exploring briefly some shifting statuses and rivalries within the colonial community. The British had initially formed a tight-knit colonial elite. Butcher writes that 'although there

⁷⁷ See Sidhu, *op. cit.*

⁷⁸ See Rupert Emerson, *Malaysia: A Study in Direct and Indirect Rule* (Kuala Lumpur: University of Malaya Press, 1979). See also John Drabble who chronicles changes in colonial elite relations and growth in the rubber industry more precisely. During 1903-12, 260 British-owned companies were floated on the London stock exchange to raise capital for plantation enterprises in Malaya. The agency or mercantile houses in the Straits Settlements, especially Singapore, linked British investors with Malayan resources. The 'pioneer planters' who had originally opened the plantations became shareholders in the new firms, and they often remained as salaried managers. Accordingly, these operations established early patterns of foreign ownership and local management. Drabble, *Rubber in Malaya*, pp.78-86.

were some important differences in social origins, the methods of recruitment helped to make the Europeans a remarkably homogeneous group ... a community of which such a large proportion came from one class, was the product of one form of education and whose outlook on life therefore was so uniform'.⁷⁹ But as economic growth continued, the British community became more sizeable and variegated, and differences emerged between elite persons and interests which, while always resolved within a framework of cooperative rules, gave rise to occasional skirmishing.

A fundamental division set in between British public sector 'officials' and business-based 'unofficials', both within and across the Straits Settlements and the FMS. Furthermore, these official and unofficial groups were internally differentiated by a *de facto* ranking of positions and occupations. In order of diminishing status among public officials, one can roughly locate the appointed SS governor/FMS high commissioner (functioning approximately as a national leader), residents and their deputies, the civil service 'cadets', clerical and technical 'non-cadets', police and prison warders (often Irish), and train drivers. Among private unofficials were bankers and financiers (often Scottish), planters, tin miners, engineers and mechanics. Moreover, within these categories, subethnic cleavages set in between 'Anglo-Saxons', 'Latin types', and Celts'.⁸⁰ Hence, to protect the overall colonial community's distinctiveness and prestige—which far more than military might strengthened its imperial hold over local populations⁸¹—its increasingly diverse make-up was informally monitored. Those in clerical, transport, and manual work sectors were gradually replaced by locally-trained Eurasians, Chinese, and Jaffna Tamils. And unemployed Britons, indeed poor

⁷⁹ John G. Butcher, *The British in Malaya, 1880-1941: The Social History of a European Community in Colonial South-East Asia* (Kuala Lumpur: Oxford University Press, 1979), p.49.

⁸⁰ A.J. Stockwell, 'The White Man's Burden and Brown Humanity: Colonialism and Ethnicity in British Malaya', *Southeast Asian Journal of Social Science* 10, no. 1 (1982), p.49.

⁸¹ Emerson notes succinctly that 'the functions of the white man in a colony are limited to ruling, owning, and managing. Any other form of occupation is degrading and damaging to the white prestige on which the whole system rests'. Emerson, *op. cit.*, pp.29-30. On this score, one observes that the British greatly emphasised colonial tact and prestige over the use of force. This met with practical aims, reducing the need for costly military outlays, as well as civilising objectives, asserting the authority of governing and bureaucratic elites over the armed forces. Thus, within the FMS, the federal commissioner of police exercised control over units made up of Malays and Sikhs, while the Malay States Guides and the Malay Regiment (formed in 1935) dealt with low-level 'brushfire wars' and disturbances throughout the peninsula. Sadka, *The Protected Malay States*, p.248.

whites generally, were regarded with 'particular anathema' and swiftly repatriated.⁸²

Comparing their respective hierarchies, state officials cumulatively enjoyed a higher standing than unofficials involved in finance and business. While both groups originated largely from the British middle class, 'heaven-born' civil servants were drawn from slightly loftier strata and were graduated from better public schools and universities. Prospering unofficials, however, especially during these boom years of rubber production and export, often acquired greater wealth and entertained more lavishly, causing civil servants to protest to the Colonial Office that their relative prestige and ability to rule were impaired. Unofficials developed a counter-complaint: increasingly resentful of the disparity between their economic and political resources, they began to call after 1900 for greater representation of their views in policy making.

But British officials and business leaders maintained their accommodative outlooks, enabling them to fashion essential compromises. Formal institutions such as representative councils and departmental offices served as decisional committees and bargaining sites. Informal settings such as European clubs, dinner gatherings, and sporting events served also to nurture interelite conciliation and restraint. But the *sine qua non* of these elites' forbearance perhaps lies in their exchanges occurring across these arenas and over time. As one example, in the new Federal Council the official members created in 1909 four new seats for European representatives of the rubber planting and mining industries, the managing director of the *Malay Mail*, and a representative of Chinese mining syndicates.⁸³ Furthermore, the Executive and Legislative Councils in the Straits Settlements were opened up, and a large minority of seats were made available to high-ranking unofficials.⁸⁴ In turn, unofficials supported the civil service cadets in their request after the First World War for salary increases in order that parity across sectors in high living standards was finally reached.⁸⁵ In addition, some reciprocal exchanges were indicated by the practice of employing retired senior civil

82 See Butcher, op. cit.

83 Ibid., pp.18-19.

84 Emerson, op. cit., p.277.

85 The generosity of the planters sprang partially from the knowledge that it was not their own planting activities that would suffer greater taxation, but rather, the opium consumption and gambling engaged in by the Chinese. Indeed, the tin duty formed the largest part of FMS revenues only when the Chinese controlled the tin industry. Thereafter, Chinese-operated opium and gambling 'farms' (franchises) provided most tax revenues. See Jomo, op. cit., pp.170-71, and Tan, op. cit., pp.21-23.

servants on the boards of tin and rubber companies. A.J. Stockwell thus concludes about the British colonial elite that 'the quarrels of its members, like the tiffs of parish politics or many a family dispute, were evidence more of its claustral than its divided nature'.⁸⁶

During this period of rapid growth in the FMS, one also detects the emergence in the colonial community of new civil elites and professional groups. The *Malay Mail* was founded in 1896 as the protectorate's first English-language newspaper, and it was eventually given a voice in the Federal Council. Moreover, in the following year, businessmen were permitted to hire professional lawyers to represent them in cases of economic importance.⁸⁷ Of course, both entities served to communicate to colonial officials the views of business interests rather than dissenting opinions about the need for regime opening and the representation of mass sentiments. That there were clear limits to the tolerance of colonial officials for civil society organising and actions was made especially plain by the continuing prohibition on trade unions.⁸⁸ But, however tentative or of particular benefit to special British interests, some liberal principles took root in Malayan political culture that would enable a relatively free press and independent judiciary to persist for several decades after independence.

In sum, between the administrative consolidation of British Malaya in 1895 and the fall in rubber prices in 1920, British colonial officials gradually shifted their priorities amid extraordinary opportunities for wealth accumulation. They came to emphasise strongly their economic aims over civilising objectives, concentrating state power

⁸⁶ Stockwell, op. cit., p.50.

⁸⁷ Gullick, op. cit., p.55. Observing more broadly the impact of British colonialism on legal process and accountability, Sinnadurai writes:

Before the coming of the British to Malaysia ... there was no established legal system and as such disputes were settled mostly by the sultans or the chiefs. No records of any legal proceedings were kept and the doctrine of precedent had no place in the legal system.... There appears to be no evidence of any specific law relating to contracts: basic contractual relationships such as sale, barter and promises were governed by customary law or Islamic law and according to the prevailing views in the community of what was right or wrong. With the coming of the British colonialists, a more ordered society based on their civil form of government and legal framework was a necessary precondition for their economic and political penetration into the Malay Peninsula.

Visu Sinnadurai, *The Law of Contract in Malaysia and Singapore: Cases and Commentary* (Kuala Lumpur: Oxford University Press, 1979), pp.4-5.

⁸⁸ Emerson writes that 'one grave shortcoming of this system, inevitably present in all colonial areas, is that labour and the lower classes generally can secure no direct representation, especially since in the Straits trade unionism has made little advance'. Emerson, op. cit., p.280.

and neglecting, indeed, socially excluding local elites with a new snobbishness and array of colour bars. Colonial rule in these years became less indirect and thus, in many areas, less tutelary.

New Local Elite Roles, 1920-42

Although British colonial officials did not ignore fully their 'civilising' mission during 1895-1920—taking steps, one recalls, to include the Malay rulers and Chinese delegates on the new Federal Council—they returned to the task with clearer commitments during the next decades of economic retrenchment. British business interests, for their part, became mired during the interwar period in a surplus of rubber and tin-producing capacity. They thus eased their entrepreneurial drive and called for restrictions upon output and exports. After a number of voluntary control schemes failed, colonial officials obliged with the Stevenson Rubber Restriction Scheme during 1922-28, the International Rubber Restriction Arrangement during 1934-41, and limitations upon tin mining between 1931-41. In 1934, the planting of new rubber was suppressed, and the immigration of new plantation labourers was gradually banned.⁸⁹

In this situation, some colonial officials again took up the tutelary model. To be sure, they persisted in a framework of ethnic division of labour, assigning some governing and bureaucratic duties to indigenous, and thus 'sovereign', Malays and certain economic responsibilities to enterprising Overseas Chinese. But while most analysts see no more in this than a manipulative strategy of divide and rule, at least some British officials, 'far from parting communities asunder and setting them against each other ... saw themselves as harmonising the interests of Malaya's heterogeneous population for the common good'.⁹⁰ Let us consider more precisely the ways in which the British

⁸⁹ See John Drabble, *Malayan Rubber: The Interwar Years* (London: Macmillan, 1991).

⁹⁰ Stockwell, op. cit., p.61. It is probably simplistic to view British immigration and labour policies in Malaya as a deliberate and single-minded project to build a plural society amenable to divide-and-rule strategies. Even if it could be shown that plural societies are intrinsically more easily ruled (a doubtful proposition), it was not the intention of British colonialists to neutralise the Malay community by importing Chinese and Indian populations. From the British perspective, Malays were seldom rebellious and in need of ethnic 'balancing'. Rather, Chinese were brought in to provide wage labour in the mines that Malays eschewed, and southern Indians were brought in to work on the British-owned plantations that the Chinese would not. On this score, Sidhu writes that 'a characteristic of Chinese labour was that it was most reluctant to work for non-Chinese employers. This, combined with their disinclination to engage in low-paid jobs left significant gaps in the labour market, and it was with a view to plugging these that the immigration of Indians was considered'. Sidhu, op. cit., p.11. Thus, British policy stemmed far

tried to organise local elites during this period, as well as to foster important avenues of interethnic cooperation between them.

One first observes the renewed enthusiasm with which colonial officials differentiated Malay elite roles in governing and bureaucratic organisations. With respect to the Malay rulers, their inclusion in the Federal Council was unable after First World War to contain 'the growing sense in the Federation that the Malays, both rulers and ruled, had been unwisely and unjustly pushed too far into the background by the ponderous machine of European finance, industry, and administration'.⁹¹ Thus, during the 1920s, the Colonial Office charged the new Straits Settlements governor, Sir Laurence Guillemard, with devolving some governing power to indigenous Malay elites. Accordingly, Guillemard set out to abolish the post of FMS chief secretary (as the resident-general had been renamed in 1910), as well as to return some governing power from the Federal Council to the rulers and state councils. The chief secretary, Sir George Maxwell, and FMS officials and unofficials so fiercely resisted Guillemard that one recognises in accounts of the struggle a steady use of 'discrediting', 'undermining', and other 'dis-cooperative' stratagems in an atmosphere of unusual personal bitterness and public controversy. With the governor and chief secretary eventually locked in stalemate, actual progress toward devolution and revival of the rulers was very limited during this episode.⁹²

less from a desire deliberately to segregate ethnic communities than from an appreciation of different mass-based cultural attitudes toward work. Lim Teck Ghee, while taking a more critical posture, articulates well the complexity of British motivations:

British economic policy towards the different races in Malaya was not one which herded Chinese and Indians to work in mines and plantations and compelled Malays to work in rice fields. That might have been possible in another day or age as happened with African slave labour in the Caribbean and America in the late eighteenth century. In the more enlightened and *laissez-faire* Victorian society from where the colonial officials came, crude policies seeking to impose an ethnic division of labour would have been morally and politically difficult to sustain. But putting together the different parts of British policy and practice towards the various races in Malaya, it is difficult to avoid the conclusion that the British knew that some sort of rough division of labour amongst the races was being structured under their rule and that various policies they pursued reinforced or helped set up tendencies towards racial separation, whatever good intentions lay behind them.

Lim, 'British Colonial Administration', pp.63-64. For a fuller rebuttal of criticisms that the British undertook systematically to divide and rule through administrative stratagems, see Stockwell, *op. cit.*, pp.60-61.

91 Emerson, *op. cit.*, p.155.

92 Yeo writes that

Although the issue faded from the colonial agenda as rubber prices recovered toward the end of the 1920s, it was reintroduced with far greater urgency with the onset of the Great Depression. In particular, Governor Clementi sought to decentralise power in ways that would persuade the rulers of the UMS to combine with the FMS in a more unitary, rationalised scheme. For this purpose the chief secretary was finally made formally subordinate to the residents in 1935, and the title was downgraded to 'federal secretary'. Furthermore, new powers over expenditure were given to the state councils, while some areas of departmental jurisdiction were removed from the Federal Secretariat to the individual state governments. By the end of the interwar period, then, the Malay rulers in the FMS had recovered some of the governing power that they had enjoyed prior to their being absorbed into the federation in 1895. Of course, this did not succeed in attracting the UMS rulers. Nor did it serve significantly to open up politics beyond the council arenas. Apart from British fears over the consequences that democratic procedures might have for economic relations, Allen records that many officials still 'genuinely believed in indirect rule' and the importance of honouring their treaty commitments to indigenous elites.⁹³ Thus, in Malaya, they sought to preserve the rulers' social base of mass Malay loyalties, as well as to insulate them from immigrant Chinese—a majority of the peninsula's population by the 1930s. Even more significantly, perhaps, there was much disillusion over experiments with democratic procedures in Ceylon during this period, regarded by many British officials as 'disastrous'.

But in addition to propping up the Malay rulers, an important decision had been made earlier to recruit members of royal families and aristocracies into English-language educational institutions and a new bureaucratic service. Khasnor Johan writes that

the Colonial Office in London appeared to believe that the British had an obligation to the Malays.... The secretary of state for the colonies ... was concerned that the Malay States—unlike

at the time Guillemard left Malaya in May 1927, the chief secretary occupied the same position as at the time the new policy was inaugurated.... [A]s for his objective of devolving a large measure of original legislative power to the state councils, Guillemard not only achieved absolutely nothing, but ironically claimed that the Federal Council now commanded increased authority and improved efficiency.

⁹³ Yeo, *op. cit.*, p.315.

James deV. Allen, *The Malayan Union* (New Haven: Yale University Press, 1967), pp.4-5.

the governments of India and Ceylon, for example—had no positive policy towards ‘native’ participation in the civil service.⁹⁴

Frank Swettenham, FMS resident-general until 1900 and Straits Settlement governor until 1904, had resisted the entry of local elites into the civil service, preferring instead to revitalise the village-level office of *penghulu*. But his successor as resident-general, William Treacher, argued forcefully for Malay education and bureaucratic placement.⁹⁵ In this way, the British could more efficiently pursue their ‘sophisticated’ self-interest described earlier in this chapter. Specifically, they could realise both economic and civilising benefits, first, by filling lower administrative grades more economically than hiring European personnel allowed, and second, by validating Britain’s ‘right’ to rule through local instruction in good government. To this end, young Malay aristocrats from both the FMS and the UMS were entered as early as 1905 into a residential learning institution known as the Malay College of Kuala Kangsar (MCKK). There, in a simulated English public school setting of parade grounds and playing fields, they were acquainted with bureaucratic norms.⁹⁶ Graduates of the Malay College were then recruited into the ‘higher subordinate class scheme’ after 1910, and they were eventually placed in the Malay Administrative Service (MAS) to assist the British cadets of the Malayan Civil Service (MCS). Khasnor Johan describes the socialising impact this experience had upon the Malay members:

[T]he British acceptance that the Malays should have some role in the administration of their own country led to efforts to mould selected Malays into ‘suitable’ administrative officers. These efforts amounted to certain acculturation processes which these Malays were made to undergo both before and after their selection for the administration. Such experiences appeared to have predisposed them towards certain patterns of conduct which could be discerned

94 Khasnor Johan, *The Emergence of the Modern Malay Administrative Elite* (Singapore: Oxford University Press, 1984), p.9.

95 Gullick, *Rulers and Residents*, p.216n.

96 Putnam observes that

an example of the impact of education on elite values is provided by the Western-educated nationalist revolutionaries of Asia and Africa. Even when their political activities led them into conflict with the imperial authorities, leaders like Nehru of India, Mboya of Kenya, Nyerere of Tanzania, Bourguiba of Tunisia, and Senghor of Senegal often revealed an abiding commitment to political beliefs and a political style learned in Oxbridge, Edinburgh, or the Sorbonne.

Robert D. Putnam, *The Comparative Study of Political Elites* (Englewood Cliffs NJ: Prentice Hall, 1976), p.95.

in their relations with the British official community, the traditional elite, and the *rakyat* [mass populations].⁹⁷

Finally, this 'acculturation' was enlivened with new values and tastes, encouraging Malay officers to indulge in the automobiles, restaurants, and overseas travel that were identified with British concepts of 'the good life'.⁹⁸ This corporate unity and privilege were then reaffirmed at the annual Conference of Malay Officers. Brought from their posts in the outlying districts, Malay personnel met with the FMS chief secretary at his official residence, Carcosa, in Kuala Lumpur's Lake Gardens.

At the same time, the British acted to preserve these elites' mass constituencies. The Malay *rakyat* lived generally in rural villages, engaged principally in padi farming and fishing, and generally embraced Islam and a residue of Hindu folkways. The British assessed that these pursuits and outlooks ensured mass loyalties to the Malay rulers, attitudes that could be readily extended to support the aristocratic Malay officers.⁹⁹ In order, then, to reinforce the commitment of mass Malay constituencies to agrarian work patterns and (in the British view) the favourable elite-mass relations that resulted, the federal and state councils adopted 'protective' legislation within a broader context of swift economic growth and rapidly changing land tenure systems.¹⁰⁰ Specifically, the Selangor Land code was passed in 1891, prohibiting Malays from transferring their holdings to non-Malay planters and miners. Its aim was to protect Malays from developers and speculators, insulate them from market forces, and generally to 'encapsulate them in their traditional peasant economy and way of life'.¹⁰¹ More comprehensively, the Malay Reservations Enactment was passed in 1913, enabling British residents to set aside agricultural land exclusively for Malay use. One notes that the sultan of Perak spoke at the council in support of the bill, and that

97 Khasnor Johan, op. cit., p.viii.

98 Ibid., p.188.

99 Khasnor Johan recounts the specific approach used by Malay bureaucratic elites such as 'regular attendance at the mosque for Friday prayers [or] any contribution to the social life of the people.... [T]heir presence was highly desirable at social functions in the *kampong* ... the Malay officers were given pride of place at the head of such gatherings and were excessively pampered'. Khasnor Johan, op. cit., p.181. One identifies here a reinforcement of the 'Malay way' which we shall encounter in later chapters.

100 See Lim, *Peasants*, pp.103-39; and 'British Colonial Administration', pp.37-38.

101 Gordon P. Means, 'Ethnic Preference Policies in Malaysia', in *Ethnic Preference and Public Policy in Developing States*, edited by Neil Nevitte and Charles H. Kennedy (Boulder CO: Lynne Rienner, 1986), p.97.

it was passed over the objections of unofficials representing business interests.¹⁰² In this same vein, the Rice Lands Enactment was passed in 1917, discouraging Malays switching from the traditional planting of rice to riskier cash crops such as rubber.¹⁰³

In order to delineate Malay constituencies more strongly, the British provided them with vernacular education, sufficient for improving their productivity as cultivators and fishermen, but unlikely to inspire them to more ambitious callings. Thus, in marked contrast to the Malay College's English language training for aristocratic civil servants, the Sultan Idris Training College (SITC) was instituted in 1922 to graduate Malay village-level school teachers.¹⁰⁴ The entire rural-based complex of Malay learning, language, and Islam was then separated from the Christian mission schools that were also organised in urban areas during this period, isolating Malays from relatively advanced curricula and proselytism. Roff concludes that 'British policy and practice during the colonial period sought actively to shield Malay peasant society from the disruptive effects of the new economic order, partly in the interests of the 'protectorate' relationship, partly as a means of avoiding 'economic unrest and social discontent' consequent upon the disorganisation of Malay village life'.¹⁰⁵ Accordingly, the British colonial approach to the Malay peasantry is best understood either as protection or perhaps neglect, rather than as ruthless economic exploitation.

Turning to the ethnic Chinese community, the British persisted in classifying it in the FMS as a transient population, useful for opening tin fields and deserving some representation in policy-making councils, but unworthy of citizenship and positions in the state bureaucracy and military. Chinese elites were thus mainly confined in an economic role, though after 1900, a changing one. After being

102 Lim, *Peasants*, p.112.

103 While the British are sometimes criticised for 'protecting' Malays—confining them to rice lands, shielding them from market forces, and generally retarding their economic development—it is interesting to note that multinational corporations are at the same time criticised for producing the opposite effect, to wit, dislocating peasant populations from their traditional agrarian subsistence and driving them into urbanised areas.

104 After experience in India, the British were wary of creating a large, English-educated intelligentsia, scornful of traditional leadership, ambitious, yet economically frustrated. To provide basic education in vernacular Malay throughout the FMS, then, teachers were trained at the SITC, established in Tanjong Malim in 1922. But while emphasis was placed on manual skills and vegetable plots, the teachers came nonetheless to organise Malay literary societies and develop nearly into an 'unauthorised' component of local elites, critical of the rulers and calling for Malayan independence. For discussions about the SITC, see Loh, *op. cit.*; and Roff, *op. cit.*

105 Roff, *op. cit.*, p.252.

loosened from large-scale tin mining by British companies, Chinese elites concentrated in medium-sized ventures and moved into the professions. Further, as we have seen, the British worked consciously to moderate the character of Chinese leadership, converting the forceful *kapitan Cina* into the more charitable *towkay*. In part, this involved the British systematically using their economic leverage to Anglicise some of the Chinese economic elites. Through contracts and regulatory activities, for example, colonial officials favoured members of the Straits Chinese British Association (SCBA) over companies linked to the sundry Chinese chambers of commerce. While SCBA members showed unflinching support for the British Crown and educated their children in English, members of Chinese chambers were generally educated in Chinese and immersed in local permutations of the conflict on the mainland between the Manchus and the KMT.¹⁰⁶

But after becoming more secure in their new economic status, English-educated Chinese elites pressed during the 1920s to augment their role in the federal and state councils with positions in the bureaucracy—on a footing equivalent to that of the Malay officers in the Malay Administrative Service. The British recognised, however, that in the FMS, the rulers would not agree to share control with ethnic Chinese over their Malay constituencies. Hence, the British only permitted the Chinese in the protectorate to enter the clerical and railway services, technical entities considered distinct from, and inferior to, the civil service. But in the Straits Settlements, where Chinese populations were longer established, considered British subjects, and, except in Malacca, vastly outnumbered the Malays, the British agreed in 1933 to set up a new Straits Settlements Civil Service (SSCS). The Straits Chinese thus gained entry to careers in the state bureaucracy that paralleled the Malay Administrative Service, and they were trained similarly by British cadets from the Malayan Civil Service.

One notes finally that the British took roughly the same educational approach to the Chinese community as they did to the Malays. Thus, while the British did not provide Chinese elites with any official counterpart to the Malay College, they did award their children grants with which to attend English medium mission schools, in particular, the Methodist and De La Salle institutions. At the same time, the British resisted mass-level Chinese appeals for English instruction to be made more widely available. Instead, they arranged for basic education to be given in vernacular Chinese, a task delegated to local KMT partisans until they were discovered to be advancing among students strong anticolonial themes. Thus, among both the

¹⁰⁶ Jomo, *op. cit.*, p.212.

Malays and Chinese, education in English reinforced stratification between elites and constituents, while discouraging the dissipation of vertically encapsulated loyalties.

In summary, the British recognised that they could most efficiently realise their economic and tutelary aims by consolidating a tradition of accommodation among local elites. Hence, deployment of the British tutelary model in Malaya, though neglected at times and in sectors, involved overall the delineation of elite statuses and the segmentation of constituencies through state employment, occupational roles, educational opportunities, and language training. To be sure, the leaders of each ethnic community were confined in separate areas of competence—the indigenous Malays in the state apparatus and the immigrant Chinese in business. But Malay governing elites were also convened face-to-face with Chinese economic elites in various policy-making councils, thereby setting the tone for political cooperation, shared economic growth, and at least a precedent for democratic procedures. Indeed, by the 1930s, Emerson records that the membership of the peak SS Legislative Council included

eleven unofficials ... selected from the three Settlements and from the several races in them in such fashion as to secure as far as possible the representation of the various elements in the community.... [I]t is provided that there shall be three Chinese members, one selected from each of the three Settlements ... [T]he other races which secure a representation of one member each are the Malays, the British Indians, and the Eurasians.¹⁰⁷

Moreover, the basis for elite accommodation was fostered through Malay and Chinese entry into their respective civil services, the MAS and the SSCS. While the two bureaucracies were never merged, their personnel were educated in ways that regularised their attitudes and expectations over rule-bound interaction, hierarchy, and performance, thereby easing further their interethnic encounters. One also notes in passing that Malay officers and Chinese candidates were both recruited into probationary courses in law—probably the more intensely rule-guided track of all—and they were trained together after 1938 at Raffles College in Singapore.

Such education, moreover, was given in English, enabling these elites to interact with one another, as well as with British officials. They at the same time generally retained an ability to speak their vernaculars, helping them effectively to lead their subelite and mass constituencies. Finally, in the private milieus that were opened by the British as colour bars fell during the 1930s, these elites reinforced in

¹⁰⁷ Emerson, *op. cit.*, p.278.

one another their strange amalgams of local and European tastes. Sadka observes further that 'between the big [Chinese] *taukeh* and the British and Malays, intercourse was made smooth by lavish hospitality and the mellowing effects of great wealth'.¹⁰⁸ But whatever the nature of these tutelary patterns and their implications for politics, they were seriously interrupted, even rolled back, in 1942.

Local Elite Disunity, 1942-45

Through the rapid military conquest of Malaya, Japan ousted the British in 1942 and dismantled much of the tutelary legacy. The totality of Japan's reorganisation of Malaya was first made plain by its combining the Straits Settlements, the FMS, the UMS, and Sumatra into a single entity ruled from Singapore (renamed 'Shonan'), followed by its returning the northern states of Perlis, Kedah, Kelantan, and Trengganu to Thailand. Further, the Japanese deeply altered local interelite and elite-mass relations, as well as the ethnic assumptions on which these arrangements had been based. In brief, Japanese policy fostered conflict at critical points and cleavages, creating conditions for an authoritarian, even unstable regime. A contemporary Malayan observer noted that 'Japanese savagery ... proved the shallowness of Japanese understanding. They lacked the genius for compromise and adjustment of the British whom they supplanted'.¹⁰⁹

The Japanese portrayed themselves as liberating Southeast Asia from European colonialism and, it seemed, from the 'Overseas' Chinese. Thus, in the wake of military action, they purposively eroded British prestige and institutions, herding captured British officials and soldiers through the streets of Singapore into Changi prison. Then, while preserving essential administrative structures, they broke up the policy-making councils and conferences. Further, they treated the indigenous Malay community with conspicuous favour over the Chinese, promising to honour Malay claims on state power once independence was granted, while variously subjecting the Chinese to extortionist measures and mass terror.

In reorganising relations among Malay elites, the Japanese shifted much of the rulers' status to the more nationally integrated, modernised, and assertive corps of aristocratic Malay officers. This involved the rapid advancement of MAS members to positions previously filled by British cadets—in some ways advancing their responsibilities and accelerating their tutelage. At the same time, the

¹⁰⁸ Sadka, *The Protected Malay States*, p.301. See Gullick, *Rulers and Residents*, pp.211-14 for a brief discussion of the rulers' 'personal ventures' and wealth accumulation.

¹⁰⁹ Chin Kee On, *Malaya Upside Down* (Kuala Lumpur: Federal Publications, 1976), p.99.

Japanese enhanced the standings of some nonaristocratic Malay elites. These new elites, their nationalist resentments traceable to their experiences in the Sultan Idris Training College and made manifest in the *Kesatuan Melayu Muda* (Young Malays Union, KMM), were incorporated into the paramilitary *Pembela Tanah Air* (Defenders of the Fatherland, PETA). More generally, the Japanese exhorted the Malay community to adopt ethnically aggressive postures, thereby firming up mass support for promoted Malay elites, as well as for Japan's own war aims. Andaya and Andaya explain that 'the anti-Chinese feeling among Malays was further encouraged by the Japanese who used paramilitary units composed mainly of Malays to fight Chinese resistance groups'.¹¹⁰

The Chinese community, then, was harshly treated, having for the past decade supported the KMT and communist resistance to Japanese forces in mainland China. Perhaps 25,000 Chinese were put to death in the first of many *sook-chings* after the fall of Singapore.¹¹¹ The Japanese later worked more precisely to erode the statuses of Chinese economic elites in Malaya, forcing key businessmen to make humiliating shows of submission, ruining them through expropriation of property, or driving them abroad, usually to other British dependencies. Elite status within the Chinese community then fell to the leaders of the Malayan Communist Party (MCP) and the related Malayan People's Anti-Japanese Army (MPAJA). Although the MCP had first attracted support during the depression, its leaders now gained much broader respect because of their guerrilla actions against the Japanese. Stenson describes overall changes in the elite configuration:

The events of the war almost completely discredited the *towkays* who frequently fled Malaya before the Japanese advance, whereas the young MCP members and their sympathisers remained to fight it out and become, in the process, the heroes of the younger generation and even of the whole Chinese community. Those businessmen who remained in Malaya and continued to operate under the Japanese occupation were despised as collaborators.¹¹²

The MCP/MPAJA in fact killed few Japanese during the war, targeting instead Chinese 'traitors' and Malay officials, most often village-level personnel and policemen. With the war's end, the MCP/MPAJA promptly carried out a more thorough 'revenge of the Chinese' against rural Malays. Many Malays then retaliated through

110 Andaya and Andaya, op. cit., p.253.

111 Ibid., p.251.

112 Stenson, *Industrial Conflict*, p.96.

organised martial arts groups and mystic invincibility cults. The ethnic settling of scores grew into unprecedented strife throughout the peninsula as 'relations between Chinese and Malays, which had been good before the war, were ruined'.¹¹³

Local Elite Reunification, 1945–57

The British returned to Malaya after the war with diminished prestige, not as a conquering European power victorious over the Japanese, but trailing the American atom bomb. Moreover, the effectiveness of the hastily installed British Military Administration (BMA) was hampered by factional and policy conflicts. Serious divisions set in between officials freed from three-and-a-half years internment in Changi prison and personnel brought in hastily from around the empire, between advocates of traditional pro-Malay policies and those seeking to reward the Chinese for their wartime efforts, and between those intent upon reestablishing prewar economic relations and new officials seeking to carry out trade union organising on behalf of Britain's new Labour government. These rivalries, further, were played out against a backdrop of American pressure for rapid decolonisation. The upshot involved a temporary loss of British initiative to the MCP, as well as extensive black market activities hampering economic reconstruction.

The British gradually became clearer in their aims. They agreed to prepare Malaya for independence, though in ways that would allow for political and economic stability and openness—and hence, a profitable role for British firms.¹¹⁴ But with their tutelary model evidently having ossified, the British overlooked the preliminary task of restoring accommodation among local elites. Instead, they began directly to pursue their policy ends, abruptly replacing the BMA in 1946 with a new arrangement called the Malayan Union that finally

¹¹³ Richard Clutterbuck, *Conflict and Violence in Singapore and Malaysia, 1945–1983* (Singapore: Graham Brash Ltd., 1985), p.38.

¹¹⁴ Khong notes the prewar economic importance of Malaya to the British economy:

At the time of the Japanese invasion, Malaya was one of the richest parts of the British colonial empire. It was the greatest single source of United States dollars for the United Kingdom and the trade of Malaya in 1938 exceeded that of all of Britain's seventeen African colonies and was more than half of the trade of the Indian empire. These facts have to be borne in mind, for while they might not have been explicitly stated, they did play a role in the determination of British policy in Malaya after the war.

Khong Kim Hoong, *Merdeka: British Rule and the Struggle for Independence in Malaya, 1945–1957* (Petaling Jaya, Malaysia: Institute of Social Analysis, 1984), p.9.

combined the Straits Settlements, the FMS, and the UMS in a unitary state.¹¹⁵ This rationalised scheme, while ignoring the political sensitivities of the Malay rulers and officers, as well as the ethnic loyalties of mass Malay constituencies, was designed to reward the Chinese for their wartime resistance and to encourage their rebuilding the economy. Indeed, a growing British preference for the Chinese over the Malay community was shown by the blunt transfer of sovereignty from the Malay rulers to the British Crown under the MacMichael treaties, and by the sudden bestowal on the Chinese of full citizenship rights. One notes also that with respect to their own administrative needs, British officials withheld Singapore from the union in order to keep a supervisory toehold on the peninsula.

British miscalculations were quickly revealed by the unexpected severity of Malay reaction to the union proposal. While taking steps to dampen the role of the rulers, the British had neglected to impose any set of constraints upon the Malay officers. These bureaucratic elites, made assertive by their experience under the Japanese, then worked through the state apparatus to mobilise far-reaching opposition to the union among district officers and *penghulu*. And although these elites retained their profound aristocratic conservatism, they succeeded also in tapping into groups of nationalist, radical Malay teachers and Islamic clergy. Indignant delegates from a wide spectrum of Malay organisations met throughout 1946, and, under the leadership of Dato' Onn bin Jaafar, a Malay district officer from Johor, they coalesced formally as the United Malays National Organisation (UMNO).

At the same time, the British became impatient with the Chinese over MCP labour agitation and, indeed, the general indifference of the Chinese community to the terms of the union proposal. The British thus dropped the union plan and reverted to a more tested pattern of ruling through Malay state elites. British officials, some representatives of the UMNO, and the hastily rehabilitated Malay rulers thus together produced the Federation of Malaya Agreement in 1947 that in its power sharing arrangements bore resemblance to prewar understandings. Most glaring was the reimposition of many stringent citizenship requirements for the Chinese. In response, Chinese elites stirred mass-level protests against the federation proposal. The MCP's leadership was particularly effective because, while it had disbanded the MPAJA, it retained extensive support in the labour movement. Traditional Chinese economic elites, gradually returning from abroad or locally recuperating from their war-time

¹¹⁵ See Allen, *op. cit.*; and Albert Lau, *The Malayan Union Controversy, 1942-1948* (Singapore: Oxford University Press, 1991).

experiences, also expressed misgivings over the federation. These sentiments were articulated by Tan Cheng Lock, the English educated leader of the Overseas Chinese Association during the war and presently leading the Malacca Chinese Chambers of Commerce. Tan was joined by Colonel H.S. Lee, head of the Associated Chinese Chambers of Commerce, an umbrella organisation in Selangor created to unite English and vernacular educated Chinese businessmen.

The disappointment felt by Tan Cheng Lock and H.S. Lee with the federation was dramatised by their combining in 1947 with a variety of groups in a leftist opposition front, the All-Malaya Council for Joint Action (AMCJA). Tan, though controlling vast tin mining interests, rubber estates, banks, and commercial properties, was named AMCJA chairman, and his decisions as coalition leader were supported consistently by the MCP.¹¹⁶ Even more unexpectedly, the coalition was joined by the *Pusat Tenaga Rakyat* (Central Force of the People, PUTERA), an amalgam of class based, ethnic Malay groups led by the Malay Nationalist Party (MNP) and the *Angkatan Pemuda Insaf* (Organisation of Youth for Justice, API) that objected to the social conservatism of the UMNO leadership. The PUTERA can best be conceptualised as capping a strand of Malay educated intelligentsia sprung from the SITC, the KMM, vernacular journalism, and inspired by Sukarno in Indonesia.

Gradually, the British revived accommodation among local elites. It is worth quoting at Stubb's concise account:

Once the dust had settled, it became clear that only two groups were viewed by the government as sufficiently responsible to be encouraged to play a significant role in Malayan politics. The moderate Malay nationalists, including the rulers and the Malay elites, had demonstrated their political strength in the wake of the introduction of the Malayan Union, and the government obviously felt that it could not afford to alienate them once again... The leaders of the conservative Chinese business community, who were either anticommunist because of their pro-Guomindang leanings, or pro-British because of their English language education, were another group on whom senior officials felt they could call for support against the MCP.¹¹⁷

Thus, on the one hand, the British remained committed to the Federation of Malaya Agreement, enabling them to gain the support—

¹¹⁶ Khong Kim Hoong, 'The Early Political Movements Before Independence', in *Government and Politics of Malaysia*, edited by Zakaria Haji Ahmad (Singapore: Oxford University Press, 1987), p.24.

¹¹⁷ Richard Stubbs, *Hearts and Minds in Guerilla Warfare: The Malayan Emergency, 1948-1960* (Singapore: Oxford University Press, 1989), p.202.

or at least count on the acquiescence—of most Malay elites in the UMNO. At the same time, the British began to win over Chinese economic elites, detaching them from the AMCJA-PUTERA by offering them seats on the restored executive and legislative councils. The British also replenished Chinese economic resources, providing top business people with loans and honouring wartime claims in order that they could restart their companies. Finally, the British high commissioner, Sir Henry Gurney, suggested to traditional Chinese leaders that they politically organise as ‘an alternative to the MCP and as a counterpart to the UMNO’.¹¹⁸ The Malayan Chinese Association (MCA) was thus formed in 1949, its new president, Tan Cheng Lock, having been assured by the British commissioner-general for Southeast Asia, Malcolm MacDonald, that ‘there would be no Malay objection, an indication that he had worked behind the scenes to ensure a favourable UMNO reception’.¹¹⁹

The British turned next to local elites who continued strongly to oppose the federation agreement. The radical Malay groups of the PUTERA—most of whose natural constituency, the Malay teachers, had already been lost to the UMNO’s more powerful appeal—succumbed passively to official deregistration. Further, the MCP elites, upon their decision in 1948 to take up arms against the British, were militarily isolated, and their mass-level support was undercut through an innovative ‘hearts and minds approach’.¹²⁰ Hence, in a counterinsurgency campaign labelled the Emergency, the British used new propaganda techniques, forced resettlement in ‘new villages’ (a stark, territorial encapsulation of rural Chinese constituents), food denial, and bounty strategies in order to shift the MCP’s supporters to the MCA. Seizing the moment, MCA elites, ‘a group of leaders in search of followers [built] their organisation from the top down’¹²¹, forming new party branches among ready-made constituencies, raising

¹¹⁸ Khong, *Merdeka*, p.155.

¹¹⁹ Heng, *op. cit.*, p.59. Although much consensus was hereby restored between colonial officials and the native Malay and Chinese elites, this should not be taken to mean that relations were fully amicable. Stubbs notes that ‘even after the Malayan Union was abandoned in favour of the Federation of Malaya, [Dato’] Onn still distrusted the government’. In turn, ‘among senior government officials, Onn’s pre-eminent position as the most powerful local politician was readily acknowledged, although there were some misgivings about his unpredictable temperament—at one time virulently anti-British, at the next charming and solicitous of British opinion’. Finally, Chinese business people remained suspicious that ‘the return of British rule [would be] used primarily to pave the way for the return to dominance of British commercial interests’. Stubbs, *op. cit.*, pp.19, 27, and 205.

¹²⁰ See Stubbs, *op. cit.*, pp.155-200.

¹²¹ *Ibid.*, p.203.

welfare resources through a popular lottery, and funding a variety of assistance programs and services.

As conservative Malay and Chinese elites developed stronger, though separate, organisational identities and followings, the British attempted to reunify them. To this end, Malcolm MacDonald—a flexible intermediary who ‘rarely wore a coat and tie [and] tended to fraternise with members of the local population’¹²²—upgraded the existing Malay-Chinese Goodwill Committee to the Communities Liaison Committee (CLC) comprising six Malay representatives, six Chinese, and one member each from the Indian, Ceylonese, Eurasian, and European communities. Meetings took place during 1949–50, and they were convened in *sanctum sanctorum* such as King’s House in Kuala Lumpur, the governor-general’s house in Johor Baru, and Government House in Penang.¹²³

MacDonald attended and mediated all the CLC sessions. He ensured that UMNO and MCA subelites were barred from the meetings in order that discussions were kept secret from mass memberships. Only after elite agreements had been reached were proposals made to the Federal Legislative Council, then revealed publicly through press statements.¹²⁴ Thus, while committee debates were described as ‘rancorous’, their closed and autonomous nature allowed a ‘bond of trust’ to emerge between Dato’ Onn and Tan Cheng Lock, while fostering a wider collegiality among committee delegates.¹²⁵ This enabled them to reach compromises on divisive ethnic issues, establishing in principle, for example, that the Chinese should be given Malayan citizenship and that the Malays should receive special privileges. The CLC also produced an agenda for democratising the regime, a sequence of elections to be held first at local venues and then at the federal level.

These were the Communities Liaison Committee meetings that Lijphart views as the basis for a tradition of elite accommodation in Malaysia. He advises, however, that the CLC meetings were the *only* source of this tradition, and that even these should be regarded as tenuous. Hence, in comparing the country’s record to consociational experience in Lebanon, he writes that

122 Ibid., p.35.

123 Khong, *Merdeka*, p.158.

124 Means observes that ‘while the committee never developed a genuine non-communal approach to the problems confronting Malaya, it did demonstrate that significant communal compromise was more likely to emerge from semi-secret and ‘off-the-record’ negotiations conducted by communal leaders’. Gordon P. Means, *Malaysian Politics*, 2nd ed. (London: Hodder and Stoughton Ltd., 1976), p.124.

125 Heng, *op. cit.*, p.154.

the only similar precursor to consociational practices in Malaysia was the formation by the colonial authorities of the Communities Liaison Committee.... The committee was not set up until 1949 and therefore hardly qualifies as a traditional precedent, but it provided valuable experience for the intersegmental bargaining of the Alliance a few years later.¹²⁶

I have tried to show in this chapter, though, that it had long been a part of the British tutelary model to foster accommodative—or at least strongly complementary—outlooks between Malay state elites and Chinese economic elites. The CLC meetings were thus a milestone in reviving the tradition of elite accommodation after World War II, but the trend had in fact been started three-quarters of a century earlier with the establishment of the first state council in Perak, and it had been facilitated by the recruitment and training of local bureaucrats. In short, conditions for a tradition of elite accommodation were more present in the Malaysian case than Lijphart knew.

After the CLC meetings, the British assessed that local elites were unified enough that they could act on their democratising agenda. Indeed, with long exposure to rule-bound decision making and their familiarity with at least limited representativeness, these elites displayed a readiness to carry out their competitions in electoral ways. The British, borrowing from their experience in African colonies, thus introduced in 1951 a preparatory 'member system', a modified cabinet in which appointees were drawn from, and made accountable to, the Federal Legislative Council, thereby giving them parliamentary experience prior to contesting elections. Further, by increasing the authority of this body, the significance of the less representative Executive Council was overshadowed. Then, during 1951–52, the British paved the way for local elections involving municipal councils and village committees.

In a bid to broaden his electoral support, the leader, Dato' Onn, tried to realise what he viewed as the CLC's fully integrative potential, proposing that non-Malays be admitted into the party. After finding the Malay membership unreceptive, however, he rashly broke with the UMNO and was replaced as party president by Tunku Abdul Rahman, a Malay prince from Kedah. Dato' Onn then organised the multiethnic Independence of Malaya Party (IMP) which attracted initial interest from some of his aristocratic Malay colleagues, as well as from the MCA leader, Tan Cheng Lock. Moreover, British officials, similarly underestimating at this point the intractability of mass ethnic

¹²⁶ Lijphart, *op. cit.*, p.155.

sentiments, chose tacitly to support the IMP.¹²⁷ Stubbs rightly observes that together, 'they thus moved from a party with grassroots support to one with none'.¹²⁸

In contrast, an ethnically 'sensitive' formula for elite accommodation was devised by the Selangor state organisations of the UMNO and the MCA in preparation for the Kuala Lumpur Municipal Council election in 1952. Recognising that by contesting separately their respective parties would probably lose to the IMP, the chairman of the Selangor UMNO Election Committee, Datuk Yahaya, and the Selangor MCA chairman, H.S. Lee, formed a temporary electoral agreement during a meeting in the Miners' Club in Kuala Lumpur.¹²⁹ The resulting Alliance, as it was styled, easily defeated the IMP, winning nine of the Kuala Lumpur Council's twelve seats. The Selangor leaders then persuaded their national party presidents, Tunku Abdul Rahman of the UMNO and Tan Cheng Lock of the MCA, to attend an Alliance roundtable in 1953 in order to Institutionalise their arrangements. The British were evidently miffed, and Dato' Onn, having learned of the continuing strength of ethnic appeals, abandoned the IMP to found the highly chauvinistic *Partai Negara* (National Party).

The election result thus signalled the constraining effects of mass identities upon elite designs. While distinct mass constituencies may accept their leaders entering into coalitions, the Malays would not support such thorough integration by their leaders that they would lose all sight of vertical, ethnic ties. Hence, elites who are consensually unified, though able to offer one another broad concessions, must also secure their constituencies through narrow appeals. They otherwise risk losing their standing to activist subelites or being outflanked by civil elites. On this score, Khong sketches the overall configuration of elite autonomy, structural forces, and mass attitudes that were made manifest in the CLC meetings and electoral outcomes:

While the British were successful at this elite level to the degree that the leaders of UMNO, MCA, and other communal organisations not only met but agreed on a common platform [they] could not move successfully to the mass level. The CLC's platform was not well received by the respective memberships,

127 Horowitz writes that 'the preference for multi ethnic organisations in the colonies became something of British policy in the 1950s as the British came to grips with emerging nationalist movements'. Donald Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985), p.401n.

128 Stubbs, op. cit., p.208.

129 Detailed accounts of this meeting are provided by Heng, op. cit., and R. Vasil, *Politics in a Plural Society* (Kuala Lumpur: Oxford University Press, 1971).

especially UMNO, despite the fact that it was worked out by their leaders. The IMP which was formed later by the members of the CLC as a noncommunal party with the hope that such an approach would help to dampen racial politics, did not make much of an impact on the people.¹³⁰

In this respect, Tunku Abdul Rahman served as perhaps an optimal national leader and UMNO president, claiming enough autonomy that he was able to interact flexibly with Chinese elites, even while remaining attentive to mass sentiments. Stubbs notes that in assuming a 'Malaya for the Malays' posture before mass Malay audiences, the Tunku became immune to subelite criticisms over his dealings with the MCA—an approach that was on both levels facilitated by his great personal charm.¹³¹ Thus, while competitions among Alliance leaders could be intense, particularly when the party's National Council allocated seats among the component parties, some tacit understandings helped outline a division of responsibilities and rewards. For example, because the UMNO imbued the coalition with Malay indigene status and sovereignty, it was acknowledged as the 'predominant partner',¹³² and its candidates were allocated the most seats to contest. Further, the UMNO president chaired the Alliance national and executive councils, and he served as the coalition's perennial choice for prime minister. Below the UMNO president ranged Malay governing elites, recruited largely from the English educated Malay aristocracy, the Malayan Civil Service, and the Malay Administrative Service.¹³³ Reserved for the MCA, however, the source

130 Khong, *Merdeka*, p.207.

131 Stubbs, *op. cit.*, p.211.

132 Horowitz, *op. cit.*, p.406.

133 Gordon Means highlights the politically stabilising effects that UMNO elites imparted to the Alliance:

The leadership positions of UMNO have been filled largely from the ranks of traditional Malay aristocratic elites, who in their new political roles have been effective in generating broadly based popular support for UMNO among the Malays. Thus, the party has been instrumental in maintaining a continuity between the traditional power structure of Malay society and the new political institutions based on democratic principles and the support of mass publics.

Means, 'Malaysia', p.169. Interestingly, Gullick records that Malay civil servants from the former UMS were especially 'forceful personalities' during the UMNO's early years. He attributes this to civil servants in the Malay Administrative Service in the FMS having been confined in a subordinate scheme, while those in the UMS had retained considerable autonomy. See Gullick, *Rulers and Residents*, p.106. If this is correct, perhaps the state of Johor—strongly influenced by its proximity to the FMS and its ties to the colonial economy, yet retaining some independence as a member of the UMS—

of campaign funding and much voter support in urban areas,¹³⁴ were several financial and trade ministries with which to manage the economy and safeguard the stake of Chinese businesses. Lastly, in order to incorporate the relatively small Indian elite, the Malayan Indian Congress (MIC) was admitted into the Alliance in 1954, and it was allocated several parliamentary nominations and lesser cabinet portfolios.¹³⁵

Periodically resorting to secret talks in order to overcome inevitable suspicions and distrust¹³⁶ and indeed, withholding the full contents of their negotiated manifesto from the electorate, Alliance candidates contested against Dato' Onn's IMP in Federal Legislative Council elections in 1955. The Alliance won 51 of the 52 elected positions on the council, enabling Tunku Abdul Rahman to serve as chief minister until independence in 1957 and, thereafter, as prime minister until 1970. While this outcome did not amount to the fully democratic procedures that the British had desired, they recognised that Alliance attitudes toward ethnic relations and electoral practices were probably the best that could be cultivated, particularly as their own tutelary influence was waning. The drafting of a constitution for independent Malaya was therefore left almost completely to bargaining among Alliance members, a task merely formalised by the British and Commonwealth officials who sat on the Reid Commission.

The terms of the '*merdeka* (independence) constitution' recorded some compromises that had been reached between Malay and Chinese leaders in the CLC. Specifically, the Chinese community was finally

provided matchless conditions for effective organising, accounting for its status as 'birthplace' of the UMNO.

134 Horowitz writes that while 'the Alliance organisation was never as strong as that of either UMNO or the MCA, still both the organisation and the Alliance campaigns had to be funded. This permitted the MCA to compensate for electoral weakness with financial strength, thereby muddying the calculus of reciprocity'. Horowitz, *op. cit.*, p.409. This observation, based on deliberate elite-level exchange, might seem to clash with the earlier argument made by Horowitz that the UMNO's incentive to co-operate with the MCA in the Alliance lay in highly fortuitous, situational variables (p.401-2). Specifically, because the 1951 election occurred in an urban area in which the Chinese were a majority of the electorate, the UMNO appeared to be driven alongside the MCA. In turn, H.S. Lee, a key MCA leader, was motivated to co-operate with the UMNO by his strong personal dislike for Dato' Onn. Without these fortuitous variables, Horowitz speculates that the Alliance—and indeed, interethnic accommodation generally—might never have formed in Malaya.

135 Means records that in 1954 the MIC, the small ethnic Indian party vehicle, newly reoriented from subcontinental to Malayan politics, 'entered into secret negotiations with the Alliance to secure Indian candidates on the Alliance ticket in return for MIC support'. Means, *Malaysian Politics*, p.153.

136 *Ibid.*, p.164.

given Malayan citizenship on the basis of *jus soli* or by meeting relatively easy requirements. To then elevate the standing of the Malay community within this framework of common citizenship, Malays were awarded by Article 153 some special privileges with respect to state hiring and business licenses, government scholarships, and university placement. Article 89 also empowered state assemblies to increase Malay land reservations. Further, Malay cultural ascendancy was enshrined in a new, uniquely rotating, monarchical position of *yang di-pertuan agong*, which would be filled by the Conference of Rulers from among its nine members every five years. Islam was also made the official religion of the Federation of Malaya, though the right of non-Malays to practice other religions was safeguarded. Similarly, Malay was scheduled to become the country's official language, though only after a ten year interim, while the right of non-Malays to education in their native languages would be respected in perpetuity.

The constitution also encoded an important trade-off known informally as the 'bargain'. At base, it posited that while ethnic Malay leaders would hold the lion's share of state positions and power, they would refrain from using their prerogatives seriously to impinge upon the corresponding Chinese control of the economy.¹³⁷ Then, to close the deal, these elites agreed to exchange enough of their respective resources that they and their supporters might all enjoy something of both worlds. Malay elites, selectively granting state permission and protections to the Chinese, could accumulate personal wealth by sitting on the boards of Chinese companies. They could also extract some revenues in order to assist their rural Malay followers through such state enterprises as the Rural and Industrial Development Authority (RIDA).¹³⁸ Chinese elites, in turn, sharing their business assets with Malays, gained some political voice through the MCA in the Malay-dominated Alliance. They were also able to secure for their supporters some technical posts in the state bureaucracy, and they more generally arranged that mass Chinese constituencies were enfranchised.

Finally, one notes that when these elites released the constitutional draft publicly as the Reid Report in 1957, it was widely criticised by their respective subelite constituents. UMNO functionaries were dissatisfied by the terms of Malay special privileges and cultural

¹³⁷ The relevant constitutional provision, Article 153, Section 9, states that 'nothing in this article shall empower parliament to restrict business or trade solely for the purpose of reservations for Malays and natives of any of the states or Sabah or Sarawak'.

¹³⁸ RIDA, the first important state program to assist Malays, was instituted by Dato' Onn in 1950.

guarantees, and they received the report with little enthusiasm.¹³⁹ Chinese educated businessmen in the Federation of Chinese Guilds and Associations, for their part, sought even to influence final negotiations over the draft, sending an independent delegation to London in defiance of MCA leadership. But in the run-up to independence, ethnic suspicions briefly abated, and the constitution was approved by the new parliament and the rulers amid public celebration. Of course, with time ethnic tensions recurred between different mass constituencies, exposing elite agreements to attack from activist subelites, new civil elites, and in some instances, from ambitious elites themselves. Indeed, while the 'bargain' appeared appropriate for conditions at the time of independence, it was probably unsustainable over the long term as modernisation heightened mass Malay expectations and spotlighted material imbalances. But the 'bargain' may also be thought of as part of a broader tradition of elite accommodation and compromise. And this tradition would later enable national elites to adjust their game rules, the terms of their power sharing, and indeed, the larger regime form in basically peaceful ways.

Conclusion: A Consociational Democracy?

Focusing on elite-level mechanisms such as the 'grand coalition' and 'oversized cabinet' that were geared to remedying ethnic segmentation in Malaysia, Lijphart considered at the end of his study that the country's regime was perhaps a consociational democracy. However, while local elites interacted during this period in coalescent ways, the sharing out of state positions could not be described as fully proportional or consistently democratic. Put simply, Chinese elites accepted marked under-representation in the government, bureaucracy, and military in return for some economic assurances and basic citizenship guarantees. Stephen Chee observes further that in the Alliance Council and cabinet meetings—the uppermost decisional committees—UMNO elites never conceded to the Chinese any power of 'mutual veto' over what they held to be vital Malay interests.¹⁴⁰ Additionally, UMNO elites refused to grant the Chinese a firm 'segmental autonomy' over their own community's cultural policies and concerns, especially 'as expressed in ... demands for linguistic and education pluralism'.¹⁴¹ In brief, while meaningful bargaining took place in the Alliance, Chinese elites lacked from the start any

¹³⁹ Means, *Malaysian Politics*, p.192n.

¹⁴⁰ Stephen Chee, 'Consociational Political Leadership and Conflict Regulation in Malaysia', in *Leadership and Security in Southeast Asia: Institutional Aspects* (Singapore: Institute of Southeast Asian Studies, 1991), pp.63-66.

¹⁴¹ *Ibid.*, p.66.

particular veto or issue-area autonomy. Finally, in examining the regime's democratic dimension, one notes that it was limited in ways that often had little to do with specifically depoliticising ethnic sentiments. That is, with peasant and labour movements tightly controlled after the Emergency, civil elites representing class interests, whether Malay or Chinese, were denied organisational rights and democratic access to state decision making.

Hence, Malaysia during the late 1950s and 1960s can more accurately be viewed as a stable, semi-democracy based on the complacent withdrawal from politics of Chinese economic elites and the premobilised quiescence of mass constituents. Lijphart is aware of this, and he concludes:

It is extremely difficult to evaluate ... whether the economic superiority of the non-Malays adequately balanced Malay political hegemony.... [T]he politically dominant role of the Malays in the Alliance and in the Malaysian government ... throws some doubt on the consociational character of the Malaysian regime even in the 1955-69 period.¹⁴²

But despite the lack of proportional allocation and consociational outcomes as Lijphart strictly defines them, it is clear that Malaysian national elites did interact in accordance with some consensually unified formula. R.S. Milne assesses that 'when the whole scene is surveyed, in its social, economic, and political aspects, it becomes clear that a kind of short-term rough justice between the claims of the communities [was] in fact ... attained'.¹⁴³

Chee describes this in terms of a 'hegemonial transactions model', persisting even after the Alliance gave way to the *Barisan Nasional* (National Front) during the 1970s.¹⁴⁴ Similarly, Mauzy writes that even after the 'bargain' was supplanted by the New Economic Policy, *Barisan* decision making still featured 'compromise principles' and 'package deals'.¹⁴⁵

Thus, the next question that needs to be asked is how does the interpretation of the origins of consensual elite unity made in this chapter help us to account for the contours of subsequent Malaysian politics? How did the elite attitudes and behaviour of the colonial era persist and evolve during later decades amid shifting structural

142 Lijphart, op. cit., pp.152 and 154.

143 R.S. Milne, *Government and Politics in Malaysia* (Boston: Houghton Mifflin, 1967), p.41.

144 Chee, op. cit., p.57.

145 Diane K. Mauzy, *Barisan Nasional: Coalition Government in Malaysia* (Petaling Jaya, Malaysia: Marican and Sons, 1983), p.137.

conditions? Let us turn our attention, then, to elite continuity and crises after independence and their impact on Malaysia's regime form.

CHAPTER THREE

Crises in Consensual Elite Unity in Post-Colonial Malaysia, 1957-1986

Chapter Two sought to show how colonial experience combined with some precolonial norms to produce a consensually unified elite in Malaysia, one poised at independence to operate a stable and semi-democratic regime. This chapter tries to show how these patterns of elite behaviour and regime form have tended strongly to persist. To make this interpretation plausibly, some 'discordant' data in Malaysia's political record are examined, four elite-level crises that occurred in a context of structural changes and pressures. We will see, then, how consensual elite unity can be challenged by activist subelites and civil elites who mobilise mass grievance. But we will see too how elites can ward off these challenges, drawing upon, and perpetuating, their tradition of accommodation.

This view asserts against what might be called 'communalist' theories, those that assume not only a rigidity of ethnic identities, but also the helplessness of elites to overcome them. The first part of this chapter, then, begins by evaluating some 'predictions' made by Rabushka and Shepsle about the inevitability of elite conflict and democratic breakdown in plural societies that have decolonised.¹ The chapter's second part analyses the series of political crises in Malaysia. While these outbreaks commenced in ways that Rabushka and Shepsle would expect, they were resolved well short of serious elite disunity, regime instability, and descent into authoritarian rule.

¹ See also Jomo who writes

that existing problems cannot be resolved by elitist interethnic bargaining and compromise. There are two main reasons: ethnic demands are ultimately irreconcilable by nature; and the elites involved never fully represent the ethnic constituencies they claim to represent, but usually use these claims to protect and advance their own particular interests.... [In Malaysia, there] is actually only a surface calm over powerful and dangerous undercurrents which can only lead to disaster.

Jomo K.S., 'Malaysia's New Economic Policy and National Unity', *Third World Quarterly* 10, no. 4 (October 1989), p.38.

Rabushka and Shepsle's Deteriorative Predictions

In *Politics in Plural Societies: A Theory of Democratic Instability*, Alvin Rabushka and Kenneth Shepsle underscore the importance in multiethnic settings of colonial rule and elite cooperation for stable and democratic regimes.² However, in contrast to the colonial tutelage of local elites that Weiner elaborates, Rabushka and Shepsle describe a unifying nationalist reaction *against* colonial experience. Citing Furnivall's pioneering work on plural societies,³ they write that 'an ethnically divided society requires some external force to hold it together. Colonial rule is a prime candidate'.⁴

But with decolonisation and the removal of external force, these writers argue that elite restraint and ethnic peace are inevitably eroded, albeit at variable speeds: gradually in what they conceptualise as bipolar, balanced ethnic configurations (eg., Malaysia, Guyana, and Belgium), and rapidly in skewed configurations involving dominant majorities (eg., Sri Lanka and Northern Ireland) or dominant minority segments (eg., South Africa and Rhodesia). Thus, in challenging Lijphart's thesis that encapsulated ethnic loyalties favour elite coalescence and consociational democracy, Rabushka and Shepsle assert that democratic breakdown may be delayed by such conditions, but that elites are unable to stave it off indefinitely. Indeed, in their view, elites serve usually as the agents of divisive ethnic forces, ambitiously spearheading the corrosive process. Their grim conclusion takes the form of a question: 'Is the resolution of intense but conflicting preferences in the plural society manageable in a democratic framework? We think not'.⁵

Rabushka and Shepsle outline some phases which, while partially overlapping, mark an overall progress toward post-colonial destabilisation. In the Malaysian case, they claim that this fated march on democratic breakdown was completed after twelve years of independence, culminating in the ethnic rioting of 13 May 1969. But this assessment, it seems, was premature. While elite relations in Malaysia were doubtless tested at several junctures by ethnic tensions and power struggles, the longer record shows that these crises were largely resolved, that elites adjusted their relative statuses and game rules, and that regime stability and openness were renewed and extended. In short, it was too early in 1969 to reclassify Malaysian elites as disunified and the regime form as basically unstable and fully

2 Alvin Rabushka and Kenneth Shepsle, *Politics in Plural Societies: A Theory of Democratic Instability* (Columbus OH: Charles E. Merrill, 1972).

3 J.S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India* (New York: New York University Press, 1956).

4 Rabushka and Shepsle, op. cit., p.12.

5 Ibid., p.217.

authoritarian. Let us briefly review the several deteriorative phases enumerated by Rabushka and Shepsle in light of Malaysia's experience.

Colonial-era Ethnic Cooperation

Rabushka and Shepsle first contend that colonial rule binds the normally antagonistic leaders of diverse ethnic communities in an anticolonial alliance. They write that 'ethnic communities were not so much competitors with one another as they were in competition with a common opponent.... [A]lien rule provided the impetus for interethnic cooperation and the submergence of ethnic differences'.⁶

If ethnically divided elites cooperate only in undermining the colonial power, one can indeed expect that cooperation to end with independence. But I have shown that in the Malaysian case, the British acted with sophisticated self-interest to help reinforce understandings between Malay and Chinese elites, using bureaucratic structures and representative councils to formalise some preexisting local traditions. Moreover, the British made clear that ethnic relations would need to be strengthened before independence could be granted⁷, thus increasing local elite willingness to cohere in multiethnic coalitions and parties. Hence, UMNO and MCA elites joined together in the Alliance not so much to weaken the British as to oblige them, and not in wilful opposition to the colonial power, but in peaceful, electoral opposition to Dato' Onn's Independence of Malaya Party.

Post-colonial Erosion of Ethnic Cooperation

Rabushka and Shepsle further assert that once local elites have together wrested independence from the colonial power, they will wheel to confront one another over the ethnic divide. As mentioned above, these authors maintain that while the rate with which elites adopt this posture may vary, disunity sets in inexorably to destabilise democracy.

Although elites universally compete for state positions and power, it does not follow that their interaction must in multiethnic settings go unrestrained by game rules. To assume this is to deny that local elites have the ability to discern, and the autonomy to sustain, the collective benefits of an accommodative tradition. On this score, I have argued that elites in former British colonies, exposed to the notion that cooperation and forbearance best assures their mutual statuses, may choose to perpetuate their consensually unified relations. Thus, while Rabushka and Shepsle's generalisations cover

⁶ Ibid., pp.74-75.

⁷ Donald Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985), p.403.

the experience of many ruthless, disunified elites in decolonised settings, clearly Malaysian elites have interacted and apportioned resources in more rule-bound and accommodative ways.

Demand Generation and the Increased Salience of Ethnicity

A third phase specified by Rabushka and Shepsle involves the steady escalation of ethnic demands into open 'communalism' at the elite, subelite, and mass levels. They identify two opposing behaviours: first, 'ambitious politicians' arousing ethnic grievances and pushing for access to decisional committees and second, the tendency among elites to pare their committees to a 'minimum proportion consistent with winning'.⁸

It can be shown, however, that when ambitious politicians mobilise mass discontents, state elites and a paramount national leader are not necessarily powerless to remedy it. As mentioned above, it was only after civil elite actions provoked a crisis in Malaysia in 1969 that Rabushka and Shepsle published their determinist theory of democratic instability. This chapter argues, however, that this episode resulted in a calculated regime closure rather than haphazard breakdown, that state elites retained their consensual unity while fending off subelite and civil elite challenges, and that basic regime stability was in consequence maintained. It argues also that this enabled elites to reopen the regime later and to restore a substantial degree of democratic politics.

But while ambitious politicians may be prevented from thrusting upon, and disrupting, innermost decisional committees, elites may still experience pressures to tighten their configuration. Drawing upon game theory's insights into group behaviour, Rabushka and Shepsle contend that post-colonial tensions flow from the 'oversized condition of the multiethnic coalition [in which] the coalition-of-the-whole is larger than necessary for making collective decisions ... and communal criteria often determine who is expelled'.⁹ In profound contrast to Lijphart's analysis, Rabushka and Shepsle thus view multiethnic inclusiveness in a grand coalition and oversized cabinets as a 'primary source of communalism'. They believe that these mechanisms are less the outcomes of elite coalescence and the means by which resources are shared than they are the cause of elites seeking forcibly to deny one another state positions and power.

Certainly this temptation to winnow out contenders and concentrate benefits characterises even Malaysia's consensually unified elites. But these pressures and setbacks have not served to

⁸ Rabushka and Shepsle, *op. cit.*, p.81n.

⁹ *Ibid.*, p.81.

recast elite relations in exclusionary and disunified patterns. As an example, consider that during the years after the 13 May crisis, the governing coalition was steadily *enlarged* in order to embrace ethnic parties from throughout Peninsular Malaysia, Sabah, and Sarawak. Moreover, while the MCA gradually lost the financial and trade portfolios, UMNO elites staunchly resisted demands by more activist subelites that Chinese ministers be removed from the cabinet entirely. Of course, some observers dismiss admission into Malaysia's governing coalition as a cooptative tightening of the reins rather than meaningful power sharing. But even cooptation involves some level of benefits for incorporated persons and followings, so that while Chinese elites have not received state benefits in proportion to the sizes of the communities they lead, they have nonetheless retained greater influence within a fuller democracy than Rabushka and Shepsle's theory predicts.

'Outbidding' and Erosion of the Multiethnic Coalition

In an atmosphere of ethnic tensions, political ambitiousness, and exclusionary pressures, Rabushka and Shepsle specify next that otherwise moderate ethnic leaders must succumb to the temptations of ethnic appeals in order to stake out warring positions. They write that

ethnic preferences are intense and are not negotiable. To promise less for one's group in the name of harmony and accommodation is to betray that group's interest... [Thus,] communal politicians can defeat candidates of the multiethnic coalition, whose position on the ethnic issue is ambiguous ... by taking extreme positions... In short, communally based political entrepreneurs seek to increase the salience of communal issues and then to outbid the ambiguous multiethnic coalition.¹⁰

Rabushka and Shepsle are right, of course, to describe ethnicity as a powerful basis for social affiliation and to view moderate elites as vulnerable to outbidding. But to construe elites as mechanistically responding to these pressures is again to negate utterly the autonomy of politics. Indeed, Rabushka and Shepsle concede that they lack an articulated 'theory of political entrepreneurship, and a formal treatment of preference formation'.¹¹ Doubtless such a theory would help to account for those instances wherein elites seek mutual assistance rather than particularistic gains, and wherein they collectively choose to demobilise or ignore ethnic sentiments in an effort to preserve societal peace. That Malaysia's multiethnic

¹⁰ Ibid., pp.66 and 83.

¹¹ Ibid., p.92.

governing coalition has, in its several organisational guises, endured for more than three decades suggests that elites, subelites, and paramount national leaders do not invariably commit their skills to reckless mobilisation and brinkmanship.

Electoral Machinations and Distrust

Lastly, Rabushka and Shepsle claim that elite outbidding must eventually lead a dominant ethnic faction to abuse democratic procedures, expanding its support by manipulating voter qualifications, gerrymandering, arbitrarily disenfranchising, tampering with ballot boxes, deregistering parties, and arresting political opponents. Democracies are thus steadily drained of substance until breakdowns, often characterised by violence, are initiated by leaders of either ascendant or excluded communities.

In Malaysia, electoral results have been most obviously distorted through a single member district system and malapportionment that strongly favour rural Malay voters.¹² However, it was not Malay elites that introduced these principles in consolidating their political dominance over Chinese leaders at independence. Rather, the colonial Merthyr Commission introduced them in 1955 in order first, to compensate rural voters for the difficulties in communicating with them and second, probably to solidify the political and economic power sharing terms of the constitutional 'bargain'. Moreover, while UMNO elites have politically benefited from rural weighting, one recalls that they have also regularly allocated some 'safe' seats in Malay districts to their governing partners in the MCA and the *Gerakan Rakyat Malaysia* (Malaysian People's Movement). In addition, in the northern states, the Pan-Malayan Islamic Party (PMIP, later *Parti Islam se-Malaysia*, or PAS) candidates are as likely to benefit by these arrangements as are UMNO candidates. The Democratic Action Party (DAP) also finds that by consistently winning in urban districts with non-Malay majorities, it can establish in parliament a meaningful level of opposition. In sum, UMNO governing elites have limited democratic procedures in Malaysia, but not to the extent that minority communities are denied all political rights and representation. Thus, while both Malay and non-Malay opposition parties would probably win more seats through a more open or proportional system, they perform better in even Malaysia's skewed single member district system than they would under the more

¹² Alvin Rabushka, 'The Manipulation of Ethnic Politics in Malaya', *Polity* 2, no. 3 (1970), pp.345-56; and S. Sothi Rachagan, 'The Appointment of Seats in the House of Representatives', in *Government and Politics of Malaysia*, edited by Zakaria Haji Ahmad (Singapore: Oxford University Press, 1987), pp.56-70.

severe 'machinations', even authoritarianism that Rabushka and Shepsle predict.

One concludes that Rabushka and Shepsle's predictions (or rather, postdictions) are either incorrect in the Malaysian case or are formulated imprecisely. Though making a clear analytic distinction between elites and regimes, they do not recognise elite-level game rules as different from the regime itself. In their interpretation, the suspension of democratic procedures must signify willy nilly the prior disunity of elite attitudes and behaviour, probably along ethnic lines. But what of those cases in which multiethnic national elites maintain their consensual unity, at least at the state level, and, on the basis of tacit agreements, undertake regime closure in order to preserve regime stability? This action, moreover, may permit elites later to reopen the regime and restart democratic procedures. In short, one cannot always read back from observable outcomes to learn elite attitudes, especially with respect to their 'true' commitment to democratic politics. Tun Razak, for example, while forced to close the regime after the 13 May rioting, valued institutionalised opposition to his government enough that, according to some accounts, he overrode the objections of his deputy, Tun Dr. Ismail, in order to reconvene parliament.

In addition, Rabushka and Shepsle neglect to separate the regime's stability and democracy dimensions, collapsing them into a 'theory of democratic instability'. Is it, then, merely democratic procedures that are destabilised by ethnic conflict, and that after an ascendant ethnic faction strips them away, a condition of *undemocratic* stability remains? Or is the regime form made more deeply unstable, regardless of its transition from democratic to authoritarian politics? And with respect to pressures to minimise the membership in winning coalitions, does the coalition reach equilibrium once ethnically dissimilar elites are expelled and uniformity is imposed, or does the principle continue to gnaw at even the truncated, ethnically purified coalition? If the minimising trend persists, this suggests that elite distrust can occur over other than ethnic cleavages, or further, that elite disunity can be played out between multiethnic coalitions—a contingency untreated by Rabushka and Shepsle.¹³

Nonetheless, the central thesis advanced by these authors that anticolonial sentiments among local elites provide an inadequate basis for their post-colonial cooperation is valid. Of course, fraternal experience in arms may produce among local elites an alliance of convenience. But the absence of prior, elite-level understandings and

¹³ This configuration, we recall, arose very visibly during Selangor's civil war in the nineteenth century when Malays and Chinese fought side by side against similarly arrayed forces.

carefully crafted game rules ensures the demise of this alliance as soon as it grows *inconvenient* for one or all of the factional partners. I have argued, then, that the forbearance enabling elites to surmount specific crises was most reliably promoted in developing countries through British colonial tutelage, not their indignant rejection of colonial experience. By these terms, then, one can begin to account for at least the limited unity of Indonesia's leaders at independence dissolving in undemocratic politics during the late 1950s, followed by outright regime instability in the mid-1960s.¹⁴

But while nationalist sentiment cannot replace the tutelary model in creating a tradition of elite accommodation, it may reinforce that model in positive ways. The consensual unity of India's indigenous elites was nurtured by British introduction of bureaucratic structures and representative councils. And the emergence of the Indian National Congress within those institutions and its galvanising call for home rule contributed to, and helped to perpetuate, India's accommodative elite tradition, as well as the country's stable and democratic regime. Indeed, the Indian case, like Malaysia, offers a striking counter-example to Rabushka and Shepsle's theory that democracy must in multiethnic settings wither inevitably into authoritarianism, instability, or both.

Elite Crises in Malaysia

The value of Rabushka and Shepsle's work, however, is to warn us against complacency. Even consensually unified elite configurations, while basically persistent, may be so tested by ethnic cleavages, class tensions, or other pressures that at some junctures, profound crises emerge. These crises occur when elites spurn their accommodative tradition and act on the calculation that they and their supporters have less to gain by conforming to existing game rules than by violating them. In Chapter One, I sketched a progression of rule-breaking stratagems that ranged from brief feints to outright defections as elite persons and factions strived to bolster their standings or erode those of their rivals.

In Malaysia after independence, challenges to consensual elite unity were made episodically and with varying intensity. Thus, state elites were challenged by subelites, civil elites, and finally by other elites. Moreover, these crises often centred upon ethnic grievances that were brought to the boil by interrupted or unbalanced economic growth. And while available evidence suggests that only the leaders of

¹⁴ See Harold Crouch, *The Army and Politics in Indonesia*, 2nd ed. (Ithaca: Cornell University Press, 1988); and William Liddle, 'Indonesia's Democratic Past and Future', in *Comparative Politics* 24, no. 4 (July 1992), pp.443-62.

Malaysia's Communist Party and its offshoots ever undertook violent political actions, inflammatory appeals by elites and subelites still spilled over on one occasion into serious mass violence nonetheless.

What was the institutional locus of most elite competitions in Malaysia in the post-colonial era? As we have seen, the British channelled elite-level and elite-mass interaction into a competitive party system, the *sine qua non* of democratic regimes. And even though the party system quickly shed much of its competitiveness, and elite struggles ranged into virtually all state, economic, and civil society arenas, elected UMNO-led coalitions have remained at the core of political life. One identifies in the Malaysian political record, then, the following elite crises: (1) the July crisis of 1959, occurring within the Alliance between the UMNO and the MCA; (2) the 13 May crisis in 1969 between the Alliance and opposition parties; (3) crisis within the UMNO during 1975–78; (4) the MCA crisis affecting the *Barisan Nasional* (National Front) coalition during 1983–86; and (5) a complex crisis which began within the UMNO, spread to the MCA, and ultimately involved the parliamentary opposition, the judiciary, the media, and civil society organisations during 1987–89.

The events surrounding the first four crises have frequently been analysed. In reviewing them in this chapter, I seek to place these crises in a new theoretical perspective, rather than to present new factual materials. But the fifth and most recent crisis has received less scholarly attention, and here I am able to introduce some new interview material. And because it is the most complicated of these crises—and perhaps an even greater watershed in Malaysian political development than the 1969 upheaval—I will focus upon it separately in Chapter Five.

Interethnic Conflict Within the Alliance, 1958-59

At independence, elite interaction in the Alliance National Council, the cabinet, and other decisional committees took place in consensually unified ways. Leaders of the Alliance's three component parties were bound by personal friendships, and they observed informal bans upon violating secrecy and publicly mobilising outside pressures. Further, while intense bargaining over ethnic issues was permitted in these committees, it was tempered by a 'spirit of accommodation' and mutual restraint.¹⁵ Minister of Commerce and Industry Tan Siew Sin, the son of the MCA president, Tan Cheng Lock, and a close friend of the prime minister, Tunku Abdul Rahman, observed that 'when one party asks for concessions, that party always tries to bear in mind the

¹⁵ R.S. Milne and Diane K. Mauzy, *Politics and Government in Malaysia* (Singapore: Federal Publications, 1978), p.131.

difficulties of the other party or parties, so that the final solution does not bear too harshly on any one community'.¹⁶ Accordingly, final decisions were reached with unanimity rather than through confrontational zero-sum voting, then put forth as authoritative policies which governing elites jointly defended before mass audiences.

These policies reflected and reinforced elite understandings about the constitutional 'bargain'. Thus, Tunku Abdul Rahman, the national leader, held the paramount state position and power, but remained personally unconcerned with rapid growth, trade matters, and the economic 'status problems' of middle class Malays.¹⁷ He therefore refused to regulate the economy in ways that would weaken foreign capital or Chinese commercial interests, or to modify his government's tight monetary and fiscal policies that benefited Chinese taxpayers. To the extent that state elites did undertake interventionist policies during the First Five Year Plan (1956-60), they emphasised import substitution and urban infrastructure over rural development and agriculture. Jesudason writes, in sum, that

Tunku Abdul Rahman's priority was to lay the basis for political stability in a potentially divisive multiethnic society. Pushing vigorously for Malay commercial development was a secondary concern. He did not show much confidence in Malay business capabilities.¹⁸

However, in accommodating Chinese elites in the MCA and major business firms, the Tunku slowly distanced himself from the UMNO's subelite and rural Malay constituents. Malay civil elites thus emerged who were able to appeal to mass discontents through a variety of organisations. These included the opposition Pan-Malayan Islamic Party, professional groups such as the Federation of Malay School Teachers' Associations (FMSTA), Islamic officials, the Malay press, and Malay literary societies. Their appeals resonated especially among Malay troops who were demobilised near the end of the Emergency and sought access to agricultural land.¹⁹

English educated Chinese elites, in turn, while active in the MCA and holding sway over the economy, yielded most state power and

16 Quoted in the *Sunday Times* (Malaysia), 12 August 1973, in Milne and Mauzy, op. cit., p.131.

17 James V. Jesudason, *Ethnicity and the Economy: The State, Chinese Business, and Multinationals in Malaysia* (Singapore: Oxford University Press, 1989), p.55.

18 Ibid., p.53.

19 N. John Funston, *Malay Politics in Malaysia: A Study of the United Malays National Organization and Party Islam* (Kuala Lumpur: Heinemann Educational Books Ltd., 1980), p.49.

control over cultural symbols to the UMNO. And like the UMNO, the MCA found that this elite-level concession making weakened its subelite and mass-level constituencies.²⁰ For example, Chinese educated merchants, organised under the Council of Representatives of Chinese Guilds and Associations, offered the MCA only ambivalent support. Although they needed official patronage and government favours in order to operate their businesses²¹, they resented political constraints placed by the Razak Report upon Chinese education and language.²² Furthermore, Chinese organisations in civil society without links to big business—such as the opposition People's Progressive Party (PPP), the Labor Party (LP), the United Chinese School Teachers Association (UCSTA), the Chinese press, labour unions, and student groups—gave full vent to Chinese cultural grievances.

The July Crisis

In the MCA's party election in March 1958, the 'old guard' leadership of Tan Cheng Lock and Ong Yoke Lin was, in a display of 'subelite ascension', turned out by a faction of 'young bloods' or 'Chinese firsters' more attuned to Chinese mass sentiments. Led by the chairman of the Political Subcommittee of the MCA, Dr. Lim Chong Eu, the MCA secretary-general, Too Joon Hing, and the MCA Youth chairman, Tan Suan Kok, these young bloods abruptly claimed governing elite status. They then expressed their intention to UMNO leaders to remain in the Alliance only if given political equality with which to resist Malay encroachment upon the Chinese 'way of life'²³—a clear show of disdain for the 'bargain'.²⁴ Specifically, upon

20 Vasil characterises the MCA leadership:

[F]rom the time of its formation in 1949, the MCA was led by a group who were all very prosperous businessmen. These leaders—Tan Cheng Lock, Yong Shook Lin, Leong Yew Koh, H.S. Lee—all English-educated and not many of them fluent in any of the Chinese dialects, did not, by and large, represent the aspirations of the rank and file of the Chinese community. Many of them were in politics not because of any deep political convictions or elevated aims, but because they had found that their business interests would be better served through political links. They therefore had no hesitation in making substantial concessions with regard to the vital interests of the Chinese community.

R. Vasil, *The Malaysian General Election of 1969* (Singapore: Oxford University Press, 1972), p.3.

21 Heng Pek Koon, *Chinese Politics in Malaysia: A History of the Malaysian Chinese Association* (Singapore: Oxford University Press, 1988), p.244.

22 For a discussion of the Razak Plan, see Gordon P. Means, *Malaysian Politics*, 2nd ed. (London: Hodder and Stoughton Ltd., 1976), pp.202-3.

23 R. Vasil, *Politics in a Plural Society* (Kuala Lumpur: Oxford University Press, 1971), p.26.

assuming the MCA presidency, Lim Chong Eu demanded that Chinese language be given official status, that Chinese schools be protected, and that Singapore be joined with the Federation of Malaya, a measure that would restore a Chinese majority in the country.

Interaction between UMNO and MCA elites, previously collegial, grew rigid and formal.²⁵ The friendships and understandings that had restrained partisanship were weakened, causing competitions in the Alliance to become turbulent. Means observes, for example, that 'MCA leaders, egged on by the Chinese press, cooperated with Chinese communal organisations in attempts to pressure the government, and even encouraged them to resist government policies'²⁶—preliminary to use of the 'artful inflexibility' stratagem described in Chapter One.

At the same time, Lim sought to consolidate his control over the MCA, drawing away resources still in the hands of the old guard leaders, Tan Siew Sin (who was slowly replacing his father as factional leader) and Ong Yoke Lin. Tan and Ong resisted Lim, however, retreating to their respective regional bases in the Malacca and Selangor MCA organisations and refusing to share membership or financial information with party headquarters.²⁷ Lim then tried to impose a new MCA constitution whose rule changes would force the old guard to comply. The reaction of the old guards was described as 'immediate and violent'.²⁸ They sought openly to mobilise support among the party's subelite and mass membership, while, at another level, requesting secretly that the UMNO intervene. UMNO officials obliged the MCA old guard as the registrar of societies, controlled by the home minister, rejected Lim's constitutional changes, indicating clearly the UMNO leadership's preference for Tan Siew Sin and Ong Yoke Lin.

In July, young bloods in the MCA's Central Working Committee (CWC) again confronted UMNO elites, insisting that their party be allocated forty districts to contest in the upcoming general election. They calculated that this total, increased since the 1955 Federal Council election, would reflect the enfranchisement of Chinese made

24 Haas writes that this 'assault on the leadership of Tan Cheng Lock in March 1958 constituted an attempt by the younger MCA members to alter the political balance struck before Malaya became independent'. Roy C. Haas, *The MCA, 1958-59: An Analysis of Differing Conceptions of the Malayan Chinese Role in Independent Malaya* (Ph.D. dissertation, Northern Illinois University, 1967), p.3.

25 Means, *Malaysian Politics*, pp.205-5.

26 Ibid.

27 Haas, op. cit., p.112.

28 Daniel Eldredge Moore, *United Malays National Organization and the 1959 Malayan Elections* (Ph.D. dissertation, University of California at Los Angeles, 1960), p.232.

citizens after independence, and that it would enable the MCA to acquire enough parliamentary seats to check constitutional amendments proposed by Malay MPs. To this end, Lim Chong Eu wrote a confidential letter to Tunku Abdul Rahman in which he strongly requested the additional candidacies. The MCA publicity chief, Yong Pung How, made the letter public, however, stating explicitly that his purpose was 'to force concessions on the allocation of seats and on issues of Chinese education'²⁹—a sharp violation of Alliance understandings. The young bloods then made open appeals to the Chinese community, underscoring their threat to withdraw from the Alliance if they could not win Chinese support. This overt mobilisation of outsiders, elite-level confrontation, and brinkmanship in decisional committees suggest the onset of fuller elite 'dis-cooperation'.

While the new MCA leadership was thus striving to increase its support and power, UMNO elites likewise felt the need to reenergise their mass followings. In recent elections, the UMNO had lost control of the Kelantan and Trengganu state assemblies to the PAS. Hence, during the July crisis, Tunku Abdul Rahman 'reacted violently' to Yong's release of Lim's letter, terming it an 'ultimatum' and 'stab in the back'.³⁰ Speaking publicly, the Tunku announced that he would assume fuller powers over the Alliance National Council, and that he would personally allocate seats among the component parties and select all their respective candidates. Further, he held a private meeting with Lim Chong Eu in which he insisted that the MCA accept his political paramountcy, withdraw its demands, and purge certain activists or face expulsion from the Alliance.³¹ The MCA Central Working Committee swiftly backed down, voting to accept the Tunku's terms in order to remain in the coalition. Though Lim continued to serve as MCA president for a time, Yong Pung How and much of the young blood factional membership resigned promptly, denouncing the organisation as no longer able to serve the Chinese community.

In selecting the MCA's electoral candidates, Tunku Abdul Rahman carried out further elite replacement. He quietly dropped Lim Chong Eu and his remaining supporters, including H.S. Lee, a founder of the Alliance, in order to name many old guard leaders to safe seats with Malay majorities. Indeed, Lim had little idea until nomination day who his party's candidates were,³² a glaring indicator of diminished trust,

29 Quoted in Haas, *op. cit.*, p.138.

30 Quoted in Vasil, *Politics*, p.30.

31 Means, *Malaysian Politics*, p.213.

32 R. Vasil, *Politics in a Plural Society* (Kuala Lumpur: Oxford University Press, 1971), p.31.

personal interaction, and mutual access that characterise consensual elite unity.³³ Lim Chong Eu, his position having been seriously undermined, then resigned as MCA president prior to the 1959 elections, and he eventually went into opposition. And, after an interim, Tan Siew Sin, now serving as finance minister, was promoted to the MCA presidency.

Elite Relations

The consensual elite unity prevailing at Malaysia's independence would appear to have recovered with this resolution of the July crisis. This involved, however, a sharp clarification of relative standings among governing elites. The crisis presented to the MCA 'a major political lesson: that the UMNO possessed the means to make or break any MCA leader'.³⁴ Thus, the UMNO's political dominance over the MCA within the Alliance, as well as the Tunku's paramountcy as national leader were made clear in that henceforth, the UMNO president would be less constrained by the Alliance National Council in naming or approving all coalition candidates.

In consequence, the MCA's English educated old guards, though restored to their governing elite statuses by the Tunku, continued to lose support among Chinese constituencies concerned with cultural and educational issues. Thus, while the Alliance won the 1959 election, the MCA performed poorly in Chinese districts that year and generally in elections thereafter.³⁵ Indeed, a pattern was fixed whereby conciliatory MCA leaders were only able to compete effectively for office in largely Malay areas suitably prepared and offered to them by the UMNO.

After enforcing its political dominance, the UMNO asserted additional control over the symbols of national culture. The education ministry, though having initially allayed Chinese fears by agreeing to review the controversial Razak Plan, finally invoked the even more stringent Talib Report whereby Chinese schools not adhering to the national curriculum were to be denied all state subsidies—'a bitter pill for the Chinese educationists to swallow'.³⁶ UMNO elites also began to implement the constitutional provisions related to national language, announcing that by 1967 Malay would be the only language officially

33 See Robert D. Putnam, *The Comparative Study of Political Elites* (Englewood Cliffs NJ: Prentice Hall, 1976), p.112. Moore writes that 'the most important single factor about this crucial period was the apparent total lack of any channels of communication between Dr Lim's group in the MCA and the Tunku'. Moore, *op. cit.*, p.292.

34 Heng, *op. cit.*, p.257.

35 *Ibid.*, p.258.

36 Means, *Malaysian Politics*, p.217.

acceptable for state transactions. Finally, the UMNO began to intervene more seriously in economic markets. The Second Five Year Plan (1961-65) diverted half of state investment from urban to rural development schemes with which to assist Malay settlers in rubber and palm oil cultivation. During the 1960s, then, an era known as *Gerakan Maju* (Operations Development),³⁷ the Ministry of National and Rural Development was created, and a variety of state enterprises, agencies, and programs were upgraded or introduced. These included the Federal Land Development Authority (FELDA), the Rubber Industry Smallholders Development Authority (RISDA), and the Malayan Agricultural Resource and Development Institute (MARDI). Further, RIDA was enlarged and renamed the *Majlis Amanah Rakyat* (Council of Trust for the Indigenous People, MARA), the Bank *Bumiputra* and Bank *Pertanian* (Agricultural Bank) were set up to break the Chinese grip upon credit sources, while the Federal Agricultural Marketing Authority (FAMA) sought to dislodge Chinese middlemen operating among Malay farmers. In addition, Tan Siew Sin, as finance minister, acquiesced in 1964 to new tariffs on imports and taxes on business and industry in order to finance these undertakings, despite protests from the Chinese chambers of commerce.³⁸

However, that Tan was still able to rely upon his close relationship with Tunku Abdul Rahman to blunt deeper forays into Chinese dealings was made clear by his obtaining the dismissal from the cabinet of the minister of agriculture, Abdul Aziz Ishak, an ardent Malay populist.³⁹ Moreover, Chinese economic elites were able to hedge their bets by contributing directly to secret funds set up during this period by the UMNO leadership.⁴⁰ Hence, in surveying the new Malay-oriented policy approach, Snodgrass concludes that 'the growth of these programs, though significant, did not at this state challenge the pattern of ownership and control which gave foreigners and ethnic Chinese practically total domination of large-scale commercial agriculture and all forms of nonagricultural enterprise'.⁴¹ In sum, the most basic terms of the 'bargain' continued to be met, UMNO elites asserting greater control over the state and cultural arenas, but

37 Shamsul A.B., *From British to Bumiputera Rule: Local Politics and Rural Development in Peninsular Malaysia* (Singapore: Institute of Southeast Asian Studies, 1986), pp.94 and 96.

38 Means, *Malaysian Politics*, p.345.

39 For a biographical account of this episode, see Aziz Ishak, *Special Guest: The Detention in Malaysia of an Ex-cabinet Minister* (Singapore: Oxford University Press, 1977).

40 Edmund Terence Gomez, *Politics in Business: UMNO's Corporate Investments* (Kuala Lumpur: Forum, 1990).

41 Donald Snodgrass, *Inequality and Economic Development in Malaysia* (Singapore: Oxford University Press, 1980, p.53).

displaying much restraint in the economy. Thus, in overcoming the July crisis, elites repaired their consensually unified relations, even as mass resentments festered for another decade. One also notes that Lim Chong Eu, after heading opposition parties throughout the 1960s, was in the next decade brought back into the governing coalition.

Regime Outcomes

If the July crisis had deepened, elite relations in Malaysia might have been transformed and the regime seriously destabilised. One can speculate that if the national leader, Tunku Abdul Rahman, had capitulated to MCA young blood demands, Malay military elites might have seized state power in order to shore up Malay dominance. On the other hand, had Tunku Abdul Rahman expelled the MCA from the governing coalition outright, disaffected Chinese economic elites might have ceased helping promote growth in Malaysia, perhaps another source over time of strained elite relations and regime instability. Moreover, Chinese civil elites might have emerged to mobilise mass supporters over sharpened ethnic grievances, stirring them to violence and perhaps even reigniting the Emergency conflict. However, none of these elite-level confrontations or regime outcomes occurred. While the Tunku strengthened his national paramountcy and replaced some MCA elites, he did not fully deny the MCA state positions. In addition, he continued basically to allow Chinese business people to pursue their business activities, thereby limiting its most fundamental discontents.

With respect to the regime's democratic dimension, one considers the observation made by Diamond and that 'by modelling their operational norms on those common in the political system (eg., competitive elections, opposition rights, proportional representation), voluntary associations reinforce democratic principles and practices'.⁴² The reverse may also be true, restrictions imposed upon competitiveness in associations, especially in governing parties and coalitions, serving to dampen democratic procedures in the overall regime form. During the July 1959 crisis, the political rights of MCA elites in the Alliance were tightly circumscribed with regard to their participating in seat allocations and candidate selections. Furthermore, a trend emerged in which 'cabinet meetings were dominated by the Tunku who ... presided over them 'with the aplomb

⁴² Larry Diamond and Juan J. Linz, 'Introduction: Politics, Society, and Democracy in Latin America', in *Democracy in Developing Countries: Latin America*, edited by Larry Diamond, Juan J. Linz, and Seymour Martin Lipset (Boulder CO: Lynne Rienner, 1989), p.35.

of an English vicar at a parish tea party".⁴³ Unrepresentative practices gradually spread from the governing coalition into civil society. The UMNO-led government, for example, shaken by the Alliance's thin margin of victory in the 1959 general election, institutionalised the British principle of preventive detention with the Internal Security Act (ISA) in 1960.⁴⁴ While citing the need for such legislation after the formal lifting of the Emergency, the government invoked the ISA most vigorously against opposition members in the *Parti Rakyat* and the Labour Party (who together made up the Socialist Front), as well as against many PAS officials. In sum, during the years after independence, the Malaysian regime retained its stability, but settled quickly into a more limited form of democracy.

Interethnic Conflict Between the Alliance and Opposition, 1969–71

After resolving the July crisis, Malaysian elites resumed their accommodative, even cordial patterns of behaviour within the Alliance. Goh Cheng Teik describes the personal quality of interaction between elites during the 1960s, as well as their refusal to mobilise mass constituencies over ethnic sentiments.

The Alliance as a political organisation was integrated only at the summit and even at this level, integration was confined to certain key personalities, notably Tunku Abdul Rahman, Tun Abdul Razak, Tun Ismail, Tun Tan Siew Sin, Tun Sambanthan ... As for the rank-and-file, they remained apart and tended to agitate only for the interests of their race or tribe. The summit leadership acted as a cushion against excessive communal pressure and as a moderator of conflicting demands.⁴⁵

But by overcoming dissent within the Alliance, pressures built steadily outside the coalition. During the next decade, two political transactions—the brief admission of the Singapore-based People's Action Party (PAP) into Malaysian politics during 1964–65, and the National Language Act compromise in 1967—exacerbated these pressures, stimulating ethnic tensions between mass-level Malays and Chinese and disposing them to easy mobilisation.

With respect to the first event, one recalls that Peninsular Malaya, the self-governing colony of Singapore, and the British possessions in north Borneo of Sabah and Sarawak were merged in 1963 to form the

⁴³ Fan Yew Teng, *The UMNO Drama* (Kuala Lumpur: Egret Publications, 1989), p.151.

⁴⁴ *Ibid.*, p.147.

⁴⁵ Goh Cheng Teik, *The May Thirteenth Incident and Democracy in Malaysia* (Kuala Lumpur: Oxford University Press, 1971), p.5.

Federation of Malaysia. The UMNO quickly opened a party branch in Singapore, and it participated in a city election that year. The effort was not successful in winning Malay support, however, and afterward, some UMNO subelites performed a retaliatory spoiler role against the Singapore chief minister, Lee Kuan Yew, and the governing PAP.⁴⁶ Specifically, the UMNO secretary-general, Syed Jaafar Albar, addressed a convention of Malay organisations in Singapore in July 1964 during which he made unrestrained ethnic appeals. He also formed an action committee that rallied scattered Malay groups on the island, articulating their grievances over the government's discriminatory treatment against them. These efforts inflamed mass Malay constituencies and helped spark serious ethnic rioting in the city later that month.

In turn, the PAP contested the 1964 Malaysian general election. Its strategy involved highlighting the ineffectiveness of the MCA in representing the Chinese community, thereby winning enough support that it could replace the MCA in the Alliance. At the same time, the PAP sought tacitly to reassure the UMNO leadership that it accepted Malay dominance of political life. In a show of public allegiance, the PAP joined with the UMNO in denouncing Indonesia's policy of *Konfrontasi* (Confrontation) toward the new, enlarged Federation of Malaysia.

Prime Minister Tunku Abdul Rahman, however, rebuffed the PAP. He considered its participation in the elections to be a breach of understandings reached with Lee Kuan Yew before the merger specifying that PAP activities should be confined to Singapore. The PAP, then, after wresting only one parliamentary seat from the MCA in the election, coalesced in opposition with the new United Democratic Party (UDP), the People's Progressive Party (PPP) based in Ipoh, and two Chinese parties from Sarawak in order to form the Malaysian Solidarity Convention. Lee Kuan Yew, then heading a formidable opposition that included Lim Chong Eu, the Seenivasagam brothers, and Tan Chee Khoon of the Labor Party, began to attack the UMNO more directly. Moreover, in rapidly mobilising Chinese support by calling for a genuinely 'Malaysian Malaysia', he struck squarely at Malay special rights.⁴⁷

Tunku Abdul Rahman faced mounting criticisms from MCA elites, UMNO subelites, and civil elites in the PAS for treating the PAP too softly. Seeking to protect his paramountcy as national leader, the

46 Vasil records that 'it was in this situation that the extremist leadership of the central UMNO decided to intervene in Singapore and attempt to stop the local Malays from coming to an understanding with the PAP'. R. Vasil, *General Election*, pp.11-12.

47 Means, *Malaysian Politics*, p.347.

Tunku thus responded by summarily expelling Singapore from the federation in 1965 and breaking up the Solidarity Convention. And only after much debate did he permit a local successor to the PAP, the Democratic Action Party (DAP), to be registered in Malaysia. Lee Kuan Yew's entry into Malaysian politics was therefore brief, but, as Vasil notes, it greatly heightened mass Chinese aspirations:

The vigour and dynamism displayed by the PAP leadership, especially by Lee Kuan Yew, was something new on the Malaysian political scene and proved highly contagious. Whereas earlier the Chinese and Indian communities had largely reconciled themselves to the situation ... now the same groups were suddenly roused to action.... The articulateness and strength of the PAP leadership gave them courage, and they felt for the first time that a well-organised political force was behind them.⁴⁸

At the same time, analysts agree that as economic growth continued during the 1960s, the Malays became more broadly aware that they were being denied its benefits.⁴⁹ Thus, after Singapore's removal from the federation, the Malays were 'emboldened' and began to demand that only the Malay language be used in state transactions and schools.⁵⁰ This sentiment represented more than a symbolic assertion of linguistic pride. The Malays expected that with *Bahasa Malaysia's* (ie., Malay language) displacement of the English medium, their access to business positions would be improved.

As mentioned above, Article 152 of the constitution required that by 1967, ten years after independence, the government take steps towards strengthening the role of Malay as the official national language. Tuan Syed Nasir bin Ismail, leader of the *Barisan Bertindak Bahasa Kebangsaan* (National Language Action Front), interpreted this provision as meaning that only Malay could be used in state affairs. In response, Lee San Choon, the MCA Youth president, mobilised strong Chinese sentiments against the parliament's accepting this view. The Alliance government then offered a compromise national language bill which, though affirming the official

48 Vasil, *General Election*, p.13.

49 See Funston, op. cit., p.208; and Harold Crouch, 'From Alliance to Barisan Nasional', in *Malaysian Politics and the 1978 Elections*, edited by Harold Crouch, Lee Kam Hing, and Michael Ong (Kuala Lumpur: Oxford University Press, 1980), p.208. Snodgrass writes that 'many Malays believed that their relative income was worsening, that development was benefiting only the non-Malays. Their communal self-confidence seems to have been growing and their willingness to accept the *status quo* declining *pari passu*'. Snodgrass, op. cit., pp.53-54.

50 Means, *Malaysian Politics*, p.435.

status of Malay, permitted the continued use of English at the discretion of federal and state officials, as well as the use of Chinese and Indian languages in all unofficial dealings. Both Malay and non-Malay subelites and mass constituents remained unappeased by this brokered proposal, and, when it was passed into law, Malay students protested the perceived leadership failings of Tunku Abdul Rahman by burning him in effigy.⁵¹ In sum, at the close of the 1960s, we find that the PAP's having stirred Chinese resentments, and the national language legislation having 'betrayed' the Malays, hastened the deterioration of ethnic relations in Malaysia and eroded mass support for the Alliance.

The 13 May Crisis

In campaigning for the 1969 parliamentary and state assembly elections in Peninsular Malaysia, opposition civil elites who were uncommitted to existing game rules worked vigorously to build new constituencies. Goh notes that the DAP and the *Gerakan* were newcomers on the scene, and though some opposition leaders, such as Tan Chee Khoo and V. David, were politically experienced, most were youthful politicians.⁵² They thus showed little respect for the Alliance's governing status and prerogatives, and they spoke on issues calculated to offend Malay sensitivities. Gradually, 'the unwritten law regarding communal issues was violated by both the Alliance and opposition parties when they indulged in open, public and heated debate'.⁵³

First, the PAS and the *Parti Rakyat* staked out a highly chauvinistic position on one flank of the Alliance that appealed to Malay peasants. The non-Malay, vaguely socialist DAP,⁵⁴ the PPP, and, to

51 Funston, op. cit., p.66.

52 Goh, op. cit., p.24.

53 Lau Teik Soon, 'Malaysia: The May 13 Incident', *Australia's Neighbours* 4, no. 65 (July-August 1969), p.1.

54 The class-based nature of PAS and DAP appeals is debated by a number of authors. Moore cites an early interview in which the PAS president at the time, Dr Burhanuddin al-Helmy, 'explained ... that the [party] had a full socialist program, elaborating with a perhaps purposefully confusing mixture of theocracy and nationalism'. Moore, op. cit., p.170. Scott also casts doubt on the veracity of the PAS's intermittent socialist rhetoric, noting in his study on the Muda rice-growing region that the PAS, like the UMNO, 'is dominated by rather well-to-do farmers and landlords'. James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven: Yale University Press, 1985), p.183n. With respect to the DAP, Vasil suggests that party 'made no attempt to project itself as a socialist party given to radical social and economic changes even though many of its leaders had strong socialist sympathies and the party itself had established close links with the Socialist International'. Vasil, *General Election*, p.31.

some extent, the *Gerakan* then coalesced on the other flank.⁵⁵ From their opposite poles on the ethnic spectrum, these parties focused societal attentions on compromising Alliance elites at the centre. They denounced the oligarchic assumptions on which Alliance power sharing appeared to be based, as well as the unwillingness of Malay and Chinese governing elites to repudiate the 'bargain' in order to respond more exclusively to the demands of respective ethnic constituencies. Finally, despite their mutual distrust, the opposition parties combined in electoral pacts, thereby forcing 'straight fights' with the Alliance in order to realise their common aim of denying the coalition its two-thirds parliamentary majority.

The election was held on 10 May, and the results showed an unexpected, mass-level receptivity to the opposition's ethnic and class-based appeals. Malay voters drifted from the UMNO to support the PAS, especially in the state assembly elections in Kedah and Trengganu. Chinese voters turned from the MCA to the DAP in Selangor, to the PPP in Perak, and to the *Gerakan* in Penang. In the parliamentary contest, the Alliance won a plurality (48 per cent) of the vote, enough to retain narrow control of the federal government, but it lost control of several state assemblies.

Most critical was a tie produced in the Selangor state assembly that left the Alliance parties divided and demoralised, while the opposition parties were 'jubilant'.⁵⁶ The DAP secretary-general, Goh Hock Guan, claimed the right to establish in Selangor a DAP-led government, and youthful supporters marched on the official residence of the UMNO *menteri besar*, Datuk Harun Idris, demanding that he resign.⁵⁷ Indeed, DAP and *Gerakan* elites led 'victory' processions throughout Kuala Lumpur that sustained non-Malay communal fervour for several days. The Malays, for their part, fretting that their community would now possess neither economic *or* state power, looked upon Chinese who celebrated in the streets as if they were to take both.

Breaking with the conciliatory leadership of Prime Minister Tunku Abdul Rahman, some UMNO elites and subelites sought to recapture mass Malay support. On 13 May, the UMNO *menteri besar*, Harun Idris, mobilised youths near Kampong Baru—especially, groups of campaign workers who had been organised as the *Pemuda2 Tahan Lasak* (Rugged Youths).⁵⁸ Whether Harun Idris then lost control of the crowd or sought deliberately to foment ethnic violence with which

⁵⁵ See Gordon P. Means, 'Malaysia', in *Politics and Modernization in South and Southeast Asia*, edited by Robert N. Kearney (Cambridge MA: Halstead Press, 1975), p.186.

⁵⁶ *Ibid.*, p.187.

⁵⁷ Goh, *op. cit.*, p.20.

⁵⁸ *Ibid.*, p.21.

to discredit the moderate approach of the Tunku remains unclear, but this was the outcome. Known as the '13 May incident', rioting erupted between Malays and non-Malays that was by local standards extraordinary in intensity and duration, lasting for a period of five days. This ethnic upheaval, having been sparked by civil elites and heightened by ambitious elites and subelites, swelled briefly into uncontrolled mass action.

Throughout the crisis, Tunku Abdul Rahman failed to exercise effective national leadership. Slow to recognise the dimensions of the conflict, he failed to rein in elites and subelites. Further, despite an emotional appeal made over television, he was unable to cap the inflamed ethnic sentiments of polarised mass constituencies.⁵⁹ With the Tunku variously blaming non-Malay opposition parties, Chinese secret societies, and communists, John Funston argues that a leadership 'opportunity was thus missed to rise above partisan politics, to explain clearly the extent of the riots and the government's capacity to control the situation'.⁶⁰ It fell to the deputy prime minister and home minister, Tun Abdul Razak, to use the military to restore order by force. Furthermore, emergency rule was declared and parliament was closed, several opposition leaders were arrested, and cabinet government was made subordinate to a National Operations Council (NOC) that involved the armed forces. Tun Dr Ismail proclaimed that 'democracy is dead in this country. It died at the hands of the opposition parties who triggered off the events leading to the violence'.⁶¹

Elite Relations

In the weeks after the elections and 13 May violence, the national leader, Tunku Abdul Rahman, found that his control over UMNO elites and supporters continued to dissipate. His deputy, Tun Razak, serving as NOC director of operations, remained publicly loyal, but he envisioned a policy course in some ways resembling the PAS's program with which to win back the UMNO's constituency. A subelite faction of communal 'ultras', 'radicals', or 'new order'—led by a defeated UMNO backbencher from Kedah, Dr Mahathir Mohamad, and supported by the Selangor *menteri besar*, Harun Idris, as well as a group of Malay academics and university students—went further. Citing the prime minister's past compromises with Chinese leaders as the cause of the UMNO's electoral decline and Malay rioting,

⁵⁹ Karl Von Vorys, *Democracy Without Consensus: Communalism and Political Stability in Malaysia* (Princeton: Princeton University Press, 1975), pp.335-36.

⁶⁰ Funston, *op. cit.*, p.211.

⁶¹ Quoted in Funston, *op.cit.*, p.212.

Mahathir circulated a harshly worded letter calling for the Tunku's replacement, and he urged that the UMNO set up, in essence, a one-party state.⁶²

Tun Razak acted to adjust elite statuses and relations peacefully, however, by 'mothballing' these UMNO subelites, agreeing to the expulsion from the party of Mahathir and to the removal of Musa Hitam, a former UMNO executive secretary, as assistant minister. Mahathir and Musa were only restored to key UMNO positions several years later. Further, the UMNO *menteri besar*, Harun Idris, was gradually empowered 'through back-door negotiations and inducement' to form a new state government in Selangor,⁶³ and he was at the 1971 UMNO general assembly elected head of the UMNO Youth.⁶⁴ Finally, the Tunku, in having neglected either to restore elite accommodation or to pursue his Malay constituency through narrow appeals, was in different accounts bypassed as national leader and led to resign, deposed in a 'palace coup'⁶⁵, or simply 'overthrown'.⁶⁶ It is important to recognise, however, that basic continuity in UMNO elite relations and succession was shown by Tun Razak's gradually eclipsing the Tunku as prime minister rather than forcibly removing him.

The MCA, the 'second' party in the Alliance, was left adrift by the UMNO, and it lagged so far behind Chinese constituents that the party president, Tan Siew Sin, briefly despaired of regaining them. After the election results were announced, Tan cited the MCA's evident rejection by the Chinese community, and he refused to accept for his party any cabinet-level role or executive council (Exco) posts in the state assemblies. Indeed, the MCA, though joining several days later in the NOC and again taking ministerial positions, began to relinquish control over major economic policy making portfolios to the UMNO.

But it is worth noting that even when the MCA had controlled critical economics ministries, its role had always been to delay, to restrain, and to block spending proposals, never to initiate them. Moreover, the MCA did not entirely lose this delaying power after 1969, generally receiving at least deputy ministerial posts in finance and in education. The MCA also held full ministerial control over

62 Means, *Malaysian Politics*, p.398.

63 Goh, op. cit., p.38.

64 The UMNO Youth is described by Milne and Mauzy as a 'semi-autonomous section of the party.... In many ways, UMNO Youth seems to view itself as the watchdog or conscience of the party with regard to fostering and protecting Malay rights'. Milne and Mauzy, op. cit., p.133.

65 Jomo K.S. 'Race, Religion, and Repression: 'National Security' and the Insecurity of the Regime', in *Tangled Web: Dissent, Deterrence, and the 27th October 1987 Crackdown* (Haymarket, NSW: CARPA, 1988), p.41.

66 S.H. Drummond, 'Mahathir in a Sea of Trouble', *Roundtable* 300 (October 1986), p.417.

transport, labour, housing, and health. In sum, MCA elites remained elites after 1969 in that they were able regularly to secure important state benefits for themselves, while articulating at least some of the concerns of wider Chinese constituencies. Indeed, the MCA's potential to 'make trouble' for UMNO elites becomes clear when one considers the consequences of its leaving the governing coalition. In this situation, the UMNO-led government could no longer claim plausibly to represent a 'multiracial Malaysia', leaving it to confront a large, disaffected minority probably highly available for mobilising by a coordinated MCA-DAP opposition.

Hence, while elite statuses, relations, and game rules were clearly adjusted during this period, there was no deep qualitative realignment and plunge into disunity. In seeking to revitalise their mass followings, UMNO elites asserted a fuller, though not absolute, control over state positions and cultural symbols—an exercise not inconsistent with the understandings of the 'bargain', especially after their clarification through the July crisis of 1959. The UMNO also projected its power more deeply into the economy, systematically distributing benefits to Malays through the New Economic Policy (NEP). But there were precedents for, and limitations upon, this program, suggesting that in its application, it too represented much less than a break with the 'bargain'. Zakaria thus places the growing centrality of the Malays in national life and the tilt in policy outputs after 1969 within an overall framework of continuity, a trend marked by strong 'accommodationist elements'.⁶⁷

More assertive Malay policy making first became apparent in education and culture. The newly appointed education minister, Datuk Abdul Rahman Yaacob, popularly identified as an aggressive Malay *ultra*, announced the process by which the Razak and Talib Reports would finally be implemented and English medium schools converted to Malay. While this policy decision was welcomed by Malay students and teachers, its accommodationist element remains clear. The UMNO-led government permitted the Chinese and Tamil primary school systems favoured by non-Malay mass constituencies to remain open, and it continued publicly to fund them. Chinese-medium secondary schools were also permitted to operate independently. In addition, though the government declared in 1971 that 'the national culture must be based upon the indigenous culture of the region'⁶⁸, and

67 Zakaria Haji Ahmad, 'Evolution and Development of the Political System in Malaysia', in *Asian Political Institutionalization*, edited by Robert A. Scalapino, Seizaburo Sato, and Jusuf Wanandi (Berkeley: University of California Press, 1986), p.235.

68 National Congress of Culture statement in 1971, as quoted in Harold Crouch, *Government and Society in Malaysia* (forthcoming).

the home minister, Ghazali Shafie, later urged Chinese Malaysians to 'abandon [their] archaic culture', Harold Crouch reveals a more serious threat to cultural integrity during the 1970s and 1980s:

While the Chinese and Tamil communities suffered from cultural discrimination, it could not, however, be said that their cultures were dying or that the government never took their protests into account.... Far from assimilation into the Malay community, the main threat to Chinese and Indian cultures came from Westernisation rather than Malay-isation.⁶⁹

Governing UMNO elites then moved into the private economic sector, although in this area too, we will see that they ultimately exercised restraint. UMNO elites diagnosed material inequalities between Malays and non-Malays as most responsible for the Malay thirteenth violence, and, writes Jomo, 'as with most simplistic explanations for complex social phenomena, there is undoubtedly some truth in this explanation'.⁷⁰ Hence, during the 21-month emergency interlude, Tun Razak prepared plans to reestablish mass Malay loyalties, using state power to make inroads on Chinese business activities. The new measures and programs, known collectively as the New Economic Policy (NEP), involved greater state support for labour intensive and rural industries, village development projects, and more land settlement programs explicitly benefiting the Malay community. In addition, job training programs and various state enterprises were formed in order to facilitate Malay entry into the urban economy. Finally, the Second Malaysia Plan, 1971-75 (SMP) and the Outline Perspective Plan (OPP)⁷¹ formally codified the NEP's aims, specifying that Malay ownership and management of '30 per cent of the total commercial and industrial activities in all categories and scales of operation' should be established by 1990. Introduction of this capital restructuring policy, followed by the private sector employment quotas specified in the Industrial Coordination Act (ICA) of 1975, appeared to strike at the heart of Chinese enterprise, depriving Chinese economic elites of their stake under the 'bargain'.

I have argued, however, that there were precedents for, and limitations upon, the NEP, embedding it in an established policy trajectory. As part of the interelite exchange of resources reaffirming the 'bargain', Article 153 of the constitution had since independence

69 Crouch, *Malaysian Government*.

70 Jomo K.S. 'Wither Malaysia's New Economic Policy?', *Pacific Affairs* 63, no. 4 (Winter 1990-91), p.469.

71 The first OPP was presented in the Mid-term Review of the Second Malaysia Plan, 1973.

awarded Malays favoured access to government contracts, licenses, and scholarships. Moreover, as was discussed in the last section, UMNO elites sponsored—especially after the July crisis—an array of state enterprises, development programs, and banks designed to strengthen ties to mass Malay constituents. Thus, the deepening of this approach after 1969 represented less a transformation in relations between Malay governing elites and Chinese economic elites than the intensification of an existing trend.

This becomes clearer when one recognises that though NEP rhetoric and benefits succeeded in placating many Malay constituents, actual implementation of the NEP featured enough exemptions, amendments, and periods of lax enforcement that 'Chinese businesses do not appear to have lost out markedly, certainly not as much as they initially feared'.⁷² Indeed, Jesudason concludes that while large Chinese firms were not so reassured by UMNO elites that they would risk deepening their investments in the manufacturing sector, they were nonetheless able to continue operating their existing industries, as well as undertake massive new property development.⁷³ The continued expansion of Robert Kuok's business group throughout this period, the growth of the Hong Leong group, and the rise of Khoo Kay Peng's Malayan United Industries (MUI) offer clear examples of this.⁷⁴

72 Jesudason, *op. cit.*, p.160. In a later assessment of the NEP's implementation, several of the policy's architects lament that after the death of Tun Razak, the growth objectives of the Economic Planning Unit (located in the Prime Minister's Department) began quietly to prevail over the redistributive aims of the Department of National Unity.

The NEP increasingly became equated with UMNO... As a result, no politician ... could hope to ... stay in power, or for that matter no technocrat could hold onto his job, if he was seen openly attempting to dismantle the NEP. What opponents could do, however, was to give generous lip service to the objectives of the NEP in principle, but in practice seek to render it ineffective and discredited. This could be done in a variety of ways, such as holding back on necessary budgetary allocations, neglecting the auditing of the NEP by statistical monitoring which could have allowed timely corrective measures, over-emphasising its actual or asserted flaws and defects, and of course highlighting and stressing the supposed damage that it had done to the Malaysian economy with the passage of time.

Accordingly, they assert 'there is no evidence that the modest increase in the capital holdings of Malays has been at the expense of Malaysian Chinese or Indians, as claimed and popularly promoted by the mass media in Malaysia'. Just Faaland, J.R. Parkinson, and Rais Saniman, *Growth and Ethnic Inequality: Malaysia's New Economic Policy* (Kuala Lumpur: Dewan Bahasa dan Pustaka, 1990), pp.144 and 158.

73 *Ibid.*, p.163.

74 Crouch, *Malaysian Government and Society*.

But in his study, Jesudason is most interested to contrast Malaysia's modest growth levels with the great industrial and entrepreneurial strides made by the newly industrialised countries (NICs) in the region. He thus laments that in Malaysia, 'what stands out ... is *not* any pronounced reduction of [the Chinese] stake in the economy but the failure of a state-Chinese capitalist alliance to congeal in order to upgrade and diversify the national economy'.⁷⁵ It is less my purpose, however, to account for the lack of rapid, perhaps unbalanced and destabilising growth during this period than the basic continuity in elite relations and regime form. From this perspective, a meagreness of administrative guidance 'stands out' less than the ongoing, mutual tolerance shown by UMNO and Chinese elites. As we have seen, MCA governing elites retained at least a capacity to react and object to UMNO initiatives, while Chinese economic elites continued to perform profitably in defined areas.

Within these parameters, the UMNO began through the NEP to promote Malay economic elites, an objective made plain by its emphasising the NEP's restructuring 'prong' over the 'eradication of poverty'. In particular, the UMNO sought to broaden and uplift the Malay middle class—initially in order to strengthen its own political support.⁷⁶ Specific state instruments included enhanced planning units, new public enterprises such as the Urban Development Authority (UDA) and *Petronas* (National Petroleum Company), new state-owned holding companies and trust agencies such as the *Perbadanan Nasional Berhad* (National Trading Company, *Pernas*) and the *Permodalan Nasional Berhad* (National Equity Company, PNB), and the individual state economic development corporations (SEDCs). Their collective task was to acquire resources through majority stakes in a 'pyramid' of foreign and locally-owned, publicly-listed companies,⁷⁷ and then, through a flow of loans, subsidies, contracts, licenses, and discounted shares, vigorously 'breed Malay capitalists'.⁷⁸

The governing UMNO—as distinct, at least analytically, from the state apparatus—also entered business in the wake of the 13 May rioting. Organising a parallel set of holding companies, the UMNO eventually embraced more than 100 firms.⁷⁹ Fleet Holdings, formed in 1972 to take over the Malaysian office of the *Straits Times*, a profitable English-language daily based in Singapore, became the UMNO's principal investment arm during these years, expanding into communications, publishing, financial services, property development,

75 Jesudason, *op. cit.*, p.159.

76 *Ibid.*, pp.100-1.

77 Gomez, *op. cit.*, pp.12-13.

78 Jesudason, *op. cit.*, p.76.

79 *Far Eastern Economic Review* (hereafter cited as *FEER*), 5 July 1990, p.48.

construction, hotels, manufacturing, and food retailing firms. Gomez believes that embedded within the UMNO's hectic accumulation of assets were some fairly specific needs: (1) to earn dividends and capital gains with which to finance election campaigns more independently of Chinese contributors; (2) obtain party control of the media for propaganda purposes; and (3) acquire funds for constructing a new party headquarters building.⁸⁰ Gomez also notes that while in the early stages, UMNO elites sought to bolster the profitability of their firms, they appeared later to be more interested in personal enrichment.

The UMNO's companies were operated by highly-placed party 'trustees', 'proxies', and 'nominated' persons who acted publicly or in confidence, relationships that provided many opportunities for personal gains.⁸¹ Some of these individuals augmented their governing elite status with economic positions and resources, serving simultaneously, for example, as cabinet ministers and directors of state-, party- and family-owned enterprises. As an important example, one notes that Mahathir Mohamad, after being readmitted to the UMNO and appointed as a senator and education minister in 1972, was made a director, then chairman of *Kumpulan FIMA*. *Kumpulan* had been set up by the finance ministry as a food processing firm, though it operated also as a holding company. Thus, as chairman, Mahathir directed a number of subsidiary firms such as the Malaysian Can Company and *Ayam FIMA*. Gomez concludes that these experiences made Mahathir aware of the opportunities for increasing Malay equity ownership through the NEP, and they acquainted him with business operations, takeover strategies, and legal techniques.

But the most visible trustee during the 1970s was Tengku Razaleigh Hamzah, the finance minister between 1976-84 who served also at different junctures as chairman of the state-owned *Bank Bumiputra*, *Pernas*, and *Petronas*. Further, he headed the UMNO's Fleet Holdings, while overseeing vast personal properties in his native Kelantan. A central figure in overseeing the design and implementation of the NEP, Razaleigh defended his approach as necessary 'to bring up the Malays'.⁸² In practice, however, these enterprises and programs mainly benefited high-level UMNO politicians, retired senior civil servants, and members of royal families. Analyses of this period thus commonly identify the former deputy speaker of parliament and political secretary of the Ministry of Sabah Affairs, Datuk Syed Kechik, and former UMNO Vice-President Abdul Ghafar Baba, part

80 Gomez, op. cit., pp.166-67.

81 See Ozay Mehmet, *Development in Malaysia: Poverty, Wealth, and Trusteeship* (Petaling Jaya, Malaysia: Institute of Social Analysis), p.149.

82 Quoted in *Malaysian Business*, July 1976, p.14, in Jesudason, op. cit., p.87.

owner of *Pegi Malaysia*, as principal recipients. Furthermore, many private business people were able to forge ties to these individuals. This category included Azman Hashim, who was involved with *Pernas* and Malayan Banking, and Daim Zainuddin, whose 'first break' came in 1972 when the Selangor *menteri besar*, Harun Idris, assisted him in obtaining some commercial land outside Kuala Lumpur.⁸³

These coinciding ownership patterns that embraced governing UMNO elites, state bureaucratic elites, and private economic elites—perhaps unique in the world—have recently attracted much scholarly and journalistic attention. Most studies focus critically on these dealings, citing the economic inefficiencies and social injustices perpetrated under the guise of the NEP, and they detail the dubious histories of restructured companies, many rent-seeking activities, and the financial scandals that often have resulted. But the accommodative aspect of these linkages has perhaps been overlooked. Politically enhanced access to capital ownership represents an avenue of expansion and mobility that, so long as it only taxes, and does not terminate, economic growth can strengthen in the near term Malay interelite and elite-mass relations. Specifically, the NEP laid to rest many mass Malay grievances that would otherwise have persisted and that uncooperative elites and subelites might have aroused.⁸⁴ Looking back upon economic imbalances and the 13 May rioting, Wan Azmi Wan Hamzah, a prominent beneficiary of NEP restructuring during the 1980s, observed, 'Now Malays have to hesitate before they torch a business. They may own part of it'.⁸⁵ Furthermore, it is not inconceivable that Malay 'paper entrepreneurs', through their exposure to business operations, may graduate over time to more genuine entrepreneurship and contribute meaningfully to growth in their own right.⁸⁶

Turning lastly to relations between governing elites and civil elites, we observe that Alliance strategies treated opposition parties to a mix of cooptation, preemption, grudging tolerance, and repression. Tun

83 Jesudason, op. cit., pp.106-7.

84 Esman writes that 'the cumulative and reinforcing effects of educational deprivation, lack of skills, capital, confidence, and experience, plus discrimination in the labour market, virtually guarantee that individual, market-oriented competition will not be sufficient to overcome their inferior position in the structure of the economy and in the division of labour'. Milton J. Esman, 'Ethnic Politics and Economic Power', *Comparative Politics* 19, no. 4 (July 1987), pp. 414-15.

85 Quoted by Margaret Scott, 'Where the Quota is King: In Malaysia, Discrimination is the Law of the Land and Segregation the Way of Life', *New York Times Magazine*, 17 November 1991, p.66.

86 Peter Searle, 'Rent-Seekers' or Real Capitalists? The Riddle of Malaysian Capitalism'. Ph.D. dissertation, Australian National University. 1994

Razak, the national leader during the early years of the NEP, moved gradually to improve relations with the nationalist PAS, appointing its president, Datuk Mohamad Asri, as head of the Kelantan State Security Council. Then, in 1973, Tun Razak brought the PAS into an expanding Alliance coalition, naming Datuk Asri minister of land development and special functions, while sprinkling PAS leaders throughout the state bureaucratic apparatus. Tun Razak also worked to bring some non-Malay opposition parties into the governing coalition. Through secret meetings, Lim Chong Eu, presently heading the *Gerakan* and, after the 1969 elections, serving as chief minister of Penang, was persuaded through promises of federal development aid to join the Alliance and to retreat from a national to more regional stature.⁸⁷ The PPP was also absorbed into the coalition, though evidently with some misgiving by the party leadership.⁸⁸ Lastly, the Alliance incorporated several non-Malay parties from Sarawak and Sabah, and the enlarged organisation was renamed in 1974 the *Barisan Nasional*. The predominantly Chinese DAP, of course, remained outside this scheme, but 'found it extremely difficult to adjust to the post-13 May environment, and [it] split between those willing to make some form of accommodation and those who were not'.⁸⁹ The DAP secretary-general, Lim Kit Siang, detained under the ISA after the rioting, was released and returned to parliament, but then fell to skirmishing with the *Pekemas* (Social Justice), a party hived off from the *Gerakan* by Tan Chee Khoo. The two leaders contested, in essence, for the right to head a constrained and 'demoralised' opposition.⁹⁰

In sum, while overall elite attitudes, relations, game rules, and policy contours were significantly adjusted after the 13 May crisis, Malaysia's national elite perpetuated its basic consensual unity. A peaceful, if irregular, process of national leadership succession took place, and UMNO elites and subelites were afterward restored to more orderly competitions. Moreover, the UMNO acknowledged that while MCA elites were weakened, they still possessed elite statuses and a capacity to 'make trouble', qualifying them for membership in an enlarged governing coalition. The UMNO likewise needed Chinese economic elites, and though it more closely regulated their companies, it still permitted them to operate and expand.⁹¹ At the same time,

87 Means, *Malaysian Politics*, p.406; and Milne and Mauzy, op. cit., pp.181-82.

88 Diane K. Mauzy, *Barisan Nasional: Coalition Government in Malaysia* (Petaling Jaya, Malaysia: Marican and Sons, 1983), p.66.

89 Funston, op. cit., p.248.

90 Means, *Malaysian Politics*, p.406.

91 Crouch concludes that 'whatever the burden and obstacles placed on Chinese business, the government realised that it still needed Chinese investment. Thus,

UMNO elites politically nurtured new Malay economic elites, helping reenergise party support through patronage links. And finally, Lim Kit Siang's release from detention enabled civil elites to scrutinise official policy making within prescribed limits and the government to claim plausibly that it valued democratic procedures.

Regime Outcomes

That democratic politics can, under some circumstances, serve less to reinforce than to threaten regime stability was made clear in Malaysia by the May 1969 general election. In campaigning for this election, civil elites heading Malay and non-Malay opposition parties strongly mobilised ethnic constituencies, effectively setting them against one another. When the election returns were reported and the Alliance's setback was made known, some UMNO elites and subelites sought equally to mobilise ethnic grievances. This dynamic gave rise to the 13 May rioting, directly threatening the standing of the national leader and consensual unity between elites.

The prime minister, Tunku Abdul Rahman, could have halted the uncooperative behaviour of civil elites by invoking a preemptive regime closure. Indeed, he expressed later:

My greatest regret is that I allowed the election to proceed. I was too proud, I felt so sure that I was going to win easily.... What I should have done (in light of the reports I was receiving) was to suspend that election, declare a State of Emergency, and allow time for everyone to cool off.⁹²

In sum, the failure to carry out a regime closure produced elite confrontation, mass-level violence, and a tense period during which many UMNO subelites pushed past any accepted levels of ethnic mobilisation. Accordingly, the Tunku suffered a rapid erosion of his leadership status and power.

In these circumstances, the deputy prime minister, Tun Abdul Razak, intervened purposively to close parliament and form the National Operations Council (NOC). This new ruling body was patterned after the Operations Council which had implemented security measures during the Emergency.⁹³ Elite relations at the state level then gradually recovered with the inclusion of Tan Siew Sin and the MIC President, V.T. Sambanthan, in the NOC. Moreover, high-

in the final analysis, Chinese businessmen still obtained the licenses, permits, and concessions they needed to carry on their businesses'. Crouch, *Malaysian Government and Society*.

92 Quoted in *FEER*, 2 August 1974, in Milne and Mauzy, op. cit., p.80.

93 Goh, op. cit., p.27n.

ranking military officers, after restoring public order, entered into and departed the council in a time frame specified by civilian governing elites. Tun Razak also disciplined subelite *ultras* in the UMNO—though this was tempered by his belief that the ethnic inequalities to which these subelites had appealed needed seriously to be addressed. Through the NEP, Tun Razak's government thus greatly accelerated redistributive programs that benefited the Malay community. However, as elaborated above, this involved the national leader reorganising, rather than repudiating, interethnic elite ties, and his maintaining some of the basic assumptions of the 'bargain'. Specifically, in publicly implementing the NEP, UMNO elites sometimes quietly moderated the flow of Malay benefits in order to make concessions across ethnic lines in decisional committees. Taken together, these measures ensured that overall regime stability was never really jeopardised during this period, and that the restoration of democratic procedures was not entirely precluded.

More problematic were the long-term effects of shifting resources between UMNO governing elites and Chinese economic elites, and the new impediments this placed before industrialisation and growth. In Chapter One, it was suggested that if key factions or whole organisations of state elites evaluate rapid growth as essential, their commitment to game rules may waver amid prolonged economic sluggishness. However, several factors in Malaysia guarded against this outcome. First, despite the NEP's creation of market inefficiencies, steady growth rates persisted during the 1970s because of high petroleum prices.⁹⁴ Second, UMNO governing elites, responding to accommodative traditions, 'structural' needs, and 'instrumental' ties,⁹⁵ permitted Chinese business elites to run at least a modest engine of growth. Lastly, during even those periods when neither commodity prices or Chinese industriousness could sustain growth—as would occur later during the mid-1980s—personal and ethnic relations between UMNO governing, bureaucratic, and military elites fostered considerable, though not unlimited, patience with structural bottlenecks in Malaysia's economy.

But while classifying Malaysia's regime as basically stable, let us return briefly to evaluating its democratic dimension. As we have seen, democratic rights of expression and assembly, even though limited, gave rise to disunifying and destabilising pressures during the 1969 crisis. The new national leader, Tun Razak, thus invoked a regime closure in order to maintain regime stability, yet also preserved some scope for the restoration of democratic procedures. But even after

⁹⁴ Esman, *op. cit.*, p.405.

⁹⁵ See Jesudason, *op. cit.*, pp.128-29.

parliament's reopening, Tun Razak consented to only a partial revival of civil liberties in order to shield new preferential Malay policies from public and parliamentary scrutiny. While he had assured the country that the state of emergency would not last 'one day longer than necessary'⁹⁶, he also adjudged that 'democracy cannot work in Malaysia in terms of political equality alone.... Everything possible must be done to correct the economic imbalance among the races'.⁹⁷

This increased state control over economic decision making raises some broader, theoretical questions about democracy's prospects in Malaysia. In his study of political legitimacy, Beetham records that for some analysts, 'a free market ... is a necessary condition for the political freedoms intrinsic to a democratic order. A weaker version points to a congruence between the two that is conducive to the maintenance of both'.⁹⁸ In this view, private capital strengthens civil society against the state; it would follow that the NEP, by increasing state power, must militate against democracy. But in a free market, economic resources often concentrate among individuals, business groups, or even ethnic communities, making the market something less than freely competitive. Further, these favoured societal elements may then be able to exploit democratic openness to influence state decisions, thereby solidifying their economic advantages. Democratic accessibility and redistributive capacity are in these instances misused, fuelling popular doubts about democracy's worth. In order, therefore, to ease pressures on democracy, the state may need more deeply to regulate the economy, perhaps even to the point of owning some key sectors. Of course, this opens up new avenues of abuses—state monopolies, 'captured' agencies, and collusive rent-seeking—producing other kinds of inequalities and vastly complicating debate over the relationship between democratic politics and capitalist relations. Discussion grows even more perplexing in the case of Malaysia, given its ambiguous forms of state capitalism and its semi-democratic regime.

In any event, Tun Razak's government, while reopening parliament, permanently abridged democratic procedures with sedition laws and a constitutional amendment prohibiting public criticism of the Malay community's enhanced special rights.⁹⁹ Electoral competition was also dampened in these years through the steady

96 Quoted in *Straits Times* (Malaysia), 13 September 1969.

97 Quoted in *Straits Times* (Malaysia), 10 November 1969.

98 David Beetham, *The Legitimation of Power* (Atlantic Highlands NJ: Humanities Press International, 1991), p.176.

99 The amendment is 'entrenched' in that since discussion of its provisions is unlawful, it cannot be brought up by parliamentarians for the purpose of change or repeal. See Funston, *op. cit.*, p.214.

broadening of the Alliance, incorporating many of the opposition parties throughout Malaysia into an unbeatable *Barisan*, and strengthening the UMNO's central role within this coalition.¹⁰⁰ In this way, the parliamentary opposition and agenda were sharply curtailed, and democracy was made even more limited than it had been under the Tunku during the July crisis of 1959. Tan Siew Sin, however, after returning the MCA to cabinet participation, intuited the need for some form of 'consociational engineering' in Malaysia, remarking that 'it is better to have something less than 100 percent democracy than no democracy at all'.¹⁰¹

Intraethnic Malay Conflict, 1975-78

Observers have frequently written about the distrust and suspicion that culturally shape elite-level relations in the Malay community.¹⁰² Lucian Pye, for example, claims that Malays 'in authority can easily become angered and do irrational things'—presumably to one another as well as to constituents.¹⁰³ But equally recognised is the importance placed by Malay *adat* (custom) on traditional patterns of courtesy and manners that inhibit confrontation.¹⁰⁴ In royal households and peak decisional committees, highly elaborate court protocols have historically served to formalise and smooth interelite relations. Today, political meetings and ceremonies still often feature ensembles of welcoming drums, choruses and processions, party regalia, uniforms, martial arts displays, motorcycle cavalcades, and 'UMNO women bearing trays of gold leaf'.¹⁰⁵ Moreover, in instances when courtliness

¹⁰⁰ Though Malay component party representatives were outnumbered in the Barisan Nasional Council, Funston observes that

this was not as significant as it may seem due to ... the superior position of UMNO, tacitly admitted by others [and] the requirement of unanimity for decision making. UMNO, the architect of this arrangement ... indicated its continuing preference for a non-formalised structure in which deals were worked out behind the scenes then taken to the co-ordinating body for formal endorsement. The primary virtue of such an arrangement is that it avoids open displays of opposition and is thus well suited to the politics of consensus.

Funston, *op. cit.*, p.253.

¹⁰¹ Quoted in Means, *Malaysian Politics*, p.403.

¹⁰² See Means, 'Malaysia'; Lucian W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge MA: Cambridge University Press, 1985); and James C. Scott, *Political Ideology in Malaysia: Reality and Benefits of an Elite* (New Haven: Yale University Press, 1968).

¹⁰³ Pye, *op. cit.*, p.257.

¹⁰⁴ See Diane K. Mauzy, 'Malaysia in 1987: Decline of the 'Malay Way'', *Asian Survey* 28, no. 2 (February 1988), pp.213-22.

¹⁰⁵ *FEER*, 26 March 1987, p.34; see also Clive S. Kessler, 'Archaism and Modernity: Contemporary Malay Political Culture', in *Fragmented Vision*:

does give way to conflict, restraint continues to prevail. Means writes that 'to disarm one's opponents by polite manners and guile, while being prepared for mortal combat, is part of the traditional Malay political style'.¹⁰⁶ Similarly, 'in Malay political culture, the hero may only defend himself, not attack'¹⁰⁷, a discipline embodied, it has been suggested, in *silat*, the Malay art of self-defence. Here, combatants first execute moves without making contact in order to measure one another's strengths. And even when fighting finally commences, 'there is never a killing'.¹⁰⁸

Building on these cultural predispositions to both politeness and caution, colonial experience forged among the Malay rulers and aristocratic Malay officers the wider, consensually unified relations outlined in Chapter Two. These attitudes and behaviours were gradually codified in the UMNO's formal and informal rules of the game, prescribing consultation, compromise, and consensus in sharing out state positions and power.¹⁰⁹ Governing elites in the UMNO acted after decolonisation to perpetuate these outlooks: their observance of organisational norms has thus softened their competitions and enabled the party to deal effectively, though cooperatively, with MCA elites in a wider, national coalition.

With respect to the vertical linkages involving the paramount national leader, UMNO elites, and subelite constituents, what have been described as 'feudal' Malay outlooks toward personal obligations and hierarchy have helped shape interaction.¹¹⁰ The national leader, holding an unassailable status, has thus customarily hovered out of range of direct challenges by elite supporters, and these elites, in turn, have been similarly insulated from subelites. A rational fear of losing material patronage has further deterred constituents from confronting or abandoning their leader or elites, a reluctance to risk asserting themselves beyond cooptable bounds by causing their patrons loss of face. But in those instances in which supporters do err in posing too direct or public a challenge, informal understandings have suggested

Culture and Politics in Contemporary Malaysia, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), pp.146-47.

106 Gordon P. Means, *Malaysian Politics: The Second Generation* (Singapore: Oxford University Press, 1991), p.231.

107 *FEER*, 13 March 1986, p.12.

108 *Ibid.*

109 Mauzy, 'Malaysia in 1987', p.213.

110 See Chandra Muzaffar, *Protector? An Analysis of the Concept and Practice of Loyalty in Leader-Led Relationships Within Malay Society* (Penang: Aliran Publications, 1979).

that the leader or elite will mete out a moderate punishment, and that supporters will accept it without hesitation.¹¹¹

Hence, in the UMNO, the national leader, elites, and subelites manoeuvre to realise their sometimes contrary ambitions in oblique and anonymous ways. In practice, they attain high posts and enlarge their followings through deceptively modest appeals, while undermining rivals through elliptical speech making and slights, criticisms veiled in proverbs and *pantuns* (Malay poems), *surat layang* ('flying' or 'poisoned pen' letters), whispering campaigns, and high levels of 'rumour-mongering'. In sum, competing elites and subelites display public politeness and restraint, show respect for appeals for 'Malay unity' and 'Malay loyalty', and abide by the tenets of what is widely characterised in Malaysia as the 'Malay way'. At the same time, the unseen, indirect, yet intense competitiveness among UMNO members is portrayed as traditional *wayang kulit* ('shadow play'), 'more shadow than light'.¹¹²

Governing elites in the UMNO have also perpetuated 'feudal' relations with wider constituencies, thereby gaining considerable autonomy from mass sentiments. While they idealise the Malay *rakyat* in public speech making and at rallies, 'elites tend to treat the public very patronisingly by making emotional and manipulative appeals, suggesting a rather low opinion of the ability of the public to participate rationally and sensibly in the political process'.¹¹³ Traditionally, then, UMNO elites have easily mobilised mass constituents with ethnic appeals during election campaigns, then demobilised them afterward, preempting the emergence of most voluntary associations with a continuous distribution of development programs, projects, and spending.¹¹⁴

As we have seen, UMNO elites steadily enhanced their political and economic resources in the decades after independence. The UMNO's political dominance over the MCA had been made clear by the July

111 Milne and Mauzy describe one manifestation of this in political life: 'Dismissal is rarely abrupt, and has often been cushioned by the offer of another government post.... Those who are earmarked for dismissal, for their part, are expected to observe certain rules: not to damage party solidarity and to avoid open acrimony'. Milne and Mauzy, *op. cit.*, pp.362-63. These attitudes and practices are replicated in rural areas. In his study of land holders and peasants in the Muda Plain, James Scott writes that 'the standard scenario for these encounters is perhaps remarkable for the homage it pays, in however distorted and even cynical a form, to precapitalist niceties. It is extremely rare for a landlord to forgo the ritual and present the tenant with an unvarnished take-it-or-leave it proposition'. Scott, *op. cit.*, p.209.

112 Fan, *op. cit.*, p.98.

113 Means, 'Malaysia', p.195.

114 *Ibid.*, p.170.

crisis, and the UMNO began after the 13 May crisis more seriously to regulate Chinese economic activities through the NEP. As the terms of interethnic power sharing tilted increasingly toward Malay leaders, there was correspondingly less need for them to display firm communal unity and restrained partisanship.¹¹⁵ Moreover, the growing pecuniary value of state and party positions, together with socioeconomic development and modernised attitudes, gradually led ambitious elites and subelites to test severely the UMNO's established understandings and rules. Thus, as the UMNO's triennial selection process emerged as Malaysia's most important election¹¹⁶, Funston observes that 'a new bitterness crept into campaigning for party office, visible at all post-1971 general assemblies in which elections were held'.¹¹⁷ In sum, pressures to minimise the UMNO's increasingly bloated and undisciplined 'winning coalition' acquired a new intensity by the mid-1970s.¹¹⁸

The UMNO Crisis

After succeeding Tunku Abdul Rahman, the new prime minister and UMNO president, Tun Abdul Razak, sought to position in the governing party, the bureaucracy, and state enterprises a network of new personnel able to formulate and carry out the NEP.¹¹⁹ Hence, after the death of Tun Dr Ismail in 1973, Tun Razak appointed his brother-in-law, Tun Hussein Onn, to succeed as deputy prime minister and UMNO deputy president. Tun Razak then encircled himself with Malay intellectuals and technocratic advisers, necessary for undertaking the NEP's complex equity restructuring tasks. Especially prominent were A. Samad Ismail, editor of the *New Straits Times*, Abdullah Ahmad as political secretary, and Abdullah Majid as press secretary. Tun Razak also advanced some well-educated, subelite members of the 'ultra'-Malay, nationalist 'new order'. Tengku Razaleigh Hamzah, the UMNO party treasurer, was appointed an UMNO vice-president and, as discussed in the last section, he was

¹¹⁵ Zakaria writes that 'the primacy of UMNO within the *Barisan* raises other issues, specifically the divisions apparent through socio-economic progress, creating intra-Malay struggles'. Zakaria, 'Evolution and Development', p.236.

¹¹⁶ Milne and Mauzy, op. cit., p.202.

¹¹⁷ Funston, op. cit., p.240. In 1972 the UMNO constitution was changed so that annual party elections were henceforth held triennially. As these elections thus became rarer, they raised electoral stakes while concentrating more power in the party Supreme Council.

¹¹⁸ See Gordon Means for another game theoretical interpretation of centrifugal forces in the UMNO. *The Second Generation*, pp.316-17.

¹¹⁹ Harold Crouch, 'The UMNO Crisis: 1975-77', in *Malaysian Politics and the 1978 Elections*, edited by Harold Crouch, Lee Kam Hing, and Michael Ong (Kuala Lumpur: Oxford University Press, 1980), p.13.

made director of *Petronas* and later, of *Pernas*. A rehabilitated Mahathir Mohamad replaced Hussein Onn as education minister, a post traditionally useful for mobilising mass support through the UMNO's vast membership of school teachers. In the 1974 general election, Mahathir ran successfully for parliament, and he moved from the *Dewan Negara* (Senate) to the *Dewan Rakyat* (House of Representatives). Additionally, Musa Hitam was brought back as a deputy minister in 1973, and he was made minister of primary industries the following year.

Resentment toward Tun Razak's new team grew among a faction of increasingly excluded *politicos* that may be labelled the 'old *ultra*' faction. While these persons had displayed the *ultra*-Malay nationalism necessary for advancement in the UMNO in the early 1970s, Tun Razak began toward the middle of the decade to ignore them, dismissing their old-time populism, charismatic appeals, and unrestrained use of patronage and corruption as unsuitable to new technocratic planning and restructuring.¹²⁰ This old *ultra* grouping centred on Harun Idris, the *menteri besar* of Selangor since 1964 and president of the UMNO Youth since 1971. Indeed, his ambitious mobilisation of the UMNO Youth gave rise to the perception that he was creating 'an UMNO within the UMNO'.¹²¹ Further, he was supported in these factional activities by Syed Jaafar Albar, the former UMNO executive secretary remembered for his strong opposition to Lee Kuan Yew during 1963-65. The Malay nationalist and Islamic appeals that these old *ultra* leaders then generated gained some support from the PAS, a member between 1973-77 of the governing *Barisan*.

The old *ultras* then combined in opposition to Tun Razak's new order supporters with a third, distinct faction known as the UMNO 'old order' or 'old guard'.¹²² The old order notables were led by the former prime minister, Tunku Abdul Rahman, who perhaps again harboured national leadership ambitions.¹²³ His supporters included Senu Abdul Rahman, Khir Johari, and Tun Mustapha (the chief minister of Sabah who had spurned Tun Razak's efforts to 'sideslip'

¹²⁰ *Ibid.*, p.17. See also Shamsul A.B., 'The 'Battle Royal': The UMNO Elections of 1987', in *Southeast Asian Affairs 1988*, edited by Mohammed Ayoob and Ng Chee Yuen (Singapore: Institute of Southeast Asian Studies, 1988), p.171.

¹²¹ Fan, *op. cit.*, p.71.

¹²² Shamsul terms this alliance the '*pimpinan lama*'. Shamsul, 'Battle Royal', p.171.

¹²³ *FEER*, 23 January 1976, pp.6-7.

him into the federal cabinet in 1974),¹²⁴ and others who were comfortable with the Tunku's 'easy-going style'.¹²⁵ This old *ultra*/old order grouping was of extreme convenience. We recall that Harun Idris, heading the old *ultra* faction, had in some capacity been involved in the 13 May crisis, and that he had in its aftermath supported Mahathir against Tunku Abdul Rahman. Further, his supporter, Syed Jaafar Albar, had resigned as UMNO secretary-general over the Tunku's unwillingness in 1965 forcibly to subdue Singapore and arrest Lee Kuan Yew. Nonetheless, the factions were now cast together by shared grievances over their having largely been neglected or actively shunted aside by Tun Razak and Hussein Onn.

Tun Razak sought to confirm the new order's ascendancy at the UMNO general assembly elections in 1975. Tun Razak and Hussein Onn stood unopposed for the top leadership positions. That neither of them appeared to be in good health, however, made selection of the party's three elected vice-presidents unusually important. Thus, straining party tradition, Tun Razak put forth a preferred slate of vice-presidential candidates: Ghafar Baba and Tengku Razaleigh, who were incumbent vice-presidents, and Mahathir Mohamad. A challenge to this sponsored team was made, however, through the candidacies of old *ultra*/old order members, Harun Idris and Syed Jaafar Albar.

At the UMNO general assembly, Tun Razak's chosen candidates were all elected. However, because Mahathir won the third vice-presidency by a narrow margin, Tun Razak became alarmed by the directness and seriousness of Harun Idris's challenge. Thus, construing the action as a rule-breaking threat to his own paramountcy in the UMNO and to his government's policy course, he undertook to 'sideslip' the *menteri besar* from his apparent quest for the prime ministership, offering him an appointment as Malaysia's permanent representative to the United Nations. Harun, however, rejected Razak's offer, a still more serious defiance. Tun Razak, rather than backing down, then arrested Harun Idris in late 1975 on a series of corruption charges. Pending the outcome of his trial, Harun took leave from office in December 1975, appearing at last resigned to accept subelite 'disciplining'.

But in the following month, January 1976, Tun Razak died of leukaemia while in London, a condition that he had long concealed. At the national leadership level, formal UMNO game rules were honoured as Hussein Onn succeeded peacefully as acting prime minister and

¹²⁴ For discussions of Tun Razak's protracted efforts to arrange Mustapha's electoral replacement in Sabah, see Means, *The Second Generation*, pp.40-45; and Milne and Mauzy, op. cit., pp.115-20.

¹²⁵ Crouch, 'The UMNO Crisis', p.13.

UMNO president. At the elite and subelite levels, however, factional conflict swiftly intensified. The three UMNO vice-presidents, reportedly meeting in Razaleigh's apartment, coordinated their demand that Hussein select one of them as his deputy,¹²⁶ effectively eliminating from consideration the highly ambitious home minister, Tan Sri Ghazali Shafie. Two months later, Hussein Onn chose Mahathir as acting deputy UMNO president (and thus deputy prime minister), Tengku Razaleigh as finance minister, while Musa Hitam replaced Mahathir as minister of education. Hussein Onn's ambivalence toward Mahathir, however, was suggested by his delay in making the appointment, as well as by his apparently settling on Mahathir only the night before announcing his choice.¹²⁷ Mahathir's ascension aroused much rancour, prompting Ghafar Baba, the first vice-president, to protest by refusing to serve in the cabinet in any capacity.¹²⁸ Razaleigh, equally confident that he would be chosen, was also reported to have been deeply disappointed.¹²⁹ In addition, the ethnic Chinese parties in the *Barisan*, the MCA and the *Gerakan*, respectively greeted Mahathir's appointment with outright dismay and a marked lack of enthusiasm.

At the same time, in the competing old *ultra*/old order grouping, Harun Idris assessed Hussein Onn as less capable than Tun Razak, and he determined to reopen his challenge. Although Harun had been convicted on the corruption charges brought against him, his sentence was suspended while he appealed to the Privy Council in Britain. He thus announced his return to duties as Selangor *menteri besar* on the night of Tun Razak's death, and he proceeded to reenergise his Malay followings through his control of the UMNO Youth. Hussein Onn, for his part, treated this mobilisation as a stark violation of UMNO game rules—a growing indicator of 'dis-cooperation'. He therefore led the UMNO Supreme Council in March in expelling Harun Idris from the party, a move that was strongly opposed by members of the UMNO older order and the UMNO Youth as further abandonment of party traditions. The effect of Harun's dismissal, then, was to spark widespread expectation of a split in the party. Hussein Onn reacted a week later by forcing the removal of Harun Idris as *menteri besar*.

126 *Asiaweek*, 1 March 1987, p.21.

127 *New Straits Times*, 6 March 1976. *FEER* reported later that 'in 1979, Hussein told the *Review* that he chose Mahathir because he had to choose one of the three UMNO vice-presidents, not because there were constitutional restraints, but because UMNO would like it, and because he had to pick a man with education (eliminating Ghafar, who had no tertiary education) and a mature man (eliminating Razaleigh, who was still under 40)'. *FEER*, 8 May 1981, p.11.

128 Means, *The Second Generation*, p.55.

129 *Asiaweek*, 1 March 1987, p.21.

Whisking Selangor state assemblymen to Fraser's Hill, a colonial-era hill station in the state of Pahang, Hussein pressed them to pass a vote of no confidence in Harun's leadership. Finally, additional corruption charges were brought against Harun and his supporters in this 'step by step destruction of his political career'.¹³⁰

In June 1976, the old *ultra*/old order grouping met charges of corruption against Harun by making accusations of 'communist' agents in Hussein's government, this coming on the heels of one of Singapore's periodic 'scares'.¹³¹ Resorting to this stratagem was especially disruptive in the Malaysian context. In light of painful public memories left by the Emergency conflict and in the wake of the Vietnam War, 'communist' was often used synonymously with 'Chinese', thereby threatening to smuggle an ethnic dimension into the UMNO crisis. Moreover, the charges occurred against a backdrop of renewed MCP guerrilla bombings in Kuala Lumpur, as well as the recollection that A. Samad Ismail, adviser to Tun Razak and Hussein Onn, had been affiliated with Marxist groups in Indonesia after World War II and with the PAP in Singapore during its early socialist guise.

Throughout the second half of 1976, the old *ultra*/old order leaders, Harun Idris, Tunku Abdul Rahman, Syed Jaafar Albar, and others charged openly that Hussein Onn's circle of new order advisers was laced with communist agents and sympathisers. In particular, they vilified A. Samad Ismail, Abdullah Ahmad, and Abdullah Majid. Abdullah Ahmad was especially despised as he was perceived as having operated arrogantly as Tun Razak's 'gatekeeper', 'fixer', and 'hatchet man'.¹³² This ruthlessness and widespread desire to even scores indicated clearly the depth of UMNO factional hostility during these months.

While Hussein Onn began cautiously to retreat, the old *ultra*/old order's denunciations began to wear down his new order supporters. The home minister, Tan Sri Ghazali Shafie, emerged as a pivotal figure. Having been neglected in recent years by successive UMNO presidents and pushed aside by the party vice-presidents, he was anxious to seize upon the communist charges and act against security risks.¹³³ Invoking the ISA in mid-1976, Ghazali arrested A. Samad

130 Crouch, 'The UMNO Crisis', p.20.

131 Fan, *op. cit.*, p.75.

132 'Getting rid of Dollah Ahmad thus became an obsession with those excluded from the power and perks structure'. *FEER*, 26 November 1976, p.24.

133 In an article entitled 'A Tribute: Tun Hussein: A Man of Integrity', *Aliran* suggested that 'the home minister, an ambitious politician who seemed to be acting without any sense of restraint, must accept a major portion of the responsibility' for perpetuating the UMNO crisis. *Aliran Monthly*, 10, no. 6 (1990). Several years later, Ghazali resumed efforts to undermine his rivals for

Ismail and televised his confessions about sundry plots and schemes. In November, he jailed Abdullah Ahmad and Abdullah Majid. The wave of detentions spread to the MCA and opposition party officials, often resulting in long terms of imprisonment without trial.

With many of Hussein Onn's supporters suddenly purged, the old *ultra*/old order grouping worked to promote its own supporters in the UMNO and state apparatuses. Ghazali Shafie was 'warmly congratulated' after the arrest of A. Samad Ismail at the UMNO general assembly in July.¹³⁴ Syed Jaafar Albar, although 62 years old, was elected UMNO Youth leader over Hussein Onn's choice, Mohammed Rahmat, while Harun Idris's nephew, Suhaimi Kamaruddin, was elected deputy president. By October, Hussein Onn and the UMNO Supreme Council were unable to withstand any longer the pressures for Harun Idris's readmission into the UMNO.

But in early 1977, Harun Idris suddenly found his own support just as rapidly eroding. Syed Jaafar Albar died in January, and Tun Mustapha had been weakened by his government's defeat in the Sabah state assembly election the previous April, thus significantly depleting the old *ultra* leadership. Further, a now 'mollified' Tunku Abdul Rahman¹³⁵, the old order leader, accepted an invitation to attend the UMNO general assembly in July, a move interpreted as his shifting support to Hussein Onn as president. Baseless communist charges, meanwhile, soon lost their poignancy. Finally, a lengthy court appeal made by Harun Idris was turned down, and the sentence for his conviction on corruption charges was dramatically increased from two years to six. The factional challenge to Hussein Onn's leadership was thus concluded with Harun Idris's jailing in early 1978. At this juncture, Hussein Onn was assessed as emerging from the crisis with greatly increased stature¹³⁶, a standing that enabled him to deal

high position, announcing the arrest on 12 July 1981 of Deputy Prime Minister Mahathir's political secretary, Siddiq Ghouse, four days before Mahathir was to succeed Hussein Onn as prime minister. 'The arrest was timed to embarrass Mahathir. The *Bahasa Malaysia* weekly *Watan*, headed by Khir Johari, said by way of implication that Mahathir should resign as prime minister by virtue of the arrest'. Fan Yew Teng, op cit., p.79.

134 Crouch, 'The UMNO Crisis', p.26.

135 Crouch, *Malaysian Government*.

136 Crouch, 'The UMNO Crisis', p.28.

effectively with the Kelantan emergency¹³⁷ and to lead the *Barisan* successfully in contesting the 1978 general election.¹³⁸

Elite Relations

Clearly, consensual unity between UMNO elites was weakened during this period, a condition reflected in surging competitions and the spurning of game rules. In brief, the national leaders, Tun Razak and Hussein Onn, sought to bring their elite and subelite supporters into positions of state power over the heads of more venerable notables. These latter individuals, excluded and embittered, coalesced to confront the national leadership, and an unregulated see-sawing of factional advantage soon followed.

The readiness to trade shrill public charges of corruption and communism revealed the depth of antagonism among elites. While Tun Razak valued technocratic skills and planning, he also appreciated the UMNO's traditional reliance on patronage in order to gather support at the federal and local levels. Hence, corruption charges were brought only as a final resort against those considered to be unusually abusive, obstructive, or defiant. At the same time, the baselessness of retaliatory allegations of communism was suggested by a journalist's assessment of Syed Jaafar Albar's responses during an interview:

Jaafar Albar's statements about [the new order's] communist activities are generalisations, and when asked specifically in what way they had subverted UMNO and what disruptive influence they exercised, he was not forthcoming.... Jaafar may be creating a climate of McCarthyism.¹³⁹

One concludes that the anticommunist campaign mounted by vengeful or ambitious members of the old *ultra*/old order was designed mainly to settle scores or launch new candidacies. Additionally, accusations made by Tunku Abdul Rahman against A. Samad Ismail were welcomed by the home minister, Ghazali Shafie, because he then had a pretext with which to imprison new order members and to resuscitate his flagging reputation in the party as the guarantor of

137 For background to the Kelantan emergency, see Muhammad Kamlin, 'The Storm Before the Deluge: The Kelantan Prelude to the 1978 General Election', in *Malaysian Politics and the 1978 Election*, edited by Harold Crouch, Lee Kam Hing, and Michael Ong (Kuala Lumpur: Oxford University Press, 1980), pp.37-68; and Means, *The Second Generation*, pp.61-64.

138 For a thorough analysis of the background and outcomes of the 1978 general election, see Ismail Kassim, *Race, Politics, and Moderation: A Study of the Malaysian Electoral Process* (Singapore: Times Books International, 1979).

139 *FEER*, 26 November 1976, p.22.

national security.¹⁴⁰ And A. Samad Ismail, finally, was perhaps induced to make a televised confession less out of repentance over his alleged communist sympathies than because of Police Special Branch treatment.¹⁴¹ Indeed, that the struggle culminated in the jailing of some governing UMNO elites—often involving the lengthy deprivation of personal liberty—surely the practical hallmark of elite ‘dis-cooperation’ and incipient ‘disunifying’.

But by 1978, Hussein Onn, as national leader, was able to reimpose game rules in order to contain competitions. Further, by tracking the subsequent records of elite persons who were arrested during the crisis, one can establish the full recovery over time of accommodative relations within the UMNO. Crouch records that Mahathir, succeeding to the prime ministership after Hussein Onn’s retirement in 1981, secured from Home Minister Ghazali Shafie the release of A. Samad Ismail and Abdullah Majid.¹⁴² Then, after appointing Musa Hitam to replace Ghazali, Mahathir arranged for other jailed members of the new order to be freed. Most of these persons were able to regain quickly their earlier positions and statuses. Samad returned to the *New Straits Times* and again served as a prime-ministerial adviser, Abdullah Ahmad was readmitted to the UMNO, reelected to parliament, and started a new business career, while Abdullah Majid was similarly returned to the party. On the other side, Harun Idris, after successfully contesting from prison an UMNO vice-presidential post, won an early release from Home Minister Musa Hitam (perhaps in exchange for pledging his delegates’ support to Musa in the race against Tengku Razaleigh for the UMNO deputy presidency), and he received a royal pardon in August that formally permitted his return to full political life. With the resolution of this protracted crisis in the UMNO, then, the forgiving quality of elite relations in the party again became clear.

Moreover, the divisions between governing elites in the UMNO during 1975-78 never extended deeply into other components of state elites. For example, the military and police did not overtly favour either faction in this intra-Malay conflict, responding impartially to authoritative commands made by both sides.¹⁴³ On the one hand,

140 Crouch, ‘The UMNO Crisis’, p.23.

141 A once high official in the *New Straits Times* suggested that the home minister was pressed by Singapore Prime Minister Lee Kuan Yew to detain A. Samad Ismail—Lee never having forgiven Samad for criticising the PAP for ‘selling out’ its socialist ideals, and for his sharing information on the PAP with Tun Razak. Interview, November 1989. The respondent claimed that, in fact, Samad had never espoused radical political views in Malaysia, but had ‘confessed’ only to escape humiliating police treatment.

142 Crouch, *Malaysian Government and Society*.

143 See Simon Barraclough, ‘The Dynamics of Coercion in the Malaysian Political Process’, *Modern Asian Studies* 19, no. 4 (1985), pp.810-12.

security forces maintained order in Kuala Lumpur during the removal of the old *ultra* leader, Harun Idris, as Selangor *menteri besar*, and they prevented the UMNO Youth's launching disruptive street actions during Harun's several trials for corruption. Similarly, the armed forces commander, Federal Reserve Units, and police officers kept peace in Sabah as preparation was made for Tun Mustapha's ouster as chief minister in 1976.¹⁴⁴ On the other hand, the inspector general of police, Tan Sri Haniff Omar, dutifully carried out the home minister's detention orders against Tun Razak's 'communist', new order advisers, and he assisted in presenting their televised confessions.¹⁴⁵

Turning to interethnic relations between UMNO and MCA governing elites during this crisis, most analyses focus on the apparent decline of accommodation, the tendency for Malay decision makers to dismiss Chinese requests and interests. For example, Tun Razak's selection of Hussein Onn as deputy prime minister in 1973 so frustrated Tan Siew Sin's own ambitions that he resigned from the government and as MCA president the following year. Hussein Onn's appointment, in turn, of the former Malay *ultra* and new order member, Mahathir Mohamad, as deputy prime minister in 1976 again underscored the UMNO leadership's callousness towards Chinese sensitivities. Finally, Tun Razak's inclusion of the *Gerakan* in the governing coalition in 1972, and the *Gerakan*'s often operating thereafter at loggerheads with the MCA, angered MCA elites and served overall to dilute Chinese effectiveness further in policy making.

However, publicising these triumphs before mass Malay audiences perhaps earned UMNO factional leaders fewer points than earlier in the decade. During this period of greater Malay dominance, generally high commodity prices, and preoccupation with intra-Malay rivalries, whipping an evidently tamed Chinese horse was deemed less impressive. Thus, while the old *ultra*/old order leaders made allegations of communism that seemed to insinuate ethnic Chinese controlled Hussein Onn's government, they were later careful to specify Soviet, rather than 'Red' Chinese influence as the true source of threat. Furthermore, Mahathir, while serving as education minister from 1972-76, appeared to lose interest in his role as spokesman for *ultra*-Malay sentiments, and he gradually adopted a more moderate posture.¹⁴⁶ Indeed, Mahathir dealt far more harshly with Malay student organisations mobilised over intraethnic class and religious issues than he did with Chinese educationists and Mandarin primary

144 Milne and Mauzy, op cit., p.120.

145 Crouch, 'The UMNO Crisis', p.25.

146 FEER, 26 November 1976, p.24.

schools.¹⁴⁷ Finally, that communalism afforded a less firm basis for launching mobilising appeals during this period was made clear by Tun Razak's decision in 1974 to visit Peking. This signalled much confidence in his immunity to nationalist Malay attacks, particularly as he undertook the trip in the year before an important UMNO general assembly election.

Jesudason describes a case, however, in which the minister of trade and industry, Datuk Hamzah Abu Samah, did deploy an avowedly communalist strategy in order to advance his political ambitions.¹⁴⁸ As a candidate for one of the three UMNO vice-presidential posts in the 1975 general assembly elections, Hamzah crafted the Industrial Coordination Act (ICA) that was discussed in the previous section, providing Malays with broad avenues of entry into Chinese companies through employment and equity ownership, quotas and licensing. But though Jesudason believes that the act produced some of the effect that Hamzah desired, sending Chinese business people reeling 'like a besieged group',¹⁴⁹ he neglects to record that Hamzah failed afterward to gain delegate support from the UMNO general assembly, and that he soon fell into political obscurity. Moreover, two years later, the ICA was amended to include an appeals process, and its licensing requirements were steadily relaxed, a trend that would persist under the Mahathir prime ministership during the 1980s.¹⁵⁰

In sum, the overall relationship between the national leader, governing elites, and subelites in the UMNO must be classified during this crisis as strained, though less over any intractable communalism than issues of generational membership, technocratic skills, and personal ambitions. Indeed, the improving economic fortunes of the Malay community during this period, undergirded by continuing growth and some redistributive NEP programs, discouraged most Malay politicians from seeking to win mass support over traditional ethnic resentments. Consensual elite unity within the UMNO was thus reestablished by early 1978, and the party's winning coalition—contrary to Rabushka and Shepsle's predictions and game theoretical expectations—was again fully rounded out by 1981.

147 While 1977 marked the peak year of Malay quotas for university admissions, this may be considered a lagging indicator of an earlier, more intensive ethnic nationalism. Quotas were in the next year greatly relaxed, and the *Bahasa* paper required for graduation appears to have been made easier for non-Malays. Crouch, *Malaysian Government and Society*.

148 Jesudason, op.cit., p.135.

149 Ibid., p.131.

150 Fong Chan Onn, *The Malaysian Economic Challenge in the 1990s: Transformation for Growth* (Singapore: Longman, 1989), p.197.

At the same time, sustained growth and NEP benefits began to rouse the Malay community, laying the groundwork for new kinds of rule avoidance. Hence, that competitions shifted from interethnic to intra-Malay arenas meant only that lapses in elite cooperation would occur in new ways, not that they would entirely cease.¹⁵¹ Accordingly, though the UMNO crisis subsided by early 1978, Hussein Onn was challenged for the party presidency later that year by Sulaiman Palestin, a subelite supporter of Harun Idris. Hussein Onn, though easily reelected by the general assembly, delivered a scathing adjournment speech, declaring his indignation over an unprecedented, direct electoral challenge to the UMNO president and Malaysian prime minister.¹⁵² In brief, new sources of intra-UMNO pressures and cleavages were presaged by the 1975-78 UMNO crisis and the party elections held in its aftermath. And such pressures would recur far more seriously in 1987, three UMNO elections hence, as we will consider in Chapter Five.

Regime Outcomes

Although elite relations in the governing party were strained to crisis dimensions, the military and police showed no willingness to seize governing power in their own right, to elevate forcibly one faction of governing elites over another, or even to hesitate in carrying out government directives. To the contrary, the security forces not only acted with corporate restraint, but worked to insulate the UMNO from mass-level pressures generated in Selangor and Sabah by the removal of their popular chief ministers. The military's commitment to established game rules and power sharing arrangements throughout the crisis—and hence its contributing to regime stability—reflected civil-military traditions and power sharing agreements instituted during the colonial period.

The impact of strained elite relations was more visible in terms of the Malaysian regime's democratic politics. As UMNO elites and subelites began to operate with less restraint, Tun Razak perceived his party's democratic procedures and grass-roots legacy as less viable. Thus, as mentioned above, he proposed that UMNO general assembly elections for party officers be held every third year, rather than annually, and that limits be placed on the size of divisional

¹⁵¹ 'As Malay politics grow more sophisticated and increasing demands are made on those in power, all politicians are increasingly seen as fair game'. *FEER*, 26 November 1976, p.23.

¹⁵² Milne and Mauzy, *op. cit.*, p.403.

delegations.¹⁵³ Further, after altering the UMNO constitution in 1974, the Supreme Council wrested final authority over candidate selection from the party's divisions. Through these centralising changes, Tun Razak tightened his authority over party decision making, and he more openly promoted his preferred candidates for top party posts. Elite resistance to these measures and overall factional competitiveness dissolved finally in purges and arrests, leading to the assessment that 'Malaysia, now the least illiberal of the Southeast Asian states, could witness its political lifestyle degenerating into a series of witch-hunts'.¹⁵⁴ More analytically, if a correlation exists between the degree of democratic politics practised internally by a governing party and the larger regime form that it operates, the UMNO's centralising measures may have militated against any easing of limits upon Malaysia's limited democracy.

As an example, one notes in passing that the UMNO-led government's response during the 1970s to an invigorated stratum of civil elites. Specifically, the University of Malaya Students Union campaigned for the opposition *Parti Sosialis Rakyat Malaysia* (PSRM, the renamed *Parti Rakyat*) in the 1974 general election, and it later held mass demonstrations in Kuala Lumpur.¹⁵⁵ Students also conducted marches in support of squatters in Johor and rice farmers in Kedah, the latter action headed by an Islamic youth leader, Anwar Ibrahim. The government responded in Kuala Lumpur by arresting more than a thousand demonstrators, many of whom had sought refuge in the National Mosque. It also detained Anwar under the ISA, and it subsequently passed amendments to the University and University Colleges Act that forbade student membership in any political organisations or trade unions. Moreover, the ban on outdoor campaign rallies invoked after 1969 was extended through the 1978 general election, a restriction that particularly hampered the campaigning of opposition parties already denied access to state-owned media outlets. The combined effect, then, of these and other measures was that while the Malaysian regime form's stability was maintained throughout the 1970s, its democratic dimension continued gradually to contract.

Intraethnic Chinese Conflict, 1983-86

Pye contends that ethnic Chinese attitudes toward political authority flow mainly from Confucian assumptions. Chinese elites who are agreed about procedural norms should thus exhibit 'total

153 Despite Tun Razak's firm advocacy of these measures the general assembly only narrowly approved them. See Bruce Gale, *Politics and Public Enterprise in Malaysia* (Singapore: Eastern Universities Press, 1981), p.32.

154 *FEER*, 26 November 1976, p.22.

155 See Means, *The Second Generation*, pp.35-38.

emotional commitment to unity [in which] the system of authority is unambiguous: one party and one man run the entire enterprise, everyone is expected to join in the consensus, and any deviant is automatically classified as a subversive'.¹⁵⁶ In this view, interelite and elite-mass relations in an ideal-type Chinese community, characterised by hierarchical rigidity and intolerance of disloyalty, contrast with the more flexible patterns of obligation and softer punishments traditionally featured in Malay relations.

Among countries outside the 'three Chinas' possessing large populations of ethnic Chinese, Singapore perhaps exemplifies this condition of restrained elite competitions and reliable mass support guided by Confucian expectations. In Malaysia, however, certain factors inhibit this Chinese cohesiveness.¹⁵⁷ Most fundamentally,

Confucian political culture does not contain any guidelines for minority leadership in a community dominated by a non-Confucian culture. The Chinese concepts of authority are entirely premised on the assumption that both the omnipotent leader and his dutiful subordinates are Chinese; that a Chinese leader should be the subordinate of a 'foreigner' is culturally unthinkable.... Any Chinese who acts as a leader must be an impostor if he is subservient to the Malay majority leadership.¹⁵⁸

MCA elites, then, by accepting a political status inferior to the UMNO's in the governing *Barisan* (ie., their operating a much less than minimum winning coalition in return for narrow benefits) have been regularly challenged from within their organisation by impatient, activist factions.¹⁵⁹ These groups have variously termed themselves 'young bloods', 'young Turks', or 'Chinese firsters', and they find it

¹⁵⁶ Pye, op.cit., p.255.

¹⁵⁷ In comparing vertical ties within the separate communities, Means writes that 'the hierarchical structure of each communal segment of society had never been complete. [But] it was more characteristic of Malay society than of Chinese, Indian, or other minority societies'. Means, *The Second Generation*, p.112.

¹⁵⁸ Pye, op. cit., p.251.

¹⁵⁹ Parodying Prime Minister Mahathir's tract, *The Malay Dilemma*, an MCA staff official outlined in an interview the 'Chinese dilemma', to wit, having to choose between remaining in the UMNO-led *Barisan* government and legitimating its largely 'abusive' policies in return for minimal influence, or going into opposition and losing all influence, but regaining 'self-respect'. Interview, November 1989. In this limited range of choice that breeds disunifying pressures and challenges, an MCA division secretary stated that only a 'strong autocrat' could effectively lead the MCA, 'a Lee Kuan Yew, a Lee San Choon'. Interview, January 1990. Interestingly, this official considered that the conciliatory leadership style of Chou En-lai, a mainlander, would be ineffective in an Overseas Chinese communal setting.

easy to attract mass support by appealing to communal frustrations.¹⁶⁰ Hence, while in the UMNO, power struggles have only recently been openly waged, conflict in the MCA has always been intense and public. For example, the MCA was racked by the 1956 'constitutional breakaway movement', the 1959 July crisis, the 1971 'Chinese unity movement', and the 1973 'Perak task force' campaign.¹⁶¹ In each case, a compromising old guard faction, preoccupied with business interests and assisted by the UMNO, was able finally to prevail, but at a cost of worsened relations among MCA elites and subelites, as well as the further erosion of mass support. Moreover, these lengthy disputes have seldom been lastingly resolved through conciliation. Defeated MCA members have instead typically flocked to the *Gerakan*, the opposition DAP, or retired from political life.¹⁶²

Pye also observes that, apart from its subordinate political standing, the Chinese community in Malaysia is internally 'far too divided by linguistic groupings, places of family origin in China, and class differences to achieve true consensus. No Chinese leader can in practice articulate a common Chinese position'.¹⁶³ That traditional leadership groups such as bureaucrats, landed families, and scholars were unrepresented in the large-scale migrations to Southeast Asia further complicated the task of establishing authority over disparate Chinese constituencies. Thus, contrary to Confucian social ranking, successful merchants and entrepreneurs vaulted to elite status and political power in Malaysia, engaging in conflicts and mobilising support through such mechanisms as the MCA, Chinese chambers of commerce, occupational guilds, clan associations, and secret societies.¹⁶⁴

¹⁶⁰ Means, *The Second Generation*, p.176.

¹⁶¹ See Loh Kok Wah, *The Politics of Chinese Unity in Malaysia: Reform and Conflict in the Malaysian Chinese Association, 1971-73* (Singapore: Institute of Southeast Asian Studies, 1982).

¹⁶² An MCA staff official contended that the presence of two Chinese parties in the ruling *Barisan* facilitated their quarrelling, each party willingly accepting disgruntled persons who resigned or were expelled from the other. Interview, November 1989. An MCA division secretary speculated further that the UMNO deliberately deployed a divide-and-rule strategy, preventing the MCA and the *Gerakan* from coalescing, and that the UMNO further benefited from criticisms of the MCA made by the opposition DAP. Interview, January 1990. Finally, an MCA cabinet member stated that the UMNO kept the *Gerakan* on 'stand-by' in the event that the MCA went into opposition. Interview, January 1990.

¹⁶³ Pye, *op. cit.*, p.251. For a detailed discussion of intra-segmental differences in the Chinese community, see Wang Gungwu, 'Chinese Politics in Malaysia', in *Community and Nation: Essays on Southeast Asia and the Chinese* (Singapore: Heinemann, 1981). pp.173-200.

¹⁶⁴ Strauch locates the importance placed on wealth by Overseas Chinese in this historical and cultural context:

In sum, an absence of elite groups able to project historical status systems into the Malaysian setting, some fissiparous mass attitudes, and a culturally unfamiliar condition of minority social standing and political inferiority combined to weaken prospects for effective leadership and mass loyalties among the Chinese. Hence, in contrast to the traditional 'Malay way' that helps order the Malay community, Chinese elites find few unifying tenets available. Pye thus concludes that the absence 'of any clear hierarchical structuring of power, so essential for harmony and stability among Chinese, has made the inner politics of the MCA a story of continuous feuding'.¹⁶⁵

Although there is agreement among observers that MCA elites are, by virtue of these conditions, predisposed to disunity, one can argue that colonial experience helped ensure that their competitions have been played out in at least loose accordance with formal organisational rules. Chinese Malaysian elites and supporters have been arrayed into political parties, business firms, and interest groups. They have acknowledged the worth of, and have actively competed for, such posts as president, secretary-general, managing director, and places on executive committees and corporate boards. And they have mobilised support among delegates and shareholders at elections, assemblies, and annual general meetings. Hence, while organisational processes may be strained as ethnic rivalries become heated, institutions are not finally destroyed nor, apart from the Emergency period, have Chinese elites adopted antisystem postures and resorted to violence.

Let us briefly chart a particularly severe factional competition that occurred in the MCA between 1983-86. Ever since the formulation of the constitutional 'bargain', the MCA had remained the 'number two' component party in the governing coalition. Even so, after 1969, the NEP made it more difficult for the MCA to generate clear perceptions of its effectively defending Chinese interests. Thus, while the UMNO, in a context of Malay dominance and prosperity, grew somewhat less preoccupied with ethnic questions during the 1970s, mass Chinese

The overriding concern with pursuit of economic security that dominated peasant life in southern China has continued to occupy the attention of Chinese immigrants to the *Nanyang*, and that of their descendants.... [T]heir largely negative experiences with political authority under first colonial, then Japanese, then Emergency rule served to strengthen the time-honoured Chinese predilection for choosing an inward-turning obsession with the family and its maintenance as the most effective survival strategy.

Judith Strauch, 'The General Election at the Grass Roots: Perspectives From a Chinese New Village', in *Malaysian Politics and the 1978 Election*, edited by Harold Crouch, Lee Kam Hing, and Michael Ong (Kuala Lumpur: Oxford University Press, 1980), pp.214-15.

165 Pye, op.cit., p.253.

constituencies were disposed to become more so. Evidently, however, so long the MCA was skilfully led—as under Lee San Choon—these Chinese resentments and subelite challenges could still be contained. But when the MCA offered inappropriate or irrelevant leadership—as under Lee’s successor—many Chinese supported new young blood attacks.

The MCA Crisis

Tun Tan Siew Sin, the accommodative old guard leader of the MCA, retired in 1974. He put forth as his successor Lee San Choon, who can be categorised as *neo*-old guard. On the one hand, Lee perpetuated long-standing party ties with English educated, Chinese economic elites, and he was therefore identified more with big and medium-sized business than with the small, ‘*mahjong*’ companies gathered in merchant guilds. On the other hand, Lee was personally more comfortable in the Chinese cultural milieu, thus making him responsive in perhaps traditional, philanthropic ways to the educational values and needs of Chinese constituencies. This new combination of interests and appeals gradually broadened the MCA’s support, and Lee unexpectedly resuscitated the party during the early 1980s. Indeed, MCA candidates won nearly all the seats they were allocated to contest under the *Barisan* umbrella in the 1982 general election. Lee himself left his safe seat in Johor to run successfully in Seremban, accepting a challenge from the DAP chairman, Chen Man Hin, to enter a ‘straight fight’ in an urban majority Chinese district. Lee’s victory remedied to some extent the MCA’s image of being able to win only in predominantly Malay districts suitably prepared and allocated to it by the UMNO, and this greatly enhanced his personal prestige.

In March 1983, for reasons that have never been made plain, Lee San Choon abruptly resigned.¹⁶⁶ Moreover, he refused to hold party elections before their scheduled date in July 1984, preferring simply to appoint his deputy, Neo Yee Pan, as acting MCA president. Lee chose Neo, a university lecturer in physics, to reform the party’s image of serving business interests, hoping to coax urbanised, educated Chinese away from the *Gerakan* and the opposition DAP. But Neo went further in this direction than perhaps Lee had anticipated,

¹⁶⁶ Lee’s ‘resignation was certainly an unconventional act by normal political standards.... Party membership had gone up from 200,000 in 1974 to more than 500,000 currently, and a number of serious squabbles among the second-line party leadership had been resolved, at least temporarily’. *FEER*, 7 April 1983, p.10. An MCA division secretary claimed that Lee San Choon had been secretly forced out by the UMNO leadership because he had grown too effective in uniting the Chinese community. Interview, January 1990.

concentrating attention on urban professionals while neglecting large Chinese capital. Additionally, he revived the MCA old guard's legacy of English education, remaining aloof from the cultural aspirations of most Chinese.

Thus, in appealing neither to the big business interests of English educated Chinese or to the educational preferences of mass Chinese constituencies, Neo's leadership position remained weak. An MCA vice-president, Tan Koon Swan, a man of humble social origin who had risen quickly to top corporate positions, was therefore able to launch a new kind of young blood, cross-class challenge that combined large-scale business support with mass-level appeal. Tan had directed between 1977-83 Multi-Purpose Holdings Berhad (MPHB), a venture begun by Lee San Choon and linked closely to the MCA. He had rapidly, even recklessly, built up the MPHB's assets, then proposed to distribute dividends through a deposit taking cooperative, the *Koperasi Serbaguna Malaysia* (KSM), to some 80,000 lower-middle and middle class Chinese families in small towns and New Villages.¹⁶⁷

Tan Koon Swan heralded Multi-Purpose as the MCA's answer to the NEP, building up equity in banks and plantations that rivalled the UMNO's holding companies and cooperatives.¹⁶⁸ Further, he put forth the MPHB and KSM as the mainstays of his long-term plan to corporatise Chinese family holdings and modernise their management, vitalise capital markets, and make investment opportunities more generally available to the Chinese community. Accordingly, as Tan augmented cultural appeals with a sophisticated and dynamic economic message, he became 'something of a folk hero' among diverse segments and classes of Chinese.¹⁶⁹

After his appointment as acting MCA president, Neo Yee Pan could have selected Tan as his deputy president. However, Neo chose not to accommodate Tan and his supporters, preferring instead to select Mak Hon Kam as his acting deputy. Neo evidently sought to head off the widely expected young blood attack on his position by pitting Tan's faction against Mak.¹⁷⁰ Undeterred, Tan expressed his intention to challenge Neo directly for the party presidency in the general assembly elections scheduled for July 1984. He also alleged that Neo had inflated the MCA membership roll with 'phantom' members, to wit, fictitious names that could be manipulated to

¹⁶⁷ Heng, op. cit., p.271.

¹⁶⁸ Jesudason, op. cit., pp.155-57.

¹⁶⁹ An MCA branch leader in Selangor stated that Tan's MPHB activities had an inspiring effect on much of the Chinese community. Amid the general elation, 'we did not ask whether it was ethical or unethical'. Interview, November 1989.

¹⁷⁰ *Asiaweek*, 30 March 1984, p.34.

increase Neo's delegate support. Tan then gained enough support from the party's Central Working Committee (CWC) that he was able to call an extraordinary general meeting (EGM) at which the discrepancies in the membership role could be investigated. Neo retaliated by purging Tan and his closest supporters from the party, charging that they had 'pushed the democratic process to the point of abuse'.¹⁷¹

These expulsions, the most serious the MCA had ever experienced at high party levels, triggered a 'cut-throat war in the MCA'.¹⁷² Tan began to prepare a legal case in order to validate his EGM, and he filed a police report over Neo's misuse of national identity cards in creating phantom members. He also began to mobilise support among merchant guilds and clan associations while making general appeals to the community through the Chinese-language press. Later, in preparation for party elections, Tan and Neo began to compete relentlessly for control of party branches, Tan manoeuvring to install cohorts of followers, Neo as quickly suspending branches disloyal to him. Groups of party leaders protested at each turn with widespread resignations that seemed rapidly to hollow out the party organisation.

Tan Koon Swan finally moved unilaterally to schedule an EGM at the end of April in Kuala Lumpur's Hilton Hotel. Members of Neo's faction then booked function rooms in the same hotel on the same date, leading the police to impose a temporary ban on both meetings because of threatened disorder. The willingness of the police, under the authority of the deputy prime minister and home minister, Musa Hitam, to collaborate in the Neo faction's 'deliberate sabotage' was interpreted as the UMNO's showing favour to the Neo faction.¹⁷³ Moreover, the prime minister, Mahathir Mohamad, dropped two of Tan's key supporters, Ling Liong Sik and Lee Kim Sai, from their posts as deputy ministers. Through these actions, UMNO elites 'made it known that they prefer[red] to have Neo remain as the main Chinese representative in the ruling hierarchy rather than accept a maverick such as Tan who ha[d] drummed up great expectations among the Chinese'.¹⁷⁴

But while UMNO elites worked to protect the old guard MCA president, the former MCA leader, Lee San Choon, reemerged to shift publicly his support to the young bloods under Tan. In the previous

171 *FEER*, 29 March 1984, p.14. For detailed accounts of the early stages of the MCA crisis, see Ho Kin Chai, *Malaysian Chinese Association: Leadership Under Siege* (Kuala Lumpur: Ho Kin Chai, 1984); and Lao Zhong, *The Struggle for the MCA* (Petaling Jaya, Malaysia: Pelanduk, 1984).

172 *Asiaweek*, 13 April 1984, p.9.

173 *Asiaweek*, 11 May 1984, p.18.

174 *FEER*, 3 May 1984, p.18.

weeks, Lee had sought to settle the crisis racking the party, offering to stand in as an interim president while differences were quietly negotiated. He discovered that factionalism had grown so bitter, however, that it prevented necessary meetings. Lee finally placed blame for his failed settlement efforts upon the intransigence of his former protege, Neo Yee Pan, and he urged MCA delegates to attend Tan Koon Swan's delayed EGM. With the police ban lifted, Tan then held the meeting on 6 May, and delegates voted overwhelmingly to reinstate him and his supporters to the party. Neo promptly declared Tan's EGM unconstitutional, and he held his own public rally several blocks away. This casual dismissal of membership preferences indicated that although Neo enjoyed little mass support, the organisational power flowing from the MCA presidency enabled him, like several past MCA presidents, to blunt popular, young blood challenges. Furthermore, he seemed still to enjoy the tacit patronage of Mahathir. A direct, personal appeal made by Tan Koon to Mahathir that the results of his EGM be honoured was brushed aside by the prime minister, and the conflict bogged down more deeply in law suits and court rulings.

Later in the year, however, the UMNO became more seriously embroiled in the continuing MCA crisis. In a context of worsening economic recession and a spreading Islamic resurgence, the UMNO leadership considered it necessary to hold the general election before the opposition PAS had mobilised greater support in Malaysia's northern states. But currently, the *Barisan Nasional's* electoral appeal was jeopardised by the MCA's factional strife, as well as by hints of new possible splits in the UMNO. Musa Hitam delivered progressively more severe warnings, at first on behalf of the Neo faction and later, a 'political bombshell', suggesting that the MCA should leave the governing *Barisan* coalition.¹⁷⁵ Prime Minister Mahathir and Ghafar Baba, presently serving as an UMNO vice-president and *Barisan* secretary-general, sought more responsibly to mediate the crisis, putting forth a variety of painstakingly crafted, compromise proposals. But while agreements were sometimes tentatively reached, they caused resentment among MCA subelites over UMNO interference¹⁷⁶, and they dissolved in renewed disputes over

¹⁷⁵ *Asiaweek*, 4 January 1985, p.16.

¹⁷⁶ Fan Yew Teng observes that the 'UMNO president and delegates at the 36th UMNO general assembly even had time and cause to laugh when a delegate ... referred on 28 September to Ghafar Baba as the 'MCA acting president''. Fan, *op cit.*, p.92. On this score, a former high-ranking MCA official and MP expressed his indignation over the UMNO's repeated interference in the affairs of the MCA and other *Barisan* component parties, citing this as his reason for resigning from the MCA. Interview, October 1989.

membership lists and court cases. Thus, the crisis began to bear increasing costs for the UMNO, as well as for the MCA, and it began more seriously to strain relations between them.

As the struggle entered its third year in 1985, the manoeuvring grew still more complex with both the old guard and young blood leaders threatened by 'subelite ascension' from within their own organisations. In May, Tan Koon Swan accepted a compromise proposed by the lord president, Tun Salleh Abas. In exchange for the Supreme Court sanctioning yet another EGM, Tan agreed to withdraw a proposed vote of no confidence against Neo, as well as to abide by an earlier deal in which he would not personally contest the party presidency at upcoming elections.¹⁷⁷ Tan's bargaining, however, drew protests from activist subelite supporters.

As news of the settlement spread, some delegates murmured ominously that the [EGM] would pass a vote of no confidence on Tan instead.... Some of his workers were furious that they had laboured to oust Neo only to be foiled by their own leader. Some then began to doubt Tan's determination to see the fighting through.... Afterwards, Tan and his allies spent hours with bristling supporters and delegates, explaining how the settlement was not a compromise.... Despite that, 150 delegates, all known Tan supporters, boycotted the [EGM].¹⁷⁸

Forced to choose between elite-level concession making or placating his supporters, Tan adopted the former course, holding a legally sanctioned, though restrained EGM. But while this calculation cost Tan some activist support, his evident new willingness to compromise with Malay elites appeared to pay off, perhaps contributing to the UMNO leadership's reevaluation of its support for Neo.

Thus, by August 1985, UMNO elites assessed Neo as powerful enough to perpetuate the crisis, but lacking enough constituent support to resolve it. However, instead of directly promoting Tan, they quietly backed the MCA deputy president, Mak Hon Kam. Mak was then inspired to call an emergency meeting of the Central Working Committee at which he declared his replacing Neo as acting MCA president. Neo promptly pronounced the meeting invalid. The UMNO then dropped Neo from the cabinet as minister for housing and local government, but retained the MCA in the *Barisan* in order to pave the way for conciliation between Mak and Tan Koon Swan. But by gaining favour from the UMNO, Mak lost support in the MCA,

¹⁷⁷ *FEER*, 23 May 1985, p.48.

¹⁷⁸ *Ibid.*, p.49.

and he was cast as having betrayed Neo Yee Pan, however unpopular, 'to the Malays'. Neo was thus able to draw on his power as MCA disciplinary committee chairman, bring Mak's campaign to a standstill, and to limp on through a period in which it was unclear who, in fact, was the party's rightful acting president.

Neo was not able, however, to block permanently a freely contested party election carried out on the basis of a corrected membership role. While the MCA constitution had empowered Neo frequently to hold power and ward off challenges, it served also to limit that power. Hence, in observing formal rules, Neo allowed this much delayed party election to be held on 28 November 1985. Tan Koon Swan won 77 per cent of the delegate vote to capture the party presidency from Neo. Mak Hon Kam, anticipating gaining very little support, declined even to run. The MCA's most intense and prolonged factional crisis seemed at this point to end, the voting results were mutually accepted, and Neo went 'down to the convention floor and shaking hands with Tan, an unusual gesture for MCA presidential losers. Tan immediately offered two of the seven appointed posts on the [CWC] to Neo and Mak'.¹⁷⁹

But a sudden turn of events plunged the MCA's newly elected leadership into a fresh crisis. One of Tan Koon Swan's largest business firms, Pan-Electric, failed in Singapore, signalling the vulnerability of his family group of companies amid widespread economic downturn. In early December, negotiations between Tan and creditor banks also collapsed, Pan-Electric went into receivership, and the company's \$200 million debt so severely burdened brokerages that it forced a three-day closure of the Singapore and Kuala Lumpur stock exchanges. In January of the next year, Mahathir adjusted his cabinet to accommodate the newly elected MCA officers. Tan did not seek a ministerial post, however, because both he and Mahathir were evidently aware of the probable outcome of the 'Pan-El' debacle.¹⁸⁰ Indeed, Tan was arrested and indicted later that month in Singapore on charges of abetting criminal breach of trust, a 'shock' to Malaysia's Chinese community.¹⁸¹

Released on bail, Tan returned to Malaysia to lead the MCA in campaigning for the general election that had been called for August 1986. However, as the year wore on, the former 'knight in shining armour' faced growing disillusionment among Chinese voters over the

179 *FEER*, 5 December 1985, p.26.

180 Drummond, *op. cit.*, p.411.

181 *Ibid.* 'Tan's arrest and the threat to his financial empire have caught the MCA at a particularly vulnerable time. Having barely had time to regroup after a bitter power struggle between three factions ... the MCA is again a battered ship without a captain'. *FEER*, 6 February 1986, p.13.

declining performance of Multi-Purpose.¹⁸² Additionally, Tan dropped more than three-quarters of the MCA's sitting parliamentarians in order to run an untested slate of loyalists. In the elections, held the day before Tan's originally scheduled trial date in Singapore, the UMNO performed unexpectedly well against the Islamic PAS. However, while Tan was himself returned to parliament, the MCA generally fared poorly against the opposition DAP, winning only 17 of the 32 seats allocated to it.¹⁸³

In September, Tan was convicted in Singapore of criminal breach of trust and sentenced to two years imprisonment, and he would later be jailed again in Malaysia on charges arising from his Multi-Purpose dealings. Tan resigned as MCA president and turned over a gravely weakened party to Ling Liong Sik and Lee Kim Sai. And though both Ling and Lee were counted as among Tan's young blood supporters, their respective English and Chinese educational backgrounds provided the basis for resumed rivalries and purges in 1990.

Elite Relations

The MCA crisis of 1983-86 was different in several ways from earlier upheavals in the party. First, the traditional markers for classifying factional MCA membership—on one side, English education, large capital, and indifference to Chinese cultural values, and, on the other, vernacular education, small business stakes, and strong Chinese cultural attachments—were profoundly intertwined and blurred. Lee San Choon, the *neo*-old guard leader, crossed large Chinese capital with Chinese education, while his successor, Neo Yee Pan, though English educated, associated more with middle class professionals than with prominent business people. Tan Koon Swan, finally, resembled Lee San Choon in some ways, but he appeared more actively to assist small investors through cooperative schemes. That confusion over identifying programmatic consistency prevailed even among MCA elites was dramatised by Lee shifting favour from his protege, Neo, to the young blood challenger, Tan Koon Swan.

182 Jesudason writes that 'just as the MPH was a boon to the MCA in the 1982 elections, it was a liability in the 1986 elections. Far from spearheading the Chinese economy, the MPH had become a financial embarrassment'. He attributes its huge losses in 1986 to its pursuit of conflicting economic and political objectives. Frantic expansion was preferred over caution in the build-up of assets, and economic soundness was sacrificed for high corporate visibility in order to build loyalty and patronage for the MCA and some of its leaders.... Finally, as the company's original agenda frittered away, its executives and directors merely used the company for their personal economic interests. Jesudason, *op.cit.*, pp.158-59.

183 See S.H. Drummond, 'The Malaysian Elections: Mahathir's Successful Gamble', *Roundtable* 301 (1987), pp.93-109.

Second, the conflict was distinguished by its length and severity, often involving fist fights outside party meetings and bitter clashes in the Chinese language press. In addition, MCA elites solicited outsider approval from UMNO elites, and they drew mass Chinese constituents into the fray to a much greater extent than in previous party crises. Factional members also worked outside the MCA's decisional committees to win support from the judiciary and the media, indicating their lack of consensus over the worth and reliability of their party's institutions. Competition grew so heated and informal norms so debased, it was at one point impossible even for elites to agree on which claimant was actually party president.

Third, and most surprisingly, despite UMNO intervention on behalf of favoured individuals and factions in the MCA, the young blood challenge was this time successful. In contrast to the July crisis and later outbreaks in the party, UMNO elites were unable to impose, or even consistently to identify, their preference for MCA president, first backing Neo, then Mak Hon Kam. But while Tan Koon Swan finally won the leadership position, his tenure was, of course, brief, his support vanishing with the Pan-Electric scandal and the decline of Multi-Purpose.

At the same time, though uncooperative attitudes and strained elite relations doubtless served to weaken the MCA, fragmenting its leadership and alienating its constituents, through it all, elites practiced a necessary minimum of at least *formal*, rule-bound behaviour such that the MCA was not finally destroyed. During the conflict, *Aliran* suggested that 'Neo's camp has had to resort to crude tactics—expulsions, suspensions, sackings, threats—though in accordance with the party constitution'.¹⁸⁴ Tan Koon Swan equally relied upon petitioning MCA Central Working Committee members and convening extraordinary general meetings. In sum, though any cultural civility, indeed Confucian obeisance that can buffer elite competitions was eroded, a recognition of the need ultimately for formal rule observance prevailed among contending MCA elites that enabled their organisation to persist. One thus notes that after exhausting his options under the party's constitution, Neo finally consented to a party election and accepted Tan Koon Swan's ascension, and that Tan was able peacefully to transfer power to Ling Liong Sik.

Regime Outcomes

In terms of stability, of what consequence to Malaysia's regime form is consensual elite unity or disunity within the MCA? Stability in

¹⁸⁴ *Aliran Monthly*, May 1984.

the Malaysian setting is dependent primarily upon sustained accommodation among Malay elites in the UMNO, and between them and other organisations of Malay state-level elites. Dominant UMNO elites could, if they chose, govern without the MCA, either legally by establishing a simple parliamentary majority, or coercively through ethnic and familial ties to the military and police. But, as we have seen, UMNO elites prefer to rely upon links to the MCA to ease their governing task. By citing the representative and multiethnic make-up of its *Barisan* coalition, the UMNO-led government can with some plausibility claim that it is able uniquely to act in the best interests of Malaysia's several ethnic communities. It thereby wins, if not the votes and compliance of most Chinese, at least a grudging admission that their condition could be worse—enough usually to deter them from mounting costly street actions and rural violence. And MCA elites, finally, while often derided as mere window dressing, are able to obtain considerable state benefits for themselves (if not more generally for their community). Hence, that Mahathir valued strongly the MCA's contribution to facilitating UMNO rule was made plain by his seeking to mediate the party's crisis and by his postponing general elections until it was resolved, even as recession wore on and threatened to erode the *Barisan's* appeal. Moreover, one notes that after Tan Koon Swan's downfall and imprisonment over his involvement in Pan-Electric and Multi-Purpose, he was later welcomed back on Malaysia's business scene, 'wheeling and dealing ... with undiminished vigour' from his former Supreme Corporation headquarters in Kuala Lumpur.¹⁸⁵

Additionally, it might seem that MCA elites, through their linkages to Chinese economic elites, could significantly influence growth and hence, regime stability. Certain factors dampened this, however. First, Chinese economic elites were themselves less entrenched than they had been, denied their earlier hegemony over the market. As discussed in the last section, economic growth produced and enjoyed disproportionately by Chinese was viewed by UMNO elites after 1969 as serving not to enhance, but to erode, ethnic relations, a source of mass Malay grievances that threatened stability. Through the NEP, Chinese business activity was therefore regulated in many sectors, though certainly not eliminated. Second, in order to shelter the enterprises that they continued to operate, Chinese economic elites made campaign contributions directly to the UMNO, probably offering greater financial support to Malay politicians than to the

¹⁸⁵ FEER, 10 January, 1991, p.51.

MCA.¹⁸⁶ Lee San Choon and Tan Koon Swan were able for a time to attract renewed interest from some Chinese economic elites (even while competing with, and antagonising, others)—indeed, their personal positions and fortunes clearly bridged governing and economic elite statuses. But big Chinese business people ensured themselves against such fiascos as Pan-El and Multi-Purpose by keeping a parallel set of ties to UMNO elites, which they presumably reemphasised after Tan Koon Swan's arrest. In short, MCA elites' accommodation with the UMNO was based mainly on the political contribution to stability that they made, not the structural economic pressure they could apply.

Lastly, by regularly contesting general and internal party elections, the MCA also lent form to Malaysia's semi-democratic politics. During periods when economic growth was perceived as better balanced and ethnicity as less salient, the MCA performed adequately. Thus, the comparatively strong leadership of Lee San Choon, allaying Chinese fears over the NEP, enabled the MCA to win 24 seats in the

186 Heng, op. cit., p.269. Similarly, Lee writes that 'given the MCA's weakened position in the government, many Chinese businessmen have increasingly established direct links with powerful Malays'. Lee Kam Hing, 'Three Approaches in Peninsular Malaysian Chinese Politics: The MCA, the DAP, and the Gerakan', in *Competitive Elections in Developing Countries*, edited by Zakaria Haji Ahmad (Singapore: Oxford University Press, 1987), p.91. Crouch provides some key examples: 'If the rise of Khoo Kay Peng was usually linked to his relationship with Tengku Razaleigh, Vincent Tan's fortunes seemed connected to his ties with Razaleigh's successor as Minister of Finance, Datuk Paduka Daim Zainuddin'. Crouch, *Malaysian Government and Society*.

With the decline of the MCA's mediating role, some middle-level party officials have received fewer benefits and have grown resentful toward Chinese-owned companies. An MCA division secretary and town councillor asked rhetorically of Chinese business people, 'why you kill my rice bowl?' To the extent that Chinese companies continue to seek favour from the MCA (while hedging their bet with contributions to the UMNO), the division secretary complained of their unequal expectations: 'If they pay me to do something and I don't do it, they give me a wallop. If they pay the UMNO politician to do something, however, and he doesn't do it, they say it's an investment'. Interview, January 1990.

The respondent still felt it was worthwhile to seek out higher posts in the MCA, however. He spoke frankly of his joining the MCA partly to advance his business interests, and of his hope to win a nomination for the Selangor state assembly and, eventually, an appointment to the state government's land committee. In alienating land, he would 'give some to this developer, some to that company, some to the royal family, some to myself ... allow it to appreciate, then sell it off.... Everybody in UMNO does it. Why shouldn't MCA? If I were in UMNO, I could make money even at the town level. In MCA, cannot'. Accordingly, an official at the Catholic Research Centre in Kuala Lumpur characterised MCA (and *Gerakan*) MPs and assemblymen as 'part-time politicians....tender here, tender there'. Interview, January 1990.

1982 parliamentary election. During interrupted or unbalanced growth, however, the MCA generally lost support to more avowedly ethnic parties. Hence, by 1986, Tan Koon Swan's ability to defend Chinese interests was emasculated by financial scandals and recession, and the MCA won only 17 seats in the elections that year. In these circumstances, the UMNO must carry the MCA over the rough spots, allocating it even more safe seats in Malay districts to contest than it normally does—a ruse probably contributing more to regime stability than to representative democracy.

Conclusion: A Control Model?

At the end of Chapter Two, I characterised elite relations in Malaysia as consensually unified over the procedural and power sharing terms of the 'bargain'. Although there was some exchange of their respective resources, Malay elites held most state positions and power, and Chinese elites held sway over the market economy. Thus, while elite relations were accommodative overall, Alliance game rules specified an under-representation of Chinese in the governing coalition, bureaucracy, and military. This configuration produced, therefore, not a consociational democracy founded on proportionality, but instead, a stable semi-democratic regime in which Chinese elites agreed to forgo full political rights in return for safeguarded property rights.

During the course of the four crises explored in this chapter, however, we have seen that the UMNO made additional claims upon Chinese elites, dominating state positions and restructuring Chinese companies. Consensual elite unity in the UMNO survived consequent pressures to pare the party's winning coalition, and it perpetuated a basic regime stability. But UMNO elites seemed also to cloak their grip on politics and their involvement in business with further limitations upon democratic procedures. Hence, some analysts might argue that Malaysia's interethnic elite accommodation and semi-democracy deteriorated into an ethnically lopsided 'control model' in which stability was retained, but through ethnic manipulation, exclusion, and force.

Let us now turn to some of the central features of this model that have been enumerated by Ian Lustick. Whereas consociational regimes flow from elite coalescence and forbearance across ethnic lines, in the control model 'the superordinate segment extracts what it needs from the subordinate segment ... and delivers what it sees fit'.¹⁸⁷ To this end, dominant ethnic elites monopolise and wield state power as an

¹⁸⁷ Ian Lustick, 'Stability in Deeply Divided Societies: Consociational-ism Versus Control', in *World Politics* 33, no. 3 (April 1979), p.330.

administrative and coercive instrument of discrimination, while 'subordinate sub-unit elites (if they exist) ... devise responses to the policies of superordinate groups which cope as satisfactorily as possible with the consequences of subordination'.¹⁸⁸ Lustick further suggests that with respect to the nature of political appeals,

in the consociational society, the political status quo is likely to be legitimised by vague and general references to the common welfare of both sub-units, and by specific and detailed warnings of the chaotic consequences, for each segment, of consociational breakdown. By contrast, the control system is likely to be endowed with legitimacy by an elaborate and well-articulated group-specific ideology; specific, that is, to the history and perceived interests of the superordinate sub-unit.¹⁸⁹

One can argue, however, that not only have Malaysian national elites avoided descent into the democratic instability described by Rabushka and Shepsle, but they have also stopped short of imposing Lustick's stable, though authoritarian, control model. As recounted in this chapter, Malay elites have indeed greatly strengthened their state power, and they have used it to encroach upon the economic prerogatives of the Chinese. But they have also 'seen fit to deliver' public policies respecting the presence of Chinese in business far more than an intense control model would imply—even during periods in which the NEP has been most ardently implemented. Thus, while Malay governing elites have used state power to move more deeply into the economy than have indigenous elites in Indonesia and Thailand,¹⁹⁰ we have seen that they still concede to Chinese Malaysians important opportunities for business ownership and profit making. This disposition is traceable, I have argued, to historical continuity in interelite attitudes and relations, as well as Malay leaders' pragmatic observance of Chinese contributions to economic growth.

Moreover, while the UMNO has retracted powerful financial ministries once allocated to the MCA, it still extends to the Chinese more state positions than do dominant ethnic elites in other Southeast Asian countries. MCA and *Gerakan* elites thus not only 'exist', but are able to extract significant material benefits for themselves and enough symbolic policy outputs for their constituents that they can claim

188 Ibid., p.332.

189 Ibid.

190 Harold Crouch, *Economic Change, Social Structure, and the Political System in Southeast Asia: Philippine Development Compared with the Other ASEAN Countries* (Singapore: Institute of Southeast Asian Studies, 1985), pp.19-29.

with some credibility that the *Barisan* is concerned with the well-being of all ethnic communities. Though taken from the period under study in the next chapters, one may consider as evidence the government's partial compensation of small Chinese investors after the failures of MCA-operated deposit taking cooperatives (DTCs), the continued federal funding of 'national type' Chinese language primary schools, and the opening of the Tunku Abdul Rahman College. In the cultural sphere, one observes the suspension of plans to develop the *Bukit Cina* cemetery in Malacca, as well as the relaxation of National Culture Policy controls upon Chinese New Year festivities and lion dances. And perhaps most substantively, the government undertook in June 1991 a 'smooth transition' from the NEP to the new National Development Policy, partly in order to prevent exacerbating non-Malay resentments.¹⁹¹ To the extent, however, that the MCA does fail to 'cope with [or] resist ... the consequences of subordination', DAP civil elites are able forcefully to articulate non-Malay discontents under a regime that is better characterised as a semi-democracy than an ironclad control model.

Lastly, it is a feature of democratic politics everywhere, of course, that politicians will tailor their messages to suit discrete audiences. Thus, while UMNO elites have mobilised their ethnic constituencies with appeals for Malay unity, 'group-specific ideology', and popular recollections of party history and Malay struggles, they have also campaigned more broadly during general elections by hailing the unifying *Barisan* formula and the importance of respecting Malaysia's 'multiracial' character. Further, when addressing the larger electorate, *Barisan* candidates have defended preferential Malay policies as beneficial to non-Malay security, and they have routinely fixed their coalition's need for a two-thirds parliamentary majority upon 'warnings of the chaotic consequences, for each segment, of consociational breakdown'—in particular, the recurrence of 13 May rioting. And even though this warning may at times veil near extortion (ie., an offer of protection from the *Barisan* government in exchange for voter support), it is delivered even-handedly to all ethnic communities, and it therefore more closely resembles consociational practices and campaigning than control model exclusivity, divisiveness, and demagoguery. In short, while it is difficult to specify precisely when nuanced power sharing becomes a matter of the dominant segment's 'seeing fit to deliver', there are still reasons for

191 With respect to the NDP, the 'non-Malays were appeased by the new policy's emphasis on fairness and economic growth to better the lot of Malays, rather than focusing on distribution of wealth and preferential racial treatment'. *Asian Wall Street Journal*, 18–19 October 1991.

thinking that Malaysian elites have generally engaged in more accommodation than exclusion.

CHAPTER FOUR

Prelude to Crisis: Mahathir's Emergence as National Leader, 1981-1986

In May 1981, Hussein Onn announced his intention to step down as Malaysian prime minister and president of the UMNO. He attributed his decision to a recent illness, though timed his departure to coincide with the 1981 UMNO general assembly election in order that his successor, Mahathir Mohamad, could quickly gain approval from the party. Hussein perhaps recalled his own difficulties early in his tenure as acting president. Thrust suddenly into the leadership role by the death of Tun Razak in 1976, he had been unable to secure a personal mandate from the UMNO until its triennial election could be held in 1978, a condition exposing him to the prolonged challenge from Harun Idris and the old *ultra*/old guard grouping. Hence, in an effort to spare Mahathir similar problems, Hussein chose not to wait for his declining health to drive him capriciously from office sometime in the months after the UMNO election, but acted strategically to step down beforehand.

In June 1981, Mahathir thus commenced his long tenure as national leader, the turbulence of which has sorely tested elite relations. This chapter deals primarily with Mahathir's ascension and policy aims during 1981-86. The next chapter will focus on the intra-UMNO and interethnic conflicts which occurred during 1986-88, hard on the heels of economic recession. Throughout, I will track changes in elite composition and observance of game rules, especially as manifested in the key UMNO triennial elections held between 1981-93. A main aim is to understand the events that precipitated and followed the extraordinary crisis during 1987-88, Malaysia's most complex and, in many ways, most serious test of consensual elite unity and stable semi-democracy.

Mahathir's Emergence as National Leader

The 1981 UMNO General Assembly and the 1982 General Election

The way in which Hussein Onn yielded the UMNO presidency to Mahathir in 1981 illustrated some of the party's formal and informal game rules. For example, the transfer of party leadership appeared first to require sanction from the retiring position holder and second, an institutionalised means for elites and subelites to deliver up their

endorsement. The UMNO general assembly delegates participating in triennial party elections, however, only offered this endorsement after being permitted to vent thoroughly their criticisms of leaders and policies. A composite of journalistic insights provides a good description of delegate behaviour during 'ideal-type' party gatherings:

The assembly means about 1,500 UMNO politicians will gather in Kuala Lumpur preceded by weeks of lobbying by young hopefuls vying for speaking time in what is the most important single annual political meeting in the country.... Delegates at the assembly often exercise their freedom of speech with total abandon, attacking party chiefs and government, even leaving themselves open to slander and sedition charges.... On the final day of the assembly ... members of the UMNO's Supreme Council traditionally reply to delegates' criticism.... After the assembly even ministers have been known to slink away to lick their wounds. The party usually closes ranks fairly quickly, but the process takes several weeks if there is a party election.¹

Informal game rules specified, however, that these criticisms made at the general assembly should not amount to open electoral challenges to the incumbent UMNO president or his replacement. On the other hand, prohibitions on contesting the pivotal deputy presidency were less clear. Because the president normally recruited his successor from this position, it was expected that he would ease his own choice into the post, though in a manner that did not contravene the party elites' sense of seniority or appear insensitive to the delegates' formal voting rights. In other words, at this intersection of centralised power and broad consultation, the UMNO president should not simply impose a candidate upon the general assembly, but instead, discretely seek out its ratification. Further down the party hierarchy, however, elites and subelites could freely contest the UMNO vice-presidencies and other posts on the Supreme Council. At this level, competition was traditionally quite open with factional leaders declaring their candidacies, and delegates offering or withholding their support and switching their allegiances.

Accordingly, Hussein Onn's chosen successor, Mahathir Mohamad, stood unopposed for the UMNO presidency in the general assembly election in June 1981. But Hussein's equivocation over candidates for the deputy presidency gave rise to an unusually tough contest between the education minister, Musa Hitam, and the finance minister, Tengku Razaleigh Hamzah. Reports were mixed over whom Hussein Onn favoured. They first suggested that he advised Mahathir to arrange for

¹ *FEER*, 19 March 1982, p. 12; 1 September 1983, p. 16; 19 March 1982, p. 12.

Razaleigh's advancement, but later that he preferred Musa, emphasising in speeches the Malay community's educational and spiritual needs, while leaving unmentioned Razaleigh's leadership of *Bumiputra* financial institutions and the new UMNO headquarters building fund. Mahathir, for his part, clearly preferred Musa, but was prevented by party traditions, as well as the recency of his ascension, from giving overt support.² Nonetheless, the general assembly, after confirming Mahathir as UMNO president, approved Musa's election over Razaleigh despite the latter's seniority. At the same time, the delegates displayed some autonomy, choosing the still imprisoned Harun Idris as the party's second vice-president.

After the election, Mahathir tried to close UMNO ranks, acting on his party's capacity to heal rifts quickly. Mahathir thus offered to retain Razaleigh in the cabinet as finance minister, though with reduced policy making latitude. Razaleigh was obliged to accept this arrangement, recognising that the 'Malay way' labels rejection of such invitations as 'arrogant'.³ Moreover, as we saw in the last chapter, Mahathir obtained in August 1981 the early release from prison of Harun Idris, A. Samad Ismail, Abdullah Ahmad, and Abdullah Majid. Taken together, these compromises appeared to restore consensual elite unity in the UMNO and even to earn Mahathir a new liberal reputation.

In keeping with the Malaysian regime's semi-democratic character, Mahathir worked next to secure approval for his government from the mass electorate. As with the UMNO's triennial contests, general elections should not be regarded as fully competitive, holding out the possibility of a new national leader and governing elites. Instead, they provided the UMNO and its *Barisan* coalition partners with regular opportunities to measure and reenergise their constituent support, shown roughly by the coalition's winning a two-thirds parliamentary

2 Mahathir may have selected Musa Hitam as deputy president (rather than choosing Razaleigh) over the objections of Hussein Onn. *FEER* records that when the late Tun Hussein Onn retired as Malaysia's third prime minister in 1981, he gave his hand picked successor, Datuk Seri Mahathir Mohamad, a piece of advice. He said Mahathir should appoint then Finance Minister Tun [*sic*] Razaleigh Hamzah as the deputy prime minister.... Perhaps typically, Mahathir decided to go his own way. Instead of Razaleigh, he appointed then Education Minister Datuk Musa Hitam as his deputy, and he sowed the seeds for an eventual Mahathir-Razaleigh confrontation and their now bitter rivalry.

FEER, 27 September 1990, p. 20.

3 *FEER*, 24 July 1981, p. 8.

majority necessary for amending the constitution.⁴ Failing to surmount this two-thirds threshold incurred for governing elites a marked loss of face, if not loss of office, something that had occurred only in the 1969 election.

Parliamentary and state assembly elections were held in April 1982. Mahathir, combining broad campaign appeals against corruption and bureaucratic inefficiencies with more focussed promises of improved urban housing for Malays, received the strongest electoral mandate ever given to a Malaysian government. The UMNO won 70 parliamentary seats, polling twice as many popular votes as the PAS, its main competitor for Malay support. Further, the MCA—briefly resuscitated, as we have seen, under Lee San Choon—won 24 of the 28 seats that it was allocated to contest. Thus, along with MIC parliamentary gains and *Barisan* victories in all the state assemblies, the UMNO-led government was returned with enough support that Mahathir could accelerate his policy initiatives.

Mahathir's Leadership Background and Style

At this point, it is useful to consider the apparent discontinuities in national leadership that Mahathir is often said to represent. Whereas the first three prime ministers possessed aristocratic Malay backgrounds, Mahathir was the son of a 'mixed-race' school teacher in rural Kedah. Further, while the previous prime ministers were educated as lawyers in Britain, it is often reported that Mahathir's application to study law had been rejected, and that he had therefore to settle for medical training in Singapore.⁵ Many observers of Malaysian politics thus seize on Mahathir's social background and career experiences in explaining his seemingly bellicose outlooks. They claim that rather than acting in lawyerly, rule-bound fashion, a headstrong and embittered Mahathir has habitually imposed his policy prescriptions as 'doctor's orders', while surgically removing social cancers and 'thorns in the flesh' from the body politic. His resentments against Britain, moreover, were manifested in his 'buy British last' approach to state purchasing, his refusal to attend the 1981 Commonwealth Heads of

⁴ For a discussion of the meaning and importance of elections in Malaysia, see Lee Kam Hing and Michael Ong, 'Malaysia', in *Competitive Elections in Developing Countries*, edited by Myron Weiner and Ergun Ozbudun (Durham NC: Duke University Press), pp. 140-43.

⁵ Gordon P. Means, *Malaysian Politics: The Second Generation* (Singapore: Oxford University Press, 1991), p. 83. While Mahathir's rejection is frequently rumoured, there seems, however, to be no firm evidence for it. Such a rejection would have been made by the state secretary of Kedah during the late 1940s, a Malay commoner, who is said to have channelled applicants into areas that he assessed would advance national development. I thank the anonymous reader of an earlier version of this book for pointing this out in his or her report.

Government Meeting (CHOGM) in Melbourne in 1981 and in New Delhi in 1983, and his aversion to the clubs, hill stations, and sporting events that continued to mark the 'good life' in Malaysia.⁶ And his distaste for ascriptive hierarchies was made evident by his attacks on the Tunku after the 1969 election, as well as by his lengthy campaign to strip the *agong* of his constitutional veto power during 1983.⁷ Finally, the *New York Times* opined that Mahathir's disposition gave rise to 'a sometimes brutal style that cuts across traditional Malay politeness'.⁸

But this reasoning constitutes mere popular wisdom, a condensation of personality traits into regime outcomes through highly simplistic metaphors. A more careful assessment would consider that while a first generation of accommodative local elites may adhere to colonial-era mores, the incorporation of new elites in later periods may involve changed institutional appearances. It is the underlying tradition of elite accommodation that persists and is noteworthy, and not necessarily its display in formal codes and structures. Elites in an enlarged or shifting configuration may therefore adjust their game rules and reform their institutions in consensually unified ways; observable changes may then stem less from a break in elite relations than a deliberate search for continuity. Indeed, an effort rigidly to preserve existing game rules in order to exclude new elite entrants probably builds potential over time for elite-level conflict and regime instability.

In sum, one can argue that Mahathir's emergence on the Malaysian scene is better understood within a framework of regenerative, accommodative elite attitudes and behaviour than as a precipitous slide into disunity. As the national leader of a rapidly changing country, Mahathir sometimes acted strongly to enforce a tradition of accommodation; he was at other times himself contained by

6 *Newsweek* reports that

a few years ago, Mahathir took back the handsome embassy given to the British at the time of independence. And while many ministers and parliament members like to pass the time in the former mansion of the British high commissioner at the cool mountain resort of Fraser's Hill, Mahathir is never a guest. 'It's too British for him', says one executive at the resort.

Newsweek, 2 May 1988, p. 11. For an extensive analysis of Mahathir's personal motivations and attitudes leading to his 'buy British last' policy, see Roger Kershaw, 'Anglo-Malaysian Relations: Old Roles Versus New Rules', *International Affairs* 59, no. 4 (Autumn 1983), pp. 629-48.

7 For a recount of Mahathir's 'battle royal' against the rulers during 1983 over the *agong's* power to withhold 'royal assent' from parliamentary legislation, see Means, *op. cit.*, pp. 113-20.

8 *New York Times*, 21 October 1990.

accommodative national elites. But in any event, surely Mahathir's having an ethnic Indian grandfather or his running a clinic did not inevitably forbid his discerning the value of consensual elite unity, or preclude his ultimately returning the country to a more historically familiar leadership style.

Mahathir's Policy Aims

As shown by the 1982 election returns, Mahathir's assertiveness was appreciated by many groups at the outset of his prime ministership. His one-time *ultra* posture continued to appeal to many nationalist Malays, and his evident dynamism and stated commitment to 'clean, efficient, and trustworthy' procedures in the Malay-operated bureaucracy made him tolerable to many in the Chinese community. Hence, in order to realise the redistributive and growth policies favoured respectively by these communities, Mahathir concentrated state power in the planning and technocratic units of an invigorated Prime Minister's Department.

Mahathir's fundamental policy aims may be summarised as: (1) establishing Malaysia's newly industrialised country (NIC) status through a program of state-led heavy industrialisation; (2) accelerating ethnic Malay participation in this growth process by expanding *Bumiputra* equity ownership and managerial skills; and (3) furthering, yet containing, the Islamisation of Malaysia's political, economic, and social life. The first two objectives were carried out by the terms of existing New Economic Policy (NEP), while the last took on an unexpected urgency in the atmosphere of the early 1980s. As these public policies have already received much scholarly attention, they need only to be outlined briefly here.

While deputy prime minister, Mahathir had also served after 1978 as minister of trade and industry. During this time, he organised the Heavy Industries Corporation of Malaysia (HICOM) in order to plan large infrastructural projects and accumulate the capital that they required. The resulting ventures involved steel making, cement, petrochemicals, pulp and paper, automobile production, and the like. This strategy reoriented the Malaysian economy in important ways, and it was accompanied by a variety of inspiring slogans and public exhortations. First, Mahathir wanted to establish an industrial base that would reduce Malaysia's dependence on commodities production, as well as break with the unfavourable trade patterns that he considered were a legacy of colonialism. It was this impulse that partly underlay his 'buy British last' rhetoric. Second, Mahathir recognised that in late-developing countries, the state must probably collaborate closely with economic elites in order that basic infrastructural development could generate high-speed growth. Mahathir fashioned a

concept of 'Malaysia Incorporated' in order to promote this relationship, which, after domestic capital had been adequately strengthened, could be dismantled through a privatisation campaign. Third, shortfalls in capital, technology, and labour productivity could be overcome by adopting practices evident in Japan and South Korea, a policy labelled 'Look East'.⁹ Major construction contracts were thus awarded regularly by the Malaysian government to Japanese and Korean firms, and efforts were made to copy such Japanese features as export-facilitating *sogoshoshas*, in-house unions, and an aggressive work ethic. Finally, Mahathir recognised that Malaysia's new export industries, unlike those of Japan and the established NICs, might not have favourable access to foreign markets during critical stages of development. In order to avoid complete reliance on export-oriented industrialisation, Mahathir therefore set in place a radical '70 million population' target that would create a large domestic market and economies of scale by the end of the 21st century.

This overall industrialising strategy was frequently criticised as hurriedly planned and inappropriate in the Malaysian setting.¹⁰ Its most serious deficiency, however, seemed to stem from the contradiction between fostering rapid economic growth and nurturing the Malay owners, planners, and managers able to drive this growth process. In short, rather than Malay bureaucratic and economic elites contributing managerial and capital resources to the state's industrialising program, the state had to divert resources to developing Malay bureaucratic and economic elites. As described in Chapter Three, this consisted largely of building up state enterprises, banks, and statutory bodies, recruiting Malay directors and staff, and licensing and contracting with Malay-owned firms. However, few of the Malays hired or licensed by these institutions had any serious financial or business training. Their tertiary education, provided through the NEP, generally involved social science or arts programs, often in Malay or Islamic Studies.¹¹ This led naturally to widespread inefficiencies and losses in the market—though these could be offset to some extent by earnings from petroleum exports, foreign investment, and at least a modest level during this period of Chinese business activity. In sum,

⁹ For an interview with Mahathir in which he develops the 'Look East' theme more fully, see *FEER*, 11 June 1982, pp. 38-41.

¹⁰ See, e.g., Jomo K.S., 'Mahathir's Economic Policies: An Introduction', in *Mahathir's Economic Policies*, 2nd ed., edited by Jomo K.S. (Petaling Jaya, Malaysia: Institute of Social Analysis, 1989), pp. 1-8. See also Tan Sri Datuk Samad Idris, 'Dr Mahathir's Forthright Manner Fills One with Wonder', *Berita Harian*, 19 September 1982, as cited (and translated) by Kershaw, *op. cit.*, p. 645.

¹¹ Means, *op. cit.*, p. 120.

the new Malay bureaucratic elites, often born of political sponsorship rather than decision making competence, and Malay economic elites, founded upon state favours rather than ordered market competition, were slow to acquire effective planning and business skills. Similarly, the burgeoning Malay middle class that trailed these elites was identified more with salaries and consumption than dynamic entrepreneurship.

Mahathir had to compromise his industrialising program further in order to outflank the appeals of Islamicists during the early 1980s. While Islam, of course, is subject to multiple interpretations and can thus hardly be considered intrinsically anti-developmental, it seems more often in Malaysia to have involved expenditures on religious buildings, conference centres, and overseas travel than capital accumulation and productive investment. These manifestations of patronage were intensified by the UMNO's mounting competition with the PAS during this period. Specifically, after the PAS's poor performance in the 1982 election, the party replaced its relatively secular, if ethnically chauvinistic, leadership in order to put forth a more stridently Islamic image. This, coincident with the mounting anomie of rural Malay migrants to urban areas, spreading *dakwah* (missionary) activities, and the international Islamic revival, appeared to strengthen the PAS's mass support.¹² The party's leaders were thus able eventually to draw Mahathir into a rancorous *kafir/mengafir* ('infidel/faithful') debate, directly challenging his religiosity and denouncing UMNO faithlessness before an often receptive Malay audience.¹³

In response, Mahathir adopted Islamisation as a third major policy plank, using state resources to set up the Islamic University, the interest-free Islamic Bank, and a variety of other Islamic saving institutions and schemes. Further, capital resources were shared with the *Lembaga Urusan Tabung Haji* (Islamic Pilgrims' Management

¹² For background on Malaysia's Islamic revivalism, see Chandra Muzaffar, *Islamic Resurgence in Malaysia* (Petaling Jaya, Malaysia: Penerbit Fajar Bakti, 1987).

¹³ In examining Mahathir's writings in *Menghadapi Cabaran* (Kuala Lumpur: Pustaka Antara, 1976) (translated as *The Challenge* [Petaling Jaya, Malaysia: Pelanduk, 1986]) Ian Kershaw gives us some notion of the gulf between Mahathir's views and those of the 'fundamentalists':

The context to which the religious chapters [in Mahathir's book] seem to be responding is the rise of Islamic fundamentalism in Malaysia, in particular those currents of the revival which reject not only materialism but all material development as the work of the devil.... [A]nti-developmental ideas could not, in practical politics, be refuted except with Islamic arguments.

and Fund Board, LUTH), strengthening its share holding position in an array of restructured companies. Mahathir worked also to coopt key Islamic agitators into the government. The best example of this was his persuading Anwar Ibrahim, the former leader of *Angkatan Belia Islam Malaysia* (Islamic Youth Movement of Malaysia, ABIM) who had been detained under the ISA, to join the UMNO in 1982.¹⁴ Anwar was quickly appointed deputy minister of Islamic affairs in the Prime Minister's Department, and he later became minister of culture, youth, and sports. This effectively stole a march on the PAS—which had also hoped to recruit the charismatic Anwar—and helped dampen Islamic discontents in Malaysia. But such stratagems also bore costs, diverting some resources from efficient industrialisation while deepening Chinese suspicions.

However, one could also argue that during these years, Mahathir, as national leader, succeeded overall in balancing his initiatives between different elites, while steering them through structural constraints. In comparison to the previous prime ministers, Mahathir managed more seriously to pursue industrialisation and the formation of Malay economic elites and a Malay middle class, while keeping ethnic and religious tensions at bay. He also expected that these economic elites would eventually contribute in their own right to quickening the growth process. What is more, these programs generated new patronage resources through which Mahathir and the UMNO gained political support. Thus, despite the dislocations, inefficiencies, unaccountability, and scandals that were features of this period, intra-UMNO and interethnic tensions were avoided, at least until after severe economic recession set in during the mid-1980s.¹⁵

¹⁴ See Simon Barraclough, 'Co-optation and Elite Accommodation in Malaysian Politics', *Contemporary Southeast Asia* 6, no. 4 (March 1985), pp. 314-16.

¹⁵ The conventional view seems to be that the NEP greatly exacerbated ethnic resentments in Malaysia throughout this period. Jomo writes that the 'deterioration in inter-ethnic relations ... has been accelerating since the mid-1960s'. Jomo K.S., 'Malaysia's New Economic Policy and National Unity', *Third World Quarterly* 10, no. 4 (October 1989), pp. 36. Chandra suggests that this 'deterioration in communal relations in the last decade has been due mainly to the conflict between an emerging Malay middle and upper class and an established non-Malay middle and upper class'. Chandra Muzaffar, 'Has the Communal Situation Worsened Over the Last Decade? Some Preliminary Thoughts', in *Kaum, Kelas, dan Pembangunan Malaysia* (Community, Class, and Malaysian Development), edited by S. Husin Ali (Kuala Lumpur: Persatuan Sains Sosial Malaysia, 1984), p. 381. One could argue, however, that the NEP, by shifting contention to middle class arenas from working class Malay street gangs and Chinese secret societies (the principal adversaries during the May thirteenth rioting), has in fact scaled back the potential for ethnic violence. Although Malay and Chinese middle class segments now compete intensively for statuses and wealth—and often perpetuate or embellish

Careers in the UMNO Under Mahathir

As a prelude to discussing the important UMNO general assembly election of 1984, let us chart more closely the Mahathir government's combined pursuit of political patronage resources and economic growth, specifically as they were manifested in career experiences in the UMNO. In the last chapter, we saw how UMNO trustees used state positions and power to acquire economic assets. But one's progress could also flow in the opposite direction, to wit, advancing one's existing business interests by going personally into politics or by attaching oneself to top UMNO politicians.

Daim Zainuddin, hailing from Mahathir's home town in Kedah, exemplified this movement from business to state elite status. One recalls that Daim first entered property development in the early 1970s with the aid of the Selangor *menteri besar*, Harun Idris. In 1979, he was recruited by Deputy Prime Minister Mahathir to direct *Peremba*, the commercial and construction arm of the state-owned Urban Development Authority (UDA).¹⁶ He received an appointment to the *Dewan Negara* in the following year and won election to the *Dewan Rakyat* in 1982. Later, apparently in order to bolster the UMNO's financial position, Daim was brought in as finance minister and UMNO treasurer by Mahathir (by then prime minister) in 1984, displacing Tengku Razaleigh as the party's main trustee. But it was not only the UMNO's fortunes that benefited from this because, as Jesudason notes, 'Daim's business success increased greatly with his entry into politics'.¹⁷ In particular, Daim's sale in 1985 of his shares in the United Malayan Banking Corporation (UMBC) to *Pernas* reportedly fetched 'a good price'.¹⁸

In addition, Malay business people could gain state power by linking themselves to governing or bureaucratic elites, rather than directly assuming state positions themselves. Syed Kechik, for example, accumulated vast capital resources while enjoying the patronage of

unflattering stereotypes about each other—they are at least agreed on the worth of the largely material benefits they are competing over and how their competitions should be waged (ie., careerism, business life, and direct or indirect state patronage). During most of the 1980s, then, it became increasingly difficult to imagine ethnic communities in Malaysia, marked by much growth of the middle class, engaging in street-level confrontations that would put at risk the considerable stakes they had established.

16 James V. Jesudason, *Ethnicity and the Economy: The State, Chinese Business, and Multinationals in Malaysia* (Singapore: Oxford University Press, 1989), p. 107.

17 *Ibid.*

18 For a critical examination of Daim's UMBC dealings, Jesudason, *op. cit.*, p. 107, refers the reader to Raphael Pura's articles in the *Asian Wall Street Journal*, 26-27 September 1986.

Sabah Chief Minister Tun Mustapha during the 1960s and 1970s. More recently, Wan Azmi Wan Hamzah, heading General Lumber, and Halim Saad, director of Halimtan (and eventually of Renong), rose to prominence on the coat tails of Finance Minister Daim Zainuddin. Ahmad Sebi, a close personal friend of Prime Minister Mahathir, was made director of TV3, the highly profitable, UMNO-owned television station. In short, these new Malay economic elites did not gain governing elite statuses, but they were able to advance their business positions through personal friendships and contact with those who did.

Entry from business into politics also occurred on a more modest plane. Malay operators of small and medium-sized businesses could increase their access to state licences and contracts by winning positions in the UMNO party organisation and state apparatus. While the NEP provided state benefits to the Malay community, individual Malays could enlarge their shares through election or appointment to state offices.¹⁹ Let us trace this entry at the grass roots level and steady rise in position, at the same time exploring the UMNO's hierarchical structure and workings.

At its base, the UMNO's paid membership of approximately 1.4 million persons was arrayed during the mid-1980s into some 8000 branch organisations. Within each branch, local party members took part in the annual election of a branch leader and five executive committee members (the elected branch leader then appointing two more). At the next echelon, the UMNO was organised into 133 divisions (*bahagian*) that corresponded to the federal parliamentary districts delineated in Peninsular Malaysia and the Federal Territory of Labuan. Elected branch-level officials gathered every second year to elect in their respective divisions a head and seven committee members (the divisional head then appointing three more). Finally, the divisional officers formally nominated candidates for the highest positions in the UMNO apparatus, and they followed this by participating in the triennial general assembly elections.

Hence, a small, but ambitious Malay business person, wanting to secure for his or her company some of the projects dispensed locally

¹⁹ Harold Crouch explains that

government policy has made available business opportunities for Malays, but it is government patronage that determines which Malays actually get the opportunities. Having acquired their wealth through government patronage, it is only natural that businessmen and aspiring businessmen should want to strengthen their influence in the ruling party by winning office in the party organization and eventually seats in parliament or the state assemblies.

Crouch, 'Money Politics in Malaysia', in *Mahathir's Economic Policies*, 2nd ed., edited by Jomo K.S. (Petaling Jaya, Malaysia: Institute of Social Analysis, 1989), p. 89.

by the UMNO-controlled bureaucracy, could seek first to become a branch leader. In doing this, the candidate would try to establish close ties to the village headman (*ketua kampong*) and win favour with branch members who, in most cases, were among the wealthiest villagers.²⁰ Building these relationships was facilitated by the candidate's observing conspicuously some politenesses and customs associated with the 'Malay way', attending Friday prayers at the mosque or *surau* and presiding over sundry religious and familial rites and feasts. At the same time, because competition over even branch-level positions had intensified under the NEP, one would probably have to grapple with rivals in unseen manoeuvres and deal making. Eventual winners, empowered to allocate state contracts, could then allocate these contracts to themselves, profiting in what Shamsul has called the 'business of development',²¹ though taking care to share with patrons and constituents.

Seeking later to broaden his or her support base, win higher party positions, and obtain grander contracts, the branch leader could, after completing the required two years membership in the UMNO, use the branch as a stepping stone to election as a divisional head or committee officer. It is at this stage that entering the state or federal government became possible—and where 'money politics' was first practiced in vast amounts.²² Campaigning in the division's towns and villages, the candidate persisted, of course, in bearing a self-deprecating manner, proclaiming a reluctance to seek office, and following village-level courtesies closely.²³ But larger ambitions were

20 See James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven: Yale University Press, 1985); and Shamsul A.B., *From British to Bumiputera Rule: Local Politics and Rural Development in Peninsular Malaysia* (Singapore: Institute of Southeast Asian Studies, 1986).

21 Shamsul, *op. cit.*, p. 177.

22 A former cabinet minister and senior UMNO official stated that upon becoming branch leader, one came 'close to power. Party dignitaries passing through call upon you, sit next to you at dinner, etc'. But for division leaders, 'the sky's the limit'. Interview, January 1990.

23 An UMNO (*Baru*) cabinet minister elaborated some of the requirements and obstacles that marked a career in his party, involving less 'ideology or philosophy than personalities and patronage'. One should 'tread cautiously' at the division level, remaining 'humble in the 'Malay way'', and respect the local 'anti-intellectualism: an Oxford accent is a liability, at least in the early stages of one's career'. At the same time, one should have the ability to mobilise and sustain a large circle of friends, and choose to operate in a division in which one possesses influential 'family roots'. But in 'going for a post', a challenger will find it difficult 'to dislodge an incumbent, even at the branch level. It is his lifeblood'. Interview, November 1989. A rapidly promoted UMNO (*Baru*) Youth official added: 'You cannot campaign for a post like in the U.S. If you stand up and say how good you are and why you

matched also by the candidate's displaying to grass-roots constituents his or her ties to key patrons and resources, a capacity embodied in the quality of traditional Malay dress or administrator's safari suit, a European luxury car, a large and obeisant retinue, and other assorted props. More concretely, the candidate might engage directly in vote-buying.²⁴

Election as a division head could lead to an appointment at the town or municipal council level, or selection as the UMNO's nominee for assemblyman (*wakil rakyat*) in the appropriate state legislature or for MP in the appropriate federal district. These governing elite and subelite positions promised successful candidates considerable patronage and business opportunities, leading ambitious division heads to appraise them as 'the passport to riches and power'.²⁵ For example, after winning a seat in a state legislature, the assemblymen might be recruited by the *menteri besar* to that state government's executive council (Exco), a land development board, a timber board, or a state economic development corporation (SEDC). He would then be able to oversee the alienation of state lands in return for 'premiums', undertake the conversion of privately held land from agricultural to commercial or residential use in exchange for 'coffee money', or to traffick in timber concessions—in some states the main currency of politics.²⁶ At the parliamentary level, further, an elected UMNO MP,

should be elected, it's the last speech that you'll ever give'. Interview, December 1989. Finally, a former UMNO cabinet minister observed that successful UMNO politicians must groom proteges, probably by manoeuvring them into division posts. 'After that, you're on your own'. One's further advancement depends 'on how you move around in the division. [It is] a year round competition [and you're] always on stage'. Accordingly, one needed to project an image of 'father figure', presiding over *kampong* gatherings and listening patiently to criticism. During factional struggles, one should remain 'above it all', never lose one's temper or cause anyone to lose face. 'Don't overreact ... shake hands after ... revenge is not admired ... respond obliquely, get back some other way, win another time. In victory, winners should be magnanimous'. Interview, November 1989.

24 Crouch, 'Money Politics', p. 87.

25 Shamsul, 1986, p. 176.

26 Under Malaysia's federal structure, state governments retain authority over land use. The process is overseen by the uppermost figure in the state government, known in the Malay states as the *menteri besar* and in the former Straits Settlements of Penang and Malacca and in the Borneo states of Sarawak and Sabah by the British term of chief minister. If the *Barisan Nasional* forms the state government, the *menteri besar* is named by the UMNO president, rather than by the state assemblymen from the majority party. If the *Barisan menteri besar* or chief minister is also an UMNO member (which they always have been except in *Gerakan*-controlled Penang and in Sabah and Sarawak), he is normally appointed to head the respective UMNO state liaison committee, at one time an office of much importance.

in return for dutifully backing the prime minister's often sweeping legislative initiatives and constitutional changes, might be rewarded with licences and contracts that could be directly exploited or subcontracted out. An MP might also eventually win appointment by the prime minister to the cabinet with the power to collect party 'contributions' and to exercise final authority over diverse forms of important, official approval.²⁷

As mentioned above, party divisions were also responsible for nominating candidates for the UMNO's top positions, then sending their biennially elected divisional officers to attend the triennial UMNO general assembly election. These nearly 1500 assembly delegates voted on a range of national party leaders: the president, deputy president, three of the five party vice-presidents, and 25 other members of the UMNO Supreme Council.²⁸ Prior to introduction of the NEP, the assembly delegation had been composed largely of rural school teachers drawn from the party's mass membership and, to a lesser extent, civil servants. They were brought by bus or train to Kuala Lumpur, lodged in private homes or small hotels, treated to simple entertainments, and they were facily manipulated and bargained away by *menteri besar* and division heads. Indeed, a regional elite's ascending to national status in the UMNO depended on his capacity to deliver his home state's votes as a block.²⁹

But with the advent of the NEP, the composition of assembly delegations gradually changed, and traditional obeisance gave way to a more widespread ambitiousness. Greater educational and business opportunities, largely initiated by the national leader and elites

²⁷ FEER, 2 April 1987, p. 21.

²⁸ The three vice-presidents elected triennially by the general assembly were ranked according to the number of votes each won. They were followed by the UMNO's two *ex officio* vice-presidents, that is, the leaders of the UMNO Youth and the UMNO *Wanita* who were chosen by their respective organizations in separate biennial elections. An additional 25 UMNO Supreme Council members were elected by the UMNO General Assembly. The UMNO president also appointed a secretary-general, party treasurer, an information chief, and seven more members to the Supreme Council. Usually, all UMNO *menteri besar* in Peninsular Malaysia and the chief minister of Malacca—serving also as state liaison chiefs—gained party posts, either as vice-presidents or ordinary council members.

²⁹ A high-ranking UMNO official recalled the traditional process of delegate selection: 'UMNO philosophy is village philosophy ... with ordinary members occupied with ceremonies and funerals. The division head would announce, 'Okay, I'll pick ten delegates'. He chooses, then, asks, 'Are we all agreed?' ... I remember when delegates stayed in small fifteen-room hotels [and were awed by dinner invitations]. Do you know what it means for little people from the village to say, 'I can't meet you at the stall tonight. I'm attending a dinner with UMNO officials?'" Interview, November 1989.

themselves, increased delegates' sophistication, many now arriving in German and Swedish sedans at the towering UMNO headquarters and Putra World Trade Centre (PWTC). And breaking with earlier patterns, they individually traded their votes for elaborate hotel accommodations, costly feting, and assurances of patronage for business ventures and political advancement.³⁰

The 1984 UMNO General Assembly Election

Anticipating strong challenges, Mahathir underscored before the 1984 UMNO election the party's informal prohibition upon freely contesting top posts. In particular, he intoned that 'democracy should not be pursued at the expense of party unity'.³¹ In keeping with the oblique style of defence integral to the 'Malay way', Mahathir refrained at this point from identifying rule violators. But he was widely understood to be reminding Musa Hitam to wait patiently in the deputy slot, as well as advising Tengku Razaleigh not to run against Musa for a second time.

Later, however, Mahathir warned publicly that Musa should not be electorally challenged for the deputy presidency. This declaration, unprecedented in its openness, earned little gratitude from Musa. It also broadened the perception that Mahathir enforced party traditions for his own benefit, rather than for the assembly, and that he ignored many of the party's democratic norms. Mahathir had just emerged from his 'battle royal' with the rulers, and he was presently embroiled in the mounting BMF scandal.³² He thus reacted impatiently to the assembly's criticisms, tightening the party's internal selection processes, compressing divisional elections into a four-day period in April, and advancing the general assembly to May.

The 1984 UMNO election was widely assessed as the most contentious that the party had held. Important shifts in the UMNO's membership were signalled by business people and politicians for the first time outnumbering school teachers in the assembly delegation,

³⁰ Shortly before the 1984 UMNO elections, *FEER* recorded that the outcome of this year's election is anybody's guess—the party is badly split and, unlike in the past, there are now so many wealthy Malays that political patronage, which was once enough to secure votes, is no longer so effective. 'Money', one UMNO veteran said, 'is what political patronage once meant. Now the *Bumiputra*-oriented New Economic Policy has created so many multi-millionaires. Each of them is a source of patronage, a source of power'.

FEER, 24 May 1984, p. 46.

³¹ Quoted in *FEER*, 2 June 1983, p. 42.

³² For background to the *Bumiputra* Malaysia Finance (BMF) scandal involving the loss of approximately RM2.5 billion in bank funds, see Means, op. cit., pp. 120-23.

and they displayed less compliant attitudes and behaviour. However, Mahathir adopted a forceful posture in order to shield his traditional prerogatives from 'modernised' attitudes and challenges. Further, his supporters tried to erode Razaleigh's appeal by portraying the latter as too closely linked with Chinese businesses and as deeply involved in the BMF controversy. In these ways, Mahathir again managed to produce the electoral outcomes he desired. He secured his own unopposed return as UMNO president, increased the margin of victory earned by Musa over Razaleigh in comparison to 1981 general assembly returns, and he ousted from the Supreme Council those UMNO politicians who had worked against him in his competition with the rulers the previous year. Then, in concluding the assembly, Mahathir returned deftly to the 'Malay way', giving conciliatory speeches and calling for the customary closing of ranks. This coincided, one notes, with the onset of the fasting month of *Ramadan*, a period during which open conflict among Muslims is traditionally quelled.

Cabinet Appointments

In July 1984, Mahathir adjusted his cabinet in order to reflect the outcomes of the UMNO general assembly election, as well as to advance or check the progress of various elites and subelites. Mahathir retained Musa Hitam as deputy prime minister and home minister. He also kept Tengku Razaleigh in the cabinet, though in the less senior Ministry of Trade and Industry. Further, Razaleigh was replaced as head of the UMNO liaison committee in Kelantan by the state's *menteri besar*, leaving as his sole party post his chairmanship of the Gua Musang ('Fox's Lair') division. But Mahathir resisted demands made by Musa's supporters that Razaleigh be removed from the cabinet entirely. He evidently valued Razaleigh's technocratic skills, as well as his countervailing impact upon Musa's popularity.

Razaleigh was succeeded as finance minister and party treasurer by Daim Zainuddin, who, while now the UMNO's top trustee, had little parliamentary experience and no designs upon the prime ministership. In addition, Datuk Abdullah Badawi, a supporter of Musa and the chief of the UMNO liaison committee in Penang, was made minister of education. Perhaps then to offset the Musa and Abdullah Badawi combination, Mahathir elevated the UMNO Youth leader, Anwar Ibrahim—also from Penang and increasingly identified as Mahathir's protege—from the entry-level Ministry of Culture, Youth, and Sports to the Ministry of Agriculture. Additionally, a number of rapidly rising elites and subelites, such as Sanusi Junid from Kedah, Rais Yatim from Negeri Sembilan, and Adib Adam from Johor, were rotated through junior ministries.

Mahathir also undertook a variety of cooptative and punitive measures. To placate Islamic activists further, he absorbed Yusof Noor, a former dean of the Faculty of Islamic Studies at the *Universiti Kebangsaan* (National University), into the cabinet as a deputy minister in the closely monitored Prime Minister's Department. On the other hand, Ghazali Shafie, serving presently as foreign minister, was removed for having sided with the rulers during the 1983 constitutional crisis. He was replaced with Tengku Rithaudeen, thereby helping to 'keep ... the party in Kelantan happy'.³³ Overall, one observes in these exercises the extreme care with which ministries were apportioned, and that they were used as much to reward, coopt, balance, and isolate powerful interests as they were to administer soundly.

Rising UMNO Factionalism

After the 1984 UMNO election and cabinet reshuffle, one could detect beneath Mahathir's national leadership the emergence of three rival elite factions. They were headed respectively by Musa Hitam, Tengku Razaleigh, and Anwar Ibrahim. Throughout 1985, Musa's star seemed to flicker, however, while Anwar gained steady attention from Mahathir and Finance Minister Daim Zainuddin. Musa sought to regain influence, especially during Mahathir's frequent trips abroad when, as acting prime minister, he made important government choices. Oscillating between heavy-handed and conciliatory approaches, Musa thus issued in 1985 a tough warning to MCA leaders during their party crisis, a confirmation of the PBS's electoral victory over the *Berjaya* in Sabah, a harsh suppression order against Islamic dissidents in the 'Memali incident', and a compromise over the Papan nuclear waste dump issue.³⁴ In each of these situations, Mahathir would probably have responded differently. Accordingly, rumours began to circulate of tensions between Mahathir and Musa, and speculation arose that Musa might even join with his competitor, Razaleigh, in challenging Mahathir at the next party election in 1987. Mahathir and Musa denied, however, that their relations were strained, and mass audiences remained distracted by more startling divisions in the MCA and the fall of international commodity prices.

But in late February 1986, when the MCA crisis appeared at last to be ebbing, an evidently frustrated Musa Hitam submitted his resignation from the cabinet. He was later persuaded by supporters to

³³ *FEER*, 26 July 1984, p. 14.

³⁴ With respect to Musa's role in the 1985 Sabah elections, see Means, *op. cit.*, pp. 153-65. For a journalistic account of the 'Memali incident', see *FEER*, 16 January 1986, p. 14.

remain as UMNO deputy president and Segamat division head, but his action nonetheless threw the UMNO into turmoil. Musa, claiming to have lost the 'loyalty and trust' of the prime minister, thus ended their long partnership that had been formed during the mid-1960s. At the same time, in keeping with an apparently informal game rule about resigning from the governing coalition (a rule instituted by Tunku Abdul Rahman and observed by Tun Hussein Onn and Lee San Choon), Musa did not publicly declare the deeper reasons for his stepping down. He instead sought vaguely to portray himself as the 'injured hero',³⁵ offering Mahathir a gracious letter of resignation, and removing himself from the scene to carry out the *umrah*, an off-season pilgrimage, in Mecca.

Many accounts emphasise Musa's policy disagreements with Mahathir as his reason for resigning, his preference for modest development projects and growth rates, and his apprehension over 'money politics'. But it was perhaps also Musa's hope that his elite and subelite constituents in the UMNO Supreme Council, confronted with the humiliation of their patron, would be driven to press for an extraordinary general meeting in which he might regain his earlier standing. If this was his aim, however, Musa was felt to have overplayed his hand, because his supporters were voted down in a critical Supreme Council meeting, then thrown into disarray by yet another cabinet adjustment. Mahathir then took direct responsibility over Home Affairs from Musa, thus gaining greater powers over internal security.

Mahathir replaced Musa as deputy prime minister with the stalwart UMNO politician, Abdul Ghafar Baba. Ironically, it had been Mahathir's selection as deputy prime minister by Hussein Onn ten years earlier that had led Ghafar, out of pique, to refuse to serve in the cabinet.³⁶ It is also important to note that by appointing Ghafar at this juncture, Mahathir again passed over Tengku Razaleigh. However, neither Ghafar or Razaleigh were probably Mahathir's first choice for the position. Instead, he would have preferred to bring up Anwar Ibrahim, though such a leap in ministerial status from an unranked, *ex officio* party vice-presidency (as UMNO Youth leader) would have strained party game rules over seniority. Ghafar, on the other hand, was a full vice-president, and he was assessed as a safe choice for place holder. While Ghafar possessed village-level charm and was an able grass-roots campaigner, he lacked enough formal education to aspire

³⁵ FEER, 27 March 1986, p. 16.

³⁶ Ghafar then concentrated his attentions during the next decade on business enterprises, especially *Pegi Malaysia*, that was mentioned in the last chapter. It was rumoured that Ghafar's ultimately going deeply into debt through such ventures disposed him again to accept a government post.

seriously to the prime ministership in rapidly modernising Malaysia. This enabled Anwar to persist in a more measured trajectory, moving from the agriculture ministry to education, while still setting his sights upon the highest posts that might open up as he completed his apprenticeship. Sanusi Junid succeeded Anwar as minister of agriculture, and Abdullah Badawi, still linked with Musa and increasingly portrayed as Anwar's rival, was demoted from the education ministry to defence.

The 1986 General Election

With Musa clearly weakened and the MCA crisis approaching resolution, Mahathir prepared the *Barisan* to contest general elections in order to reenergise mass support. Mahathir was closely identified with what now seemed to be Malaysia's untimely push for industrialisation, and he calculated that his prestige would continue to suffer with deepening recession and the sputtering performance of many HICOM projects. Thus, once the shock of Musa's resignation had abated, Mahathir dissolved parliament, and he opened a hasty eight-day campaign period—the briefest in Malaysia to date—before economic indicators could worsen.

Anticipating Mahathir's call for elections, the opposition parties had in previous months deployed new strategies, combining flexibly over their diverse perceptions of societal problems and remedies. Put simply, the PAS relaxed the militant Islamic posture it had adopted after its 1982 electoral defeat in order to work with other parties in mounting a coordinated challenge. It thus joined with the new *Parti Nasionalis Malaysia* (National Party of Malaysia, NasMa), formed by outsider Malay civil servants and union leaders denied access to UMNO-controlled patronage, as well as by groups of disaffected Chinese professionals. In addition, the PAS cooperated with two small, class-based parties, the largely Malay *Parti Sosialis Rakyat Malaysia* (PSRM), and the predominantly Chinese Socialist Democratic Party (SDP), an offshoot from the DAP. The PAS also reached out dramatically to Chinese mass publics by forming a separate wing, the Chinese Consultative Committee (CCC), proclaiming the party's willingness to terminate *Bumiputra* privileges under the NEP because of their inconsistency with Islamic universalism. Only the DAP remained aloof from this opposition front, unable to countenance the PAS's stated goal of ultimately establishing an Islamic state.

While it was not seriously contemplated that the *Barisan Nasional* would be ousted from power, its popularity seemed eroded enough by failing policies and financial scandals that it could at least be denied its two-thirds majority in parliament. Many observers were surprised, then, when UMNO candidates ran well, winning 83 of the 84 seats

that they contested. The UMNO had apparently been evaluated by the Malays as less damaging to their well-being than the opposition PAS's proposal to end their special privileges. One notes also that Mahathir's former deputy, Musa Hitam, though out of the cabinet, worked to contribute to the UMNO's victory, delivering all 18 of Johor's parliamentary seats and 35 of 36 seats in the Johor state assembly. In thus keeping faith with the precepts of Malay unity and the *Barisan* formula, Musa retained his stature within the UMNO and positioned himself for the general assembly election scheduled for the following year.

The opposition parties, for their part, again learned the lesson that deep integration across ethnic lines wins little favour from segmented mass electorates. The PAS, having formed the Chinese Consultative Council, merely confused many Malay constituents without attracting Chinese support, and the party gained only a single seat in parliament. The smaller parties with which the PAS had cooperated won no seats, and the NasMa and the SDP were during the next years disbanded. The DAP, in contrast, led by Lim Kit Siang, had consistently championed non-Malay grievances over the NEP, campaigning with the slogan, 'enough is enough'. The DAP was consequently able to defeat the MCA and the *Gerakan* soundly at the federal level, winning more seats than these two government parties combined. Thus, while the MCA had been propped up by Lee San Choon in time for the election in 1982, it was discredited during Tan Koon Swan's short tenure and returned to its customary dependence upon the UMNO for Malay votes. In this situation, the UMNO further extended its dominance over Malaysian political life, perhaps again exposing the party to pressures to minimise its winning coalition.

Conclusions: Elites and Regimes

Elite Relations

During 1981-86, tensions emerged between the Malaysian national leader, elites, and subelites. On the one hand, Mahathir imposed in top-down fashion a wrenching agenda of rapid economic growth and ethnic Malay advancement. At the same time, to the extent that the Malay community did become advanced—to wit, highly educated and made sophisticated by placement in top positions—modernisation began slowly to work its well-known effects, imbuing many groups with participatory drive and eroding respect for ascriptive statuses and deference. Thus, while few Malays, apart from some Islamic revivalists, seriously disputed the correctness of Mahathir's final policy objectives, many rose to criticise his leadership style, and they pressed for greater shares of state power.

This was reflected in UMNO politics by governing elites and subelites making new bids for party posts. In doing this, they publicly decried the prime minister's rashness and wastefulness, while quietly building factional support. In turn, Mahathir defended his stewardship of the country's development programs, paradoxically resorting to 'premodern' appeals and insisting that candidates observe UMNO traditions about promotion and succession. Put simply, Mahathir sought politically to charge the Malay community with a sense of efficaciousness and achievement, then to prevent it from acting efficaciously upon its new political ambitions. Mahathir's leadership skills were effective enough, however, that he was able during these years to finesse, if not resolve, these contradictions and largely to contain elite struggles—even if sometimes testing informal rules himself.

As one example of Mahathir's personally bending game rules in order to perpetuate the broader observance of them, one considers his role in securing Musa Hitam's reelection as UMNO deputy president at the 1984 general assembly. Mahathir openly cited the need to preserve party traditions when Musa was challenged by Tengku Razaleigh, a defensive gesture that was itself a marked violation of traditional UMNO practices. Specifically, it was expected that the UMNO president would persuade the general assembly to ratify his candidate for deputy president, not simply impose his choice. However, while indignant delegates loudly protested, they finally confirmed Musa Hitam over Razaleigh. Mahathir then consolidated his paramountcy by rewarding or restraining diverse elite persons and factions in his cabinet. Overall, then, we can describe the tone of governing elite attitudes and relations between 1981-86 as fluctuating, though persisting in the long vein of consensual unity that had been established before independence. This configuration, of course, was tested frequently by Mahathir's initiatives and elite-level reactions, and it was unsettled by the long-lasting rivalry in the MCA. But until Musa's resignation in 1986, this period was not marked by any deep crisis in elite accommodation.

This chapter has focused mostly on elite behaviour as it unfolded in the UMNO. This is appropriate inasmuch as UMNO elites have held most state positions and power, enabling them to instigate major policy directions. However, elites heading other important organisations in the bureaucracy and military, in the economy, and in civil society were able also to weaken, delay, or otherwise make trouble for the UMNO. Chapter Three assessed the role of the MCA in this regard. This section will briefly consider the ways in which other kinds of elites (enumerated in Chapter One) were accommodated during 1981-86, first treating Malay elites in several categories, then

Chinese economic elites. One keeps in mind that during this period, the UMNO's rapid movement into economic planning brought massive patronage resources. Accordingly, this section briefly explores also another contention made earlier in this book—namely, if such patronage activity stops short of seriously impeding economic growth, it can have an accommodative effect on relations between elites.

At the state level, Mahathir's vigorously pressing in the first two years of his prime ministership for greater administrative efficiency and accountability (symbolised by his introduction of time clocks and name tags) tested his relations with top civil servants. Over time, however, Mahathir moved to repair linkages, again providing these elites with large salaries, allowances, and subsidies in return for their political loyalty. The NEP facilitated this exchange. Empowered to grant or withhold approval in equity restructuring cases, top bureaucrats in the Economic Planning Unit and the Foreign Investment Committee in the Prime Minister's Department, the Capital Issues Committee of the Bank Negara, and the Bumiputra Participation Unit in the Ministry of Trade and Industry gained 'an ideal opportunity for transaction costs and quasi-rents'.³⁷ Bureaucratic elites also derived benefits from implementing the large-scale development projects that made up Mahathir's industrialising campaign, and they were permitted even to shift profitably between public and private sectors.³⁸ Thus, in an interview, a senior official about to retire from the Public Services Department discussed frankly his 'looking forward to going into business', and he concluded that while there had been 'some resentment toward the 'PM' at the start, relations [were] much improved now'.³⁹ Mahathir also reenergised organisational support for these bureaucratic elites—and hence, for his own government. In particular, just prior to 1986 election, he consented to substantial pay increases for bureaucratic workers, despite invisible gains in inefficiency.⁴⁰

37 Ozay Mehmet, *Development in Malaysia: Poverty, Wealth, and Trusteeship* (Petaling Jaya, Malaysia: Institute of Social Analysis, 1988), pp. 132-54.

38 In analyzing this revolving door phenomenon, Gomez notes that 'since the mid-1970s, there has been a strong association between being a Malay company director and having a political-civil service background.... All Malay directors with political affiliations have come from UMNO'. Edmund Terence Gomez, *Politics in Business: UMNO's Corporate Investments* (Kuala Lumpur: Forum, 1990), p. 10.

39 The respondent also spoke of 'our British heritage [and] British organisational norms', and he characterised the Administrative and Diplomatic Service (ADS) as a direct outgrowth of the Malayan Civil Service (MCS). Interview, January 1990.

40 *FEER*, 2 January 1986, pp. 23-24.

Frequently in developing countries, relations between state elites are complicated by the military, a disunity often manifested in forcible seizures of state power. In Malaysia, however, elites were acculturated at independence in British norms of civil-military responsibilities, helping inaugurate understandings that were perpetuated later by unusual levels of familial integration.⁴¹ Governing elites in the UMNO have been able also to strengthen military loyalties through a variety of cooptative and restraining techniques. Incentives for military cooperation, for example, have involved steady arms purchases, reasonable officer salaries, and generous housing allowances.⁴² In addition, military elites have been awarded favourable investment opportunities in the *Lembaga Tabung Angkatan Tentara* (Armed Forces Provident Fund, LTAT) and the Armed Forces Cooperative. Through the NEP, these institutions have established major stakes in banking (eg., Habib Perwira Bank), communications equipment (eg., Perwira Ericsson), plantation companies, property development, and

41 Crouch suggests that British tradition, while once important, is no longer 'a significant factor inhibiting military intervention in politics'. He instead attributes the military's having refrained from seizing state power in Malaysia to social, ethnic, and indeed familial ties. Harold Crouch, 'The Military in Malaysia', in *The Military, the State, and Development in Asia and the Pacific*, edited by Viberto Selochan (Boulder: Westview Press, 1991), p. 134. K. Das briefly documents these familial relationships between Malaysia's prime ministers and military elites. Tunku Abdul Rahman's nephew served as the armed forces chief. The cousin of Tun Razak's wife was the general officer commanding Peninsular Malaysia. Hussein Onn's cousin was the armed forces chief, and his brother was the deputy chief of army. Tan Sri Hashim Ali, the brother-in-law of Prime Minister Mahathir, served until recently as the commanding chief of the armed forces. In a number of interviews with military officers the process was described whereby Mahathir acted to insure this tradition, at one point elevating Hashim Ali over two more senior officers to become the armed forces chief. In a display of respect for elite statuses and relations, however, crude purging was avoided. The previous armed forces leader, General Ghazali Che Mat, was made chairman of the UMNO-owned *New Straits Times Press*, and General Tan Sri Zain Hashim became chairman of the *Perwira Habib Bank*, an institution in which the military holds a controlling interest. In K. Das, *The Musa Dilemma: Reflections on the Decision of Datuk Musa Hitam to Quit the Government of Datuk Seri Dr Mahathir Mohamad* (Kuala Lumpur: K. Das, 1986), p. 91.

42 A retired, non-Malay colonel in the Army Education Corps and former instructor at the Royal Military College termed monthly officer pay of M\$1000 'adequate. With the same qualifications in the private sector, [the officer] would qualify only as a junior clerk and earn half as much'. He stated also that the military appreciated that it lacked the expertise to run a complex economy: 'Best to let civilian technocrats run it, and see what you can get out of it'. He assessed finally that with the surrender of the MCP in late 1989, 'what was a nice job, has become even better'. Military elites have thus been disinclined 'to rock the boat'. Interview, December 1989.

other sectors.⁴³ And military elites, like top civil servants, have been able to move directly into these organisations upon their retirement. On the other hand, restraining techniques have included frequent changes of command, early retirements, and dispersing units over a number of states.⁴⁴ Moreover, clear distinctions have existed since independence between the military and the police, posing a 'check upon military ambitions and expansion'.⁴⁵

One also observes that at the state level, UMNO elites have usually maintained accommodative relations with most of the Malay rulers. The *yang di-pertuan agong* and the rulers (who together make up the Conference of Rulers and might be termed 'ceremonial' elites) constitute a monarchical arrangement unique to Malaysia, and they probably owe their very existence to the UMNO's resisting Britain's secular Malayan Union proposal in 1946. At that time, UMNO leaders viewed the hereditary rulers as a key artefact of Malay identity and thus a cultural bulwark against Chinese claims. In 1983, however, with the Malay role consolidated in political life, Prime Minister Mahathir attempted to carry out his own rationalising plan that truncated the *agong's* role in politics. This divisive episode received some scholarly attention,⁴⁶ as has the frequent enmity between individual rulers and their *menteri besar*.

43 Mehmet, op. cit., pp. 136-38.

44 The Royal Military College instructor cited above (n. 42) observed that to discourage military adventurism, the Kuala Lumpur Garrison was dispersed throughout the capital, standing in contrast to the consolidated and active Bangkok Garrison in Thailand. Other respondents suggested that the Malaysian military, while effective in keeping domestic order, was purposely kept small in size and in consequence, was widely known to be 'useless against foreign invaders'. Of course, this limitation has been eased during the mid-1990s by Malaysia's vastly upgrading its weapons systems.

45 Discussion, January 1990, with a non-Malay Malaysian Air Force colonel. Zakaria writes that 'although police officers are less willing to admit it, their organization serves as an obstacle to a military take-over'. Zakaria Haji Ahmad, 'The Police and Political Development in Malaysia', in *Government and Politics of Malaysia*, edited by Zakaria Haji Ahmad (Singapore: Oxford University Press, 1987), p. 121.

46 Eg., Clive S. Kessler, 'Archaism and Modernity: Contemporary Malay Political Culture', in *Fragmented Vision: Culture and Politics in Contemporary Malaysia* (Sydney: Allen and Unwin, 1992), pp. 133-58; Vincent Lowe, 'Redefining the 'Constitutionality' of the Monarchy: The 1983 Constitutional Amendment Crisis in Malaysia', *Kajian Malaysia* 2, no. 2 (December 1984), pp. 1-15; A.C. Milner, 'Inventing Politics: The Case of Malaysia', *Past and Present: A Journal of Historical Studies* 132 (August 1991), pp. 104-29; H.F. Rawlings, 'The Malaysian Constitutional Crisis of 1983', *International and Comparative Law Quarterly* 35 (April 1986), pp. 237-54; and A.J. Stockwell, 'Princes and Politicians: The Constitutional Crisis in Malaysia', in

Perhaps less noticed, however, has been the Mahathir government's subsidising the enrichment of many rulers, providing them land grants, timber concessions, contracts, and covering their gaming debts,⁴⁷ an approach doubtless contributing to their consensually unified relations. The Negeri Sembilan royal family's operation of ANTAH Holdings provides the clearest illustration, revolving around paper companies taking large government contracts and subcontracting them out.⁴⁸ ANTAH, availed of royal influence and *Bumiputra* status, has also combined with multinational firms such as Biwater of Britain and Jardine, Matheson of Hong Kong in arranging joint venture projects. One notes lastly that in order to gain broad acquiescence for these often rapacious undertakings, rulers annually share out honorific titles such as '*Datuk*', thus assisting recipients in gaining recruitment as board members or business partners by local and transnational corporations.⁴⁹

Among civil society elites, even Islamicist impulses were blunted by the financial opportunities held out by the UMNO. This strategy produced the Islamic Bank, for example, a synthesis of religious and financial functions discussed above. In addition, the LUTH, designed to hold the contributions of mass Malay constituents preparing to undertake the pilgrimage to Mecca, was ensconced in an impressive tower in Kuala Lumpur alongside the *Permodalan Nasional Berhad* building. Well-connected LUTH directors, using institutional savings, have also been able to invest in NEP restructuring deals, acquiring equity in plantations, real estate, and manufacturing firms. Surely this tempers the criticisms made by the organisation's leaders and members over the UMNO's intermittent Islamic zeal.

With respect to relations between UMNO governing elites and the new Malay economic elites, we saw in the previous chapter how arenas of state power and business were increasingly fused. Some UMNO politicians became 'trustees' of state- or party-owned companies, while some private Malay business people undertook political careers in the UMNO. During much of Mahathir's prime ministership, these activities were intensified by the UMNO's dispensing a cornucopia of state contracts to its own firms, tightly congealing in what Mancur Olson calls 'distributional coalitions'.⁵⁰ These concentrations of multiple directorships and interlocking share holdings steadily

Constitutional Heads and Political Crises: Commonwealth Episodes, 1945-85 (London: Macmillan, 1988), pp. 182-97.

47 Harold Crouch, *Government and Society in Malaysia*, (forthcoming).

48 Mehmet, op. cit., p. 141.

49 Ibid., p. 140.

50 Mancur Olson, *The Rise and Decline of Nations* (New Haven: Yale University Press, 1982), as quoted in Mehmet, op. cit., p. 135.

integrated party and business hierarchies, a phenomenon that ranged gradually into the UMNO Youth and the UMNO *Wanita*, as well as regionally into the UMNO divisions and branches.

Accordingly, UMNO elites and subelites dealt in closed tender contracts, licences, and insider information about upcoming mergers, restructuring cases, and trends in small and manipulated stock and commodity exchanges. They projected favoured Malay business people into transnational or Chinese corporate boardrooms, recruited them as proxies or nominees of UMNO-owned companies, and directly handed over state assets through privatising 'fire sales'. In turn, these selected individuals, depending on their ranking, responded with elite-level cooperation or clientelist loyalty, even while they sought to acquire greater political power. Thus, the UMNO, while historically a staid vehicle for mobilising village-level support, became during this period a more fashionable and dynamic party of urban-based, middle class aspirants traversing the economic fast track.⁵¹

Turning to Chinese economic elites during this period, it is often claimed that they bore the brunt of this accelerated restructuring, that they were steadily dispossessed of their assets, hounded with Islamic strictures, and that ethnic relations at both the elite and mass levels were in consequence worsened. Jesudason argues that UMNO elites perceived that the NEP damaged Chinese business prospects and inhibited economic growth, but that they defiantly persisted in it because the Malay community's emotive sense of 'group worth' was strengthened. Jesudason, Lee Poh Ping,⁵² and other authors specifically record Mahathir's preference for 'inept and corrupt' Malay personnel over experienced Chinese manufacturers in undertaking such HICOM projects as the national car scheme. In response, marginalised Chinese turned to capital flight, or were even driven to plot their migration overseas.

Other scholars, however, emphasise the comparative restraint of UMNO elites, their tolerance of Chinese business activities as a source of investment, managerial and technical skills, as well as their willingness strategically to rein in activist Malay subelites. Esman,⁵³ in particular, emphasises the pragmatism that has guided indigenous governing elites in Malaysia and comparable cases in their approach to

51 Gomez, *op. cit.*, p. vii.

52 Lee Poh Ping, 'Heavy Industrialisation', in *Mahathir's Economic Policies*, 2nd ed., edited by Jomo K.S. (Petaling Jaya, Malaysia: Institute of Social Analysis, 1989), p. 39.

53 Milton J. Esman, 'Ethnic Politics and Economic Power', *Comparative Politics* 19, no. 4 (July 1987), pp. 414 and 416.

minority-owned businesses.⁵⁴ Accordingly, in the midst of recession in 1985-86, the Mahathir government rolled back the terms of the Industrial Coordination Act further, raising thresholds of capitalisation and work force size in order to increase the number of exempted Chinese companies.⁵⁵ In doing this, Mahathir declared that he was holding the NEP 'in abeyance', cheering the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and disappointing its Malay counterpart, the Malay Chamber of Commerce and Industry of Malaysia (MCCIM).⁵⁶ In addition, while Chinese business people were indeed initially barred from many HICOM projects, Mahathir's selection of Eric Chia to head EON (the national car scheme's marketing arm) and the Perwaja steel works shows that he eventually grew receptive to Chinese participation.⁵⁷ Fong suggests that in these circumstances, well-run Chinese businesses could continue to expand, at least in defined sectors.⁵⁸ He cites the Kuok brothers, Hong Leong Group, and the Genting Group as on the most visible examples during the 1980s, though there are, of course, many more today.

Finally, one observes that Malay elites may join cooperatively with Chinese business people in various restructuring deals and '*Ali-Baba*' partnerships.⁵⁹ Even though these and related practices may create inefficiencies and, further, appear by some standards to be unethical, they can nonetheless be regarded as facilitating consensual elite unity across ethnic lines. To gain some insight into these operations, let us consider part of an interview conducted by Margaret Scott with a

54 'At the moment, most Chinese have faith in the pragmatism of the UMNO leadership to pay, in effect, lip-service to fundamentalist Islamic tenets while pushing hard for a more Western-style development program to benefit Malaysians, whatever their race or creed'. *FEER*, 6 December 1984, p. 46.

55 Fong Chan Onn, *The Malaysian Economic Challenge in the 1990s: Transformation for Growth* (Singapore: Longman, 1989), p. 197.

56 *FEER*, 12 June 1986, p. 17. In an interview at the Chinese Assembly Hall in Kuala Lumpur, an official of the ACCCIM attributed political stability in Malaysia to 'those in power able to exercise moderation', though he complained of the government's excessive licensing requirements and 'nuisance corruption'. He expressed confidence, however, that the small Chinese companies incorporated in the ACCCIM could use their collective influence in government—'at least we can object'—in order to continue their role as economic 'cake maker'. Interview, October 1989. Interestingly, high-ranking officials in the MCCIM refused to be interviewed, considering their interests to be economic in nature and this writer's research project too 'political'.

57 See Lee Poh Ping, *op. cit.*, p. 40.

58 Fong, *op. cit.*, p. 221.

59 See Jomo K.S., *A Question of Class: Capital, the State, and Uneven Development in Malaysia* (New York: Monthly Review Press, 1988), p. 266.

Malay businessman who once worked for Bank *Bumiputra* in public relations, though now 'specialises' in *Ali-Baba* deals:

My partners are all Chinese.... They put up [all] the capital and I demand a 51 per cent share.... I make sure my investors are with the right faction in politics. I go see government officials, politicians to make sure we get all the licenses and approvals we need.... I used [my time at Bank *Bumiputra*] to study how Chinese businessmen work, and I got to know them and got them to trust me. It's a fair deal. They get to do what they want to do, and I make a lot of money.⁶⁰

In sum, the 'bargain' of the early independence period has been adapted to changing socioeconomic conditions, and thus it survives in significant ways.⁶¹ Although Chinese economic elites find their position diluted in finance, transport, property, and plantations, they continue to operate with marked autonomy in manufacturing and other areas. Esman thus concludes that 'like other Overseas Chinese, Malaysia's Chinese capitalists practice with consummate skill the art of cultivating Malaysia's political elites in symbiotic exchanges between men of power and men of wealth'.⁶²

Regime Outcomes

What can be said about regime stability and democratic politics in Malaysia during these years? Inasmuch as the national leader, Prime Minister Mahathir, continued to enforce game rules among UMNO and *Barisan* governing elites and, further, to extend accommodative relations to the state's bureaucratic and military organisations, the basic stability of the regime was never placed in doubt. However, it is more difficult to assess the long-term impact of new Malay economic elites upon these overall relations and regime outcomes. Chapter Three concluded that on the one hand, the UMNO's wide-ranging patronage ties expanded consensual unity among elites and subelites, thereby contributing to stability. On the other hand, because these

⁶⁰ Margaret Scott, 'Where the Quota is King: In Malaysia, Discrimination is the Law of the Land and Segregation the Way of Life', *New York Times Magazine*, 17 November 1991, pp. 66-67.

⁶¹ Indeed, Mehmet writes that
the opportunity for wealth creation through equity restructuring under the NEP is by no means restricted to the Malay elites. It is also available to the wealthy and powerful in the other ethnic groups as well.... [T]he NEP has given a new impetus to interethnic political bargains for mutually enriching schemes of wealth concentration.

Mehmet, *op. cit.*, p. 144.

⁶² Esman, *op. cit.*, p. 414.

linkages often removed, rather than regulated, a productive competition among firms, they failed to ensure that Malay economic elites would soon add meaningfully to the country's economic growth. Thus, if economic performance began seriously to slip, the patience of military or bureaucratic elites might slowly erode, leading to challenges within or against the governing UMNO. This is not to suggest that Malay military elites might replace the UMNO with an ethnic Chinese party, despite the latter's constituents historically demonstrating better business skills. Indeed, popular wisdom holds that the most likely cause of a military coup in Malaysia would involve a non-Malay government coming to power. But military elites might, under the guise of a 'new professionalism', contemplate forcibly elevating a more technocratic Malay faction over existing UMNO position holders.

At the same time, it may be that the receptivity of governing elites to 'contributions', quasi-rents, and *Ali-Baba* schemes not only strengthens consensual elite unity in the short term, but, by reducing transaction costs, helps advance economic growth—at least during early phases in the growth process. The *Far Eastern Economic Review* presents an interesting view on corruption held by some foreign investors, an account worth quoting because it also touches on Malaysia's colonial experience and the dispositions of its present-day civil service.

One of the foreign investors' criticisms of Malaysia is that its civil service is only gradually shrugging off its colonial mores, with the result that most decision makers are still too squeamish to be seen openly 'on the take'.... For the sake of its economy then—if nothing else—Malaysia has to decide between mounting an all-out campaign against corruption, similar to its anti-narcotics program, or come to terms with corruption as an accepted feature of everyday life, as it is in certain other countries in the region.⁶³

63 *FEER*, 2 April 1987, p. 20. This latter view is not uniformly held by foreign investors, however. In my own discussions with a managing director of a transnational corporation operating in Shah Alam, the recurring need to make political 'contributions' in order to gain approval or waivers, to circumvent codes, and to free up goods held in customs, left him 'increasingly disgusted'. He described an instance in which he had personally made out a M\$5000 check to the UMNO in order to stave off endless regulation, and his paying off architects to avoid having to install pointless walls and fencing. In addition, he found that after securing from the government local duty protection for his manufactures, maintaining the duty required such a stream of payments that he finally requested that it be removed. Discussion, November 1989.

But whether corruption is beneficial or not in either the short or long term, Chapter Three suggested that Malay economic elites may eventually graduate from such practice to greater business effectiveness. Their long exposure to business operations in a basically open economy may provide the necessary tutelage and motivations. In the meantime, traditions of accommodation helped guard during the early to mid-1980s against relations between state and economic elites unravelling over economic issues.

Let us conclude, then, by briefly reviewing the relations between state and civil society elites because they have clear implications for democracy. One recognises that apart from opposition parties, state elites in Malaysia have only recently gained experience with organised societal groups, and they have yet to regularise accommodative attitudes and game rules. Upon becoming prime minister, Mahathir took pains, as we have seen, to appear as a liberalising force, releasing many persons detained under the ISA by previous governments and easing regulations over the print media. He then contested general elections in 1982 and 1986—even though the renewal of the *Barisan*'s two-thirds parliamentary majority was in the latter instance uncertain. He also contested UMNO general assembly elections in 1981 and 1984—despite strong challenges against his preferred candidate for deputy president, Musa Hitam (who, in particular, was credited with moderating the character of the '2M administration' and maintaining some regime openness).⁶⁴ In addition, Mahathir accepted a settlement to the constitutional crisis of 1983 that ironically strengthened in some ways the powers of the *agong*. And he acquiesced to opposition demands for at least a limited enquiry into the BMF scandal. However, as opposition parties and interest groups emerged finally to scrutinise new growth plans and restructuring projects, Mahathir reintroduced controls. He periodically ordered fresh detentions of PAS members, and he began regularly to harass unions, journalists, students, and *dakwah* and non-Muslim religious movements.⁶⁵

This modulation of politics was conducted publicly within a legalistic framework, however, making it worth listing some of the

64 S.H. Drummond, 'Mahathir's Malaysia', *The World Today* 39 (July-August 1983), pp. 304-5.

65 For discussions of government attitudes toward non-Muslim religious organizations, see Raymond Lee, 'The Ethnic Implications of Contemporary Religious Movements and Organizations in Malaysia', *Contemporary Southeast Asia* 8 (July 1986), p. 81; and 'Patterns of Religious Tension in Malaysia', *Asian Survey* 28, no 4 (April 1988), pp. 410-14.

controls that state elites in Malaysia have wielded.⁶⁶ To begin, in maintaining their regime's semi-democratic procedures, UMNO-led governments have regularly called elections. In addition, the voting franchise has been inclusive, balloting has been secret, and election results have been quickly reported. However, while opposition parties have been able to enter parliament, they have been prevented from winning enough seats in elections to form new governments, at least at the federal level. Outcomes have been shaped strongly beforehand through district malapportionment, gerrymandering, a short campaign period, limits on opposition rallies, and the UMNO's quite partisan use of state equipment, media outlets, and development grants—all of which have usually gone unchecked by the Election Commission. Under these conditions, elections have been so 'heavily loaded' in favour of the UMNO that—so long as the party has remained united—it has been unbeatable.⁶⁷ The UMNO has also used such validation as it earns through elections to dampen dissent *between* electoral exercises. Thus, while allowing opposition parties and interest groups to organise constituencies, the UMNO has at the same time calibrated their activities closely. It has registered, then monitored them through the Societies Act, and it has weakened them by sponsoring a range of competing, 'semi-official' organisations. The UMNO has also hampered public debate through its near monopoly on media ownership, and it has used the Sedition Act, the Printing and Printing Presses Act, and the Official Secrets Act to deter serious investigative journalism. And where existing legislation has not adequately covered its actions, the UMNO has mobilised parliament to forge new regulations and constitutional amendments. Finally, when even these measures have not been enough, the UMNO has resorted to preventive detention under the Internal Security Act—the highly dramatic use of which we will encounter in the next chapter.

At this juncture, we recall Chapter One's argument that consensually unified state (and economic) elites may agree to regime opening when they view it as placating civil elites and dispersing mass grievances (rather than fuelling new pressures on state elite relations). Accordingly, during the first five years of his tenure, Mahathir respected many democratic procedures, perpetuating at least a semi-democratic regime. During the next period, however—marked initially by economic recession, then by new political and social discontents—

66 For an excellent overview of the government's security powers during this period, see Simon Barraclough, 'The Dynamics of Coercion in the Malaysian Political Process', *Modern Asian Studies* 19, no. 4 (1985), pp. 797-822.

67 Crouch, *Malaysian Government*.

Mahathir used the controls elaborated above to tighten Malaysia's semi-democracy still further.

Intra-Umno and Interethnic Crisis: Mahathir as National Leader, 1986-88

The crisis in elite relations that took place in Malaysia during 1986-88 have recently been given some scholarly attention. Good objective overviews have been provided by Harold Crouch, Khoo Kay Jin, and Gordon P. Means.¹ Moreover, in focusing on particular episodes, Shamsul A.B. has given a detailed account of the 'war of the giants' (*peperangan antara gergasi*) that took place at the UMNO general assembly election in 1987, Jomo K.S. has investigated elite motivations for carrying out 'Operation *Lallang*' later that year, and the Lawyers' Committee for Human Rights has reported on the 'assault on the judiciary' in 1988.² Finally, Terence Edmund Gomez has charted the undercurrent of Malay business dealings that helped to fuel tensions throughout this period.³

Nevertheless, these and other authors differ markedly over the relative importance that they assign these events and their outcomes. Khoo, Joel Kahn, and Mohamad Abdad, writing at the peak of the crisis, detect a political 'break', even cultural watershed, a profound contestation over political values, development strategies, and sociocultural 'visions'.⁴ They have given especial attention to the new

1 Harold Crouch, 'Authoritarian Trends, the UMNO Split, and the Limits to State Power', in *Fragmented Vision: Culture and Politics in Contemporary Malaysia*, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), pp.21-43; Khoo Kay Jin, 'The Grand Vision: Mahathir and Modernization', in Kahn and Loh, op. cit., pp.44-76; and Gordon P. Means, *Malaysian Politics: The Second Generation* (Singapore: Oxford University Press, 1991), pp.193-248.

2 Shamsul A.B., 'The 'Battle Royal': The UMNO Elections in 1987', in *Southeast Asian Affairs 1988*, edited by Mohammed Ayoob and Ng Chee Yuen (Singapore: Institute of Southeast Asian Studies, 1988), pp.170-88; Jomo K.S., 'Race, Religion, and Repression: 'National Security' and the Insecurity of the Regime', in *Tangled Web: Dissent, Deterrence, and the 27th October 1987 Crackdown* (Haymarket NSW: Committee Against Repression in the Pacific and Asia, 1988), pp.1-27; and Lawyers' Committee for Human Rights, *Malaysia: Assault on the Judiciary* (New York, 1989).

3 Edmund Terence Gomez, *Politics in Business: UMNO's Corporate Investments* (Kuala Lumpur: Forum, 1990), and *Money Politics in the Barisan Nasional* (Kuala Lumpur: Forum, 1991).

4 Khoo, op. cit.; Joel S. Kahn, 'Class, Ethnicity, and Diversity: Some Remarks on Malay Culture in Malaysia', in *Fragmented Vision: Culture and Politics in*

Malay middle class which, in its size and complexity, appeared increasingly able to defy—and to disunify—UMNO elites. Other analysts, while acknowledging that societal changes have occurred and that the intensity of recent competition within the UMNO has been unprecedented, highlight some significant areas of continuity. Crouch portrays the rivalry between Mahathir and Razaleigh, eventually splitting the UMNO, as arising from a fight over patronage in which 'ideological and policy differences seem to have played almost no part'.⁵ Shamsul notes that both 'camps' resorted to personalist attacks because they 'did not really differ in their overall philosophy, policy, and approach to many important national issues'. He also traces the roots of the conflict to the UMNO crisis during 1975–78 that was considered in Chapter Three.⁶ In this view, then, elites and their constituents were at least agreed about the nature of the conflict and the worth of that which they were competing over.

In making my own interpretation, it is necessary first to summarise briefly the conflicts that took place during 1987–88. I try to show that the New Economic Policy, 'money politics', and the Malay economic elites and middle class that were analysed in the last chapters were abruptly derailed by economic recession, setting the stage for severe elite rivalries. It is important to understand, however, that this was not a mechanistic, economically driven process, causing elites ineluctably to lose power and their relations to rupture. Rather, just as UMNO elites had, through the NEP, given Malay economic elites and the middle class a deliberate, political origin, they could have responded politically to the challenge that these forces later presented. Specifically, UMNO elites could have maintained their tradition of accommodation in order jointly to ignore, forcibly to curb, or even sharply to roll back the formation of new Malay economic elites and the middle class.

During 1987–88, however, UMNO elites chose to behave in other, less accommodative ways. There is agreement among observers that this was signalled by Musa's resigning as deputy prime minister in February 1986.⁷ As factional activity then increased, it grew into a

Contemporary Malaysia, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), pp.158–78; and Mohamad Abdad Mohamad Zain, 'Mahathir's Corporatism Versus Razaleigh's Liberalism: Capitalist Expansionism, Class Fractionalisation, and Intra-bourgeoisie Party Factionalism', *Kajian Malaysia* 6, no. 2 (December 1988), pp.22–41.

⁵ Crouch, 'Authoritarian Trends', p.30.

⁶ Shamsul, op. cit., pp.179 and 172.

⁷ A former UMNO Supreme Council member and now high-level official in the *Semangat '46* (an opposition party registered by Tengku Razaleigh in May 1989) stated that while there had been discontents with Mahathir's leadership from early in his prime ministership, 'it did not crystallise until it found a

direct challenge to the national leader, Prime Minister Mahathir, at the general assembly election in 1987. Competing factions also broadened the conflict by resorting to ethnic appeals that, in a context of economic downturn, drew a strong Chinese response. Mahathir finally contained spiralling ethnic sentiments through regime closure, then finished the original intra-UMNO competition in formal arenas. We will see, however, that while this activity strained the observance of informal game rules, it stopped well short of full-blown warring and the repudiation of formal institutions. Scope was thus preserved for the recovery of consensual elite unity and the reopening of politics, outcomes that will be considered in the next chapter.

Mahathir as National Leader

After the 1986 general election, Mahathir resumed his efforts to weaken Musa Hitam, adjusting the cabinet in order to demote, transfer, or even remove Musa's constituents. To diminish Musa's regional power in the southern states, his colleague, Ajib Ahmad, the *menteri besar* of Johor, was brought in as a deputy minister in the Prime Minister's Department in order that his activities could be more closely regulated—an increasingly common use of assignments to that office. The *menteri besar* of the neighbouring state of Pahang, Najib Abdul Razak (the son of the late prime minister, Tun Razak), was also considered to be a Musa supporter, and he was thus shifted to the junior portfolio of culture, youth, and sports. Shahrir Abdul Samad, Musa's former political secretary from Johor, was demoted from the Federal Territory Ministry to social welfare. And Adib Adam, the minister of land and regional development, was dropped from the cabinet because of his earlier involvement in Musa's decision to resign. Mahathir did not, however, move any further against 'Musa's boys' at this juncture because he apparently wished to avoid a backlash at the 1987 party election.

Nonetheless, conflicts broke out at the UMNO general assembly in September 1986, although only the biennial elections for the party's Youth and *Wanita* wings were scheduled that year. In his various speeches, Musa Hitam was unusually blunt, roundly criticising Mahathir's 'prestige projects', Anwar Ibrahim's leadership of the UMNO Youth, and the party's ties to business—a veiled attack upon

leader in Musa'. At that point, the 'party secret' ended and 'everything was out'. The respondent also described UMNO Supreme Council meetings as a 'monologue [in which] Mahathir would state his preferences, then ask what others thought. But, of course, others, except Musa, did not enter into free discussion and oppose him.... Mahathir hates dissent'. Interview November 1989.

the finance minister and UMNO treasurer, Daim Zainuddin. Mahathir, however, in giving the assembly's keynote address, refused to be drawn into personalising the fray, and he concentrated instead on the country's economic ills. Musa was moved finally to shore up Malay unity, apologising before the UMNO Youth and UMNO *Wanita* delegations with a humbleness that restored him to the framework of rules and restraint associated traditionally with the 'Malay way'.

At the same time, the 1986 UMNO general assembly produced a sharp revival in delegates' expressions of Malay unity, dominance, and special rights. As described in Chapter Three, Malay ethnic grievances appeared to have attenuated during fifteen years of steady Malay entry into state-owned and private enterprises under the NEP. But presently, in a context of stalled economic growth and suspended *Bumiputra* quotas, the Malay community became less assured of its standing. These renewed insecurities were also heightened by the greater presence in parliament of the largely Chinese DAP after the general election. Further, the PAS, after having failed to attract new support through its campaign of ethnic cooperation, rapidly polarised the setting by reverting to a more aggressively Islamicist posture.

Hence, during this period of interrupted growth and tense ethnic relations, Mahathir began to curtail more seriously the activities of civil elites. While he avoided attacks on registered opposition parties, he denounced some public interest groups as 'thorns in the flesh',⁸ placed new restrictions on foreign journalists in Malaysia, generally harassed the Malaysian Bar Council, and pushed through parliament some stringent amendments to the Official Secrets Act (OSA). It was perhaps at this point that Mahathir began seriously to acquire his autocratic reputation.⁹

Interrupted Economic Growth, 1985-86

With its trading partners slipping into recession and the prices of its commodities and manufactured exports declining, Malaysia suffered an economic recession in 1985-86 that was unprecedented during the post-colonial period.¹⁰ The government's costly HICOM projects, contracted mainly to Japanese and Korean firms and financed through yen-denominated loans, were based in sectors experiencing international gluts. These included oil refining, petrochemicals, steel and cement production, and automobile manufacturing. Hence, in

⁸ Quoted in *FEER*, 1 January 1987, p.16.

⁹ See Means, *Malaysian Politics*, pp.194-99.

¹⁰ For brief accounts of the recession's causes, see Fong Chan Onn, *The Malaysian Economic Challenge in the 1990s: Transformation for Growth* (Singapore: Longman, 1989), p.298; and Means, *Malaysian Politics*, pp.172-74.

failing to find export outlets or to generate local linkages, employment, and consumer demand, most of these undertakings contributed less at this point to Malaysia's industrial growth than to the deepening of its difficulties.¹¹ However, in then suspending some contracts and projects in order to stem losses, the government abruptly dislocated many Malay managers and workers in state- and UMNO-owned enterprises.

As we have seen, Malay economic elites were engaged mainly in 'paper entrepreneurship' during this period, a tireless pursuit of equity restructuring, takeovers, and buyouts which brought quick profits rather than laying the basis for lasting industrialisation.¹² During Malaysia's long periods of growth, these activities were economically sustainable and, I have argued, politically stabilising. But during 1985–86, Malay-owned or operated companies exacerbated declining trends and suffered acutely from them. In particular, elites heading the UMNO's Fleet Holdings and the KUB, after having rapidly built up their assets through low-cost loans from state-owned banks, watched as many of their companies dissolved in losses and bankruptcies. Small and medium-sized Malay businesses, further—tied to the state, the UMNO, or to both—rapidly went down as well.

The 1987 UMNO General Assembly Election

Resulting shortfalls in patronage were reflected in the UMNO general assembly election in April 1987. A quarter of the delegates were, as in 1984, Malay business people,¹³ though now grown resentful over unfamiliar hardship and the party's narrowing favouritism in awarding contracts and licenses. Generally blaming the finance minister, Daim Zainuddin, for overall mismanagement and criticising Mahathir for suspending the NEP's 30 per cent restructuring quotas, many delegates were receptive to new mobilising appeals. In these circumstances, Musa Hitam, the UMNO deputy president, and Tengku Razaleigh, the minister of trade and industry, recognised clear political opportunities. They conferred first through intermediaries, then personally in London over the possibility of setting aside their differences and mounting a joint challenge against Mahathir and his deputy prime minister, Ghafar Baba.¹⁴

11 Lee Poh Ping, 'Heavy Industrialisation', in *Mahathir's Economic Policies*, 2nd ed., edited by Jomo K.S. (Petaling Jaya, Malaysia: Institute of Social Analysis, 1989), pp.38-39 and 43.

12 Gomez, *Politics in Business*, p.37.

13 *The Star*, 29 March 1987.

14 Razaleigh remarked, 'I challenged the party president because of a swelling show of dissatisfaction. We must admit this'. Quoted in *FEER*, 7 May 1987, p.15. A high-ranking *Semangat* '46 official described his personal efforts to

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Assembly Preparations and Stratagems

In marked violation of UMNO traditions, Razaleigh and Musa determined to contest openly the party presidency and deputy presidency. They produced no written, binding pact because it would too obviously contravene the formal rules of the new UMNO ethics committee, as well as informal Malay understandings about the worth of verbal agreements.¹⁵ However, they signalled publicly their cooperation by officiating at each other's divisional meetings. Razaleigh received Musa in Gua Musang, arranging a lavish welcome. Razaleigh then attended Musa's Segamat divisional meeting which was held on Friday, the Muslim holy day, because 'decisions and actions taken on Friday acquire an air of being guided by pure intentions'.¹⁶

Many UMNO members, however, considered that Razaleigh was motivated less by purity than his bitterness over Mahathir's ignoring the UMNO's seniority traditions. Having twice been denied the UMNO deputy presidency, Razaleigh evidently sought to settle old scores by contesting the leadership post. Musa, for his part, was thought by some analysts to have conceded the presidential candidacy to Razaleigh in the hope that Razaleigh and Mahathir would lock in a stalemate, thus paving the way for his own ascension.¹⁷ Musa was at the same time able to claim that his defending his deputy presidency showed that he had never sought to replace Mahathir, and that, indeed, it was this allegation that had contributed to his decision to resign as deputy prime minister the previous year.

Razaleigh was able to win support among diverse, even contradictory elements of elites, mass constituents, and ethnic communities. Because he was a Malay prince who possessed great landed wealth, Razaleigh enjoyed a traditional following among rural Malays in his native state of Kelantan. He was also widely remembered for having been the UMNO's central trustee, a principal author of the NEP, and a pioneer in restructuring and takeover techniques.¹⁸ Amid

bring Razaleigh and Musa together, conforming to Malay *adat* by approaching them through their respective subelite supporters, Ibrahim Ali and Shahrir Samad. He reported that Razaleigh responded to the proposal by shrugging, commenting that 'Mahathir is ruining the country', and then agreeing to the partnership. Interview, November 1989.

15 Shamsul records that an ethics committee was set up in late 1986 under the leadership of Khir Johari in order to check 'money politics'. It specifically prohibited the formation of 'shadow cabinets', 'package groups', and 'teams' because they were considered 'unfair election practices'. Shamsul, op. cit., pp.176-77. See also Means, *Malaysian Politics*, p.201.

16 *FEER*, 12 March 1987, p.14.

17 Harold Crouch, *Government and Society in Malaysia*, (forthcoming).

18 For a biographical treatment of Razaleigh, see Ranjit Gill, *Razaleigh: An Unending Quest* (Petaling Jaya, Malaysia: Pelanduk Publications, 1986).

economic recession and the erosion of NEP safeguards, Razaleigh thus drew significant support from Malay owners of failing businesses who felt neglected by Mahathir and Finance Minister Daim Zainuddin. Thus, Razaleigh held both an ascriptive and a highly rational appeal for different levels of the Malay community, augmented by personally-held patronage resources. At the same time, he was able to keep close ties with Chinese economic elites, an indicator of marked elite autonomy from mass sentiments.¹⁹

The manoeuvres carried out by the national leader, elites, and subelites during the next months were characterised by much intricacy. Each of the factional leaders and followings portrayed themselves as acting in concert with the 'Malay way' while striving to depict their rivals in an unfavourable light. This often took the form of elites arranging for word to be circulated of their keeping faith with their subelite supporters, their rejecting compromise offers and deals, even as other elites were about to sell out. Musa's supporters, for example, made it known that he had been tacitly offered a secure vice-presidential nomination (and the right to contest the top post another day) in exchange for his yielding the deputy presidency to Ghafar.²⁰ But out of loyalty to his 'boys', Musa was naturally obliged to turn the offer down.

Mahathir, Razaleigh, and Musa thus carefully adopted strategies appropriate to defending or promoting their respective statuses. Mahathir, as national leader, initially remained aloof. Descending into the fray would have diminished his standing, revealing his concerns over faltering support. Razaleigh, aware of UMNO traditions about orderly, designated succession, delayed in announcing his candidacy. Moreover, by disguising his challenge, Razaleigh denied Mahathir any obvious reason to strike back; and for Mahathir to attack preemptively risked casting him as the aggressor. Even when Razaleigh did, at the last moment, file his candidacy with party officials, he took care to present this as the wish of the UMNO divisions that had nominated him, rather than as his personal choice. He then promptly left Malaysia to perform the *umrah*. Musa, finally, took yet another tack, announcing his defence of the deputy presidency early in an effort to paint Ghafar as the upstart challenger, and thus the violator of Malay unity.

19 'Although [Razaleigh's] main concern as finance minister was to uplift the Malay community, he has always enjoyed an easy rapport with the Chinese business community and foreign executives'. *FEER*, 27 September 1990, p.21. See also *Asiaweek*, 9 August 1987, p.47 for a brief discussion of Razaleigh's friendship with Khoo Kay Peng of Malayan United Industries (MUI).

20 *FEER*, 12 March 1987, p.14.

As the skirmishing continued and outcomes grew less certain, Mahathir finally entered the struggle more forcefully. This prompted factional elites and subelites to engage in related manoeuvres. First, Anwar Ibrahim readied himself for advancement from his UMNO Youth post and *ex officio* UMNO vice-presidency to a higher, elected vice-presidency, putting him in range of the prime ministership. Anwar's 'truly meteoric' rise²¹, his perceived status as heir apparent, and his comparative youth began to attract criticism from his erstwhile ally, Sanusi Junid, as well as from others within Mahathir's following. In addition, Anwar's rival from Penang, Defence Minister Abdullah Badawi, announced that he would defend his own vice-presidential post while supporting Razaleigh and Musa. Thus, as the party election approached, faction members began to declare their allegiances. The 13 UMNO elites in the cabinet, the six candidates for the party's three elected vice-presidential posts, and the 69 candidates for the Supreme Council's 25 positions—'the largest number of candidates in the UMNO's electoral history'²²—emerged as nearly evenly divided. These camps were subsequently categorised as 'Team A' under Mahathir and 'Team B' led by Razaleigh and Musa.

In the weeks before the April elections, contenders for UMNO positions canvassed Peninsular Malaysia, entering the states and divisions of rival candidates and seeking through private meetings, closed-door discussions, and large rallies to mobilise support. Diane Mauzy describes the campaign as 'an expensive, dirty, angry, 'no-holds-barred' affair to win or buy support of the 1,479 voting UMNO delegates'.²³ Khoo characterises it as a 'bitter, winner-takes-all contest'.²⁴ Mahathir sought to rebut charges that he was autocratic and that his government was corrupt, revealing cabinet and UMNO Supreme Council procedures and publicly opening selected business files. He then lashed out at his opponents, denouncing them as 'traitors' backed by Zionists—a marked violation of informal UMNO codes permitting only indirect charges of treachery. Razaleigh and Musa, denied access to state-owned media outlets, were forced to respond through a more subtle campaign, disseminating video tapes (dubbed 'TV4') through networks of supporters. As delegates began to arrive in Kuala Lumpur, faction leaders shifted their activities to the capital, renting luxury hotel facilities and engaging in intensive dining,

21 Shamsul, *op. cit.*, p.184.

22 *Ibid.*, p.179.

23 Diane K. Mauzy, 'Malaysia in 1987: Decline of the 'Malay Way'', *Asian Survey* 28, no. 2 (February 1988), p.214.

24 Khoo, *op. cit.*, p.45.

entertaining, and deal making. Floating voters were reported able to command up to M\$50,000.²⁵

Assembly Procedures and Outcomes

The UMNO general assembly was held during 23–26 April in the Putra World Trade Centre, adjacent to UMNO headquarters. On the first day, Musa Hitam addressed the UMNO Youth and *Wanita* delegations, the prerogative of the incumbent UMNO deputy president. The following morning, Mahathir addressed the entire delegation, taking care to present a restrained demeanour. Immediately afterward secret balloting began, and it was widely held that Razaleigh and Musa took early leads in their respective contests.²⁶ But delegates were confused by the format of the ballot papers, prolonging the process and necessitating a break for Friday prayers—during which much lobbying occurred. The keys to the ballot boxes were also misplaced, and several recounts were carried out in closed-off areas of the trade centre.²⁷ Late that night, it was announced that Mahathir had won 51 per cent of the total ballots to defeat Razaleigh by 43 votes, and that Ghafar Baba had defeated Musa by 40 votes (with 41 ballot papers apparently spoilt). Further, Anwar Ibrahim was elected third UMNO vice-president, while overall, Mahathir supporters won 17 of 25 elected seats on the UMNO Supreme Council. It was also thought that in securing these victories, Team A had obtained support from the culture, youth, and sports minister, Najib Razak, in return for allowing him to succeed Anwar as acting president of UMNO Youth.²⁸

Allegations of vote fraud quickly proliferated, then subsided. A traditional closing of ranks appeared to take place amid expressions of congratulations and apologies over the use of harsh words. Mahathir adjourned the assembly with a speech in which he underscored the continuing importance of Malay unity. Musa gave a farewell address requesting that team A leaders ‘take good care of UMNO’, and he

25 *Asiaweek*, 3 May 1987, p.14.

26 Ranjit Gill, *The UMNO Crisis* (Singapore: Sterling Corporate Services, 1988), p.36; and Means, *Malaysian Politics*, p.204.

27 Gill, *The UMNO Crisis*, p.37.

28 Mauzy reveals that the Team A leadership ‘did not oppose the appointment of Datuk Najib Tun Abdul Razak as acting president of UMNO Youth on April 21, and Najib is believed to have switched his support from Team B to Team A, [one of the] factors [that] probably made the difference’ in enabling Mahathir to win. Mauzy, *op. cit.*, p.215. On balance, however, a University of Malaya professor assessed that Najib had ‘played his hand sloppily’. This was shown by the removal of control over ‘culture’ from Najib to the newly created Ministry of Culture and Tourism, a highly ‘desirable portfolio’ given its large budget for ‘Visit Malaysia Year’ in 1990. Discussion, November 1989.

made known his plans to embark on an *umrah*. Razaleigh pledged his loyalty to the elected party leadership and several days later, resigned as minister of trade and industry in order to prevent retaliation against the remaining Team B members in the cabinet. His resignation was followed by that of his colleague, Rais Yatim, as foreign minister.

After a lull of several days, however, Mahathir abruptly dropped seven ministers and deputy ministers who had supported Razaleigh and Musa. Most importantly, Abdullah Badawi was removed as defence minister, leaving him in the anomalous position of serving as the UMNO's second vice-president, but holding no government post. These actions were carried out in a manner seemingly calculated to slight, Mahathir going on holiday to the United States and Japan, while leaving the chief secretary to the government to make a brief public announcement.²⁹ Furthermore, the rashness of the decision making behind the removals was shown by the cabinet posts going unfilled for a considerable time.³⁰

But even while this approach generated great controversy over its propriety—especially with respect to those who had been elected by the general assembly to the UMNO Supreme Council—it was extended deeply into Musa's home state of Johor. High-level position holders in the Executive Council (Exco) of the Johor government, the Johor State Economic Development Corporation, and even some private companies headed by Team B supporters were targeted. Favoured tactics involved state-owned banks suddenly calling in loans and the Inland Revenue Board or Anti-Corruption Agency (ACA) performing various investigations.³¹ Further, Shamsul observes that Musa and Razaleigh's supporters at the grass-roots level 'would suffer equally, perhaps more ... no more party perks, business licences, scholarships for their children, no hope for their loan payments to be rescheduled, with prospects of bankruptcy imminent for some'.³²

Returning from abroad after nearly two weeks, Mahathir began to make appointments to some of the empty cabinet posts. He replaced Razaleigh as trade and industry minister with the UMNO *Wanita* president, Rafidah Aziz, a strong team A supporter. Additionally, he brought into the cabinet two politicians from Johor who were not associated with Musa, as well as two Team A figures from Kelantan and Penang, thus weakening Razaleigh and Abdullah Badawi in their respective home states. At the same time, Mahathir left Anwar

29 *FEER*, 14 May 1987, p.14.

30 Means, *Malaysian Politics*, p.205.

31 This prompted Shahrir Samad, dismissed as social welfare minister, to remark, 'This is victimisation. It is fine for ministers to be sacked. But this is carrying it too far'. Quoted in *FEER*, 14 May 1987, p.15.

32 Shamsul, *op. cit.*, p.181.

Ibrahim, Daim Zainuddin, and Sanusi Junid in their present positions, producing what was gauged overall as 'a cabinet of friends, loyalists, and henchmen'.³³ Anwar was also appointed several months later to replace Abdullah Badawi as head of the UMNO liaison committee in Penang. This took place despite the party's ban upon federal-level leaders heading UMNO state organisations, a measure that had earlier been strictly enforced against Razaleigh.³⁴

The UMNO in Court

In late June, 12 Team B members from seven UMNO divisions (three of which were in Kelantan, three in Penang, and one in Pahang) countered by filing a suit in High Court that challenged the validity of the recent general assembly election. Naming UMNO Secretary-General Sanusi Junid as defendant, the suit charged that earlier in the year, members from 53 unregistered party branches had been permitted to attend divisional meetings at which delegates to the general assembly were chosen.³⁵ Hence, as 'illegal' delegates had perhaps contributed to the narrow victories of Mahathir and Ghafar, the complainants called for a fresh election for all party posts. Judicial officials, for their part, were reluctant to involve themselves in this intra-UMNO dispute, especially after their recent entanglement in the MCA crisis. But while they tried to arrange an out-of-court settlement, neither Team A or Team B were willing to making the needed concessions.³⁶

This determination to venture outside the UMNO and overrule its decisional processes was unprecedented³⁷, and it displayed clearly a mounting party factionalism. Razaleigh, however, not wanting to be perceived as jeopardising the UMNO's integrity, kept his sponsorship of the suit hidden.³⁸ At this level, one observes that while elites competing within an organisation may strain or break with its informal understandings, they may conceal this in order not to cheapen publicly the formal institution's worth with which they hope one day to underpin their own ascendancy. Put another way, elites may begin to disregard tacit norms as their competitions escalate, but

33 Former Deputy Foreign Minister Kadir Sheikh Fadzir, quoted in *Asiaweek*, 31 May 1987, p.27.

34 Means, *Malaysian Politics*, p.200.

35 Malaysia's Societies Act of Parliament, passed during the Emergency as a measure against communist infiltration, requires that all organisations be registered with the registrar of societies. The registrar is attached to the Ministry of Home Affairs.

36 Means, *Malaysian Politics*, p.206.

37 Fan Yew Teng, *The UMNO Drama* (Kuala Lumpur: Egret Publications, 1989), p.9.

38 *FEER*, 3 March 1988, p.15.

their adherence at least to formal game rules suggests that their consensual unity perseveres in significant ways.

Mahathir responded by visiting UMNO divisional officers throughout Peninsular Malaysia in order to persuade the complainants—known as the ‘Gang of 12’—to end their litigation. And though Mahathir rejected a proposal made by Tunku Abdul Rahman, now retired in Penang, that the UMNO hold ‘round-table’ talks in order to reestablish consensus, he did offer to include in his tour a meeting with Razaleigh in Kelantan in early October. Mahathir was met by Razaleigh, however, with conspicuous lack of Malay ceremony. He was denied the traditional greeting at the Kota Baru airport and had to journey unescorted to the UMNO offices in town. He was additionally prevented from meeting Razaleigh in closed discussions, essential for shielding elites from subelite criticisms as they seek to negotiate. The meeting served, then, only to highlight divisiveness in the party, and, in the end, Mahathir was able to convince only one Team B complainant—from the division in Pahang—to abandon the suit.

As the personal enmity intensified between Mahathir and Razaleigh, rivalries deepened between their elite and subelite supporters. Within Mahathir’s constituency, factional lines hardened between Anwar, Ghafar, and Sanusi Junid, generating three ‘teams’ known as ‘A1’, ‘A2’, and ‘A3’. Differences began likewise to emerge between Team B leaders over the proper stance to adopt toward Mahathir. While Razaleigh’s hostility toward the prime minister grew, Musa appeared grudgingly to accept Mahathir as the UMNO’s rightfully elected leader, creating rumours of an emerging ‘Team C’. Effectively dissociating himself from the court case, Musa left for the United States to take up a university fellowship.

Operation Lallang

At the outset of the conflict between Mahathir and Razaleigh, both leaders held restrained views on ethnic questions. Mahathir had appeared while prime minister to give equal weight to ethnic redistribution and economic growth, having evolved considerably from his original ‘*ultra*’ orientation to valuing the contribution of Chinese business people. And Razaleigh—as we have seen—while an early advocate of the NEP, had always maintained close ties to Chinese economic elites. Other UMNO elites and subelites, however, when finding it opportune, were tempted to earn and advance their standing by adopting ‘racial’ postures, posing as ardent champions of ethnic Malay interests and indulging mass constituencies with strongly communal appeals.

In the context of worsening factional rivalries and nagging economic recession, the Malay community's receptivity to these appeals increased. Throughout the decade, a series of low-level disputes between UMNO elites and the Chinese community had accumulated, providing a backdrop for ethnic frictions. Specific issues involved the *Bukit Cina* development plan in Malacca, the imprisonment of Mokhtar Hashim coupled with the execution of Sim Kie Chon, the Papan radioactive waste site, and the University of Malaya's requirement that elective Chinese and Tamil courses be taught in Malay—all embedded in an 'on again-off again' Islamisation campaign.³⁹ Activist UMNO subelites worked to push these issues to the fore of collective public memory, finally encouraging Team A and Team B leaders to heighten ethnic debate.

We recall that UMNO subelites had begun vaguely to demean Chinese at the 1986 UMNO general assembly. In 1987, they more seriously proposed restrictive legislation upon Chinese business enterprises and cultural activities. Later that year, after being rebuffed by Razaleigh in Kelantan, Mahathir scheduled a large UMNO anniversary rally in Johor Baru for 1 November, then left Malaysia to attend the Commonwealth Heads of Government Meeting (CHOGM) in Vancouver. That so large a rally was to be staged in an unlikely 41st anniversary year suggested, of course, that it was to be held for other than commemorative purposes. Indeed, the event was widely perceived as an effort by Mahathir to mobilise mass constituencies through ethnic appeals, and then to brandish this support as far greater than that possessed by Razaleigh. In these circumstances, Jomo concluded that 'with the ruling UMNO openly split into two almost equally strong blocs since early 1987, the rival factions were outdoing each other in ethnic heroics, with disastrous consequences for the already fragile nation'.⁴⁰

Mahathir's protegee, Education Minister Anwar Ibrahim, then supplemented the earlier order he had placed upon Chinese and Tamil courses at the University of Malaya with a display of authority over Chinese primary schools. Intervening in their promotions process, he arranged for the advancement of 100 Chinese teachers who were unqualified in Mandarin, causing grave cultural offence to many in the Chinese community. In recent years approximately 85 per cent of Chinese parents have enrolled their children in Malaysia's 1290 Mandarin-medium primary schools, valuing them as important artefacts of dwindling Chinese culture in the country. For the same

39 For a concise discussion of these issues, see Chung Kek Yoong, *Mahathir Administration* (Petaling Jaya, Malaysia: Pelanduk Publications, 1987).

40 Jomo, 'Race, Religion, and Repression', p.1.

reason, these schools have greatly irritated many Malays who assert *Bahasa Malaysia* as the official national language.⁴¹ Anwar, then, after issuing the order and stirring great controversy, left on a visit to Saudi Arabia.

With the MCA president, Ling Liong Sik, also overseas, the deputy president, Labor Minister Lee Kim Sai, appealed to Chinese resentments over the promotions order. Lee was a former Chinese school master, and he was anxious to revive the MCA after its poor electoral performance under Tan Koon Swan the previous year. He therefore joined with the opposition DAP leader, Lim Kit Siang, in publicly protesting his own *Barisan* government's policy decision. Before an audience of 2000 Chinese educationists gathered at the assembly hall of the Thean Hou Temple complex on the outskirts of Kuala Lumpur, Lee called for parents to boycott Chinese schools until the order was rescinded. In this way, Lee dramatised the strained relations between UMNO and MCA elites, and he increased antagonisms between mass Malay and Chinese constituencies.

UMNO Youth members responded to the threatened boycott by demanding Lee Kim Sai's resignation from the government. The MCA then backed down and broke with the DAP, recommending that Chinese parents return their children to classes. Nonetheless, on 17 October, the acting UMNO Youth president, Najib Razak, arranged a highly chauvinistic demonstration of Malay unity in the Chow Kit quarter of Kuala Lumpur—the locus of much of the 13 May rioting in 1969. By 'teaching the Chinese a lesson', Najib evidently sought to strengthen his standing in Team A, outflank Anwar, and improve his chances of being confirmed UMNO Youth leader at the organisation's upcoming election. Dynamics in the UMNO Youth grew more complex, however, because many elites and subelites in the UMNO Youth executive committee remained supporters of Razaleigh's Team B. They sought to take control of the demonstration for their own factional purposes, launching even stronger ethnic appeals than those of Team A.⁴² Accordingly, as the demonstration progressed, Team B

⁴¹ Interview, November 1989, with a high-level official in the United Chinese School Teachers Association (UCSTA) detained earlier under Operation *Lallang*. See also Gordon P. Means, 'Malaysia', in *Politics and Modernization in South and Southeast Asia*, edited by Robert N. Kearney (Cambridge MA: Halstead Press, 1975), pp.156-57. One observes further that by tampering with Chinese schools, UMNO elites clearly violated Lijphart's principle of 'encapsulated' segments and constituencies.

⁴² *Asiaweek* records, It was in their interest ... that the rally have racial overtones. To achieve that aim, pro-Razaleigh UMNO Youth leaders ... began pressurising the party's youth wing and its acting leader Najib Razak to adopt a harder line on the Chinese education issue. Thus began a dangerous chain reaction with Malay

supporters prodded Najib to make inflammatory communal gestures. In view of banners depicting a Malay ceremonial dagger, the *kris*, and reading 'soak it in Chinese blood', they urged him to wave a long-bladed sword over his head, while burning an MCA flag and Lee Kim Sai in effigy. Najib resisted these pressures, but elite competitions and ethnic tensions intensified rapidly nonetheless.

Thus, while Mahathir duelled with Razaleigh for national leadership status, their elite and subelite supporters acted on their own ambitions. While Mahathir remained at the CHOGM, Najib and Sanusi Junid shifted the venue of the UMNO anniversary rally from Johor Baru to Kuala Lumpur—in effect, summoning Malays to occupy and symbolically lay claim to their national capital. Having been goaded by Team B supporters in the UMNO Youth, Najib and Sanusi worked to stir Malay resentments during the run-up to the rally.⁴³ Chinese leaders in Kuala Lumpur, citing the risk of violence, denounced the exercise as reckless. As many as 500,000 Malays were expected to converge on Kuala Lumpur's *Merdeka* Stadium, a facility perhaps seating one-tenth that number, thereby creating a large Malay overflow in the intensely Chinese, Jalan Petaling area of the city.

As the November date of the UMNO anniversary rally approached, a succession of incidents deepened ethnic antagonisms. The day after the UMNO Youth demonstration, a Malay army private opened fire on passers-by in the Chow Kit area, killing one person and injuring several others. The deputy home minister portrayed the soldier as deranged and the shooting as having no ethnic significance. Widespread suspicion, however, quickly drove public fears in Kuala Lumpur to the boiling point, setting off a frenzied buying spree and hoarding of foodstuffs that was widely viewed after 1969 as preliminary to dreaded communal blood-letting. In addition, the sultan of Selangor, after a visit from UMNO Youth members, stripped the MCA deputy president, Lee Kim Sai, of two medals and the honorific *Datuk*, and he publicly inquired into the legality of banishing such 'traitors to the monarchy' from his state. This prompted Tunku Abdul Rahman to speak out from Penang, scolding the rulers for their meddling in politics.

Upon Mahathir's return to Malaysia at the end of October, he was informed by the inspector general of police that security at the UMNO rally could no longer be guaranteed. Mahathir reluctantly agreed to cancel the rally, thereby losing the opportunity to mobilise

politicians trying to outdo each other in propagating Malay nationalism. The resulting racial tension ... was therefore partly a spillover from the factional infighting in UMNO.

Asiaweek, 6 November 1987, p.52.

43 See *Asian Wall Street Journal* (hereafter cited as *AWSJ*), 9 November 1987.

mass Malay support against Razaleigh. However, he then countered by ordering 'Operation *Lallang*' (the Malay term for 'weed' or 'undergrowth'), forcibly deactivating—or uprooting—a wide range of Team B subelites and civil elites. Beginning 27 October, Mahathir, in his capacity as home minister, implemented over the course of several weeks a regime closure involving the detention of 106 persons under the Internal Security Act.

Of most analytical importance were the arrests of several subelite members of the UMNO Youth associated with team B. One of them, Ibrahim Ali, we recall as having mediated Razaleigh's coalescing with Musa, and he had served later as Razaleigh's campaign manager during April's UMNO general assembly election.⁴⁴ Other *Barisan* members in the MCA and *Gerakan* Youth wings were also seized. Most public attention, however, focused on the arrests of the DAP secretary-general, Lim Kit Siang, and fifteen other opposition DAP parliamentarians for their allegedly having aroused ethnic sentiments in the previous months. Detentions of civil elites ranged further to include PAS officials, Chinese educationists, public interest advocates, and religious leaders. Finally, four newspapers, including *Watan* (owned by Khir Johari, a Team B supporter and close associate of the Tunku) and the MCA-owned *Star* and *Sunday Star* were shut down. The result was an immediate cessation of ethnic appeals and tensions, and Mahathir, though vilified by the foreign press, appeared briefly to enjoy an enhanced stature at home.

Formation of the UMNO (Baru)

During the following months, attention gradually shifted back to Team B's continuing law suit in Kuala Lumpur High Court. Indeed, many observers suggested that it had been Mahathir's inability to head off the court challenge that had led him finally to carry out Operation *Lallang*. But Team B members persisted, and by early 1988, it appeared that they might be successful in securing a ruling for new party elections. The attorney for Team A responded with a 'kamikaze defence'⁴⁵, pointing out that under the Societies Act, an organisation that possessed illegal branches was itself illegal. The presiding High Court justice, Harun Hashim, agreed, and on 4 February, he ordered the

44 The director of UMNO-owned TV3, Ahmad Sebi, an important UMNO trustee, was also detained. This puzzled analysts because he was known a strong Team A supporter and a close friend of Mahathir. Ironically, this tended to confirm Mahathir's contention that he invoked the ISA not on the basis of his personal 'hit list', but in accord with an official 'police list', persons considered by the Special Branch in some way to threaten national security.

45 *Asiaweek*, 19 February 1988, p.8.

registrar of societies to 'deregister' the UMNO, that is, formally disband the 42-year old organisation.

This caused skirmishing between Team A and Team B to accelerate greatly before a stunned national audience. Tunku Abdul Rahman, apparently backed by Razaleigh, sought immediately to register a successor party called 'UMNO Malaysia'. But while the exact date of the original UMNO's deregistration was not publicly revealed, the registrar of societies determined that the Tunku's application was premature, and she therefore rejected it. Mahathir announced later that month that the registrar had for the same reason disallowed his own proposal to form an 'UMNO 88' party, but that she had later approved his better-timed efforts to register the 'UMNO (*Baru*)' (i.e., New UMNO).⁴⁶ Heading this new party vehicle, Mahathir was able to retain the support of his *Barisan* partners, as well as his grip on the Malaysian prime ministership.

This outcome created some difficulties for Team A, but it also held out distinct new opportunities. On the one hand, the original UMNO's companies, properties, and patronage resources would, under the Societies Act, be removed to the authority of yet another civil servant called the official assignee, located in the treasury. In order to recover these assets, Team A would have formally to re-register in the UMNO (*Baru*) the original UMNO's vast Malay membership. Herein lay an advantage, however: Mahathir could carry out this registration process selectively, excluding Razaleigh and his Team B constituents, thus blunting their attempts to wrest control of the governing party. Indeed, Mahathir declared that 'those who worked against UMNO's interests would not be allowed in'⁴⁷—creating the suspicion that the UMNO's demise had all along been Mahathir's strategy of last resort, and that Team B had unwittingly played into it.⁴⁸

46 *FEER* reports that

the registrar of societies, Zakiah Hashim, seems to have been helpful to Mahathir. She did not immediately give the UMNO Malaysia group any reason for turning down their application 10 February, and it appears that only Mahathir and his colleagues—and not his opponents—knew when UMNO was deregistered, enabling them quickly to submit their valid application for UMNO (*Baru*). Zakiah, a civil servant working in Mahathir's home ministry, had been inaccessible to the press throughout the affair.

FEER, 3 March 1988, pp.14-15

47 Quoted in *FEER*, 3 March 1988, p.14.

48 A high-level *Semangat* '46 official suggested that the UMNO secretary-general, Sanusi Junid, had 'not [tried] very forcefully to dissuade' the original Team B complainants from pursuing their litigation. Thus, in retrospect, it appeared to him that it had been Mahathir's intention from the start to sacrifice the UMNO and banish dissenters. Others noted that Team A weakly fought its case and that it made no appeal. Finally, Mahathir declined to use his powers as

Mahathir named himself UMNO (*Baru*) president, Ghafar Baba as deputy president, and Daim Zainuddin as treasurer. Eventually, Mahathir would modify the party constitution so that the UMNO tradition discouraging direct challenges for top posts was made nearly ironclad.⁴⁹ Specifically, each divisional nomination of an UMNO (*Baru*) candidate for president or deputy president would carry with it ten 'bonus' votes. This would ensure that nominations were followed by virtual block voting at general assembly elections, rather than permitting divisions publicly to nominate incumbent position holders, then vote secretly for challengers or high-bidders. Furthermore, the UMNO Supreme Council would appoint the UMNO Youth and UMNO *Wanita* presidents, rather than allow these organisations to elect their own leaders.

Executive-Judiciary Confrontation

The competition between Mahathir's Team A (now formally incorporated as the UMNO [*Baru*]), and Razaleigh's Team B (its MPs classified as 'independents' within the *Barisan Nasional*), was fought over several issues and in a number of arenas. Each side appreciated the great appeal that the original UMNO had held for mass Malay constituencies and therefore tried generally to blame the other for its ruin. In parliamentary skirmishing, Mahathir's UMNO (*Baru*)-led government presented in March 1988 a white paper entitled 'Toward Preserving National Security', seeking to justify the detentions carried out the previous year against Team B subelites and DAP civil elites. The government then amended the Societies Act to facilitate the UMNO (*Baru*)'s taking over the original UMNO's assets from the official assignee. In July, Team B parliamentarians countered by resigning their posts on a staggered basis in order to force a string of highly publicised by-elections which, when won, would highlight Mahathir's eroding popularity. Further, in the Kelantan state assembly, Team B legislators contemplated joining the PAS in a vote of no confidence against the UMNO (*Baru*) *menteri besar*. In response, Mahathir took the struggle 'to the people', inaugurating the *Semarak* movement (a Malay acronym for 'loyalty to the people') which featured public rallies and media campaigns intended to recruit members to the UMNO (*Baru*). Mahathir aggressively staged the first of these rallies in Razaleigh's home state of Kelantan in March. Razaleigh, although harassed by selective enforcement of the long-

home minister to overrule the registrar's action, or use his parliamentary majority to amend the Societies Act, stating—not very credibly—that he must respect the judiciary's ruling. Interview, November 1989.

49 See Nathan K.S., 'Malaysia in 1988: The Politics of Survival', *Asian Survey* 29, no. 2 (February 1989), p.132.

standing ban on public rallies in Malaysia, responded in kind with a 'Meet the People' campaign and vigorous use of 'TV4'.

This competition was played out most intensively, however, in Malaysia's judiciary, regarded as one of the most sophisticated among developing countries in the Commonwealth. After the High Court's deregistration of the UMNO in February, the 11 remaining Team B complainants appealed to the Supreme Court, their task having grown from merely seeking new party elections to reviving the original UMNO. The willingness of the Supreme Court to hear the suit occurred after a series of disagreements between the judiciary and Mahathir that had raised broad questions about the relative power of the parliament and the constitution, and the relationship between state elites heading executive and judicial organisations.

Mahathir thus feared that the Supreme Court would find in Team B's favour, restore the original UMNO, and order a new party election. Mahathir might this time lose such an election or, as leader of the separately registered UMNO (*Baru*), even be barred from contesting it.⁵⁰ Indeed, the ill will that Mahathir felt the Supreme Court bore him seem indicated when the lord president, Tun Salleh Abas, scheduled an unusual, full bench of nine judges to hear the UMNO case. Evidently, such a large number of judges effectively prevented any discrete negotiation and arrangement of a quorum sympathetic to Mahathir beforehand.⁵¹ Thus, in late May, one day after the Supreme Court set a hearing date for 13 June, the government announced its suspension of the lord president for 'gross misbehaviour', and it quietly removed the UMNO case from the hearings list.

The ensuing upheaval lasted nearly five months, and legal manoeuvring became extremely complicated. Briefly, the government claimed that Tun Salleh had violated royal protocol by complaining in a letter to the *agong* about Mahathir's attacks upon judicial prerogatives. The government later supplemented this with a fuller charge sheet.⁵² It also set up a tribunal whose task was to make a 'report' to the *agong* recommending whether he should remove or reinstate the suspended lord president. The tribunal was headed by the High Court chief justice, Tan Sri Abdul Hamid Omar, who, serving

50 *FEER*, 21 July 1988, p.13.

51 A University of Malaya law professor seconded to the attorney-general's chambers stated in an interview, November 1989, that by scheduling a full panel of nine judges, Tun Salleh was unable to 'guarantee Mahathir the outcome he wanted'. In most cases, no more than five judges were convened.

52 Even the more fully articulated charges, however, must be described as trivial. See Salleh Abas and K. Das, *May Day for Justice: The Lord President's Version* (Kuala Lumpur: Magnus Books, 1989), especially Part Two.

presently as acting lord president, stood to succeed Tun Salleh if the latter were dismissed.⁵³ Hamid was joined by a panel of five Commonwealth jurors that had been selected by the government through an opaque process.

Tun Salleh, objecting to the tribunal's membership and regarding its conclusion as foregone, refused to submit to its questioning or challenge the testimony of government witnesses. Instead, he sought to gain a High Court injunction blocking the tribunal's inquiry on the grounds that Mahathir, as prime minister, had not made a 'representation' to the *agong* as was required by the constitution. The attorney-general tried then to show that Mahathir had in fact made such a representation, causing the High Court to delay in ruling on Tun Salleh's request. While the tribunal worked rapidly toward finishing its report, Tun Salleh appealed in desperation to the Supreme Court. Five of his former colleagues obliged him by convening dramatically in Kuala Lumpur and, in 20 minutes, issuing a stay of proceedings against the tribunal. This 'extraordinary act of defiance'⁵⁴—a 'revolution', as Supreme Court Judge Hashim Yeop Sani would later describe it to the press—prompted Mahathir to arrange also for the suspension of these five judges and the formation of yet another Commonwealth tribunal to consider their removal.

The crisis widened as the Malaysian Bar Council assessed that the integrity of its profession was seriously under threat. Lawyers packed court rooms in Kuala Lumpur, wearing arms bands signifying protest and heckling judges whom they perceived as favouring the government. As the council grew more agitated, it brought contempt proceedings against the acting lord president, Abdul Hamid Omar, causing the government to retaliate by ejecting the council from its offices in the old High Court building. In addition, Najib Razak, the UMNO Youth leader, permitted members of his organisation to protest the council's action through unruly demonstrations in downtown Kuala Lumpur.⁵⁵

Abdul Hamid Omar then moved to force an end to the crisis, elevating selected High Court justices to act in place of the suspended Supreme Court judges. Availed now of far more compliant personnel,

53 Acting Lord President Hamid Abdul Omar was widely criticised for conflict of interest, that is, his standing to succeed the official to whose removal he might contribute. In addition, Hamid had attended the meeting of Kuala Lumpur judges that supported Tun Salleh's proposal to send a letter to the *agong* protesting Mahathir's interference in the judiciary, the very charge for which Tun Salleh was initially suspended. Interview with Malaysian Bar Council official, December 1989.

54 *Asiaweek*, 15 July 1988, p.16.

55 *FEER*, 28 July 1988, p.14.

Hamid began in late July to set aside a succession of restraining orders so that the *agong* could receive the tribunal's report recommending that he dismiss Tun Salleh as lord president. The *agong* duly made this dismissal, and the day after it took effect the Supreme Court ruled on the original UMNO case by turning down the Team B's appeal. This finally settled the question of the original UMNO's deregistration and the ascendancy of the UMNO (*Baru*). In October, the *agong* also removed two of the five suspended Supreme Court judges, while a third judge chose to retire, rendering the judiciary inutile as a means by which seriously to challenge the actions of the Mahathir government in future.⁵⁶ At this point, then, Mahathir's paramouncy over Razaleigh would appear to have been consolidated.

Conclusion: Elites and Regimes

Elite Relations

Although Malaysia's economic recession began to abate in 1987, its divisive effects lingered among neglected constituents, making them more receptive to mobilising appeals. Within the governing UMNO, factional competitions surged proportionately as elites and subelites stirred new discontents, energised new support, and pressed beyond merely contesting against one another (as they had in the 1981 and 1984 general assembly elections) to challenging directly the national leader. This greatly tested the party's informal rules about positional tenure, succession, and top-down use of the assembly mechanism for generating broad-based approval for leadership decisions.

At the UMNO general assembly election in 1987, Tengku Razaleigh, appearing to be frustrated over his seniority having been ignored and his bid for the deputy presidency denied, challenged Mahathir for the top party post. In doing this, he gained support from Musa Hitam and disgruntled Malay business people who, while once loyal to Mahathir, now sought new leadership: having acquired a modernised sense of efficacy, they bristled with new grievances over their losses of patronage. Of course, it may have been that Razaleigh's managerial skills would, as his supporters asserted, have genuinely benefited the Malaysian economy at this difficult juncture. But regime stability is, at least in the near term, founded less upon objective policy performance and social justice than on accommodative elite relations—the two variables, performance and accommodation, being

⁵⁶ The Lawyers' Committee for Human Rights, *op.cit.*, suggests that 'In Malaysia, one can no longer presume an independent judiciary in matters of political importance'. For highly critical commentary on the conflict between Mahathir and the judiciary, see the series of articles by Bernard Levin in *The Times*, 16, 19, and 23 October 1988.

clearly separable and often showing little correlation. From this perspective, Razaleigh's challenge to Mahathir's position is understood less as a legitimate exercise in new 'political maturity'⁵⁷ that held out the promise of economic recovery than as a violation of informal game rules, understandings, and traditions that threatened the UMNO with elite 'dis-cooperation'.⁵⁸

In campaigning for the UMNO elections, Mahathir responded by exhorting delegates to adhere to the party's norms of hierarchy and deference. However, as Razaleigh's unprecedented challenge wore on, Mahathir turned to stronger actions that deviated equally from established party patterns. 'Money politics' and vote buying, while officially much criticised, had earlier entered into the *de facto* arsenal of acceptable UMNO strategies, and they had regularly been practiced by members of both Team A and Team B. But dubious processes of vote counting and systematic, retaliatory purges of cabinet ministers, party subelites, and UMNO-related business people broke wholly new ground in Malaysian political life and bred intense factional acrimonies.⁵⁹ Hence, Mahathir, reportedly 'shocked' by his thin margin of victory⁶⁰, reacted in ways that worsened the cycle of deteriorating relations. Put simply, after having advanced industrialisation in Malaysia and greatly modernised elite and mass attitudes, Mahathir came under concerted attack from elites and new business people mired deeply in recession. And then, to add a final twist, he launched an untraditionally vigorous defence of his traditional paramountcy and prerogatives.

After the 1987 election, Musa Hitam wavered between Team A and Team B, and he would eventually be 'sideslipped' into overseas posts. Tengku Razaleigh, however, continued his challenge by backing a lawsuit against Mahathir's electoral victory. Again, this contravened

⁵⁷ Shamsul, *op. cit.*, p.172.

⁵⁸ A high-level UMNO (*Baru*) official presented the view of many by stating that 'Razaleigh should have stopped opposing Mahathir, but he continued'. Citing precedent, the official elaborated that 'Razaleigh should have closed ranks as Tun Dr Ismail did after unsuccessfully opposing Tun Razak'. Interview, November 1989.

⁵⁹ A senior official in the *Semangat '46*—an opposition party formed by Razaleigh in May 1989—stated that 'it never crossed our mind that election procedures could be tampered with. It had never occurred before in the history of UMNO'. Additionally, a high-level UMNO (*Baru*) official termed Mahathir's cabinet purges 'not justified' because those removed had been elected by the general assembly to the Supreme Council. 'But to be fair to Mahathir, he felt tremendous pressure to create vacancies [with which to reward factional supporters]. These are the spoils'. Interviews, November 1989. See also Shamsul, *op.cit.*, p.185.

⁶⁰ Shamsul, *op. cit.*, p.181.

no formal legal codes in Malaysia, but it devalued the sense of sanctity with which the governing UMNO had often been popularly viewed, crystallising divisions in the party leadership and displaying them openly in the High Court and media. As pressure thus grew from Razaleigh (and from a variety of other civil society organisations galvanised by the recession), Mahathir resorted to rallying Malay nationalism, an approach readily grasped by elites and subelites in both UMNO teams and which they soon intensified for their own purposes. Further, some MCA governing elites joined with opposition leaders in a bid to reclaim their party's support, thus exploiting, as well as exacerbating, the communal dynamic. It was at this point that Mahathir shut down the process through regime closure.

But while acknowledging that the interplay between the national leader, elites, and subelites had become increasingly rough—both within the UMNO and across party and ethnic lines—one observes that it did not slip into unrestrained warring. With respect to Operation *Lallang*, the standard interpretation of events was that the action was little more than an ordinary case of the state cracking down on its critics and trampling on democratic procedures and human rights.⁶¹ Indeed, so immediately improved was Mahathir's position over Razaleigh that he was suspected of having contributed deliberately to spiralling ethnic sentiments in order to create needed pretexts.⁶² But one also discerns that throughout the crisis, Mahathir recognised the need to respect elite statuses and at least some informal understandings. Moreover, he never moved to break formal game rules

61 See, eg., Amnesty International, *Operation Lallang: Detention Without Trial Under the Internal Security Act* (December 1988); International Commission of Jurists, *Report to the New Zealand Section of the International Commission of Jurists on the Mission to Malaysia 22-29 November 1987* (1988); and Committee Against Repression in the Pacific and Asia (CARPA), op. cit. For a neo-Marxian interpretation of Operation *Lallang* as the response of a bureaucratic-authoritarian state to economic recession, mounting societal complexity, and ethnic antagonisms, see Johan Saravanamuttu, 'The State, Authoritarianism, and Industrialization: Reflections on the Malaysian Case', *Kajian Malaysia* 5, no. 2 (December 1987), pp.43-75.

62 On allegations about Mahathir having fostered ethnic tensions, see *AWSJ*, 9 November 1987. In an interview, Mahathir responded to these suspicions: 'It would be somewhat Machiavellian of me to design all these things, go to the brink and then pull back.... Even though I consider myself a political genius, I don't think that I am that much of a genius. The idea is quite fantastic'. *Asiaweek*, 20 November 1987, p.26. Later, as evidence of his impartiality in carrying out Operation *Lallang*, Mahathir stated that 'people seem to forget that we arrested our own people too.... Three of [them] were UMNO people. Some were MCA people and *Gerakan* people. We arrested all of them. You try and stir up racial quarrels, and we step in and take action'. Quoted in *Asiaweek*, 2 November 1990, p.27.

outright—violations of this kind marking the last straw *en route* to elite disunity and regime instability. Put simply, during the course of his legally implementing the ISA, Mahathir carefully avoided detaining any state elites.

For example, Mahathir did not single out for arrest his principal adversary, Tengku Razaleigh, the Team B leader. Many observers hold that while Mahathir had wished to issue a detention order, he was dissuaded by the inspector general of police, the official charged with formalising the necessary 'police list'.⁶³ Thus, while Mahathir may not have shrunk from arresting Razaleigh out of any personal magnanimity or deep-seated concern for his rival's princely background, he nonetheless appreciated the need to preserve wider elite relations, particularly as they touched upon the military and police. Mahathir also dealt circumspectly with those governing elites who had clearly aroused ethnic sentiments. For example, though he was described as 'furious with the youth wing' of the UMNO for having intensified communalism to the point that the party's anniversary rally had to be cancelled,⁶⁴ Mahathir took no action against the acting UMNO Youth president, Najib Razak, or against Najib's apparent ally, Sanusi Junid. Furthermore, the MCA deputy president, Lee Kim Sai, was alerted prior to the sweep and permitted to take sudden, indefinite leave in Australia.⁶⁵ The president of the MCA, Ling Liong Sik, having recently returned from a conference in Europe, was also able to avoid entanglement by leaving promptly again on a foreign holiday. In short, Operation *Lallang* left essential escape routes through which respect for elite statuses could be shown to all top position holders in the *Barisan*.⁶⁶ At the same time, this 'sophisticated use of power' involved no bloodshed, yet it effectively discouraged governing elites and subelites from resorting to communal appeals in succeeding rounds of the power struggle between Mahathir

63 There was also speculation that Mahathir had held back because a large proportion of high-level military officials, especially brigadier generals, had been recruited from Kelantan, Razaleigh's home state. In addition, a Royal Military College instructor stated that Mahathir's attempting to detain Razaleigh 'would have been going too far', given Razaleigh's 'palace connections and his past contribution to development'. Interview, November 1989.

64 *FEER*, 12 November 1987, p.13.

65 Interview with MCA staff official, November 1989.

66 In recounting Operation *Lallang*, a MCA cabinet minister (and central actor during this episode) described with confidence that full ministers possessed a *de facto* immunity from ISA detention. Interview, January 1990.

and Razaleigh.⁶⁷ Consequently, though the competition was to grow more acute in the following months, it did not again take on the societally wrenching proportions it had in October 1987.⁶⁸

In late February 1988, the reconstitution of the UMNO as the UMNO (*Baru*) appeared to have separated Razaleigh from his organisational base. Hence, there was renewed speculation that Mahathir had provoked skirmishes after Operation *Lallang* in order precisely to deepen his opponent's isolation. And in a Malaysian political and business culture in which shrewdness is greatly esteemed, this stratagem was hailed as a 'masterly political stroke'.⁶⁹ Similarly, by the interpretive framework presented in this book, Mahathir's relying upon skilful political manoeuvres to defend his position—rather than repeatedly using coercion—is understood as his playing the game at least loosely by the rules. Accordingly, Mahathir showed restraint after ousting Razaleigh from the governing party, heeding the *Barisan Nasional's* council decision that Team B members should remain in the coalition as 'independents'.⁷⁰ Moreover, Mahathir did not seek to strip Razaleigh of his great personal fortune or patronage resources, nor did he completely prevent Razaleigh from subsequently voicing public criticisms and reenergising mass support. In sum, while Mahathir worked assiduously to weaken Razaleigh's standing, he did not unscrupulously ruin him, leaving intact much of Razaleigh's status and prominence as a regional elite, as well as the means with which eventually to make another bid for national leadership.

67 Chandra Muzaffar made this characterisation of Operation *Lallang* in a presentation at an *Aliran* forum entitled 'The State of Freedom and Democracy in Malaysia', Kuala Lumpur, Federal Hotel, 16 October 1989.

68 While interviewing some of those described in this account as having contributed directly to the escalation of communal tensions prior to Operation *Lallang*, this writer was quite struck by their seeming moderation amid the opulence of their government offices. Generally soft-spoken and polite, they portrayed their actions as necessary, though conditioned by 'restraint [and] enough safeguards to prevent violence'. Further, one respondent claimed to have taken a 'sober, mature' approach while another attributed his new notoriety to events having been 'magnified [and] exploited' and his 'words twisted' by his rivals.

69 *FEER*, 3 March 1988, p.14. In typologising contemporary national leaders in Asia, Diamond, acknowledges this potential within what he identifies as the "abusive" type", a category in which he places Mahathir: 'Some instances of [this] leadership may exhibit ... qualities of innovativeness, even brilliance, fatally stained by ... flaws and excesses'. Larry Diamond, 'Crisis, Choice, and Structure: Reconciling Alternative Models for Explaining Democratic Success and Failure in the Third World', paper presented at the 1989 Annual Meeting of the American Political Science Association, Washington D.C. (1989), p.56.

70 See *Asiaweek*, 1 July 1988, p.12.

Turning to relations between the national leader and the judiciary, Mahathir tended to conceptualise the courts as an extension of state bureaucracy, and therefore obliged to assist the government in faithfully implementing legislation. These expectations, together with the importance Mahathir placed upon strong leadership underpinned by consensus, made it difficult for him to recognise the balancing and accountability functions sometimes assigned to judiciaries in the West.⁷¹ Indeed, perhaps in no area of elite relations at the state level was Mahathir so at odds with contemporary British values—though it must be remembered that tutelage during the colonial era rarely included state policy making being challenged by court action, particularly from local elites. And that Malaysian judges were later trained in more ‘fiercely independent’ traditions, often at the various ‘inns of court’ in London, perhaps imparted a tutelage disproportional to that of the country’s governing elites, thus causing intermittent tensions between them.

During this turbulent period, then, the relationship between governing and judicial elites could hardly be classified as fully consensual and unified. However, this did not seriously jeopardise wider elite relations and regime stability because disembodied judiciaries normally possess only ‘reactive’ political power, few economic resources, and no coercive strength or mass support.⁷² Still, many

⁷¹ A University of Malaya law professor seconded to the attorney-general’s chambers suggested that Mahathir had little understanding of British common law and that he was ‘confused’ over the duties of the judiciary. He stated that in Mahathir’s view, because the court system and the Malaysian Bar Council were created by acts of parliament, they ought to help implement government policies. Interview, December 1989. Mahathir described his disappointment with judicial performance in a widely reprinted interview with *Time*:

The judiciary says [to parliament], ‘although you passed a law with a certain thing in mind, we think that your mind is wrong, and we want to give our interpretation’. If we disagree, the court will say: ‘We will interpret your disagreement’. If we go along, we are going to lose our power of legislation. We know exactly what we want to do, but once we do it, it is interpreted in a different way, and we have no means to reinterpret it our way.

Time, 24 November 1976.

⁷² The law professor cited in the above note (n. 71) observed that the struggle over the judiciary involved only ‘the middle and upper-middle classes’, an arrangement weakening the judiciary relative to other state organisations possessing deeper social bases of support. On this score, a Malaysian Bar Council official stated that ‘whenever peasants and workers have been involved in court cases, it’s been a bad experience for them’. Interview, December 1989. Further, a prominent corporate lawyer based in Kuala Lumpur, Chooi Mun Sou, observed in a presentation at the *Aliran* forum cited above (n. 67) that the judiciary was weakened greatly by the worsening ethnic tensions between ‘bar and bench’, Malays serving generally as judges, and non-Malays

leading judges and lawyers in Malaysia believed that even their limited powers had been circumscribed unfairly by Mahathir's habitual amendments to the constitution, and they grew determined to resist him. Hence, when the chance fell fortuitously to the Supreme Court to remove Mahathir as president of the UMNO by ordering new party elections, and perhaps prohibiting Mahathir even from contesting those elections, one is not surprised that he acted preemptively.

It is also important to point out, however, that while informal understandings often grew frayed, Mahathir made complex, even torturous, efforts to remain formally in compliance with the law, juggling and suspending court officials (and not simply jailing them), and conspiring with the *agong* and the attorney-general to engineer necessary 'representations' and tribunal 'reports' (rather than violating constitutional processes outright). Moreover, after the episode had run its course, Mahathir made no effort to block the reinstatement of three of the suspended Supreme Court judges, or the issuing of state pensions to the lord president and the two other judges who were finally removed—hardly an indicator of the unbridled vindictiveness that is often attributed to him. Nor did Mahathir seek to curb the widespread public expression of contempt over the incident, permitting Tun Salleh even to market his published account of events.⁷³ Lastly, out of some sense of decorum, Mahathir delayed the formal confirmation of new judicial appointments, in particular, that of Abdul Hamid Omar as permanent lord president.

Overall, then, one must conclude that while Mahathir tenaciously defended his national leadership position, he did so in ways that were at some level respectful of vital elite statuses, attitudes, and the formal game rules that help to bound competitions. In his concern for form, Mahathir took pains to sanction the arrest of parliamentarians and activists with the British principle of preventive detention, the Internal Security Act of Parliament, official 'police lists', and an explanatory government white paper. In the struggle for control of the UMNO, Mahathir navigated through bureaucratic rules posed by the registrar of societies, the official assignee, and the Kuala Lumpur High Court's apparently contradictory oral and written judgements. And in undertaking the groundwork for the lord president's removal, Mahathir sought the appropriate writ from the *agong*, and he constructed a tribunal of Commonwealth jurors to evaluate his

as lawyers. In elaborating, he suggested that the Malays, enjoying preferential hiring quotas in the civil service, regarded judgeships as offering a slow, but secure, career track. Indian Malaysians preferred to be trial lawyers, 'relishing the cut and thrust of court room exchange, [while] Chinese prefer the quieter, though well-paying desk work of solicitors'.

government's 'charge sheet'. In contrast, then, to many national leaders of developing countries who resort simply, inflexibly, to *pronunciamientos*, vigilante actions, 'disappearances', and 'salvagings', Mahathir showed an essential measure of restraint and a continuity of established prime-ministerial style.⁷⁴ And in thereby conserving the basis for consensual elite unity and regime stability, Mahathir may thus also have spared the potential to restore, indeed eventually to broaden, Malaysia's semi-democracy.

Regime Outcomes

These Malaysian events make clear that regime stability and democracy, while analytically separate, can merge in a variety of outcomes. Accordingly, this book has argued that democratic politics, during a period of balanced growth, may filter mildly back into and help stabilise a regime further. Conversely, during a period of interrupted or *unbalanced* growth, democracy may fuel ethnic sentiments and regime instability. Malaysia's politics moved along the latter pathway in 1969, driven by growth that benefited one ethnic community more than another, and again during 1987-88 in the wake of recession, even though afflicting these communities more evenly. In both cases, a national leader sought then to buffer state elites from the pressures (and temptations) presented by easily mobilised constituencies, ordering a sharp regime closure. This involved restrictions on freedoms of speech and assembly, indeed, the suspension of parliament in 1969 and the detention of MPs in 1987.

The controversy of any regime closure prescription lies in that it must be undertaken by the incumbent national leader and those state

⁷⁴ It is worth quoting Funston's assessment at length of Mahathir's national leadership:

Mahathir's actions on such issues were a continuation of past practices. The passage of laws and amendments to curtail civil liberties started with the ISA in 1960, and developed rapidly after antigovernment student demonstrations in December 1974. Mahathir's predecessors firmly established a tradition of autocratic control over UMNO and government, and indeed Mahathir appears to take greater care to consult and arrive at collective decisions than they did. Journalists have observed that the multiracial cabinet does function as a forum, and Mahathir reportedly asks each minister of his opinion before decisions are made. Even the mass arrests under ISA and the closing of newspapers may be seen as similar to earlier actions, particularly now that well over half the detainees have been released—leaving the total number detained under ISA much lower than under previous governments—and newspapers allowed to resume publishing in late March.

John Funston, 'Challenge and Response in Malaysia: The UMNO Crisis and the Mahathir Style', *Pacific Review* 1, no. 4 (1988), pp.372-73.

elite factions who appear most directly to benefit from it. Under the guise of suspending democracy in order to save it—that is, proceeding forthrightly to defuse potential for elite mischief and social violence—they may actually seek to insulate their own state power and privilege. Of course, the conduct of Tunku Abdul Rahman in 1969 raises few suspicions of such momentous conflict of interest: he acquiesced to, rather than initiated, the closing of parliament, and he in some manner retired from office during the emergency period. On the other hand, questions of long-term motive and self-serving purpose have arisen regularly under Mahathir's enduring prime ministership. Nevertheless, few would quarrel with the assessment that among its many effects, Operation *Lallang* served for the remainder of the crisis during 1987-88 to discourage elites and subelites from resorting to destabilising ethnic appeals.

Mahathir's attitudes toward judicial elites may also have borne unexpectedly mixed implications for Malaysia's semi-democracy. It is often uncritically assumed that independent judiciaries act to restrain executive rule, ensure accountability, uphold conformity with constitutional law, and generally safeguard the rights and liberties of powerless groups. Hence, in providing additional checks upon, and more public access to, the decisional committees of state elites, the courts are usually thought to strengthen democratic procedures. In fact, when courts adjudicate actively in ways that shape national politics, there can be no assurance that they will produce more democratic outcomes than would unfettered executives. They may variously ignore the plight of excluded minorities, betray the majoritarian will of mass constituencies, or defy democratically elected leaders.⁷⁵ Thus, in Malaysia, Lord President Tun Salleh was characterised during his tenure as often distant and aloof before lawyers' presentations⁷⁶, and it is difficult to see how his ruling on the North-South Highway contract in 1987—in effect, denying complainants *locus standi* with which to challenge the government's awarding of contracts—fostered public accountability.⁷⁷ It was perhaps only when the sectional prerogatives of Malaysian judicial elites came under threat that Tun Salleh and other judges were moved seriously to oppose Mahathir. Thus, while the 'assault' on the judiciary made by Mahathir can hardly be described as favourable to democracy, one is

75 One recalls that while the U.S. Supreme Court greatly advanced civil rights in the 1950s and 1960s, it had handed down the notorious Dred Scott decision before the American Civil War, and it ardently defended privilege and property rights during the Great Depression until threatened by President Roosevelt's 'court-packing' plan.

76 Interview with Malaysian Bar Council official, December 1989.

77 For background on this case, see Gomez, *Politics in Business*, pp.127-30.

obliged to consider at the same time whether if unelected Supreme Court judges having succeeded in ousting him as UMNO president would really have done more in Malaysia to promote democratic outcomes.

To conclude this chapter, let us consider briefly the even more ambiguous effect of the business sector upon democratic politics at this juncture. Economic elites wielding vast capital resources are probably content to interact and exchange benefits with state elites in closed arenas. They rarely push enthusiastically for broader regime opening and mass participation. But the economic growth that this relationship can spur gives rise to small and medium-sized business people who also seek economic inclusion and, over time, perhaps political expression. Their longing for enhanced citizenship rights may be hastened if, after feasting on state contracts and protection, they are abruptly banished by high-level 'crony capitalists' or marooned in recession. Severed from their patrons, these business people may then direct their entrepreneurship less to calling for connections and hand-outs than for regime openness, specifically with respect to accountability over the awarding of state benefits. In the Malaysian case, Jomo provides a clear illustration involving Malay business people who had been launched by the state, but were then dislocated by economic downturn and cronyism. Turning aside old blandishments, they demanded greater openness in the UMNO-led government's decision making.

[I]n mid-1987, Deputy Prime Minister Ghafar Baba addressed the annual meeting of the *Bumiputra* Contractors' Association, expecting an enthusiastic response to his announcement that the NEP *Bumiputra* restructuring target would be raised from 30 to 51 percent. His all-Malay audience, however, ignored his announcement, choosing instead to press him on why the most competitive and lowest bids or tenders for government contracts restricted only to *Bumiputras* were unsuccessful.⁷⁸

This participatory impulse, charged with resentments, became available for mobilising by governing elites and subelites waging factional struggles inside the UMNO, as well as by civil elites contesting elections against the governing *Barisan*. Tengku Razaleigh performed first at one elite level, then at another, finally leading, as we shall see, an opposition party calling for greater democracy. Indeed, as Razaleigh's challenge to Mahathir persevered in the next years, it acquired a new organisational form and an avowedly

⁷⁸ Jomo K.S., 'Wither Malaysia's New Economic Policy?', *Pacific Affairs* 63, no. 4 (Winter 1990-91), p.476.

democratising aim, a transformation of image and purpose that we will now consider.

Crisis Resolution: Mahathir's Retention of National Leadership, 1988-1995

After nearly three decades of steady, if unbalanced economic growth, Malaysia experienced deep recession during the mid-1980s. This triggered new mass-level discontents, enabling activist subelites, civil elites, and even some uncooperative governing elites to mobilise support. Put simply, Malay ethnic grievances, after attenuating under the NEP, flared anew amid a sudden scarcity of economic resources. Moreover, *intra*-Malay rivalries were rekindled by the UMNO (*Baru*)'s narrowing patronage. Tengku Razaleigh was thus able in these circumstances to raise new issues and expectations. In particular, after his supporters lost their legal battle to re-register the original UMNO, he turned to democratisation as the mainspring of his continuing drive on the country's leadership position.

As we have seen, some analysts contend that given Malaysia's plural society and antagonistic mass constituencies, its regime cannot withstand fully democratic politics. Their doubts become still more profound when the regime is weakened by economic decline. From the perspective of this book, however, democratic openness is only destabilising if elites use it to compete in uncooperative ways, to wit, launching reckless campaign appeals that by inflaming mass grievances erupt finally in forcible seizures of state power. Thus, if national elites are disunified, they may indeed act during hard times on their personal or factional ambitions, exploiting democratic procedures and sorely testing regime stability. But if elites are consensually unified, they continue to act with restraint, persevering in their accommodative tradition, under-mobilising their supporters, and defending regime stability and openness.

In explaining regime stability and democracy, then, the central thesis of this book has been that primary attention should be given to the national leader, elites, and subelites, and the extent of consensual unity between them. This is not to suggest, of course, that analysts should dismiss mass attitudes and the socioeconomic structures in which they are embedded. But it *is* to say that while elites may be tempted by economic recessions and mass grievances to mobilise their constituents in uncooperative ways, they generally possess enough

autonomy that they are able to behave otherwise. In short, elites can refuse to articulate societal inequalities, however objective or pressing. They have often chosen voluntarily the policies that redound in new forms of societal or structural pressures; they may, if they choose, act with considerable voluntarism later to ignore, contain, or roll back those pressures. This remains true even in rapidly developing countries. Here, though elites are perhaps less able to collaborate in intimate or oligarchic ways, their encounters and behaviours may nonetheless remain guided by an accommodative tradition and framework of game rules. Further, at the societal level, while multiplying interests and new organisations may increasingly elude state control, this does not mean that they must necessarily return to confront state elites.

In his account of the 1987 UMNO general assembly election, Shamsul A.B. notes that while 'central to any discussion of [the] UMNO is its leadership ... it is equally important to examine the overall transformation experienced after the introduction of the NEP in 1971'.¹ It is telling, however, that apart from several paragraphs about societal 'transformation'—that is, a 'phenomenal expansion of the Malay middle class ... internal contradictions ... factions within this class [and] prolonged economic recession'²—Shamsul conducts essentially an elite-centred analysis of factionalism in the UMNO. Khoo Kay Jin, in his broader overview of Mahathir's prime ministership, claims that 'a real difference in policy' lay between Mahathir and Razaleigh, reflective of new schisms in 'social-commercial structure and culture'.³ He then compares their divergent approaches to development (international integration versus economic nationalism), their respective Malay constituencies (top bureaucrats and big capitalists versus state enterprise managers and small business people), and their contrasting appeals to the Malay community (greater self-reliance versus traditional paternalism). But even if Khoo's assessments could be verified, his account, like Shamsul's, would do little to diminish the causal importance of the national leader and elites. To the contrary, Khoo's portrayal of Mahathir as the instigator of radical new visions helps to underscore elite primacy. Both authors, finally, writing during the complex

¹ Shamsul A.B., 'The 'Battle Royal': The UMNO Elections in 1987', in *Southeast Asian Affairs 1988*, edited by Mohammed Ayoob and Ng Chee Yuen (Singapore: Institute of Southeast Asian Studies, 1988), pp.170 and 173.

² *Ibid.*, pp.173-74.

³ Khoo Kay Jin, 'The Grand Vision: Mahathir and Modernization', in *Fragmented Vision: Culture and Politics in Contemporary Malaysia*, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), pp.47 and 67.

UMNO crisis of the late 1980s, map out a trajectory of deteriorating relations between the leader, elites, and the Malay middle class. They are thus unable to account for the subsequent recovery in Malaysia of consensual elite unity, the reduction of middle class tensions, and the revitalisation of some democratic procedures—the issues with which this chapter is concerned.

Mahathir's Retention of National Leadership

I have argued that elites who are consensually unified, at least at the state level, have operated Malaysia's regime since independence. This has ensured regime stability. In addition, mutual tolerance between state and economic elites, ranging across ethnic lines, has produced nearly continuous (if modest and often unbalanced) economic growth. But relations between state and civil society elites have been less consistent. At one extreme, fairly open democratic competitions gave rise in 1969 to widespread violence and regime closure. During the run-up to the 1990 general election, however, analysts were given a fresh opportunity to assess relations between state and civil elites, as well as the viability of democratic procedures.

This electoral competition was waged primarily between Prime Minister Mahathir, leading the governing UMNO (*Baru*), and Tengku Razaleigh, heading an opposition party. It must be noted, though, that while their peaceful campaigning gave reasons to be optimistic about prospects for democracy, their willingness to maintain restraint was not put squarely to the test. In brief, by 1988, the Mahathir government's competent economic policy making, improved commodity export prices, and massive inflows of direct foreign investment after the Plaza Accords restored Malaysia to five per cent growth rates.⁴ This economic recovery, benefiting both the Malay and Chinese communities, greatly dampened ethnic sentiments, while moderating intra-Malay demands for decisional access and regime openness.⁵ In consequence, Razaleigh became less able to appeal to

⁴ In connection with Malaysia's economic recovery, Finance Minister Daim Zainuddin was evaluated as 'an able economic manager', despite continuing doubts about the propriety of his personal dealings. *FEER*, 1 September 1988, p.52.

⁵ In 'Stable and Able: Doubts about Political Stability are Exaggerated', *FEER* reports that 'while the Malay and Chinese ethnic mix does make for political tension in Malaysia, it can be argued that ethnicity in politics is now less important than at any time since independence in 1957'. *FEER*, 7 September 1989, p.100. In addition, Chandra Muzaffar observed at an *Aliran* forum that economic recovery greatly eased middle-class concerns over government abuses and lack of accountability, and that this indifference translated into declining attendance at *Aliran* events. *Aliran* forum, 'The State of Freedom and Democracy in Malaysia', Kuala Lumpur, Federal Hotel, 16 October 1989.

objective mass grievances, and Mahathir, the incumbent position holder, had less reason to do so.

Put another way, during this interlude of benign issues, renewed patronage, and incumbency advantages, Mahathir appreciated that his UMNO (*Baru*)-led government could afford to reincorporate many Malay business people, deactivate much Chinese support for the DAP, and thus democratically defeat opposition forces. Hence, just when Razaleigh estimated that he could earn voter support by calling for greater democratic procedures, Mahathir considered that it was safe (in terms of his own personal tenure and/or wider regime stability) in some measure to oblige him. It remains an open question, of course, whether Mahathir would have refused to contest elections had his chances been less bright, and whether he would then have been supported in any executive coup by other state elites. It is equally unknowable whether Razaleigh would have resorted to demagogic appeals if mass constituencies had been more receptive to them. Obviously, these years cannot be experimentally replayed, though this time in protracted recession.

But by closely tracing the recent political record through an interpretive framework, one can broaden understanding of the calculations and behaviours of Mahathir and Razaleigh. This chapter, then, begins by evaluating a series of by-elections held during 1988-89, as well as the important general elections held in Malaysia during October 1990. It concludes that while Mahathir's commitments to democracy were highly qualified, and Razaleigh had only recently acknowledged democracy's worth, these leaders competed in sufficiently restrained ways that democratic procedures persisted in a context of economic recovery. One could even speculate that these procedures appeared to be strengthened enough that they will survive in less favourable economic conditions in the future. Lastly, this chapter discusses the 1993 UMNO general assembly election, which, in pitting a new 'vision team' against 'old guard' position holders, gave insights into the UMNO's next generation of party leadership. It also assesses briefly the 1995 general elections, marked by a return to historical patterns of large *Barisan* victories.

Parliamentary and State Assembly By-elections, 1988-89

Between August 1988 and August 1989, *Barisan* candidates ran against Team B, the PAS, or the DAP in a series of seven parliamentary or state assembly by-elections. The first and perhaps most dramatic of these was held in Johor Baru, a multiethnic and

rapidly developing urban district across the causeway from Singapore.⁶ The by-election became necessary when the popular MP for Johor Baru, Shahrir Samad (Musa Hitam's protege and a former cabinet minister), resigned in order to protest Mahathir's 'leadership style' and what he viewed as Mahathir's betrayal of the original UMNO. Tengku Razaleigh and Tunku Abdul Rahman joined Shahrir to offer him campaign support, the Tunku fervidly denouncing Mahathir as a 'dictator' and the regime as a 'dictatorship'.⁷ Further, Musa Hitam, though again travelling abroad, left behind a videotape for distribution at Team B *ceremahs* (indoor political rallies) in which he criticised Mahathir's leadership as autocratic and *keras* (harsh).⁸ In particular, he cited Mahathir's refusal to welcome Team B leaders during a *Hari Raya* 'open house' held the previous May, 'a sign of great discourtesy to form-conscious Malays'.⁹ Team B leaders also focused attention on Mahathir's rough treatment of Tun Salleh, the former lord president. Mahathir responded swiftly to these criticisms, demanding that Musa repeat them while swearing on the Koran. A flurry of rumours then exacerbated tensions, suggesting, for example, that federally supported development projects in Johor Baru would be ended in the event of a *Barisan* loss.

The importance of the Johor Baru by-election lay in two developments. First, Team B leaders and supporters began informally to cohere as the 'UMNO '46', then as the '*Semangat* '46' (Spirit of '46, the year in which the original UMNO had been founded), and they styled themselves as the true custodians of UMNO traditions. Several weeks after this by-election, *Semangat* '46 parliamentarians would withdraw as independents from the governing *Barisan*, cross over to sit with the opposition, and apply to the registrar of societies for formal recognition as a political party. Second, the campaign strategies of the contending parties signalled the reduced salience of ethnicity during economic recovery. Thus, Shahrir was able to cooperate with the DAP (whose secretary-general, Lim Kit Siang, remained in prison), as well as work secretly with several MCA officials in attracting Chinese voter support. In turn, the UMNO (*Baru*) candidate offered to meet demands made by Chinese educationists to establish the Chinese-medium Southern College in Johor. Nonetheless, Shahrir won the by-election by an unexpectedly

⁶ See Hari Singh and Suresh Narayanan, 'Changing Dimensions in Malaysian Politics: The Johore Baru By-election', *Asian Survey* 29, no. 5 (May 1989), pp.514-29.

⁷ Quoted in *Asiaweek*, 26 August 1988, p.47.

⁸ Personal attendance at a *ceremah* in Kampong Melayu, Johor Baru, 21 August 1988.

⁹ *FEER*, 8 September 1988, p.14.

large, two-thirds vote margin. He portrayed his victory as a gift for Tun Salleh on his 59th birthday, and he proclaimed a six-to-eight month timetable for Mahathir's downfall.

Though Mahathir suffered a political setback and a personal loss of prestige by his party's defeat in Johor Baru, he made no effort at this point to prevent the new *Semangat '46* from forcing by-elections or cooperating with opposition parties across ethnic lines. Instead, sensing that his intransigence was discouraging large numbers of Malays from joining the UMNO (*Baru*), Mahathir began to adopt a more conciliatory posture. Reversing his earlier course, Mahathir offered publicly in October to meet with Razaleigh and Musa, and he invited them to apply for membership in his party. Razaleigh refused, his supporters maintaining that Mahathir's past actions prohibited their compromising. But as Mahathir had no doubt intended, this was widely construed by rural Malay constituencies as a rebuff from Razaleigh, thereby contributing to the UMNO (*Baru*)'s winning the next by-election for a state assembly seat in the same state of Johor later that month.¹⁰

Mahathir repeated this tactic at the UMNO (*Baru*)'s first general assembly at the end of October 1988. After delegates were permitted to make speeches in which they harshly denounced Razaleigh and Musa, Mahathir adjourned the meeting by holding out to his two rivals a surprise offer of ministerial posts without portfolio. He calculated that they must refuse the appointments or risk being absorbed and neutralised in his party, a clear exercise in 'disingenuous reconciliation'. Delegates responded with much applause, appreciating their leader's seeming attempt to repair Malay unity. In short, Mahathir's use of this stratagem helped to soften his image, while shifting blame over the original UMNO's demise onto the former Team B leaders.

Mahathir also began in December to separate Musa from Razaleigh by engaging him in the Johor Malay Unity Forum, an ultimately empty plan to admit Musa, Shahrir, and other divisional officers from Johor into the UMNO (*Baru*) on favourable terms. Mahathir also convened in January 1989 the first meeting of the National Economic Consultative Council (NECC), an interethnic assembly of 150 leaders from a variety of sectors charged with reaching agreement on a successor program to the Outline Perspective Plan (OPP) introduced under the NEP.¹¹ By extending a menu of such offers and proposals,

¹⁰ FEER, 3 November 1988, p.16.

¹¹ The OPP, inaugurated in the Second Malaysia Plan, expired officially in 1990. See *Aliran Monthly*, September 1990.

Mahathir was able further to promote his party as a conciliatory and unifying force.

Mahathir prepared his government to contest another important by-election in January 1989 in Ampang Jaya, a seat from which the MCA parliamentarian had unexpectedly resigned. Located on the outskirts of Kuala Lumpur, the district was predominantly Malay, though had a large Chinese minority. Thus, under the banner of the *Barisan Nasional*, UMNO (*Baru*) officials sought to persuade Malay voters to support the MCA's new candidate, Ong Tee Kiat. Ong had previously been political secretary to Lee Kim Sai who, one recalls, had joined with DAP leaders in articulating mass Chinese grievances over primary school issues in October 1987. In marked contrast, DAP supporters of Razaleigh tried to mobilise Chinese support for the *Semangat '46* candidate, the enduring Harun Idris, portraying him as blameless for the 13 May crisis in 1969 while serving as Selangor *menteri besar* and UMNO Youth president.¹² After a brief but highly complex campaign—marked by much second-guessing and very strange bedfellows, and dramatised by Mahathir's suffering a severe heart attack and the sudden death of Ghafar Baba's son—the *Barisan* narrowly prevailed.¹³ Three days later, Musa Hitam abandoned Razaleigh by formally joining the UMNO (*Baru*), prompting speculation that he sought opportunistically to succeed the ailing Mahathir as party president. Shahrir Samad, the victor at Johor Baru, followed Musa into the UMNO (*Baru*) in March.

Razaleigh responded by again proclaiming his determination to revive the original UMNO, achievable now only by winning general elections and passing an act of parliament. To this end, Razaleigh sought to link all of Malaysia's opposition parties in a cooperative front. He first approached the PAS, which, under Fadzil Noor, had begun to substitute a 'universalist' and 'populist' interpretation of Islam for its traditional Malay nationalism, as well as to temper its pledge to create an Islamic state.¹⁴ Hence, in May 1989, Razaleigh was

¹² A reprint of Tan Chee Khoon's column, 'Without Fear or Favour', *The Star*, 24 June 1981, was widely circulated during the by-election. Entitled 'Datuk Harun and the May 13 Tragedy', Tan maintained that 'Datuk Harun was not out for the blood of the Chinese in those days of tragedy as is claimed in some quarters'.

¹³ A University of Malaya professor serving as a *Semangat '46* adviser stated that Harun Idris, 'unable to deliver even Ampang Jaya [was finally] finished as a leader'. Discussion, November 1989. If this was true, it marked the end of a long, highly visible, and turbulent career in Malaysian politics.

¹⁴ Jomo K.S., 'Malaysia's New Economic Policy and National Unity', *Third World Quarterly* 10, no. 4 (October 1989), p.39. The moderate posture of the PAS, indeed, its concern with ordinary material values, was described by a high-ranking party official in an interview at party headquarters in Taman

able to combine the *Semangat '46* with the PAS to form a coalition called the *Angkatan Perpaduan Ummah* (Muslim Unity Movement). At the same time, the DAP, while remaining more cautious, moderated its stance on ethnic issues, quietened its socialist message,¹⁵ and contemplated entering into an electoral understanding with the *Angkatan* forces in order not to divide opposition votes. These new configurations were important ones in the Malaysian political record. They articulated a broad-based, multiethnic opposition that could credibly present itself to the electorate as an alternative government, not merely a vehicle for protest.

In most of the following by-elections, however, Mahathir's UMNO (*Baru*) used its incumbency powers against Razaleigh's *Angkatan/DAP* combination, often mixing democratic procedures with mildly harassing state measures. For example, prior to a parliamentary by-

Melawar. When speaking of the PAS's support for foreign investment in Malaysia, he affirmed that 'we want the good life too', suggesting that Islam placed few restrictions on profit-making. In this connection, he stated that the PAS's rationale for joining with *Semangat '46* in the *Angkatan* was to remove the *Barisan* government because it was wasteful and hindered Malaysia's full development. Then, with respect to PAS's commitment to forming an Islamic state, he declared that 'we have to rule the world.... We have a duty under the Koran. However, this is a long-term goal ... ten years, one thousand years. [Meanwhile] we must accommodate [non-Muslims in Malaysia]'. The PAS official showed less 'universalist' tolerance of democratic values, however, preferring the Islamic *shura* decision-making mechanism, and he was critical of the *Semangat '46* selecting women candidates to stand for election. Interview, November 1989.

Searching elsewhere in Malaysia for more militant, organised Islamic opposition to the government's development policies reveals little. A lecturer at the Islamic University and high official in the *Angkatan Belia Islamic Malaysia* (ABIM) asserted the desirability of economic development and foreign investment in Malaysia—'Islam is of this world *and* other-worldly'—and that the ABIM's co-operative, KBI, though 'not interest-bearing, is profit-sharing'. He noted also that 'radical Islamic groups, existing abroad, are rare in Malaysia'. Interview, November 1989. Moreover, officials at the *Al-Arqam* complex in Sungei Pechala stated that 'private enterprise and self-enrichment are encouraged, as long as they do not involve usury or exploitation'. Discussions, January 1990. Finally, both ABIM and *Al-Arqam* officials avowed that only peaceful means would be used in seeking to convert non-Muslims in Malaysia to Islam.

¹⁵ A DAP member of parliament expressed in an interview his admiration for Singapore's brand of socialism, stating that 'we must not penalise the rich. People are inevitably of unequal ability'. In addition, if the DAP were to win control of the Penang State Assembly, he claimed that the party would do nothing to jeopardise foreign investment (citing the failures of 'socialist' Burma and China), though it would encourage local linkages and development of more small and medium-sized businesses. Finally, he conceded that Razaleigh may be as corrupt as UMNO (*Baru*) politicians, 'but at least DAP would be in government with him and able to keep an eye on him'. Interview, January 1990.

election in Bentong, a Chinese-majority district in the state of Pahang, the government released DAP Secretary-General Lim Kit Siang from detention in time for him to campaign for his party's candidate against the MCA. As if to warn voters of the consequences of supporting the opposition, however, the Election Commission scheduled the contest for 13 May. Its point evidently made, the *Barisan* government won easily with 60 percent of the vote.

The registrar of societies also permitted in June 1989 that the *Semangat '46* formally register as a political party.¹⁶ '46 officials were then able to campaign with new effectiveness, contributing in the following month to the victory of a PAS candidate in the Teluk Pasu by-election for a seat in the Trengganu state assembly. Coming in a deeply conservative, wholly Malay district, '46 and PAS leaders exulted in their defeating Mahathir's UMNO (*Baru*) in the Malay 'heartland'—though in retrospect, this was less the harbinger of future *Angkatan* successes than the high point of their collaboration. The UMNO (*Baru*) followed quickly in August with by-election victories in Tambatan and Teruntum, and, in March 1990, the *Barisan* government amended the constitution in order that MPs who resigned their seats were prevented from recontesting them for five years. The government claimed that this amendment, patterned after a provision in India's constitution, was necessary in order to spare Malaysian taxpayers the expenses of party cross-overs and perennial campaigning. Hence, the opposition's by-election strategy yielded during the course of a year only very limited gains, and it was later nearly closed off completely.

The Semangat '46 and UMNO (Baru) General Assemblies

The *Semangat '46* held its general assembly election in October 1989, having to shift venues in Kuala Lumpur from the historic Sultan Idris Club to the Federal Hotel after failing to obtain needed permits. Tunku Abdul Rahman, serving as the party's adviser and ceremonial leader, presided over the assembly's opening. Tengku Razaleigh stood unopposed for the presidency of the party, and Rais Yatim received the only nomination for the deputy presidency after Harun Idris chose to withdraw his candidacy. But despite the inaugural status of the assembly and the selection of party officers by 475 delegates, the flagging by-election strategy sapped the meeting of dynamism and fervour. Its most stirring moment occurred when Lim Kit Siang appeared in order to show solidarity with Razaleigh.

¹⁶ See Hari Singh, 'Political Change in Malaysia: The Role of Semangat '46', *Asian Survey* 31, no. 8 (August 1991), p.719.

The UMNO (*Baru*) scheduled its own general assembly for November. Throughout the year, party officials had worked to re-register the original UMNO's mass membership and to recover its capital assets. The UMNO (*Baru*) had also undertaken branch and divisional elections to fill regional and intermediate posts. In most cases, candidates approved by Mahathir were returned unchallenged (deemed the hallmark of operative UMNO traditions), the major exception occurring in Penang where divisional leaders loyal to the liaison committee's leader, Anwar Ibrahim, had to fend off a strong challenge from those favouring Abdullah Badawi. Further, Musa Hitam was sent abroad as Malaysia's special envoy to the United Nations. This appointment, a customary way of removing influential, but disloyal UMNO elites with minimal disruption, came with a growing assessment that Musa bore most of the responsibility for the initial split in the UMNO, and that his political credibility was now spent. Hence, as the UMNO (*Baru*) prepared finally to hold its general assembly, Musa appeared effectively 'sideslipped' in New York, and Razaleigh was increasingly isolated in the faltering *Semangat* '46. Mahathir's national leadership, in consequence, appeared at this point to be impregnable.

With triennial party elections not due until 1990, Mahathir used the 1989 general assembly to burnish his new accommodative image, inviting all former UMNO leaders and members again to join the UMNO (*Baru*). Earlier in the month, Mahathir had met with Tunku Abdul Rahman for talks, publicly kissing the Tunku's hand and asking that he open the UMNO (*Baru*) general assembly—as he had that of the *Semangat* '46. Though the Tunku stated that he remained committed to reviving the original UMNO, he nonetheless agreed to Mahathir's request, thereby deeply confusing many *Semangat* supporters. During the UMNO (*Baru*) assembly, Mahathir also announced his willingness to meet again with Razaleigh in order 'to discuss Malay unity'. The enhanced status that accrued to Mahathir and the discomfiture caused Razaleigh by this gesture are captured concisely in a report in the *Far Eastern Economic Review*:

Whatever the motives behind inviting Razaleigh to talks, Mahathir has emerged as the magnanimous leader seeking to end his differences with an opponent. His gesture also placed Razaleigh in the position of appearing churlish if he refused to meet, yet unable to ditch his new allies [i.e., the PAS and the DAP] without completely losing credibility.¹⁷

17 *FEER*, 30 November 1989, p.10.

One also notes that at the end of the general assembly, the delegates, in considering a 'motion of thanks' to Mahathir's presidential address, attached a requirement that any compromises between Mahathir and Razaleigh over party reorganisation be presented to them for ratification. If it could be shown that the delegates had in fact been persuaded by the party leadership to add this condition, it would represent use of the 'artful inflexibility' ploy, a factional leader contriving to express publicly his desire to bargain with other elites, but for the strong reservations of his subelite constituents. In these circumstances, Razaleigh was forced to be seen as responding positively, professing understanding for Mahathir's difficult position and promising to enter into the talks with forbearance.¹⁸

The 1990 General Elections

Razaleigh was mainly concerned, however, with strengthening the *Angkatan/DAP* relationship in order to challenge effectively the *Barisan Nasional* in a general election. Although the Mahathir government's constitutional term of five years did not expire until October 1991, it was widely expected that elections would be called much sooner, that is, while Malaysia's economic upswing continued. In late 1989, Razaleigh gained the support of two small Islamic parties based in the northeast, the *Berjasa* and the *Hamim*, which had once been members of the *Barisan*. In January 1990, Razaleigh concluded a written election agreement with the DAP.¹⁹ He also made overtures to a dissident faction from the MIC called the All-Malaysia Indian Progressive Front (AMIPF), to some East Malaysian parties, and to various trade union organisations that had grown restive under Mahathir's prime ministership.²⁰ Razaleigh calculated that the *Semangat '46* and the PAS could capture half of the ethnic Malay vote in the northern and eastern states of Kelantan, Trengganu, Kedah, and Perlis, and that the DAP could win the urban Chinese vote in the west coast states of Penang, Perak, Selangor, and Negeri

¹⁸ During a discussion with a *Semangat* adviser, this writer asked how Razaleigh could reconcile his negotiations with Mahathir over joining the UMNO (*Baru*) with his stated aim of instituting a competitive two-party system. The respondent replied that neither Mahathir or Razaleigh were negotiating seriously. Rather, Mahathir sought merely to avoid appearing as the obstacle to Malay unity, while in fact putting forth 'impossible preconditions and demands'. Razaleigh, for his part, met with Mahathir primarily in order to receive coverage in the UMNO (*Baru*)-controlled press that was otherwise closed to him. Discussion, November 1989.

¹⁹ *Asiaweek*, 9 February 1990, p.24.

²⁰ Interview with high-level Malaysian Trade Unions Congress (MTUC) official, November 1989.

Sembilan. In Peninsular Malaysia, there remained only the southern states of Johor and Pahang which Musa Hitam and, perhaps, Najib Razak, were respectively to have delivered. Thus, in the first quarter of 1990, observers noted that for the first time since independence the governing coalition of ethnic parties was challenged by a similar alliance of opposition forces.

As Razaleigh appeared gradually to breathe new life into the opposition, however, Mahathir responded by modifying some electoral rules. First, his government tabled legislation that altered vote-counting procedures in ways making it possible to identify outcomes in particular towns and villages. Thus, it was suggested, rural development funds could be awarded or withheld in proportion to its level of support for the government. The Election Commission also disclosed that 'certain political parties' had secretly transferred the names of many voters in Kelantan and Trengganu (the states in which the UMNO [*Baru*] was weakest) to different districts, in effect, threatening to disenfranchise many opposition supporters. As fears began to arise over vote rigging, a former lord president, Tun Mohammed Suffian Hashim, organised an independent panel called 'Election Watch' in order to augment the supervisory role of the Election Commission. An indignant Mahathir countered in June by inviting a Commonwealth observer team to monitor Malaysia's electoral procedures. While this tactic served immediately to undermine Election Watch, it later embroiled Mahathir in controversy when he objected to the observer team actually meeting with opposition leaders.

Mahathir delayed throughout 1990 in calling elections, apparently hoping to reenergise voter support. Although the return of his *Barisan* government was not, at this point, seriously in doubt, he wished to retain the two-thirds parliamentary majority necessary for amending the constitution. In addition, he considered it vital that the UMNO (*Baru*) establish its legitimacy by winning in as many of the 96 Malay-majority districts as the original UMNO had in previous elections. The UMNO (*Baru*) had also to maintain its grip on the state assemblies of Kelantan, Trengganu, and Penang, as well as assist its non-Malay coalition partners in contesting the seats they had been allocated.

Mahathir thus toured Peninsular Malaysia, Sabah, and Sarawak, tailoring his appeals to separate ethnic audiences. In rural Malay districts, for example, Mahathir sought to contrast the UMNO (*Baru*)'s commitment to Malay unity with the *Angkatan*'s collaborating with the largely Chinese DAP. In the Kijal by-election in Trengganu in August, this same message—reinforced by an injection of development spending and a novel deployment of young women party workers (*anak-anak angkat*) to move in with, and 'adopt', local

Malay families—enabled the UMNO (*Baru*) to prevail over a '46 candidate in the first 'straight fight' between the parties. Taking his campaign into Razaleigh's parliamentary district of Gua Musang in September, Mahathir contrarily stirred the resentments of indigenous *orang asli* populations intrusive against Malay settlers, transported from other parts of Kelantan through Razaleigh's agricultural development schemes.²¹ Mahathir also fashioned discrete appeals for mass Chinese constituencies. Two months before the election, he lifted restrictions on Chinese cultural displays in order personally to officiate a lion dance competition before an audience of 5000 in the *Negara Stadium*.²² More substantively, Mahathir extolled his government's record in attracting Taiwanese investments that especially benefited Chinese-owned companies, while fuelling Malaysia's 9.4 per cent growth rate in 1990.²³

In addition to delivering these separate but even-handed appeals to rival communities, Mahathir skilfully fused mass constituencies in support of the *Barisan*. Adopting an ominous tone, Mahathir constantly warned voters of his government's need to retain its two-thirds parliamentary majority in order to prevent ethnic violence reminiscent of the 13 May rioting. Further, he aroused broad nationalist resentments against the *Angkatan/DAP* grouping, claiming that opposition leaders linked with the Malaysian Trades Union Congress had put the country's trade access to the American market at risk.²⁴ In short, one observes that Mahathir proved highly adept in making both divisive and integrative campaign appeals to Malaysia's ethnic communities, and that he undertook this without raising class-based discontents.

The UMNO (*Baru*) acted also to deflect public criticism after removing most of original party's assets from the official assignee, then consolidating these assets under a new holding company, Renong Berhad, that replaced Fleet Holdings, *Hatibudi*, and other entities.²⁵ Specifically, Mahathir shifted inquiry to Razaleigh's own financial

21 *FEER*, 11 October 1990, p.13.

22 *New Straits Times*, 22 August 1990, as cited by Harold Crouch, *Government and Society in Malaysia* (forthcoming).

23 Mahathir had 'largely overcome his former Malay chauvinist image, and Chinese [were] for the first time turning out to shake his hand when he [made] political forays around the country'. *FEER*, 27 September 1990, p.19.

24 This issue involved some DAP parliamentarians supporting the Malaysian Trades Union Congress (MTUC) in its efforts to bring about freer labour organising. MTUC leaders had earlier supported the AFL-CIO in petitioning the United States Congress to review Malaysia's trading status under the General System of Preferences. For background, see *FEER*, 5 July 1990, p.21.

25 See *Aliran Monthly*, September 1990; and Edmund Terence Gomez, *Money Politics in the Barisan Nasional* (Kuala Lumpur: Forum, 1991), pp.12-16.

dealings, again citing the former finance minister's alleged involvement in the BMF scandal and his extravagance in furnishing the Putra World Trade Centre while heading the UMNO building fund. Mahathir worked also to undermine ties between Razaleigh's coalition partners, highlighting the contradictions between them and sowing distrust between their respective constituencies. As one example, Mahathir stated publicly in September that he had acquired a tape recording of Razaleigh intimating his wish to 'kill [and] destroy' the PAS and the DAP in the event of the *Semangat '46* coming to power²⁶, a claim much publicised by the UMNO (*Baru*)-controlled *New Straits Times* and the *Utusan Malaysia*. Mahathir declined, however, finally to share the full contents of the recordings with television news broadcasters—contending that it was inappropriate for a political party to make use of the state media.

In turn, Razaleigh continued to focus criticism on Mahathir's autocratic leadership style, the UMNO (*Baru*)'s business connections, and the 'draconian' amendments that the *Barisan* government had rushed through parliament to conceal its purported inefficiencies and corruption. Now out of power, erstwhile team B members had evidently come to learn the value of a competitive party system, an independent judiciary, civil liberties, and government accountability—issues upon which they sought to build support for the *Semangat '46*-centred opposition. And although these features held little attraction for rural Malays outside Razaleigh's home state of Kelantan, they had appeared in the wake of recession to resonate among many Malay elites, as well as among the growing middle class of all ethnic communities.²⁷

However, by mid-1990, public appreciation had grown of Malaysia's economic recovery, and the allure of Razaleigh's call for democracy slipped proportionately. In the see-sawing of relative advantage between the *Barisan Nasional* and the *Angkatan/DAP*, Razaleigh's standing seemed again to decline. Hence, as the UMNO (*Baru*) consolidated its control over patronage resources, 'business [people] who were dependent on government licences, credit or contracts, politicians with big personal loans from banks, school teachers who did not want to be transferred to an outlying district or another state, and villagers who were applying for land all felt that they had no choice but to return to [the] UMNO'.²⁸ The *Angkatan/DAP* thus gradually emphasised less its determination to win

26 Quoted in *FEER*, 18 October 1990, p.13.

27 See Diane K. Mauzy, 'Malaysia in 1986: The Ups and Downs of Stock Market Politics', *Asian Survey* 27, no. 2 (February 1987), p.237.

28 Crouch, *op.cit.*

the general election than to take the Penang and Kelantan state assemblies, while at least denying the *Barisan* its two-thirds parliamentary majority.

On 4 October 1990, Mahathir announced parliament's dissolution. Malaysia's constitution required a campaign period of only eight days, and thus, the Election Commission, after setting aside 11 October to receive nominations, scheduled federal and state elections in Peninsular Malaysia for 21 October and the federal election in East Malaysia for 20-21 October. In the previous year and a half, the precise election date had generated much speculation, local pundits taking into account the pace of foreign investment, the Muslim fasting month of *Ramadan*, the onset of the rainy season, and the availability of schools as polling places during the end-of-term holidays. Mahathir had apparently wished to wait, however, until finally determining through 'dry-run' exercises and, it was suggested, Special Branch inquiries,²⁹ that the *Barisan Nasional* was poised decisively to defeat the *Angkatan/DAP*. At the same time, some leaders of the *Barisan* component parties had urged that the general election be held before the expiration of the NEP at the end of 1990 and the unveiling of a successor program. Either new or unchanged redistributive terms risked seriously disaffecting the government's Malay and/or non-Malay mass-level constituencies.

However, as the brief campaign period commenced, the *Barisan's* fortunes again seemed abruptly to dim. Mahathir was disappointed to learn that Musa Hitam would abide by his earlier decision not to defend his parliamentary seat. Though Musa's challenge for the UMNO deputy presidency had been repulsed and his supporters had been weakened through cabinet adjustments and financial harassment, he still possessed a regional elite capacity to mobilise the vote in Johor. Moreover, factionalism in other *Barisan* component parties came to a head, MCA President Ling Liong Sik and MIC President Samy Vellu working feverishly to blunt challenges mounted within their respective organisations. Still more seriously, five days before polling began, the *Parti Bersatu Sabah* (PBS), a predominantly ethnic Kadazan party governing the resource-rich state of Sabah, defected from the *Barisan Nasional* to the opposition. Announcing that the 'Semangat manifesto was more in line with the aspirations of the PBS and the Sabah people', the PBS took this action after nomination day, preventing the *Barisan* from legally putting up a new slate of candidates.³⁰ Mahathir's opponents grew further invigorated when the

²⁹ Discussion with *Semangat '46* adviser, November 1989.

³⁰ Khong Kim Hoong, *Malaysia's General Election 1990: Continuity, Change and Ethnic Politics* (Singapore: Institute of Southeast Asian Studies, 1991),

DAP formalised its electoral cooperation with Razaleigh by entering into an alliance called the *Gagasan Rakyat* (ie., 'People's Might' or 'People's Concept'). Taken together, these developments served dramatically to revive the hopes of the *Semangat*-centred opposition.

The UMNO (*Baru*) responded swiftly with ethnic appeals, using national media outlets to portray Razaleigh's ties to the Christian Kadazan leadership of the PBS as threatening Malay dominance and Muslim well-being. Specific stratagems involved misrepresenting in press photographs a Kadazan headdress that had been worn by Razaleigh while campaigning in Sabah as marked by a Christian cross. In addition, copies of a letter allegedly written by the Pope congratulating Razaleigh for disseminating Christianity in Sabah were widely circulated.³¹ But while these eleventh-hour actions elicited much criticism, von der Mehden assesses that overall, 'the electoral campaign was less marked by communal emotion than has often been the case, in part because of the multi-racial character of both coalitions'.³²

Thus, in peaceful elections, the *Barisan* government's greater resources enabled it to prevail over the opposition's unwieldy, barely contiguous alliances. The UMNO (*Baru*) won 71 of the 86 parliamentary seats it contested (down from the original UMNO's taking 85 of 86 contests in the previous election), while its non-Malay partners essentially repeated their 1986 performances. Hence, while winning only 51.95 per cent of the popular vote in Peninsular Malaysia, the *Barisan* was able to preserve its two-thirds parliamentary majority. Razaleigh, in contrast, while returned to parliament, saw his *Semangat* '46 party win only eight of the 61 races it entered. Further, the DAP won only 20 seats, a net loss of four since 1986, probably attributable to its honouring electoral pacts. And although the DAP increased its total number of seats in the Penang state assembly to 14, and Lim Kit Siang defeated *Gerakan* Chief Minister Lim Chong Eu in Padang Kota, this was not enough to take

p.44. For background on the PBS's long-standing grievances against UMNO-led governments, see *Aliran Monthly*, November 1992; Audrey Kahin, 'Crisis on the Periphery: The Rift Between Kuala Lumpur and Sabah', *Pacific Affairs* 65, no. 1 (Spring 1992), pp.30-49; and Francis Loh Kok Wah, 'Modernization, Cultural Revival and Counter-hegemony: The Kadazans of Sabah in the 1980s', in *Fragmented Vision: Culture and Politics in Contemporary Malaysia*, edited by Joel S. Kahn and Francis Loh Kok Wah (Sydney: Allen and Unwin, 1992), pp.225-53.

31 For a fuller discussion of UMNO tactics in the final days of the 1990 election campaign, see Tan Chee Beng, 'Resorting to Ethnic Games (Again)', *Aliran Monthly* 11, no. 1 (1991), pp.20-24. .

32 Fred R. von der Mehden, 'Malaysia in 1990: Another Electoral Victory', *Asian Survey* 31, no. 2 (February 1991), p.166.

control of the assembly from the *Barisan*. Razaleigh's principal *Angkatan* partner, the PAS, fared better, increasing its representation in parliament from one to seven seats. Further, the PAS emerged as by far the largest party in the Kelantan state assembly, denying the UMNO (*Baru*) any seats at all. And the PBS, finally, remained basically unchallenged in Sabah, thereby placing two state governments in opposition in Malaysia for the first time since 1969.³³

In sum, while the UMNO (*Baru*)'s performance was less overwhelming than the original UMNO's had been in 1986, it nonetheless prevented in Malaysia any critical realignment at the federal level. Further, because this result was produced competitively, it did not close off scope for a two-party system and a more democratic regime form. As we have seen, the UMNO (*Baru*)'s victory (or at least its *margin* of victory) had at times during the campaign seemed uncertain. Accordingly, Mahathir was portrayed in journalistic accounts as 'beaming [and] buoyant'—indeed, said he, 'all the more so when our majority is achieved with the defeat of almost all *Semangat* '46 leaders'.³⁴

The 1990 UMNO (Baru) General Assembly

After the general election, Mahathir adjusted his cabinet in ways that respected UMNO traditions about positions and succession. Mahathir retained Ghafar Baba as deputy, appearing to keep alive Ghafar's chances of one day succeeding to the prime ministership, there to preside over a quick transition to Anwar Ibrahim's ascendancy. Anwar, meanwhile, was held back from the finance or trade and industry posts that were necessary for rounding out his ministerial experience. Anwar's ambitions were additionally checked by the retention of Sanusi Junid as agriculture minister. On the other hand, Mahathir again shunned Anwar's rival from Penang, Abdullah Badawi. Though willing to keep the popular Badawi in the UMNO (*Baru*) after his making amends for having sided with Musa and Razaleigh in 1987, Mahathir nonetheless prolonged his stay in a

33 For a detailed analysis of the 1990 election results in Malaysia, see Khong, *op.cit.* See also William Case, 'Semi-Democracy in Malaysia: Withstanding the Pressures for Regime Change', *Pacific Affairs* 66, no. 2 (Summer 1993), pp.183-205.

34 See *FEER*, 1 November 1990, p.10. It is also worth recording the response of Tengku Razaleigh. Conceding his party's defeat at the federal level 'gracefully', he stated: 'I accept the result of these general elections as the will of Allah.... We have clearly performed below expectation, [but] we have made a very significant contribution to the development of democracy'. Quoted in *Asiaweek*, 2 November 1990, p.21.

political netherworld, making clear the penalty for elite-level unreliability.

In late-November 1990, the UMNO (*Baru*) held its third general assembly and its first party elections. One detects in the nature of the candidacies and competitions an enforced restoration of the original UMNO's game rules. Accordingly, Mahathir and Ghafar Baba stood unopposed for the party's uppermost positions of president and deputy president. At the same time, contests for the three party vice-presidencies and the 25 elected positions in the UMNO (*Baru*) Supreme Council were described as intense and expensive, though occurring without public acrimony. Moreover, Mahathir, while providing clear cues through his renewal or withholding of cabinet portfolios beforehand, took care not to specify openly his preferred vice-presidential candidates, thus acknowledging the assembly's formal autonomy.

In the elections, Anwar Ibrahim received the most delegate votes for vice-president, and he was elevated from the third to the first vice-presidential position. Sanusi Junid, once characterised as Mahathir's 'hatchet man' and now useful for balancing Anwar, succeeded to the third vice-presidency. He thus replaced the *menteri besar* of Trengganu, who possessed only a regional status and following. And Abdullah Badawi, finally, was able to hold the second vice-presidential post, seeming to presage his full rehabilitation.³⁵ The delegates then concluded their work by electing other members to the Supreme Council and by debating various resolutions, some of them perfunctory calls for Malay dominance, while others were critical of the sultan of Kelantan for having lent support to Tengku Razaleigh (related to the sultan by marriage) during the recent general election.

In sum, after Malaysia's general election in October 1990 and the UMNO (*Baru*)'s first party election in November, Mahathir's paramountcy as national leader was reestablished. His supporters inside the governing party were successfully promoted, and his challengers outside the party were democratically defeated. Moreover, that this was accomplished in rough, though finally rule-bound ways indicated a basic continuity in consensual elite unity. One notes also that in December 1990, four days after the UMNO (*Baru*) general assembly, Tunku Abdul Rahman passed away. This, coming after the death of Tun Hussein Onn earlier in the year, left Mahathir Mohamad as Malaysia's only living prime minister.

³⁵ In a story on a cabinet reshuffle in February 1991, *FEER* reports that 'Datuk Abdullah Badawi was brought back to cabinet as foreign minister—a post carrying more prestige than power in domestic terms'. Further, Anwar Ibrahim succeeded Daim Zainuddin as finance minister, continuing his evident preparation for the prime ministership. *FEER*, 21 February 1991, p.16.

UMNO Conflict with the Rulers

With the UMNO's preeminence firm by economic recovery, then ratified by the 1990 general election, party leaders started again to move against the Malay rulers. In particular, they criticised the rulers' involvement in politics, citing the sultan of Kelantan's opposition to the UMNO in his state as an example. Moreover, the UMNO found support for these criticisms among members of the Malay middle class, many of them having changed their perceptions of the rulers from protectors of indigenous culture and Islam to competitors for government contracts and share offers. Accordingly, Anwar Ibrahim, having succeeded Daim Zainuddin as finance minister in 1991, led an UMNO Supreme Council delegation in presenting a memorandum of complaint to the rulers in February 1992. This document was later softened, however, into the Proclamation of Constitutional Principles, falling well short of the binding constitutional amendment that had been publicly mooted. Finally, the fact that several rulers were able to avoid signing even this weakened document suggested that the UMNO had moved much too quickly, ensuring that the issue slipped from media attention.

A new opportunity for the UMNO arose at the end 1992, however. The sultan of Johor—a highly controversial figure—triggered public outrage by beating a field hockey coach who had complained about his meddling in the local team's management. In these circumstances, UMNO leaders proposed in January 1993 that the constitution again be amended, this time to remove the ruler's legal immunity from prosecution. Shortly before the amendment was tabled in parliament, however, the rulers announced their refusal to endorse it—their 'assent' still being necessary for bills affecting royal statuses and privileges. As the conflict threatened a new constitutional crisis, newspapers associated with the UMNO began disclosing royal incomes and gaming debts, and they printed front-page photographs of grand palaces, holiday retreats, and royal hospital wards. UMNO subelites then denounced in parliament the rulers' scandalous personal lives, outlining sundry 'atrocities' and 'brutalities'.³⁶ And the government, finally, began to retract some of the perquisites that the rulers had accumulated over time, trimming their special stock deals, timber concessions, and licenses to import luxury cars.

However, though the UMNO could simply have imposed new terms on the rulers, it grew wary of some societal resentments. Many rural Malays still respected the rulers, and they tired of government

³⁶ *New Straits Times*, 20 January 1993, p.1.

criticisms.³⁷ Moreover, some opposition parties claimed that the government's real intentions were to concentrate its powers further, weakening the institutional checks and state's rights that the rulers were supposed to embody. These parties focused attention also on the cant of those UMNO leaders who enjoyed their own princely lifestyles.³⁸ The UMNO then responded with 'information campaigns', hoping to convince Malay constituents about the need to curb royal interference in politics and business. In turn, the rulers held farewell rallies at regional airports when flying off for strategy meetings in Kuala Lumpur. As the conflict deepened, observers began to lament this new source of tension in Malaysian politics.

But in mid-February, Deputy Prime Minister Ghafar Baba announced that a compromise had been reached. The rulers agreed to give up their legal immunity, but they could only be tried in a special new court made up of the lord president, Malaysia's two chief justices, and other judges selected by the rulers themselves. This compromise was then duly passed into law by the parliament, and it was approved by the Conference of Rulers. Overall, though this outcome enabled the UMNO to retain the loyalties of its middle class Malay constituents, it probably did not strengthen them. Moreover, it stirred suspicions among the opposition over the UMNO's motives, and it created puzzlement among many rural Malays. And it did not in any substantive way temper the statuses and rent-seeking activities of the rulers.

The UMNO (Baru)'s 1993 General Assembly Election

During the conflict between the UMNO and the rulers, many UMNO elites and subelites vied to shape the criticisms that were made. This can partly be understood as an early phase in preparations for the party's general assembly election in November.³⁹ Ghafar Baba, the UMNO deputy president, seemed to better his position by bargaining firmly with the rulers, even while observing accommodative elite traditions and mass Malay sentiments. In contrast, Anwar Ibrahim, an UMNO vice president preparing to challenge Ghafar, was overseas when the settlement was finally reached. But Anwar, we recall, was regarded also as Mahathir's protege. In addition, as finance minister, he was able to place many of his subelite constituents throughout the bureaucracy and public enterprises. He also approved the sale by a holding company associated with the UMNO of its interests in the New

37 AWSJ, 19 January 1993, p.4.

38 See *Aliran Monthly*, 13, no. 1 (1993), pp.2-5.

39 This section draws on William Case, 'Malaysia in 1993: Accelerating Trends and Mild Resistance', *Asian Survey* 34, no.2 (February 1994), pp.119-26.

Straits Times Press, taking care that its buyers were his supporters.⁴⁰ Finally, because Anwar had once headed the Malaysian Islamic Youth Movement (*Angkatan Belia Islam Malaysia*, ABIM), he attracted mass Malays constituencies of diverse outlooks. Traditional Malays were reassured by his Islamic image, while new Malay business people valued the sanction that their dealings gained through his 'progressive' interpretations of Islam.

Tensions thus mounted throughout the UMNO's membership, pitting Ghafar's traditional Malay constituents against the more aggressive business interests led by Anwar. In September, UMNO divisions met to nominate candidates for the party's deputy presidency and three vice-presidential posts, as well as to select nearly 1800 assembly delegates. The nominations and delegate selections showed quickly the extent to which Anwar had gathered support. He received 145 nominations to Ghafar's seven, while a faction linked to him called the *wawasan* (vision) team—made up of the defence minister, Najib Razak, the *menteri besar* of Selangor, Muhammad Taib, and the Johor *menteri besar*, Muhyiddin Yassin—surged past the incumbent vice presidents, Abdullah Badawi and Sanusi Junid. Conceding the futility of defending his deputy presidency, Ghafar plotted a series of resignations from all of his government and party posts, thereby leaving Anwar unopposed for the UMNO deputy presidency and in line for Malaysia's deputy prime ministership.

At this juncture, Mahathir showed his disapproval over 'team' approaches to UMNO general assembly elections.⁴¹ While he doubtless favoured Anwar's eventual succession, he was alarmed by the speed with which Anwar and his *wawasan* team were now carrying it out. Mahathir's own leadership position remained inviolate, of course. But many observers noted that he seemed less able to direct the party processes below him than he had been during most of the period since the UMNO (*Baru*)'s registration in 1988. Accordingly, at the 3–6 November assembly in the Putra World Trade Centre—fitted with a giant projection screen and party mottos lit in neon, and busy with delegates in resplendent national dress—Anwar presided over sessions as the deputy president, while the *wawasan* team captured all three vice presidencies.

But as if to balance this *wawasan* sweep, assembly delegates elected a contingent of Islamicists to the party's Supreme Council. Further, in 'debating' some party resolutions, delegates expressed gratitude to

40 For a fuller account of the NSTP buy-out, see Edmund Terence Gomez, 'Anwar's Friends: Factionalism and Money Politics in UMNO Baru', *Aliran Monthly* 13, no. 9 (1993), pp.35-37. See also *AWSJ*, 23 August 1993, p.8.

41 *The Star*, 3 November 1993, p.1.

Ghafar for his long party service, and they decried the vote buying that was sullyng the UMNO's image. Indeed, it was widely perceived that Anwar and the *wawasan* team, though committed publicly to ridding the party of money politics, were practicing them relentlessly through the government's privatisation policies.⁴² Moreover, in elaborating some of the injustices this caused, women delegates complained that 'men are so greedy when it comes to attending the assembly', thus blocking women from taking their place in the party and participating fully.⁴³ Hence, in his closing speech, Mahathir proposed that an extraordinary general meeting be held in order to ponder party reforms.

After the 1993 UMNO assembly, some analysts expressed strong doubts about the leadership qualities of the new *wawasan* team. Others, however, stressed the assembly's absence of ethnic Malay appeals. Delegates had made obligatory calls for unity, of course, but stopped well short of the anti-Chinese rhetoric heard in past assembly sessions. More surprisingly, one party resolution called for foreign universities to open English-medium branch campuses in Malaysia, part of the country's campaign to become a regional centre for technical learning.⁴⁴ Of course, this risked irking the powerful 'Malay lobby' in the education ministry and the Literature and Language Council (*Dewan Bahasa dan Pustaka*). But buoyed by their new wealth, many Malay business people and professionals considered the proposal to be a desirable one, and it cheered many middle class Chinese, suggesting that new levels of forbearance might be established between these communities. Indeed, Mahathir had earlier signalled the amity of ethnic relations by attending Lunar New Year ceremonies in a 'flaming red shirt to reflect the colour of prosperity, not only for the Chinese community, but also that being enjoyed by the country'.⁴⁵ And his message now at the 1993 UMNO assembly was that English language education would help to perpetuate that prosperity. In these circumstances, UMNO leaders celebrated new notions of the *Melayu baru* (new Malay), the *Melayu korporat* (corporate Malay), and even the 'global Malay', inspired by personal business success, competitive with the Chinese, disciplined by modernist Islam, and committed to

42 See comments by the UMNO Kelantan deputy liaison chief in *The Sun*, 6 November, p.3.

43 *The Sun*, 4 November 1993, p.4. For other coverage of women delegates' views, see *The Star*, November 1993, p.2; and *New Straits Times*, 4 November 1993, p.3.

44 See *New Straits Times*, 4 November 1993, pp.2 and 4.

45 *New Straits Times*, 24 January 1993, p.1.

Wawasan 2020 (Vision 2020)—Mahathir's agenda for Malaysia's full socioeconomic development.⁴⁶

Malaysia's 1995 General Elections

Eighteen months later, the UMNO-led Barisan government called general elections—within the time frame required by the Malaysian constitution. Since the late 1980s, Malaysia's economy had continued to grow at rapid rates, reaching eight to ten per cent by the mid-1990s. Accordingly, the government celebrated its performance through a campaign slogan of 'Vision, Justice, and Efficiency'.

But beneath the high growth figures lurked some uncertainties. Inflation in Malaysia rose during 1994-95, and productivity slipped, outcomes that were linked to a worrisome current account deficit and listless stock market. The UMNO also endured some political scandals during this period. The party's first vice president and rising *wawasan* star, Muhyiddin Yassin, was sued by a plantation company and a church group for misusing his land acquisition powers as chief minister of Johor. The publicity that the lawsuit received seemed to weaken Muhyiddin's personal ties to Anwar and his standing in the party hierarchy.⁴⁷ The chief minister of Malacca, Rahim Thamby Chik—who was also UMNO Youth leader and another key *wawasan* figure—was laid low by charges of 'unexplained wealth' and even allegations of statutory rape. These suspicions and the inquiries that followed appeared effectively to oust Rahim from political life. Finally, the international trade and industry minister, Rafidah Aziz, was investigated by the Anti-Corruption Agency over her role in a government allocation of corporate shares that greatly favoured her son-in-law. Some relatives of Mahathir and Anwar Ibrahim were also named as recipients. When the deputy secretary general of the opposition DAP, Lim Guan Eng, remarked publicly on these cases—drawing applause even from ethnic Malay audiences whom he addressed—he was detained for sedition, a very rare charge in Malaysia.

Nonetheless, the government called elections for 25 April. And despite the personal behaviours of some UMNO politicians and various economic indicators, the government remained more confident than it had been in 1990 that it would win easily a two-thirds parliamentary majority. Indeed, it was widely expected that the contest would mark the return to the earlier electoral patterns of the

⁴⁶ For an analysis of *Wawasan 2020*, see Shamsul A.B., *Malaysia's Vision 2020: Old Ideas in a New Package*, Development Studies Centre Working Paper 92-4 (Clayton VIC: Monash University, 1991).

⁴⁷ *Asiaweek*, 21 April 1995, p.34.

1970s and '80s. Even so, after the elections were held, the extent of the *Barisan* victory—especially in the west coast states—seemed even to surprise Mahathir.⁴⁸ Concerns over scandals and deficits dissipated quickly amid a much broader appreciation of political stability, privatisation, continuing business expansion, and social peace.

Because of redistricting, the number of parliamentary seats had been increased from 180 to 192, while nearly 400 seats were contested in the state assemblies. The *Barisan* took 65 per cent of the popular vote—up 12 per cent from the 1990 election—giving it 162 seats in the parliament and control over all the state assemblies except Kelantan's.⁴⁹ These outcomes were particularly noteworthy in Penang, the one state in which the DAP was thought to stand a chance of capturing the assembly and forming a new government. In the event, the DAP kept only one seat, with party leader Lim Kit Siang failing in his direct challenge to *Barisan* chief minister, Koh Tsu Koon (in marked contrast to his defeating the previous *Barisan* chief minister, Lim Chong Eu, in 1990). Lim Kit Siang later appeared before his party membership, offering solemnly to resign as leader. The *Barisan* also retained power in Trengganu, despite the apparent resurgence of Islam in that state. And it even made gains against the PAS and Semangat '46 coalition government in Kelantan, winning eight seats in the state assembly. Only in Sabah did the *Barisan* suffer a serious setback. With the UMNO having used 'inducements' the previous year to lure members from the PBS-led state government, then having replaced it with one led by the new UMNO Sabah, ethnic Kadazans voters displayed their resentments clearly in the parliamentary election. Accordingly, the PBS won eight of Sabah's 20 parliamentary seats, identifying Joseph Pairin Kitingan, the PBS leader and former Sabah chief minister, as still a major force in Malaysian politics.

Within the *Barisan*, the UMNO's coalition partners also performed well. The MCA, its fortunes varying inversely since 1969 with those of the DAP, captured 11 new parliamentary seats, bringing its total to 29. This dramatic rise of the MCA at the DAP's expense

48 Greg Sheridan, 'Massive Election Mandate Surprised Malaysian PM', *The Australian*, 17 May 1995, p.7.

49 At the time this manuscript was sent to press perhaps the best analysis of Malaysia's 1995 general election was S.P. Subramaniam, 'Election '95: Barisan Wins Big—Why?', in *Aliran Monthly* (April 1995), pp.2-11. The article gives special attention to the government's effective policy making (along with its abusing public facilities and the media), rapid economic growth, interethnic peace, the UMNO's grass-roots support, and the decline of the DAP.

was ascribed to a number of factors.⁵⁰ First, Malaysia's rapid economic growth during the late 1980s and 1990s had been broadly shared with the Chinese community, benefiting its business executives, middle-class professionals, and workers. Second, in contrast to the 1970s, higher education opportunities were made more available to the Chinese, both through places in Malaysia's established universities and through new 'twinning programs' developed with overseas institutions. That much of this education could now be carried out in English as part of Mahathir's globalisation plans and Vision 2020 heightened further its attractiveness for many Chinese. Finally, Harold Crouch has observed that during this period, *Barisan* leaders made new symbolic overtures to the Chinese community, helping overcome its perceptions of 'second-class' citizenship. In particular, Chinese language primary schools were given state funds, restrictions on lion dances and travel to China were lifted, and new value was given to Confucianism and Mandarin at various conferences and rallies organised by Mahathir and Anwar.

These changes coincided with the introduction in 1991 of the NEP's successor program, the New Development Policy (NDP). At base, the NDP seemed to ease the ethnic quotas and socioeconomic targets that had long been fixed in Malaysia, replacing them with blander expressions of Malay aspiration. Further, after reducing these economic distinctions between communities, Mahathir appealed expressly for the removal of cultural barriers. Several months after the 1995 election, he advocated a new national identity termed '*bangsa Malaysia*', in some degree superseding the old *Bumiputra* and 'non-Malay' idioms. Mahathir said simply that *bangsa Malaysia* connoted 'people ... able to identify themselves with the country, speak Bahasa Malaysia and accept the Constitution'. The DAP leader, Lim Kit Siang, was then moved to reply: 'I concede that Mahathir's statement was courageous. His remarks are the most enlightened he has made on nation-building for some time'.⁵¹ In short, during the mid-1990s, there were reasons for thinking that the attitudes of ethnic conciliation and forbearance that historically have characterised relations at the elite level in Malaysia seemed finally to be filtering downward through elite-mass interactions. The new *bangsa Malaysia* idiom was a welcome one.

50 I am indebted to Harold Crouch for sharing in a personal communication his analysis of the DAP's decline. For a brief interview with Lim Kit Siang, see 'Introspection Time: Oppositionist Lim Assesses His Failures—and Future', *Asiaweek*, 9 June 1995, p.28.

51 Quoted in *Asiaweek*, 6 October 1995, p.38.

Conclusions: Elites and Regimes

Elite Relations

The purpose of this book has been to account for the regime stability and at least semi-democratic politics that have persisted in Malaysia, contrasting sharply with the records of most other countries in the region—indeed, in the developing world. It has been argued that elite attitudes and behaviours have been moderated by some formal and informal rules of the game, discouraging elites from waging their competitions at all costs. It has also been argued that these attitudes emerged firstly from patterns of indigenous Malay political culture, and that they were extended to, and able to cope with, large immigrations of ethnic Chinese. But because this political culture has been so deeply explored by other authors, it has not been a focus of this book. Instead, areas of political life that this culture was *unable* to institutionalise peacefully have been stressed, namely, leadership succession within Malay states and relations between these states. Through these fissures burst much political turmoil during most of the nineteenth century. In the final quarter of that century, however, British colonial experience—while doubtless tarnished by many new forms of injustice—combined with preexisting elements of Malay and Chinese cultures to solidify a ‘tradition of accommodation’. The British also gradually consolidated a single state entity. And after World War II, they introduced new modes of mass participation in politics, elaborating upon traditional petitioning and flight with elections and voting.

By synthesising these indigenous and colonial practices, some tacit understandings and explicit institutions, and some formal and informal rules of the game, a range of curious, through fairly steady sets of expectations has been produced over time in Malaysia. As one example in contemporary politics, party elections are regularly held, but incumbent position holders are expected to go unopposed; general elections are held openly, but mostly to ratify the government’s two-thirds majority. We have seen, however, that these expectations have sometimes been tested, marking sharp crises in interelite and elite-mass relations. By focusing on these strain points—and the ways in which they were resolved—it has been the aim of this book to show a longer record of continuity.

During these crises, some elements of the ‘Malay way’—in particular, a magnanimity displayed by leaders (concealing their backstage contempt), a deference shown by constituents (though bristling with small resistances and quiet challenges), and some uneven obligations between these strata (bridged by intensely personalist and factional ties)—began to dissolve in leadership clashes and constituent fickleness. Ethnic Chinese elites and constituents—probably owing to

a perceived discrepancy between their business abilities and political rights—succumbed to such fragmentation even more readily. In these circumstances, informal game rules gave way to uncooperative behaviours within and across ethnic communities. Formal rules endured, however, finally containing these behaviours in organised arenas, then restoring prior sets of expectations—even as Malaysia travelled rapidly along new developmental trajectories.

In analysing this interelite and elite-mass continuity, much importance has been placed on the paramount national leader. Prime Minister Mahathir has been depicted as an assertive national leader whose forceful policies and response strategies worked complex effects. Specifically, Mahathir's actions, by breaking down ascriptive barriers and modernising Malay attitudes and expectations, tested many informal understandings—thereby inviting strong challenges to his own leadership position and power. He then reacted either by falling back on traditional prerogatives, or by grudgingly consenting to elites restraining his actions. And that Mahathir could practice both assertive and restrained approaches at once was shown during the late 1980s by his working vigorously to isolate Tengku Razaleigh, even while abiding by the UMNO's organisational rules and the regime's semi-democratic procedures. In short, for a variety of reasons, elite competitions grew fierce during this period, but they remained at least formally bounded.

Mahathir has taken much credit for this continuity. After the 1990 general elections, he expressed in an interview with *Asiaweek* that it was necessary that he remain national leader in order to regulate elite behaviours.

I would like to retire. But my colleagues and friends do not allow me to mention retirement because it causes a lot of instability. There'll be jockeying for places and things like that. So I'll be around for quite ... I don't know for how long. As long as my health permits me. If I had my preference, of course, I would let go of everything, but still there are a lot of things to do.⁵²

52 *Asiaweek*, 2 November 1990, p.27. Despite the long-standing antagonism between Mahathir and the foreign media, the *AWSJ* came to assess that

Malaysian politics hasn't looked as stable in nearly five years.... [However] without [Mahathir's] strong-willed leadership, Malaysia's dominant political party and the backbone of the ruling coalition, the United Malays National Organization, could face a prolonged period of infighting among various factions. Rivalry already exists between two UMNO groups—one supporting Deputy Prime Minister Abdul Ghafar Baba and the other backing Finance Minister Datuk Anwar Ibrahim.

AWSJ, 19 October 1991.

Chapter Four summarised the belief of some observers, however, that Mahathir's class background and career experiences militated against his ordering elite relations in this way. In their view, Mahathir's leadership involved a distinct break with the aristocratic status and British acculturation of past prime ministers, thereby preventing his personal conformity with, and his overall perpetuation of, Malaysia's tradition of elite accommodation. But if one seriously attributes the turmoil that marked so much of Mahathir's tenure to this, one must also accept that evident changes in his tastes over time would restore elite interaction to customary patterns. Thus, by 1989, Mahathir seemed to have overcome many of his resentments toward intrusive colonial legacies and norms, and he began to adopt a more favourable attitude toward certain artefacts of British political life. For example, after the inauguration of hollow RIDA programs during the 1950s, he had denounced British business people as 'free once again to swill their whiskies in their clubs and give more contracts to British firms'.⁵³ He also dismissed the Commonwealth organisation as 'a social club of English-speaking ex-colonies', leading him to boycott Commonwealth Heads of Government Meetings in 1981 and in 1983.⁵⁴ But in 1989, he chose to host the CHOGM in Kuala Lumpur. In addition, Mahathir arranged a state visit by Queen Elizabeth to Malaysia to coincide with the meeting, this coming on the heels of his government's dropping its 'buy British last' policy in order to purchase from Britain an important US\$2.5 billion weapons package.

It was also widely observed that though Mahathir had long been critical of interethnic, indeed, international, inequalities and injustices—condemning South African *apartheid*, denouncing Israeli treatment of Palestinians, and generally lauding the non-aligned movement—he later appeared partial to fastidious court ceremonies and royal friendships, horseback riding, and imported sedans (even ceasing his commuting in a locally-made *Proton Saga*)—thus fostering an overall impression of commitment to privilege. But then, Mahathir had long felt this way. We gain insights to his views on social equality and redistribution through his early writings in *The Challenge* (published originally in Malay as *Menghadapi Cabaran* in 1976).

Strangely, each time 'equality' is achieved, justice and happiness fail to materialise. On the contrary, more 'differences'

53 Mahathir Mohamad, *The Malay Dilemma* (Singapore: Asia Pacific Press, 1970), p.41, as quoted in Roger Kershaw, 'Anglo-Malaysian Relations: Old Roles versus New Rules, *International Affairs*, 59, no. 4 (Autumn 1983), p.631.

54 Quoted in *FEER*, 5 November 1987, p.26. See also 'A Useful Talking Shop: A Sceptical Mahathir Has a Change of Mind', *FEER*, 19 October 1989, p.31.

become manifest and the demands for 'equality' never cease, so that society is in a perpetual state of unrest.

Those with an axe to grind like to point out poverty rather than wealth.... To see clearly how the rich are exploited by a society to support the poor, let us analyse the income of a person who gets, say, half a million ringgit a year.... On a rough estimate, he has to pay \$150,000 income tax. Out of the remaining \$350,000 he probably pays personal workers like chauffeurs, gardeners, housekeepers, cooks, domestic help, etc. This means that the rich man's income provides employment opportunities for those who may well be jobless otherwise.⁵⁵

In short, Mahathir begins in some ways to remind us of the 'conservative' prime ministers who had preceded him, a posture that amid rapid socioeconomic changes may have helped guide elites and constituents across unfamiliar terrains.⁵⁶ Indeed, though Mahathir and his ministers launched fresh attacks upon royal prerogatives during 1992-93, they often conducted their own affairs in similarly monarchical ways. And despite new UMNO rhetoric about business-like, risk-taking, and even scientific Malay culture, it was clear that Mahathir and many UMNO elites around him still valued traditional loyalties and designated successions.

Thus, after their electoral victory in 1990, Mahathir and governing UMNO elites maintained their tradition of accommodation with elites in other state and economic organisations, and they at least tolerated civil society elites. For example, in accelerating the government's privatisation program, equity ownership in *Tenaga Nasional* (previously the National Electricity Board) was spread across high-level civil servants in the Ministry of Energy, Telecommunications, and Posts, state managers in the PNB, military elites in the LTAT, and Muslim officials heading the LUTH.⁵⁷ Economic recovery also permitted the reincorporation of many Malay business people through a flow of patronage, frequently taking the form of privatised state assets. The very favourable terms by which *Kumpulan FIMA* (the

55 Mahathir Mohamad, *The Challenge* (Petaling Jaya, Malaysia: Pelanduk Publications, 1986), pp.8-9 and 69. Translated version of *Menghadapi Cabaran* (Kuala Lumpur: Pustaka Antara, 1976).

56 A deposed UMNO cabinet minister observed that while Mahathir had attracted some support early in his career because he was not *bangsawan* ('aristocratic'), he gradually became more preoccupied with 'form and decorum than [the aristocrats] were'. The respondent complained specifically of the enormous cost of Mahathir's keeping thoroughbred horses. He claimed also that Mahathir 'surrounds himself with cronies [and that his] style is very similar to that of Tunku Abdul Rahman in his final years'. Interview, November 1989.

57 See *FEER*, 20 December 1990, p.46.

food-processing firm that had been directed by Mahathir in the 1970s) was made available to its managers is a case in point.⁵⁸

But while Mahathir's government undertook the privatisation drive partly to secure the political loyalties of Malay economic elites, ample space was left in which Chinese business people could operate.⁵⁹ As mentioned in Chapter One, Chalmers Johnson contends that leaders of developing countries often pursue rapid economic growth for noneconomic reasons, usually involving nationalist sentiments or security concerns. They thus often ignore professional economists, sacrifice efficiency, and have later to overhaul their programs. In contrast, Mahathir's government, though fostering an ethnic nationalism by politically assisting Malay economic elites, also came pragmatically to permit, and eventually to enhance, the role of Chinese economic elites. Chapter Four described Mahathir's drawing on Eric Chia's managerial skills during mid-1988 in order to revamp HICOM's *Perwaja* steel project in Trengganu. Similarly, Finance Minister Daim Zainuddin maintained close links with Quek Leng Chan of the Hong Leong Group and Hume Industries, as well as with Vincent Tan Chee Yioun, chairman of the Inter-Pacific Group and *Berjaya* Corporation and the holder of the highly lucrative MacDonalD's franchise in Malaysia. In addition, Teh Hong Piow, president of the Public Bank Group, was able to expand his dealings to include 155 bank and finance company branches, thereby establishing the fourth largest banking operation in Malaysia during this period.⁶⁰ Finally, Kuala Lumpur's booming real estate market again became so accessible to Chinese investment in 1990 that Tan Kim Yeo, chairman of Ipoh Garden *Berhad*, a large property development company, sold his interest in World Square in Australia and repatriated capital to Malaysia, an important reversal of capital flight.⁶¹ In short, under the NEP, Malay governing elites in the UMNO (*Baru*) posed barriers to the Chinese wholly owning and conspicuously enjoying the profits from vast manufacturing empires and trading and financial networks.

58 For a brief discussion of Malaysia's privatisation aims, see Fong Chan Onn, *The Malaysian Economic Challenge in the 1990s: Transformation for Growth* (Singapore: Longman, 1989), p.317.

59 In writing about Mahathir's attitudes towards the Chinese, Roger Kershaw writes that 'Dr. Mahathir is a man of profoundly humane feelings, combined with humour and a self-critical rationality. His public speeches communicate all this—perhaps to an extent even more endearing to non-Malays than to his own race'. The aggressive tone of Mahathir's earlier 'ultra' period, then, is explained as an attempt 'to bring about genuine harmony by exposing the official pretence of harmony as a sham in the light of chronic socio-economic imbalance between the races of Malaysia'. Kershaw, *op.cit.*, p.629.

60 *FEER*, 3 October 1991, p.48.

61 *FEER*, 30 August 1990, pp.54-55.

But they did permit Chinese companies to protect significant stakes through friendships, partnerships, joint ventures, political 'contributions', and concealment. And after 1991, the NEP's terms were relaxed further through the NDP. The UMNO (*Baru*) and related Malay business people, not wishing entirely to renounce the constitutional 'bargain' or seriously dislocate the Chinese goose, restructured and shared in Chinese companies, rather than expropriating and running them down.

Relations between UMNO elites and Malay civil society elites were complicated during this period by Tengku Razaleigh's having shifted into the latter stratum through his leadership of a party out of power. On a personal level, enmity between Razaleigh and Mahathir remained strong, each perceiving the other as having violated some informal party understandings and trespassing upon the other's prerogatives. And when Razaleigh left the *Barisan Nasional* to form the *Semangat '46*, guidelines for cooperative interaction became even more problematic. In learning to deal with an important, ethnic Malay opposition party, UMNO (*Baru*) elites were informed only by their often difficult experience with the PAS.

But unlike the PAS, Razaleigh's *Semangat '46* shared with the UMNO (*Baru*) a fundamental consensus over some institutional forms and policy directions: Malay political dominance tempered by interethnic accommodation, and a market economy punctuated by *Bumiputra* safeguards. Indeed, that policy differences and 'fragmented visions' were perhaps overdrawn by some analysts was revealed by the ease with which the UMNO was able later to attract defectors from the *Semangat '46*. Writing after the election, Shafruddin Hashim noted that '46 members [were] unaccustomed, unlike PAS members, to being in the opposition and political wilderness ... [T]he ['46]-UMNO contest was and remains that between personalities ... both parties are ideologically, perhaps even in policy terms, undifferentiated'.⁶² Thus, in holding similar values and policy outlooks, these parties were able to compete peacefully through elections for state positions and power. Their dispositions were also reinforced during 1989-90 by some contextual dynamics. Specifically, Mahathir, as national leader, was never so threatened by defeat that he needed seriously to abrogate democratic procedures. Razaleigh, though a powerful civil elite, now lacked the state power with which to alter electoral rules and distort outcomes. Razaleigh was also prevented

62 Shafruddin Hashim, 'Malaysia 1991: Consolidation, Challenges, and New Directions', in *Southeast Asian Affairs 1992* (Singapore: Institute of Southeast Asian Studies, 1992), p.185.

from arousing deep ethnic grievances by his party's ties to the DAP and his personal involvement with Chinese business people.

Turning to other civil elites in the opposition, the 1990 election enabled the PAS to increase its presence in the federal parliament and gain control over the Kelantan state assembly. These results perhaps strengthened PAS leaders' appreciation of democratic mechanisms. The DAP, for its part, remained committed to interacting with the government through elections, vehemently rejecting all boycotting strategies and violence. Indeed, several DAP parliamentarians attributed during interviews the collapse of the Socialist Front in 1965 to the Labor Party's decision to stop contesting elections.⁶³ When DAP Secretary-General Lim Kit Siang was questioned at a party forum attended by this writer about the legitimacy and usefulness of mounting violent actions against a coercive state, he emphatically rejected such strategies.⁶⁴ Even during the period in which Lim Kit Siang had remained under detention after Operation *Lallang*, a DAP vice-president claimed in an interview that his party still possessed influence: gaining publicity through overseas media outlets that made the government more accountable, and standing a fair chance of one day winning control of the Penang state assembly.⁶⁵ In short, while unlikely ever to lead a federal government, civil elites in the DAP shared enough procedural consensus with governing elites in the *Barisan*, and they held enough stakes in representative institutions that they maintained fundamentally accommodative (or at least acquiescent) outlooks.

In sum, by 1990, Prime Minister Mahathir appeared to have adopted attitudes and behaviours as a national leader that corresponded more closely to Malaysia's traditional norms and colonial legacies. After forming the UMNO (*Baru*), he reenergised consensual unity among governing elites, while preserving links between them and elites heading other kinds of state organisations. In addition, during a period of economic expansion, he rebuilt ethnic loyalties through new patronage ties to Malay economic elites and the Malay middle class, though he continued to value also the role of Chinese business people in deepening that recovery. Later, he made appeals to link these discrete communities in a new national identity. Finally, during the 1990 general elections, Mahathir consented to Razaleigh and, indeed, civil elites more generally, competing for parliamentary positions. And that Mahathir resorted to playing the 'ethnic card' in the final

63 Interviews, November 1989-January 1990.

64 Democratic Action Party forum, 'Human Rights in Malaysia, 1990s', organised by the Council of Human Rights of the Democratic Action Party (DAP), Merlin Hotel, Kuala Lumpur, 19 November 1989.

65 Interview, January 1990.

days of campaigning—rather than refusing to contest the elections at all—can be viewed as his showing comparative restraint during a meaningful electoral exercise.

Malaysia's general elections in 1995 constituted much less of a strain point in the country's political record than the ones held in 1990. They are less interesting because of it. Still, it is worthwhile to record the ways in which the national leader and elites have recently perpetuated their competitions in accordance with game rules, especially within the UMNO (*Baru*). We have seen that Mahathir, seeming to fear the rise of Anwar Ibrahim, tried first to contain his protegee during the 1993 party election. By the time of the general election a year-and-a-half later, these motivations became even clearer. Most importantly, when approving the UMNO's electoral candidates, Mahathir struck many of Anwar's supporters from the slate. He also brought Ghafar Baba back into the fold. Making something of a 'come-back', Ghafar then defended his seat easily in Malacca, one that he had earlier been expected to abandon.

However, because Anwar had also campaigned effectively in his own home state of Penang—drawing off support from the DAP to the *Barisan*—he too had invigorated his position. After the general election, then, Mahathir redistributed cabinet portfolios in ways meant to weaken any challengers. First, Mahathir left Anwar in place as deputy prime minister and finance minister. But he then shuffled Anwar's supporters into posts from which they would be unable to accumulate resources. Muhyiddin, for example, who had resigned as Johor chief minister in order to run for parliament, was rewarded with only the youth and sports portfolio. Nazri Aziz (who had replaced Rahim Thamby Chik as UMNO Youth minister, yet was associated with Anwar) and Ibrahim Saad (once Penang's deputy chief minister and Anwar's political secretary) were appointed only as deputy ministers in the Prime Minister's Department. Rumours emerged also about Mahathir's preparing to appoint a second deputy prime minister, and he even appeared receptive to suggestions that Razaleigh and the *Semangat '46* be readmitted to the *Barisan*. Finally, Najib Razak, though once a member a member of Anwar's *wawasan* team (and even earlier a supporter of Razaleigh's Team B), appeared now to be much closer to Mahathir. Accordingly, he was promoted from the defence ministry to education—traditionally a springboard to the prime ministership.

Meanwhile, patterns of sharing cabinet portfolios with the leaders of non-Malay parties remained intact. Some analysts have suggested, then, that even as ethnic relations in Malaysia continued to improve, intra-Malay struggles appeared again to be worsening. Nonetheless, within the UMNO, one also observes that elite competitions remained

bounded by formal party rules and many informal traditions. Specifically, Anwar declared publicly his refusal to challenge Mahathir at the UMNO's 1996 party election. Given the great pressure from his supporters to run, as well as expert assessments that he could win, any sustained refusal to contest from Anwar must be adjudged as remarkable. At the end of 1995, then, observers awaited the next party election with interest.⁶⁶

Regime Outcomes

During the mid-1990s, analysts of Malaysian politics could reasonably claim that the country's regime was as stable as it had been at any time since independence. This constituted a dramatic turnabout because Mahathir's motives and actions, the intensity of elite rivalries, the condition of the economy, and revived ethnic antagonisms had so recently raised questions. Had Mahathir persisted as national leader in order to enforce elite observance of game rules amid the hazards of a stalled economy and societal pluralism? Or had his clinging interminably to power been an impediment to accommodative elite relations and the necessary evolution of game rules? Further, had the able policy making of Mahathir's finance minister, Daim Zainuddin, prevented Malaysia from teetering into more severe dislocation during the mid-1980s? Or had the full consequences of Mahathir's ill-timed industrialisation schemes instead been masked by petroleum sales, foreign investment, Chinese entrepreneurship, and strategic repression? But even when uncertainty was greatest during 1987-88, there is no evidence that Mahathir and military elites contemplated any executive or military coups. Thus, while elite relations were strained, they were never so disunited at the state level that they threatened regime stability. And during 1989-90, with the governing UMNO (*Baru*) consolidated and the economy recovering, Mahathir dispelled lingering doubts over instability by renewing his prime ministership in nonviolent ways.⁶⁷

⁶⁶ For valuable insights into UMNO competitions at the time of this writing, see Roger Mitton, 'Power Play: When will Anwar Succeed Mahathir?', *Asiaweek*, 20 October 1995, pp.24-28.

⁶⁷ A *Gerakan* founder (and thoughtful observer of Malaysian politics) offered a different assessment in an interview. He speculated that if movement toward a two-party system were undertaken too rapidly, it would provoke Mahathir to end the process forcibly. The respondent claimed that Mahathir would be supported in this by the bureaucracy and the military because he had convinced their leaders that 'if we go, you go'. Thus, for the *Semangat* '46-led *Angkatan* and *Gagasan* alliances to win the upcoming elections outright would be 'bad for the country', probably leading to some form of coup. He did feel, however, that Mahathir could accept the loss of his government's two-thirds parliamentary majority. The opposition forces should therefore strive for this

Specifically, Mahathir called a general election in 1990, well within the time frame specified by Malaysia's constitution. But in turning to the regime's democratic dimension, one can ask whether Mahathir—and previous prime ministers—only consenting to hold elections that they expected fully to win could convincingly be labelled democratic. For many analysts, the validity of this classification, as well as the sincerity of the leadership commitment underlying it, were put in doubt by Mahathir's often equivocating over democracy's worth. Very simply, Mahathir valued the legitimacy that electoral victory could earn him among some civil elites, 'attentive' constituencies, and foreign governments. But, as we have seen, he sometimes restricted, or conversely exploited, regime openness when his national paramountcy was at stake. Equally, in reviewing Razaleigh's political experiences, one sees that he too bent electoral rules in order to win control of the Kelantan state assembly for the UMNO in 1978. More recently, he raised Malay fears over the 'growth triangle' proposal linking Johor, Singapore, and Riau by suggesting that the project's real purpose was to resettle Hong Kong Chinese in Malaysia before China's absorption of Hong Kong in 1997.⁶⁸ In short, neither Mahathir or Razaleigh seemed to be unshakeably committed to democratic procedures and scrupulously averse to ethnic appeals.

To demonstrate the UMNO government's ambivalence (or perhaps even slyness) about democratic procedures, it is worth briefly recounting the ways in which it won the Bukit Payung by-election against the PAS in March 1992.⁶⁹ This by-election became necessary when the UMNO, after losing the seat in 1990 by 17 votes, applied to the High Court to order a new poll. Indeed, the judiciary had obliged the government regularly in such political cases since the lord president's removal in 1988. Bukit Payung was located in the east coast state of Trengganu—part of the Malay 'heartland', fervidly Islamic, and congenial soil for the PAS. The UMNO thus attached much importance to its victory there. Accordingly, waves of UMNO campaign workers descended upon residents in the district to present them with 'copies of the Koran, piped water, and sewing machines'.⁷⁰

outcome, pushing only for gradual regime opening in order that it could win, and confidently retain, governing power in later elections. Interview, January 1990.

68 *Straits Times*, 4 June 1991, as cited by Garry Rodan, 'Combining International and Regional Divisions of Labour: New Implications for the Singapore State', paper presented at 'Managing International Economic Relations in the Pacific in the 1990s', First Australian Fulbright Symposium, 16-17 December 1991, Australian National University, Canberra, p.24.

69 See William Case, 'Malaysia in 1992: Sharp Politics, Fast Growth, and a New Regional Role', *Asian Survey* 33, no. 2 (February 1993), pp.187-88.

70 *Aliran Monthly* 12, no. 3 (1992), p.30.

They then monitored reactions closely through 1,200 *anak-anak angkat*, seconded by various government bodies to board with local families and clarify UMNO ideals. State-owned television and party-controlled newspapers provided running accounts of opposition members crossing over to the UMNO, while on election day 'specially registered' *pengundi hantu* ('phantom voters') appeared abruptly from outside the district, escorted by large numbers of security forces.⁷¹ By focusing its resources in these ways, the UMNO won 52% of the vote, thereby taking another seat in the Trengganu state assembly.

Hence, in the Malaysian case, semi-democratic procedures are probably most rightly viewed as governing elites offering their constituencies regular opportunities to deliver up or withhold expressions of support, but not seriously to compete for state offices or change policy directions. But even such semi-democracy, committed more to securing endorsements than encouraging participation, may provide government concessions to regional opposition leaders and followings. And of course it has amounted to far greater representativeness than was permitted during most of the colonial period. As Mahathir noted, 'when we were under British colonial rule, there was no such thing as democracy. It was an autocratic government, an authoritarian government'.⁷²

But just as British colonial experience combined with indigenous traditions to forge among local elites the restrained attitudes necessary for a stable semi-democracy, it is possible that the controls imposed by Mahathir during his tenure may make eventually for a fuller democracy of programmatic appeals, principled competitions, and regular changes of government. The October 1990 general election seemed in particular to have advanced this progress. While the institutionalisation of a vigorous, two-party system was not completed, the UMNO (*Baru*)'s victory over the *Semangat '46*-led opposition was achieved electorally and with more uncertainty over outcomes than had characterised many earlier election campaigns. The report issued in December 1990 by the 12-member Commonwealth Observer Group, originally brought in by Mahathir to outflank the local Election Watch panel, gave reasons for optimism. While detailing reservations over uneven media access, questions about some voter rolls, and the briefness of the campaign period, it noted that 'the nomination process was conducted in a free and fair manner ... the election officers had been well-trained and performed efficiently

⁷¹ See *Aliran Monthly* 12, no. 4 (1992), pp.37-40.

⁷² Quoted in *Newsweek*, 2 May 1988, p.12.

... [and] the counting procedures [were] in accordance with the relevant rules and regulations [and] efficiently executed'.⁷³

Of course, the general elections in 1995 probably did more to preserve political stability than to promote democracy. During the campaign, media coverage was unbalanced, and disqualifications of opposition candidates were numerous, mostly for petty mistakes in the nominations process. At the same time, given the confidence with which the *Barisan* approached these elections, brazen machinations (and the external scrutiny necessary to contain them) were less necessary than they had been five years earlier. One finds, then, that during the 1995 campaign, the leader of the Parti Rakyat Malaysia (the rechristened PSRM, Syed Husin Ali, was allowed favourable, if very brief, coverage on government-owned television—a sharp departure from the usual portrayals of opposition figures. The former president of *Aliran*, Chandra Muzaffar, was also permitted to appear, providing sophisticated commentary on Penang politics, especially in connection with Lim Kit Siang's challenge to Koh Tsu Koon. Finally, there could be little doubt about the veracity of the *Barisan's* claim that it had gained 65 per cent of the popular vote. And that this then translated into an 84 per cent parliamentary majority was no more skewed an outcome than what usually take places in single member district systems. In sum, Malaysia's stable and at least semi-democratic politics persisted during the 1990s. One can thus conclude that apart from the democracies of India and Japan—that are not without their own very serious shortcomings—Malaysia has established the most consistently democratic record in Asia.

⁷³ Commonwealth Observer Group on the Malaysian Elections, *Malaysian Elections: 20 and 21 October 1990* (London: Commonwealth Secretariat, 1990), pp.11, 24, and 25.

Elites and Regimes: The Significance of Malaysian Continuity

Political, economic, and social patterns in Malaysia are complex and nuanced, effectively resisting any tight classification. It is easiest to start with what Malaysia is not. Most fundamentally, relations between state elites, though punctuated by sharp crises, have never tipped into outright disunity. In consequence, the regime has remained stable, even without taking a clearly democratic or undemocratic form. Similarly, Malaysia's allocations of state benefits have been neither proportional to communal sizes or crudely monopolistic, its national cultural policies neither pluralist or ruthlessly assimilationist, and, its ethnic relations at the mass level neither amicable or relentlessly hostile. Malaysia's class structure, moreover, is characterised by both social mobility and rigidity, featuring breathtaking rags-to-riches stories, together with a relatively passive, even manipulated urban work force and peasantry. Economic policy making equally resists categorising. It cannot accurately be labelled as fully market-based or state-planned, while growth strategies have simultaneously involved import substitution and export-oriented industrialization, thus unambiguously pursuing neither course. And Malay business people, promoted by state intervention, can no longer be dismissed simply as parasitic, while once dynamic, though perhaps 'pariah' Chinese entrepreneurs increasingly seek out political support and security for their ventures. Finally, one queries whether Malaysia's complex locations on these several dimensions involve a broad, carefully synthesised balance or a tentative, brittle stability whose contradictions must inevitably give way to centrifugal forces. In sum, Malaysia poses an enigma that shuns ideal types and eludes ready comparison.

Nonetheless, in seeking to distil generalisable sense from at least some of these features, analysts have grappled with data from Malaysia and other similarly perplexing countries. Focusing on elites and regimes, Arend Lijphart claims that in plural societies like Malaysia, deliberate elite coalescence can create a stable consociational democracy. In contrast, Rabushka and Shepsle predict that once colonial rule is removed from a plural setting, local elite conflicts and democratic instability must result. Ian Lustick, finally,

speculates that as one ethnic community wins out over the other(s), its leaders replace democratic procedures with an exclusionary, though stable, control model.

In my own analysis of Malaysian politics, I have tried to show that elite relations, ethnic alignments, and the political regime have displayed aspects of all three formulations, but they have most closely resembled Lijphart's model. Specifically, consensual elite unity has persisted, at least between state and economic elites, and this has produced generally peaceful, if unequal, exchanges across ethnic communities and a basic regime stability. In addition, opposition civil elites have been permitted to organise and contest elections, albeit with little hope of forming a federal government. Thus, in refining Lijphart's thesis and applying it more precisely to the Malaysian case, one can describe ethnic relations in terms of Malay dominance, though tempered by strong accommodations elements, while democratic politics may be assessed as limited, though meaningful.

In concluding this book, I will try to show the larger significance of this characterisation of Malaysia, locating it within the contemporary discussion of macro-level variables identified in Chapter One: state capacity, economic growth, and political democracy. To these, we can now add social welfare.¹ Further, I submit that there is at least implicit agreement among analysts that in late-developing countries, these core variables—considered perhaps as stages—should be placed in this causal sequence. One recognises, of course, that these processes and outcomes must partly coincide, and that feedback effects will set in to cloud directionality. Nonetheless, the central direction of change is from the state to growth to openness to welfare.

Let us proceed in two steps. First, I will analyse the generic causal change that I have sketched out, drawing briefly on some of the recent literature about democratic preconditions, transitions, consolidation, and maintenance. Then, informed by this analysis, I want briefly to summarise and further elaborate the Malaysian elite-level crises and their resolutions examined in this book. But before taking up these tasks, let me restate the point upon which my inquiry turns, namely, that there is nothing structurally inexorable about progress from the state to growth to democracy to welfare. These are largely voluntary transitions (or failures to transit) that point up the primacy of politics. In this view, elites must possess the will to make regime

¹ For a good discussion of elites, political capacity, political will, and social welfare in Malaysia, Thailand, and the Philippines, see Donald Crone, 'States, Elites, and Social Welfare in Southeast Asia', *World Development* 21, no.1 1993, pp.55-66.

changes, and they must maintain their consensual unity and regime stability in order to make them lasting.

Capacity, Growth, Democracy, and Welfare

In evaluating the relationship between the state and growth, it has become nearly axiomatic among students of NICs that 'a serious, ruthless, informed elite [must] demobilise the social and political sectors while pouring resources into the economic sector'.² State elites who merely acquiesce to economic liberalization, unleash private capital, and passively await 'take-off' are usually disappointed. In the Russian Federation, for example, political openness has served less to spur the private sector's entrepreneurial dynamism than expose its severe weaknesses.³ Hence, as outlined in Chapter One, state elites must purposively foster and guide economic elites, enforcing austerity, concentrating resources, and generally laying the foundation for industrial organisation and exports. Later, as growth becomes more self-sustaining, the state can retreat (perhaps through privatisation) to a more regulatory role, monitoring co-ordination and competitiveness among firms. But this more limited posture requires that state elites resist a powerful feedback, specifically, the tendency of economic elites to filter their new wealth back into the state in order politically to build in their market share.

However, this 'collaborative but illiberal' partnership between state and capital contains no ready assurance of democratisation.⁴ Governing elites wish to shield their decisional autonomy, while economic elites oppose dilution of their special, incorporated status and enrichment. But as growth proceeds, many *unincorporated* and *unenriched* small and medium-sized business people (as well as new professionals, labour organisations, and student populations) collect at the margins of state power where they press for accountability, entry, and even the chance to replace incumbent governing elites. This greater sophistication, coalescing in a 'crisis of unbalanced development',⁵ is likely to mount gradually, but it can be hastened by economic downturn and scarcities that are unevenly experienced after a period of broadly shared growth.

State elites thus gradually confront a more occupationally diverse civil society, charged with ambitions or tinged with resentments. And in seeking to manage this tension, at least some of them may calculate

² Chalmers Johnson, 'South Korean Democratization: The Role of Economic Development', *Pacific Review* 2, no.1 1989, p.5.

³ Ralf Dahrendorf, *The Modern Social Conflict* (New York: Weidenfeld and Nicholson, 1988), p.104.

⁴ Johnson, op. cit., p.4.

⁵ *Ibid.*, p.6.

that democratically accommodating new civil elites is more genuinely efficient and normatively desirable than exclusion or repression. In this situation, a *blando* ('soft-line') faction of state elites 'secedes' from *duro* ('hard-line') officials and 'apparats' in order to extend some measure of regime opening:⁶ a liberalised *dictablanda* ('soft' authoritarianism), a controlled *democradura* ('hard' democracy), or even a fully competitive *democracia* (democracy).⁷ In addition, lingering hard liners may recognise that 'the more ... the game goes on, and the more actors practice it, the more costly it seems not to play it', and their 'recalcitrance' and 'nostalgia' are overrun by 'bandwagon effects'.⁸ Finally, economic elites may also convert to democracy, appreciating that as an economy matures, the benefits of labour discipline and austerity must be succeeded by skills training among workers and greater demand from domestic consumers. In this way, mass education and consumerism can reflect and extend both economic growth and political democracy.

The bulk of the transitions literature, of course, focuses on these preconditions and processes, investigating the 'inconclusive warring', timing, 'crafting', pact-making, *garantismo*, and 'settlements' that are necessary for elite convergence and democratising success. On this score, it has recently been shown that transitions from right-wing authoritarian regimes are not, as a type, so intrinsically different in their mechanics from those involving post-totalitarian regimes.⁹ Indeed, a universal theme is that elites must collectively—if not necessarily all at once—agree to transitions in order for them stably to take place, a calculus marked by elites respecting the sanctity of one another's statuses and interests, then capped by their agreements about rules of the game. In short, elites find overall a 'mutual security in diversity',¹⁰ a certainty within 'uncertainty'. At the same time, it is clear that powerful elite factions whose own corporate stakes or broader vision of national interest is put seriously at risk can delay or

6 The 'secede' and 'apparat' terms are used by Guisepppe Di Palma, *To Craft Democracies* (Berkeley: University of California Press, 1990).

7 Guillermo O'Donnell and Philippe C. Schmitter, 'Defining Some Concepts (and Exposing Some Assumptions)', in *Transitions from Authoritarian Rule: Prospects for Democracy*, edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), vol. 4, p.13. Taken together, these terms nearly comprise a conceptual *Gongorismo*, though are held to derive scholarly validity from the prototypical Spanish transition in 1975.

8 Di Palma, op. cit., pp.113 and 146.

9 Ibid., p. 36; and Adam Przeworski, 'The "East" Becomes the "South"? The "Autumn of the People" and the Future of Eastern Europe', *Political Science and Politics* 24, no. 1 (March 1991), pp.21–22.

10 Di Palma, op. cit., p.151.

derail the transition. Under these circumstances, any democratic transition merely assures the onset, or continuance, of unstable regime oscillation.

Less resolved debates over regime openings, however, still swirl around some important issues. Analysts differ, for example, over the correct pace of the process (gradual or rapid?), the precise nature and need of legitimacy, the distinctiveness of a consolidation phase and its ordering relative to the transition,¹¹ the effects upon democratic maintenance of policy performance or stagnation, and the impact of external influences and intervention. We can extend this list by briefly reopening the question of the role of 'stalemate', 'impasse', and 'inconclusive warring' in shaping factional bitterness. It is frequently claimed that in their exhaustion, battle-weary elites are induced to reconcile their differences, to share power in order to keep it.¹² But the evidence suggests that prolonged elite conflict is as likely to take on its own compelling logic, to harden and entrench elite animosities, persisting across generations or recurring atavistically. And, after lengthy warring and mortal crises, spiteful elites may be driven less to sharing power with their foes than taking as many down with them as they can. In the midst of Haiti's drawn-out and difficult transition, what are we to make of a deposed president's supporters declaring, 'If Aristide doesn't return, we will blow this country up', while his military opponents threaten, 'We'll blow this country up if Aristide attempts to return?'¹³ There remain, in short, enough poorly understood aspects of transitions that the literature will continue to mount.

But in those cases in which elites do collectively consent to regime openings, public policy making may provide some social welfare, which is probably the last step in the successive building of mass loyalties. It is important to note that current discussion about regimes involves growing consensus that politics and the economy must be analytically separated, and that a longing for 'economic democracy' embodies an insupportable conflation of variables. As recounted in Chapter One, Burton, Gunther, and Higley show that one factor may even be 'temporally and causally prior to the other'. Specifically, deep economic inequalities, reflective of low growth, may impede the establishment of full democracy, while democratic participation, invigorated by growth, may later ease inequalities.

¹¹ Ibid., pp.140-41.

¹² Michael Burton and John Higley, 'Elite Settlements', *American Sociological Review* 52, no. 3 (June 1987), pp.295-307; Di Palma, op. cit.; and Dankwart Rustow, 'Transitions to Democracy: Toward a Dynamic Model', *Comparative Politics* 2, no. 3 (April 1970), pp.337-63.

¹³ Quoted in *Time* (Australia), 21 October 1991.

However, though democracy probably precedes social welfare, analysts are unsure of the importance of this welfare for feeding back into and consolidating democracy. On one side, Di Palma, in outlining a 'minimalist', streamlined pathway to regime openness, claims that authoritarian regimes have recently been so discredited that democracy can flourish regardless of its objective social performance. In contrast, O'Donnell and Schmitter highlight the additional, if ephemeral, weight lent by 'popular upsurge' to commencing regime opening, and they warn of the corrosive effects of widespread *desencanto* (disenchantment).¹⁴ This implies that if, after transition, state elites contrive policies of blatant social *continuismo* ('continuism') rather than apparent social justice, democratic procedures may gradually be undermined by mass-level resentments and dissident elites. Thus, while Di Palma is surely correct that models competing with democracy have lately been weakened, historical referents remain. And ambitious elites and subelites may one day appeal to popular, embellished recollections of land reform under Marcos and abundant foodstuffs under Brezhnev.

Hence, governing elites operating a democratic regime will probably act systematically to purchase mass loyalties and subjective legitimacy. If democratisation has been preceded by adequate growth, governing elites can extract from the economic elites they once actively nurtured enough social welfare resources to offset mass-level disillusion. More broadly, one can say that while growth fuels mass demands for political citizenship, this enhanced political status, once granted, must then be substantiated with a steady stream of welfare outputs. And in a context of sustained growth, most state and economic elites will consent to this redistributive exercise, appreciating that by meeting some of the political and welfare aspirations of mass constituencies, they can pre-empt discontents, pressures, and challenges.

But when economic growth ceases and the price of mass loyalties become excessive—that is, when the costs of democracy outweigh its stabilising benefits—how do state elites respond? If they are consensually unified and retain at least some democratic values, they will undertake regime closure, awaiting the time when they might

¹⁴ O'Donnell and Schmitter write that 'the popular upsurge performs the crucial role of pushing the transition further than it would otherwise have gone. But the disenchantment it leaves behind is a persistent problem for the ensuing consolidation of political democracy'. Guillermo O'Donnell and Philippe C. Schmitter, 'Resurrecting Civil Society (and Restructuring Public Space)', in *Transitions from Authoritarian Rule: Prospects for Democracy*, edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), vol. 4, p.56.

reissue democratic rights to civil elites without endangering stability. If elites are disunified, however—personally or factionally at odds with one another, or ideologically in doubt over democracy's worth—their struggles will boil over in democratic breakdown, probably involving divisive appeals to mass grievances

In this top-down understanding of democracy, it is easy to tally the gains accruing to state and economic elites. By consenting on occasion to their bloodless, electoral replacement, governing elites can earn the regime form a mass-based compliance (or at least indifference), implanting among mass constituencies the notion that they in some measure hold majoritarian sway. And in thereby removing (or reducing) outright mass contempt, the ruling task is markedly eased. Moreover, the costs are easily borne. Governing elites are surely able to make arrangements while in power to tide them over if ever they are voted out, while bureaucratic and military elites, generally insulated from the electorate, are able to cushion themselves against policy swings and immobilism.

At the same time, there is something in this for civil elites and mass constituencies. First, civil liberties spare them the physical brutality and sense of belittlement often experienced under authoritarian regimes.¹⁵ Accountability further suscitates public dignity, suggesting that governing elites cannot in all instances act rapaciously or with impunity. Parliamentary oversight, media scrutiny, and a suitably committed judiciary, in short, can discourage governing elites from acting in ways that are grossly dismissive of mass sentiments. And finally, as described above, governing elites are often persuaded by the prospect of electoral defeat to respond programmatically to the social welfare needs of mass publics. Przeworski thus rightly regards democracy as 'a program to mitigate the effects of private ownership and market allocation'.¹⁶ Of course, benevolent elites heading authoritarian regimes can more forcefully undertake redistribution, but this must at some point limit economic growth. And if, upon discerning this, these elites implement a harsh policy shift (as in present-day, 'bureaucratic-authoritarian' China),¹⁷ there are, as is well known, few electoral means with which to restore these elites to benevolence.

Thus, on balance, political democracies—when stably operated by consensually unified elites in a context of economic growth—can offer the most efficient mechanisms for mediating elite-mass

15 John A. Peeler, *Latin American Democracies: Colombia, Costa Rica, Venezuela* (Chapel Hill: University of North Carolina Press, 1985), pp.4-5.

16 Przeworski, op. cit., p.22.

17 Di Palma, op. cit., p.2.

relations. Democracy takes account of the inevitable, jagged disparities in life chances and fortunes, but then politically softens those features without provoking harsh backlashes from powerful forces. In sum, while not necessarily promising much real mobility between them, democracy provides important assurances to elites and mass constituencies alike.

Conclusion: Lessons from Malaysia

Let us now consider how these processes and phases considered in the literature can be illuminated by Malaysian experience. First, recent studies of Latin America and southern Europe deal with contemporary transitions from authoritarian—often *bureaucratic*-authoritarian—regimes. They therefore generally conform to the sequence involving state capacity, economic growth (perhaps followed by downturn), and political democracy. Brazil seems to have undertaken this passage most closely, though certainly Spain experienced in the late Franco years enough growth that democratization was encouraged. Further, the eventual elections of socialist governments in Spain, Portugal, and Greece signified modest democratic movement toward social welfare, thereby nearing completion of the extended trajectory.

But in Malaysia, British colonial policy opened the regime even prior to independence. Analysts are therefore apt to classify the country less as a case of transition than of regime maintenance, and as having been, with brief closures, a semi-democracy in the post-colonial period from start to finish. One can still argue, however, that the Malaysian case has relevance and heuristic value. While British officials helped forge consensually unified attitudes among local state elites and instituted basic regime stability, they perhaps democratised Malaysian politics out of sequence. Specifically, democracy antedated the state's developing a capacity to drive rapid growth, and the resulting limitations upon growth, as well as the maldistribution of its benefits across ethnic communities, were later exploited by 'untutored' civil elites. Thus, while consensually unified state elites maintained after independence the Malaysian regime's stability, they did so by regularly adjusting its democratic dimension, effecting important reversals and advances, if not outright transitions.

Furthermore, for all their richness in detail and conceptualisation, the recent studies describe relatively clean transitions involving elites making straightforward power calculations.¹⁸ Thus, while elites often

¹⁸ Hence, the 'multilayered chess game' metaphor proposed by O'Donnell and Schmitter better characterises elite interaction than randomly playing 'coup poker'. See Guillermo O'Donnell and Philippe C. Schmitter, 'Concluding (But Not Capitulating) with a Metaphor', and 'Opening (and Undermining) Authoritarian Regimes', in *Transitions from Authoritarian Rule: Prospects*

manoeuvred in narrow environments bordered by military resistance and labour demands, they were unencumbered by powerful ethnic, religious, and linguistic attachments and tensions. In the Latin American cases, ethnicity was perhaps salient only in Peru, while in Southern Europe, it exerted only a regional importance in Spain, and little or none in Portugal, Italy, and Greece.¹⁹ In Malaysia, however, strong ethnic sentiments have been a pervasive and often divisive force, effectively barring the peaceful exercise of full democratic procedures. In sum, these two contextual variables—'premature' democratisation through British colonialism and an ethnically segmented social structure—have set the Malaysian case apart from contemporary debate about democratic transitions. But by investigating subsequent rollbacks and reopenings in Malaysian democracy, we can refine our understanding of linear transitions elsewhere, while analyzing ethnicity can reveal the additional challenges that may exist.

We can proceed by summarising and comparing Malaysian progress and crises against the ideal developmental pathway of state capacity, economic growth, political democracy, and social welfare—bearing in mind that Malaysia's experience has been much complicated by the earliness of its regime openness and the intensity of its ethnic cleavages. Accordingly, its record involved in the 1950s and 1960s: low state capacity, modest and ethnically unbalanced growth, followed by mass-level violence that triggered regime closure. During the 1970s, state elites limited democracy and increased state capacity in order to accelerate and balance economic growth. During the 1980s and early 1990s, assertive national leadership brought about deeper industrialisation followed by economic recession, ethnic tensions followed by regime closure, and economic recovery followed by greater democratic openness. Let us review this series of highly variegated phases more fully.

Borrowing mainly from Weiner and Scalapino, I first argued that British colonial experience imbued many Malay state elites with attitudes and behaviour conducive to regime stability. The customary importance placed by the Malays upon hierarchy and decorum was augmented by new bureaucratic organisation and game rules. The

for Democracy, edited by Guillermo O'Donnell, Philippe C. Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), vol. 4, pp.24–25 and pp.66–72.

19 The latest wave of democratic transitions in East Europe, of course, has shed new light on ethnic barriers to consolidation, and it has inspired a voluminous literature. For a good overview, see *Developments in East European Politics*, edited by Stephen White, Judy Batt, and Paul G. Lewis (Houndsmills, Basingstoke Hampshire: Macmillan Press, 1993).

British also introduced inclusionary policy-making councils and conferences that reinforced accommodation among Malay elites and extended it across ethnic lines to Chinese economic elites. This set at least a precedent for power sharing that was later solidified in the 'bargain'. Malay elites assumed control over most top positions in state-level governing, bureaucratic, and military organisations, while Chinese elites prevailed in economic activities. Moreover, an informal exchange of posts and resources tightened this consensual unity as UMNO elites gained some access to Chinese companies, while leading Chinese business people found political representation through the MCA. Finally, these general principles of consultation and representativeness—inaugurated in colonial-era councils and concretised in the *merdeka* constitution—unfolded at independence in semi-democratic procedures.

But while consensually unified Malay elites thus operated a stable regime, their accommodation of Chinese economic elites did not drive high-speed growth or effectively redistribute economic benefits across ethnic communities. State capacity remained low as Malay elites approached Chinese business people with great tolerance rather than industrialising vision and administrative guidance. In this situation, Malay elites became distant from their supporters, neither engaging mass Malay constituencies in rapid growth projects or providing them with access to such modest growth as existed. Chinese elites, for their part, became vulnerable to their followers' political and cultural resentments. Moreover, in a context of 'premature' democracy, activist subelites and opportunist civil elites emerged to heighten these grievances. Uninfluenced by colonial experience and oblivious to informal game rules, they exposed elite compromises in order to bolster their own positions.

These subelite and civil elite initiatives led to the interethnic crises of 1959 and 1969. In the July crisis, Lim Chong Eu articulated the political and cultural discontents of the Chinese community, and he mounted a subelite, 'young blood' challenge against the 'old guard' MCA leadership. He succeeded in overtaking the MCA president, Tan Cheng Lock, and he confronted the national leader, Tunku Abdul Rahman. The Tunku responded by forcing Lim and his factional supporters from the Alliance, restoring the 'old guard' to top MCA positions, and reaffirming overall the UMNO's political dominance within the governing coalition.

While this outcome deviated from the consociational principle of proportionality described by Lijphart and permanently weakened the MCA's attractiveness for Chinese voters, elite disunity did not result. Instead, resolution of the 1959 crisis reinforced the power sharing terms of the 'bargain', to wit, the UMNO president's paramouncy in

politics and the MCA's role of defending Chinese pre-eminence in business. Indeed, this strengthening of the 'bargain'—undergirded by the Tunku's friendship with Lim's successor, Tan Siew Sin—helped to ensure that Chinese business activities remained politically inviolate for another decade. One also recalls that Lim Chong Eu, after forming several opposition parties, was eventually brought back into the governing coalition as chief minister of Penang.

Although the Tunku consolidated Malay control over the governing Alliance, he did not increase state capacity to speed up or balance economic growth. Mass Malay resentments then continued to simmer throughout the 1960s, and they were manifested in protests over the Tunku's unwillingness to give the Malay language greater primacy. At the same time, Chinese constituencies remained galvanised by Lee Kuan Yew's brief foray into Malaysian politics. The mass-level antagonisms that resulted were easily mobilised, paving the way for a second, more serious crisis at the time of the May 1969 election. Amid considerable regime openness civil elites heading the opposition DAP, the *Gerakan*, and the PPP were able to arouse Chinese followings and to lead them after the elections in inflammatory 'victory' processions. PAS candidates also stirred Malay discontents in some states during campaigning. Finally, on 13 May, some UMNO elites and subelites broadened these sentiments into counter-demonstrations and ethnic violence.

But in resolving the 13 May crisis—and in undertaking deeper reforms to prevent its recurrence—elites showed greater continuity with established patterns than most analysts have recognised. After the Tunku failed to assert strong leadership during the rioting, he was gradually overshadowed (rather than ousted) by Tun Razak. The presidents of the MCA and the MIC were persuaded to accept posts first in the National Operations Council and later in the cabinet, military elites were peacefully brought into and withdrawn from the NOC, and *ultra*-nationalist Malay subelites were banished, at least briefly, from the UMNO. This basically accommodative approach to the crisis ensured that regime stability was maintained. Moreover, once Tun Razak concluded that the legitimating benefits of democratic procedures again outweighed their destabilising risks, he consented to parliament's reopening. Of course, the legacy of the 1969–71 regime closure involved new, entrenched restrictions upon civil liberties that rendered Malaysian democracy even more limited than it had been in the 1960s. But it can be argued that these restrictions were timely and necessary. Contrary to Rabushka and Shepsle's thesis, democracy came under pressure in May 1969 less because state elites had closed off electoral procedures than because they had neglected to impose enough controls. In addition, quite apart

from the causes of the 13 May crisis, the period afterward has been marked by more regime stability and the recovery of more democratic procedures than Rabushka and Shepsle would have predicted.

Hence, in rolling back (though hardly abolishing) democratic procedures in the early 1970s, Tun Razak strengthened state capacity over the economy, a 'correction' that in some ways shifted Malaysia to the first phase of the state-growth-democracy-welfare progression. Specifically, the state's bureaucratic component was strengthened in order to balance economic growth between ethnic communities. By providing scholarships, business skills, and swift entry into state enterprises or Chinese-owned businesses, the NEP mitigated the sense of mass Malay deprivation to which ambitious subelites, civil elites, and finally dissident state elites could appeal. At the same time, these redistributive policies were under-enforced against Chinese economic elites. In short, while Tun Razak publicly signalled through NEP slogans and symbols a programmatic diversion of capital resources to his mass Malay constituencies, he undertook as much quietly pragmatic as ethnically popular decision making. That UMNO elites accepted 'contributions' from Chinese business people, consented to *Ali-Baba* deals, and steadily relaxed quotas and strictures provide evidence of this.

Overall, then, among Southeast Asian countries, Malaysia has gone furthest since 1969 in promoting indigenous economic elites. But Malaysia has since independence also gone furthest in institutionalising a governing role for Overseas Chinese and in abiding the political activities of mainly Chinese opposition parties. Furthermore, Malay governing elites have held important business sectors open for Chinese economic elites, a behaviour founded, I have argued, as much on the persistence of a tradition of elite accommodation as on a rational assessment of the Chinese contribution to growth. To attribute the accommodativeness of UMNO leaders solely to the latter calculation is to suggest they have been lenient because in market terms they have had to be, a functionalist explanation often belied by the economic *irrationality*—the autonomy to choose wrongly—demonstrated so regularly in many other developing countries.

Many observers contend that if Malay governing elites dispensed with quotas and other impediments entirely, Chinese entrepreneurship would promptly bring about more efficient and high-speed growth in Malaysia. But apart from the ethnic imbalances and social intolerance that this would cause to recur (and that would again negate prospects for democratic stability), there are reasons for thinking that this new wave of growth would be less than dramatic. Even when Chinese business people had free run in the economy during the 1960s, they

remained more enticed by easy areas of commodities production than by the more demanding strategies adopted by resource-poor NICs at that time.²⁰ In addition, Chinese economic associations and distribution networks have often as effectively fixed private monopolies and cultural barriers to entry as have the state licensing requirements imposed by Malay state elites. Chinese business people are probably no less appreciative of protection from free market forces than are other ethnic communities, and rigorous state guidance and judicious provision of incentives may be necessary for significantly upgrading their industrialising inputs.

Although Malay governing elites and top Chinese business people joined less in a purposive state-capital alliance than in casual linkages of rent-seeking convenience, their consensual unity supported steady, if unspectacular, growth throughout the 1970s. Further, with Malay political dominance over the MCA made clearer during this period, and with Chinese economic privileges moderated and better concealed, the locus and character of important elite competitions shifted. First, the 'winning coalition' of UMNO elites became more susceptible to intra-party rivalries. Second, the mobilising appeals made by these elites took on more *intra*-Malay shrillness—the NEP having led many Malays to shift their jealousies from the Chinese to other Malays. Thus, the lengthy UMNO crisis of the mid-1970s, while featuring intense personal and factional drives for power, never took on a seriously communal tone.

Instead, under Tun Razak, the conflict pitted the new order's technocratic approach to dispensing state benefits against the old *ultra*/old guard coalition's time-worn populism. As the crisis deepened under Tun Hussein Onn, it was waged with allegations of corruption and communism, revealing losses of restraint associated with the traditional shibboleths of Malay unity and the 'Malay way'. But Hussein Onn, as national leader, ended the crisis when he turned back the challenge led by Harun Idris and the Tunku, won re-election as UMNO president in 1978, and peacefully transferred power to his chosen successor, Mahathir Mohamad, in 1981. And Mahathir's release of diverse factional members arrested during this crisis showed that while UMNO elites and supporters may lose discrete contests, they seldom lose their right to resume play in later rounds.

During the mid-1980s, the MCA plunged into a separate, internal party crisis. In contrast to UMNO factionalism, however, divisiveness in the MCA arose not from swelling dominance, but from the party's

20 James V. Jesudason, *Ethnicity and the Economy: The State, Chinese Business, and Multinationals in Malaysia* (Singapore: Oxford University Press, 1989), p.143.

deepening minority status. These weaknesses had been concealed under Lee San Choon's leadership, the MCA in some degree regaining the trust of mass Chinese constituencies by appearing to defend their business and cultural interests against the NEP. This was reflected in the MCA's improved performance in the 1982 general election. But Lee's successor, Neo Yee Pan, represented a new and detached cohort of English-educated professionals, thus setting the stage for a strong challenge from Tan Koon Swan. I have suggested, however, that while the subsequent MCA crisis was tumultuous and protracted, it did not constitute a qualitative change from the upheavals evident in the party since independence. Accordingly, while MCA game rules were severely tested, they were not formally violated, and the party was able, if not to flourish, at least 'officially' to persist as the second most important component in the governing *Barisan*. Indeed, the significance placed by UMNO elites on the MCA's organisational survival was shown by the circumspection with which they approached Tan Koon Swan, eventually accepting his rise to the MCA presidency. And even after Tan's downfall and imprisonment over his dealings in Pan-Electric and Multi-Purpose, he was readmitted to Malaysia's business scene, evidently regaining access to his old offices and contacts.

The causes and implications of the highly complex crisis during 1986–90 are more difficult to assess. Conflicts fed for a time on ethnic sentiments that had been sharpened by economic recession and scarcities, and they raged destructively through the main governing and opposition parties, the judiciary, public interest groups, and the media. But I am most interested here to identify the pressures for regime openness that congealed during this crisis. Throughout the 1970s and early 1980s, Malay state elites, availed of enhanced state capacity, had drawn upon steady growth to subsidise new Malay economic elites, as well as the formation of a broader Malay middle class. It was elements within this new Malay middle class, I have argued, that grew sophisticated with the educational, bureaucratic, and business positions provided through NEP patronage, and that pressed for greater regime openness when patronage ran short.

These heightened Malay grievances were effectively harnessed by Tengku Razaleigh in his bid for national leadership. During 1987–88, he articulated new desires for greater accountability, indeed court scrutiny, of the UMNO's internal decision making. And during 1989–90, he broadened this into an electoral campaign for greater democratisation of the overall regime form. It is at this point that the Malaysian record begins in some ways to fit into, and shed light upon, the recent transitions literature. Certainly Malaysia began the process from an established, albeit limited, democratic base, and the UMNO

(*Baru*)'s reincorporation of Malay business people cut short the pressures for further opening. But during the interim, one can observe severe economic downturn and crisis, factional breakup of the governing group, and *blando* leaders—newly sensitised to democracy's merits—making overtures to moderate civil society elites. This involved careful negotiations between *Angkatan* and *Gagasan* leaders and supporters that were marked by complex electoral agreements, mutual guarantees, and perhaps even pact making.

In consenting to the registration of Razaleigh's *Semangat '46* party and the release from detention of DAP leader Lim Kit Siang, Prime Minister Mahathir, as national leader, relaxed his hard-lining posture to perform a critical role (however reluctantly) as democratising 'swingman'. Furthermore, he acquiesced to these and other opposition leaders banding freely together to contest the 1990 general election. And though the outcome of this election was different from recent South American and southern European cases in that the incumbent government leader retained office, Mahathir's victory was in keeping with the trend toward conservative democracies operated initially upon center-right principles. In short, while the contemporary literature mostly examines far-reaching transitions in relatively simple social settings, Malaysia represents an instance of subtle regime opening permitted 'from above' amid great social complexity.

In order for elites and their constituencies to realise democracy's benefits, representative institutions and procedures must in plural societies be skilfully structured and cautiously applied. Put another way, in cases where elites fail to reach accommodation, exercise restraint, and under-mobilise supporters, democratic abuses or failings can make existing tensions far worse. In Northern Ireland, for example, leaders of the dominant Protestant majority regularly sanctioned their control over state resources through a Westminster, majoritarian approach to democracy—precisely the object of Lijphart's criticisms. In South Africa, governing elites drawn from the dominant white minority historically practised democratic procedures within their own community, thereby winning some democratic cover for their exclusionary policies. Conversely, Malaysian experience in 1969 showed that *civil* elites exploiting relative democratic openness could, whether deliberately or through miscalculation, raise mass discontents to ethnic violence. In short, democratic rules and institutions that are 'fixed' or too open may enable dissident elites in divided societies either to perpetuate inequalities or to lead violent mass actions against them.

At this point, let us again turn to the 13 May crisis because it bears important lessons for impatient advocates of democracy. The

sentiment persists that in the full light of democratic openness, the cynical, elite-level manipulation of ethnicity is exposed and mass attitudes are elevated to more substantive class-based or social concerns. This can be shown factually to be wrong on two levels. First, Malaysia's 'premature' regime openness in the 1960s permitted, even encouraged, competing elites recklessly to mobilise ethnic support, thereby threatening consensual elite unity, public safety, and regime stability. Second, in setting these events in train, elites did not thrust unwanted or irrelevant ethnic messages upon mass constituents. As described in Chapter One, divided mass constituencies hold structurally-shaped attitudes that elites can alternately play up or down, but certainly not invent. To contend that elites can facilely impose imagined, disembodied identities upon society in order further to divide and rule it is to diminish society, to deny it any independent role in the formation of popular aspirations and outlooks. In short, in a democratic setting of free political expression and mobilising, mass constituencies may be more likely to await—and to obtain—aggressive ethnic leadership than under a closed regime.

But overall, Malaysian experience shows also how accommodative elites can avoid many of the temptations and pitfalls that deep-seated societal cleavages present in order generally to maintain, and recently to extend, democratic procedures and electoral competitiveness. Moreover, one expects that as Malaysia's economy continues to grow, mass-level probing for political access and incorporation will mount, and that with cyclical downturn, this activity will amass in renewed calls for democracy. Malaysia's democratic progress will by most definitions have been completed when the incumbent government is electorally replaced, an outcome that during brief moments in the 1990 electoral campaign did not appear wholly implausible.

An additional, perhaps final, measure of a democracy's consolidation is the responsiveness of governing elites to mass-level welfare needs. In this area too multiethnic, developing countries face special obstacles. In the Malaysian case, as we have seen, UMNO elites increased state capacity after 1969 in order to balance, as well as to perpetuate, economic growth, aims whose partial contradictions sapped concerted movement on both fronts. Further, NEP benefits claimed by the politically dominant Malay community were concentrated as patronage among high-level Malay 'insiders'. It is often argued, therefore, that the NEP's exclusivity seriously eroded ethnic relations in Malaysia, and that it may even have precipitated new class tensions. But it is difficult to see how ethnic relations could be worse than they were during the period of the 13 May crisis. It is more correct to say that new forms of resentments emerged, and that

in contrast to those of the pre-NEP era, they may be treatable through more regime openness. To the extent that Malay governing elites implemented a 'correction' after 1969—limiting democracy, enhancing state capacity, and greatly tempering the stressful, probably unsustainable, partition between Malay politics and Chinese wealth—they mitigated ethnic Malay grievances and heightened political stability. Social welfare secured after democratisation could then soften the NEP's side effects, that is, class inequalities and the alienation of mass Chinese constituencies. Of course, rapid economic growth and the commensurately relaxed New Development policy seem to be performing those functions at the moment. But such fortune cannot be relied upon over time. Hence, while Malaysia's semi-democratic record is one of the most favourable in Asia, it may, if undergirded by consociational principles and minority guarantees, be timely to democratise further.

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Index

—A—

Abdul Rahman, Tunku, 14, 79, 80,
81, 82, 95, 96, 99, 101, 102, 103,
104, 106, 107, 108, 117, 123,
124, 125, 127, 128, 129, 169,
195, 198, 200, 212, 219, 223,
224, 232

Abdul Razak, Tun, 103, 108, 117,
123

Abdullah Ahmad, 123, 127, 128, 130,
154

Abdullah Badawi, 167, 170, 191,
193, 224, 231, 232, 235

Abdullah Majid, 123, 127, 128, 130,
154

Abu Bakar, Maharaja/Sultan, 58

Administrative and Diplomatic
Service, 173

AFL-CIO, 227

Ahmad Sebi, 162

Ahmad, Sultan, 57

Al-Arqam, 222

Ali-Baba, 178, 179, 180

Aliran, 127, 145, 208, 251

Alliance, 79, 80, 82, 83, 84, 85, 89,
95, 98, 99, 100, 102, 103, 104,
105, 106, 107, 109, 115, 116,
117, 120, 148

National Council, 81, 84, 85, 95,
97, 99, 100

All-Malaya Council for Joint Action,
76, 77

All-Malaysia Indian Progressive
Front, 225

Ampang Jaya, 221

Angkatan Perpaduan Umat, 222

ANTAH Holdings, 176

Anti-Corruption Agency, 193, 237

Anwar Ibrahim, 134, 160, 167, 168,
169, 170, 186, 191, 192, 194,
195, 196, 197, 224, 231, 232,
233, 234, 235, 237, 239, 247,
248

apartheid, 242

Aquino, Corazon, 31

Argentina, 28

Armed Forces Provident Fund, 174,
243

Army Education Corps, 174

Associated Chinese Chambers of
Commerce, 76

Associated Chinese Chambers of
Commerce and Industry of
Malaysia, 178

Association of Industries, 7

Australia, 207, 244

Austria, 37

Ayam FIMA, 114

Ayatollah Khomeini, 6

Aziz Ishak, Abdul, 101

Azman Hashim, 115

—B—

Bahasa Malaysia, 105, 197, 239

Bangladesh, 6, 28, 47

bangsa Malaysia, 239

Bank Bumiputra, 101, 114, 179

Bank Negara, 173

Bank Pertanian, 101

Banker's Association, 7

bargain, the, 83, 84, 85, 92, 96, 97,
101, 107, 110, 111, 118, 137,
148, 179, 245

Basutoland, 60

Belgium, 37, 88

Berjasa, 225
 Berjaya Corporation, 244
 Bhutan, 41
 Birch, J.W.W., 55
 Botswana, 47
 Brazil, 27
 British Colonial Office, 44, 54
 British Military Administration, 74
 British Military Association, 74
 Brooke, James, 56
 Bugis, 51
 Bukit Cina, 150, 196
 Bukit Payung, 249
 Bumiputra Contractors' Association, 213
 Bumiputra Malaysia Finance, 166, 167, 181, 228
 Bumiputra Participation Unit, 173
 Burhanuddin al-Helmy, 106
 Burma
 National League for Democracy, 22
 State Law and Order Restoration Council, 17

—C—

Cambodia, 42
 Capital Issues Committee, 173
 Carcosa, 68
 Carnarvon, Lord, 56
 Central Force of the People (PUTERA), 76, 77
 Ceylon, 66, 67
 Chandra Muzaffar, 160, 208, 217, 251
 Changi prison, 72, 74
 Chen Man Hin, 138
 Chia, Eric, 178, 244
 Chiang Ching-kuo, 24
 China, 15, 42, 46, 50, 52, 73, 135, 136, 239, 249
 secret societies, 54
 Chinese

 primary schools, 98, 100, 110, 131, 150, 196, 197
 secret societies, 108
 Chinese Bridge Association, 15
 Chinese Consultative Committee, 170
 Chinese Protectorate, 55
 Chooi Mun Sou, 209
 Chow Kit, 197, 198
 Clarke, Sir Andrew, 54
 Class, socioeconomic, 1, 25, 27
 Clementi, Governor, 66
 Commonwealth Observer Group, 250
 Communities Liaison Committee, 78, 79, 80, 81, 82
 Conference of Malay Officers, 68
 Conference of Rulers, 60, 83, 175, 234
 Confrontation, 104
 Consociational Democracy, 84
 corporatism, 7, 22
 Council of Representatives of Chinese Guilds and Associations, 97
 Council of Trust for the Indigenous People (MARA), 101

—D—

Daim Zainuddin, 115, 161, 162, 167, 168, 187, 188, 190, 194, 201, 233, 244, 248
 Daing Ibrahim, 50
 De La Salle Institution, 70
 Defenders of the Fatherland (PETA), 73
 Democratic Action Party, 92, 105, 106, 107, 116, 136, 138, 144, 150, 170, 171, 187, 197, 199, 201, 218, 221, 222, 225, 227, 228, 230, 237, 238, 246
 Deng Xiaoping, 15
 distributional coalitions, 176

—E—

East India Company, 50, 52
 Economic Planning Unit, 173
 Egypt, 54
 Election Commission, 182, 223,
 226, 229
 Election Watch, 226, 250
 Elites, definition of, 1-17, 21, 61,
 68, 69, 77, 81, 87, 107, 112, 118,
 162, 173, 174, 179, 194, 197,
 201, 212, 224, 244, 246
 civil society elites, 20, 21
 economic elites, 17, 19, 20
 state elites, 16, 17
 subelites, 12, 13, 14, 15
 Ershad, H.M., 6
 ethnicity, 24, 27

—F—

Fadzil Noor, 221
 Federal Agricultural Marketing
 Authority, 101
 Federal Council, 59, 60, 62, 63, 64,
 65, 98
 Federal Land Development Authority,
 101
 Federal Reserve Units, 131
 Federal Secretariat, 60, 66
 Federated Malay States, 53, 59
 Federation of Chinese Guilds and
 Associations, 84
 Federation of Malay School Teachers'
 Associations, 96
 Federation of Malaya Agreement, 75,
 76
 Fiji, 25, 59
 Fiji Sugar Corporation, 25
 National Union of Farmers, 25
 Fleet Holdings, 113, 114, 188, 227
 Foreign Investment Committee, 173
 forward movement, 54
 France, 45
 Fraser's Hill, 127, 156

—G—

game theory, 90
 Gandhi, Indira, 14, 30
 Gang of 12, 195
 general elections, 8, 146, 150, 154,
 170, 181, 218, 221, 225, 237,
 240, 241; 246, 247, 251
 General System of Preferences, 227
 Genting Group, 178
 Gerakan (Malaysian People's
 Movement), 92, 107, 116, 126,
 131, 136, 138, 149, 171, 230
 Gerakan (Malaysian People's
 Movement), 107
 German Democratic Republic, 7
 Ghafar Baba, Abdul, 114, 125, 126,
 141, 169, 188, 190, 192, 194,
 201, 213, 231, 232, 234, 235,
 247
 Ghazali Shafie, 111, 126, 127, 129,
 130, 168
 Goh Hock Guan, 107
 GOLKAR (Golongan Karya), 17
 Goodwill Committee, 78
 Great Depression, 66
 growth triangle, 249
 Guillemard, Sir Laurence, 65
 Guomindang (KMT), 24, 42, 70, 73,
 76
 Gurney, Sir Henry, 77

—H—

Habib Perwira Bank, 174
 Halim Saad, 162
 Halimtan, 162
 Hamid Omar, Abdul, 202, 203, 210
 Hamim, 225
 Hamzah Abu Samah, 132
 Haniff Omar, Tan Sri, 131
 Harun Idris, 107, 108, 109, 115, 124,
 125, 126, 127, 128, 130, 131,
 133, 152, 154, 161, 221, 223
 Hashim Yeop Sani, 203

Heavy Industries Corporation of
Malaysia, 157, 170, 177, 187,
244
High Court, 194, 199, 202, 203, 206,
210, 249
Hong Kong, 47, 52, 176, 249
Hong Leong group, 112, 178, 244
Hume Industries, 244
Hussein Onn, Tun, 123, 124, 125,
126, 127, 128, 129, 130, 131,
133, 152, 153, 169, 232

—I—

Independence of Malaya Party, 79, 89
India, 8, 9, 14, 30, 33, 42, 44, 46,
49, 50, 52, 56, 67, 94, 223, 251
Janata Dal, 8
India Office, 52
Indonesia, 17, 19, 23, 32, 37, 42, 46,
76, 94, 104, 127, 149
Department of Cooperatives, 23
New Order, 19
Industrial Coordination Act, 111,
132, 178
Internal Security Act, 103, 182, 199,
210
International Restriction
Arrangement, 64
Inter-Pacific Group, 244
Ipoh, 104
Ipoh Garden Berhad, 244
Iran, 6
Islam, 39, 55, 68, 69, 83, 159, 221,
233, 235, 236, 238
Islamic Bank, 159, 176
Islamic Pilgrims' Management and
Fund Board (LUTH), 160
Islamic University, 159
Islamic Youth Movement of Malaysia
(ABIM), 160, 235
Ismail, Tun Dr., 93, 103, 108, 123

—J—

Jaffna Tamils, 61
Japan, 15, 17, 18, 20, 32, 33, 72, 73,
158, 187, 193, 251
Enterprises Bureau, 20
Industrial Rationalisation Council,
20
Liberal Democratic Party, 15
Jardine, Matheson, 176
Jigme Singye Wangchuk, 41
Johor, 50, 52, 58, 59, 75, 78, 134,
138, 167, 171, 186, 196, 198,
218, 219, 220, 221, 226, 229,
233, 235, 237, 247, 249
Executive Council, 193
Johor State Economic
Development Corporation, 193

—K—

Kampong Baru, 107
kangchu system, 58
kapitan Cina, 50, 55, 57, 70
Kedah, 13, 59, 72, 79, 107, 108,
134, 155, 161, 167, 225
Kelantan, 59, 72, 99, 114, 129, 167,
168, 189, 193, 195, 196, 201,
225, 226, 228, 229, 231, 232,
238, 246, 249
State Security Council, 116
Kenya, 67
Khair Johari, 124, 199
Khoo Kay Peng, 112
Kijal, 226
Klang River, 50
Koh Tsu Koon, 238, 251
kongsi, 50
Koperasi Serbaguna Malaysia, 139
Kuala Lumpur, 50, 51, 59, 68, 78, 80,
107, 115, 127, 131, 134, 143,
146, 153, 165, 176, 191, 197,
198, 203, 210, 221, 223, 234,
242, 244
Municipal Council election, 80

Kuala Lumpur Garrison, 175
 Kuala Selangor, 50
 Kumpulan FIMA, 114, 243
 Kuok, Robert, 112

—L—

Labor Party, 97, 103, 104, 246
 Larut, 50, 51, 54
 Lee Kim Sai, 140, 144, 197, 198,
 207, 221
 Lee Kuan Yew, 23, 104, 105, 124,
 125
 Lee San Choon, 105, 138, 139, 140,
 144, 147, 155, 169, 171
 Lee, H.E., 76
 Lee, H.S., 76, 80, 99
 Lim Chong Eu, 97, 98, 99, 100, 102,
 104, 116, 230, 238
 Lim Kit Siang, 116, 117, 171, 197,
 199, 219, 223, 230, 238, 239,
 246, 251
 Ling Liong Sik, 140, 144, 145, 197,
 207, 229
 Literature and Language Council
 (*Dewan Bahasa dan Pustaka*), 236
 London, 66, 84, 125, 188, 209
 Look East, 158
 Low, Hugh, 59

—M—

MacDonald, Sir Malcolm, 77, 78, 244
 MacMichael treaties, 75
 Mahathir Mohamad, 23, 41, 108,
 114, 124–132, 140–146, 152,
 153–161, 166–181, 183–210,
 212, 213, 216–232, 234, 235,
 236, 238–250
 Mak Hon Kam, 139, 142, 143, 145
 Malacca Chinese Chambers of
 Commerce, 76
 Malacca sultanate, 49
 Malay Administrative Service, 81

Malay Chamber of Commerce and
 Industry of Malaysia, 178
 Malay College of Kuala Kangsar, 67
 Malay College of Kuala Lumpur, 70
 Malay Mail, 62, 63
 Malay Nationalist Party, 76
 Malay Regiment, 61
 Malay Reservations Enactment, 68
 Malay States Guides, 61
 Malay way, 122, 137, 154, 163, 166,
 167, 187, 190, 240
 Malayan Agricultural Resource and
 Development Institute, 101
 Malayan Chinese Association, 77
 Malayan Civil Service, 67, 70, 81
 Malayan Communist Party, 73
 Malayan Emergency, 26
 Malayan Indian Congress, 82
 Malayan People's Anti-Japanese
 Army, 73
 Malayan Races Liberation Army, 26
 Malayan Union, 74, 76
 Malayan United Industries, 112
 Malaysia Incorporated, 158
 Malaysian Bar Council, 187, 203
 Malaysian Can Company, 114
 Malaysian Chinese Association, 194,
 197, 206, 219, 223, 238
 Central Working Committee, 98,
 99, 140, 142, 145
 MCA Youth, 97, 105, 199
 Malaysian Constitution
 Article 152, 105
 Article 153, 83, 111
 Article 89, 83
 Malaysian Indian Congress, 117,
 155, 225, 229
 Malaysian Parliament
 Dewan Negara, 124, 161
 Dewan Rakyat, 124, 161
 Malaysian Solidarity Convention,
 104
 Malaysian Trades Union Congress,
 227

- Manchus, 70
 Marcos, Ferdinand, 5, 6, 31
 Maxwell, Sir George, 65
 Memali, 168
 member system, 79
 Merthyr Commission, 92
 Methodist Institution, 70
 Michels, Roberto, 9
 middle class, 3, 62, 96, 113, 139,
 144, 159, 160, 177, 185, 216,
 217, 228, 233, 234, 236, 246
 Milner, Lord Anthony, 48, 49, 53
 Minangkabau, 51
 Miners' Club, 80
 Mohamad Asri, 116
 Mohammed Rahmat, 128
 Mokhtar Hashim, 196
 money politics, 19, 163, 169, 185,
 205, 236
 Mosca, Gaetano, 9, 16
 Muar, 51
 Muda Plain, 13
 Muhyiddin Yassin, 235, 237, 247
 Multi-Purpose Holdings Berhad, 139,
 144, 145, 146, 147
 Musa Hitam, 124, 126, 130, 140,
 141, 153, 166, 167, 168, 171,
 172, 181, 186, 188, 192, 204,
 205, 219, 221, 224, 226, 229
 Mustapha, Tun, 124, 128, 131, 162
- N—
- Najib Razak, 186, 192, 197, 198,
 203, 207, 226, 235, 247
 National Culture Policy, 150
 National Development Policy, 150
 National Economic Consultative
 Council, 220
 National Equity Company, 113
 National Front (BN), 95
 National Language Act, 103
 National Language Action Front, 105
 national leader, definition of, 14, 15,
 16
 National Operations Council, 108,
 117
 National Party, 80
 National Party of Malaysia (NasMa),
 170
 National University, 168
 Nazri Aziz, 247
 Negeri Sembilan, 51, 59, 167, 176,
 226
 Nehru, Jawaharlal, 14
 Neo Yee Pan, 138, 139, 140, 141,
 142, 143, 144
 Netherlands, the, 37
 New Development Policy, 239, 245
 New Economic Policy, 85, 110, 111,
 157, 185
 New Straits Times, 123, 130, 228
 New Straits Times Press, 235
 Nigeria, 37, 42
 Noburu Takeshita, 15
 Northern Ireland, 38, 88
 North-South Highway, 212
- O—
- Official Secrets Act, 182, 187
 Ong Yoke Lin, 97, 98
 Onn bin Jaafar, Dato', 75
 Operation Lallang, 184, 195, 199,
 206, 207, 208, 212, 246
 Operations Development (Gerakan
 Maju), 101
 Organisation of Youth for Justice
 (API), 76
 Outline Perspective Plan, 111, 220
 Overseas Chinese Association, 76
- P—
- Padang Kota, 230
 Pahang, 57, 59, 127, 186, 194, 195,
 223, 226
 Pairin Kitingan, Joseph, 238

Pakistan, 6, 32, 47
 Pangkor, 54
 Engagement, 54
 Pareto, Vilfredo, 9
 Park Chung Hee, 23
 Parti Bersatu Sabah, 229
 Parti Islam se-Malaysia (PAS), 92
 Parti Rakyat Malaysia, 103, 106, 251
 Parti Sosialis Rakyat Malaysia, 134,
 170
 Pegi Malaysia, 115, 169
 Pekemas, 116
 Penang, 50, 52, 54, 78, 107, 116,
 167, 193, 194, 195, 198, 224,
 225, 226, 229, 230, 231, 238,
 246, 247, 251
 People's Action Party, 23, 103
 People's Might (Gagasan Rakyat),
 230
 People's Progressive Party, 97, 104
 Perak, 50, 51, 54, 55, 57, 59, 107,
 136, 225
 Perak War, 55
 State Council, 68, 79
 Perlis, 59, 72, 225
 Pernas (National Trading Company),
 113, 114, 115, 124, 161
 Perwira Ericsson, 174
 Petronas (National Petroleum
 Company), 113, 114, 124
 Philippines, the, 5, 6, 31, 32, 45
 New Society Movement, 6
 Philippines Commission on
 Elections, 31
 Plaza Accords, 217
 plural societies, 1, 25, 28, 35, 36,
 59, 87, 88, 215, 248
 Police Special Branch, 130
 polyarchy, 7
 Presidency of Calcutta, 52
 Prime Minister's Department, 157,
 160, 168, 173, 247
 Prime Minister's Department, 186

Printing and Printing Presses Act,
 182
 Privy Council, 126
 Proclamation of Constitutional
 Principles, 233
 Proton Saga, 242
 Public Bank Group, 244
 Public Services Department, 173

—Q—

Queen Elizabeth, 242
 Quek Leng Chan, 244

—R—

Raffles College, 71
 Rafidah Aziz, 193, 237
 Rahman Yaacob, Abdul, 110
 Rais Yatim, 167, 193, 223
 Ramadan, 167, 229
 Razak Report, 97
 Razaleigh Hamzah, Tengku, 114,
 123, 153
 Regime, definition of, 3, 8, 9, 10, 37,
 56, 249
 Reid Commission, 82
 Reid Report, 83
 Renong Berhad, 227
 Rhodesia, 88
 Riau, 58, 249
 Rice Lands Enactment, 69
 Rithaudeen, Tengku, 168
 rubber, 53, 59, 60, 62, 63, 64, 66,
 69, 76, 101
 Rubber Industry Smallholders
 Development Authority, 101
 Rugged Youth, 107
 Rural and Industrial Development
 Authority, 83

—S—

- Sabah, 1, 91, 103, 114, 116, 124,
128, 131, 133, 162, 168, 226,
229, 231, 238
- Salleh Abas, Tun, 142, 202, 204,
210, 212, 220
- Salleh Bas, Tun, 219
- Samad Ismail, A., 123, 127, 128,
129, 130, 154
- Sambanthan, Tun V.T., 103, 117
- Samy Vellu, 229
- Sanusi Junid, 167, 170, 191, 194,
195, 198, 207, 231, 232, 235
- Sarawak, 1, 91, 103, 104, 116, 226
Council of State, 56
- Second Malaysia Plan, 1971-75, 111
- Sedition Act, 182
- Selangor, 50, 51, 59, 76, 80, 98,
107, 108, 109, 115, 124, 126,
131, 133, 161, 221, 225, 235
Civil War, 51
Land Code, 68
Secretariat, 57
State Council, 57
Sultan of, 198
- Semangat '46, 219, 221, 222, 223,
224, 225, 228, 230, 231, 238,
245, 247, 250
- Semarak, 201
- Senegal, 45, 67
- Senu Abdul Rahman, 124
- Sepoy Mutiny, 52
- Seremban, 138
- Seville, 49
- Shahrir Abdul Samad, 186
- Shonan, 72
- Sim Kie Chon, 196
- Singapore, 23, 47, 50, 52, 59, 71,
72, 73, 75, 98, 103, 104, 105,
113, 125, 127, 135, 143, 144,
155, 219, 249
- Societies Act, 182, 199, 200, 201
- Somalia, 28
- South Africa, 27, 88, 242
- South Korea, 11, 23, 28, 32, 158
- Southern College, 219
- Sri Lanka, 5, 44, 47, 88
Freedom Party, 5
Liberation Tigers of Tamil Eelam,
25
People's Liberation Front, 25
United National Party, 5
- Star, 199
- Stevenson Rubber Restriction
Scheme, 64
- Straits Chinese, 50, 51, 70
- Straits Chinese British Association,
70
- Straits Settlements, 50, 52, 53, 54,
56, 59, 60, 61, 65, 67, 70, 72, 75
Civil Service, 70
Executive Council, 62
Legislative Council, 62
- Straits Times, 113
- Suffian Hashim, Mohammed, 226
- Suhaimi Kamaruddin, 128
- Suharto, 19
- Sultan Idris Training College, 69, 73
- Sunday Star, 199
- Supreme Court, 142, 202, 203, 204,
210, 213
- Swettenham, Frank, 67
- Syed Husin Ali, 251
- Syed Jaafar Albar, 104, 124, 125,
127, 128, 129
- Syed Kechik, 114, 161
- Syed Nasir bin Ismail, 105

—T—

- Taiwan, 22, 24, 42, 227
- Talib Report, 100, 110
- Tambatan, 223
- Tan Chee Khoon, 104, 106, 116
- Tan Chee Yioun, Vincent, 244
- Tan Cheng Lock, 76, 77, 78, 79, 80,
95, 97, 98

- Tan Kim Yeo, 244
 Tan Siew Sin, Tun, 95, 98, 100, 101,
 103, 109, 117, 120, 131, 138
 Tan Suan Kok, 97
 Teh Hong Piow, 244
 Tenaga Nasional, 243
 Thailand, 6, 9, 18, 39, 72, 149
 Association of Industries, 7
 Banker's Association, 7
 Chamber of Commerce, 7
 Thean Hou Temple, 197
 Thirteenth May, 88, 91, 93, 95, 106,
 107, 108, 113, 115, 116, 117,
 123, 125, 150, 197, 223, 227
 Tiananmen Square, 22
 tin, 48, 50, 51, 53, 54, 57, 60, 61,
 63, 64, 69, 76
 Too Joon Hing, 97
 Toshiki Kaifu, 15
 Treacher, W.H., 53, 67
 Trengganu, 59, 72, 99, 107, 223,
 225, 226, 232, 238, 244, 249
 Tunisia, 45
 Turkey, 28
 twinning programs, 239
- U—
- ultras, 108, 118, 123, 124
 Unfederated Malay States, 59, 60, 66,
 72, 75
 United Chinese School Teachers
 Association, 97
 United Democratic Party, 104
 United Malayan Banking
 Corporation, 161
 United Malays National Organisation
 (UMNO), 17, 75, 77-84, 89, 91,
 92, 95, 96-101, 104, 107-114,
 116-123, 126-130, 133, 135,
 137, 138, 140-146, 148, 149,
 152, 153, 154, 159-164, 166,
 167, 169, 170, 172, 174, 175,
 176-182, 185, 186, 189, 190,
 191, 194, 195, 196, 198, 201,
 202, 204, 205, 206, 207, 210,
 213, 216, 219, 224, 226, 228,
 229-238, 241, 243, 247, 249
 General Assembly, 125, 128, 132,
 133, 152, 161, 166, 167, 181,
 184, 186, 187, 188, 192, 196,
 199, 204, 216, 218
 Supreme Council, 126, 128, 134,
 165, 167, 169, 191, 192, 193,
 201, 233
 UMNO 88, 200
 UMNO Baru, 199, 200, 201, 202,
 204, 208, 215, 217, 218, 219,
 220, 221, 222, 223, 224, 226,
 228, 230, 231, 232, 234, 244,
 245, 246, 247, 248, 250
 UMNO Malaysia, 200
 UMNO Sabah, 238
 UMNO Wanita, 177, 186, 192,
 193, 201
 UMNO Youth, 109, 124, 126, 128,
 131, 167, 169, 177, 186, 191,
 192, 197, 198, 199, 201, 203,
 207, 221, 237, 247
 United Nations, 125, 224
 United States, 33, 51, 193, 195
 Civil War, 51
 Congress, 227
 University and University Colleges
 Act, 134
 University of Malaya, 196
 University of Malaya Students Union,
 134
 Urban Development Authority, 113,
 161
- V—
- V. David, 106
 Vancouver, 196
 Vietnam War, 127
 Vision (*Wawasan*) Team, 235, 236,
 247

Vision 2020, 237, 239

—W—

Wan Azmi Wan Hamzah, 115, 162

Watan, 199

World Square, 244

—Y—

Yahaya, Datuk, 80

Yong Shook Lin, 97

Young Malays Union (KMM), 73

Yusof Noor, 168

—Z—

Zakiah Hashim, 200

Recent studies of politics in Malaysia have chronicled a descent into authoritarianism, claiming that a break took place in the country's political record during the late-1980s.

The most influential analyses have attributed this regime change to new class, ethnic and cultural tensions, set in a context of steady economic growth followed by sharp decline, then rising up finally to challenge elite relations.

Other analyses have focused more squarely on the motivations and rash actions of the country's national leader, Mahathir Mohamad.

Cover Photo:

Dr Mahathir Mohamad after his unopposed election as UMNO president at the 1981 UMNO General Assembly. He is being embraced by the outgoing party president, Dato' Hussein O.

Photo courtesy of Dato' Dr Rais Yatim

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