



TRANSITIONS IN MALAYSIAN SOCIETY AND POLITICS: TOWARDS CENTRALIZING POWER

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There are many dimensions to national transition, and all are of course inter-related. Some transitions are a consequence of government policy; others take place despite the government. This chapter focuses upon a number of important transitions that have taken place in Malaysia over the decades since independence. Together, they explain the kind of society Malaysia is today and many of the tensions within Malaysian society.

TRANSITIONS IN IDENTITY

Ethnicity has been asserted as the dividing line in Malaysian society. Populations can identify by their culture, their mother tongue, their religion and their locality. Each of those defining identities overlaps, but they are not coterminous. The colonial government chose quite deliberately to organize people according to their ethnicity, not according to geography, religion, or culture. The ideological justification of white colonial rule was based upon ethnic identification, and ranking from superior to inferior on the basis of race. The continual reinforcement of racial identity as the cutting line in Malaysian society was not something that happened by chance, it was quite deliberate. The post-independence political leadership has organized its support base by continuing to emphasize race as the most important dividing line between peoples. In Malaysia, it is the Malay and Chinese communities that have been most loudly assertive of their identity, perhaps due to their strong differences in culture, as well as their political and economic pre-eminence in the national leadership.

Components of the Malaysian population today have quite distinct perceptions of their identity and status in the country from that held before independence. The 1972 New Economic Policy (NEP) imposed a change on the perceived status of each ethnic community. Under the colonial policy of ethnic 'divide and rule' each community had a different perception of their status, one that was linked to their roles and utility in society. The government's affirmative action policy and subsequent grant of business

favors to ethnic Malays has served to enhance a perceived importance of the Malay community. Such an approach appealed to the Malay community's insecurities and, as Crouch has stated, it also constituted an unambiguous symbol of Malay dominance.¹ Implementation of the NEP was linked to the introduction of the Sedition Act, which prevents anyone from questioning the special rights and privileges accorded to the Malays, and the right of non-Malays to citizenship.

The Malays of the past have been extremely conscious of their status in what they saw as their homeland. In fact the correct translation of the name of independent Malaya was the Federation of Malay Lands *Persekutuan Tanah Melayu*. During colonial time, Chinese and Indians were brought in as immigrant laborers. The party that has led the Government since before independence, the United Malays National Organization (UMNO), and remained in power for 45 years, has depended heavily on rural Malay votes during elections, sometimes playing on their insecurities. Today Malays constitute a narrow majority (50.8 percent) of the population,² but the need to feel a sense of status in the community persists, especially among the middle class. The government's favoritism towards the Malay *bumiputera* (sons of the soil) businessmen has only served to enhance the 'perceived importance' of the Malay community, whilst contributing to a persistent sense of insecurity. Ironically, it added to the Chinese community's sense of importance in the community, especially economically.

The changes in the perception of identity and status by individuals within Malaysia, are also evident amongst the younger generation, brought up in a distinctly different environment than their parents or grandparents. This younger generation does not have strong attachments to the historical independence 'bargain' that is deeply entrenched in many of the old folk's minds and hearts. The post-independence generations have been born directly into a multiracial community, which regards Filipinos, Indonesians and Bangladeshis as immigrant workers, and Chinese and Indians as Malaysians. The perceptions of the non-Malay ethnic groups towards their status in Malaysia thus changed from the time when a compromise was made during Malaysia's independence.³ Any appreciation associated with the granting of

¹ H. Crouch, *Government and Society in Malaysia* (Ithaca: Cornell University Press, 1996), p.158.

² Government of Malaysia, *Yearbook of Statistics* (Malaysia: Department of Statistics, 2000), p.35.

³ In the negotiations that led to the granting of independence in 1957, the leaders of the three dominant ethnic communities (Malay, Chinese and Indian) reached an understanding, the essence of which was that Malays would be dominant in government while the non-Malays

citizenship to non-Malay citizens has worn off long ago. The post independence generations of Chinese, Indians and indigenous peoples of Sabah and Sarawak question the superior status granted to Malays in what they now perceive as their country. The old 'motherland' attachments to country of origin are but historical memories.

However, resentment towards this discrimination has been balanced, for many, by material improvements. Crouch states that economic prosperity has made it easier for the non-Malays to accept, however reluctantly, the basic character of the political order.⁴ Perhaps their perceived sense of importance also helps to reduce their resentment.

Former long-serving Prime Minister, Dr. Mahathir Mohammad has been very outspoken in his attempts to transform the mentality of the Malay community. While Prime Minister he repeatedly harangued his own community, especially at meetings of the ruling UMNO. The flavor of his remarks often leaves a bitter taste to Malays, and confirms caricatures held by other races.

...The Malays are still weak, the poorest people and are backward. If we take out the Chinese and all that they have built and own, there will be no small or big towns in Malaysia, there will be no business and industry, there will be no funds for subsidies, support and facilities for the Malays.⁵

The Malays do not lack anything. They have the brains, the energy... If they have not succeeded after being given the opportunities many times, after they have been helped with all kinds of facilities and even money, the reason is that ...they are lazy and like to find the easy way and the quick way, no matter what the end results.⁶

What is obvious and the truth is that they, in their own country, have to depend on other races to build up the country's prosperity, and various affairs of the community are planned and implemented by other races.⁷

were granted citizenship and assured that their position in the economy would not be disturbed (Crouch, *op.cit.*, p.157).

⁴ Crouch, *op.cit.*, p.195.

⁵ Speech by Dr. Mahathir Mohammad at the UMNO General Assembly, Putra World Trade Centre, Kuala Lumpur, 20 June 2002.

⁶ *Ibid.*

⁷ *The Straits Times Interactive*. www.straitstimes.asia1.com.sg.

The Malay status glorified in the past does not receive the same respect today by this outspoken leader who called for a *Melayu Baru* or 'New Malay.'

Within Malaysia, people identify themselves according to their ethnic group, regardless of generation. They will debate whatever government policy that appears to threaten their own cultural identity, language and religion, elements that they see as signatory to their being Chinese, Malay, Indian, Iban or each of the other groups. However, outside Malaysia, self-identification customarily places country above ethnicity and they introduce themselves not as Malay, Chinese or Indian but as Malaysian. National identity and ethnic identity therefore become two separate identities adopted by Malaysians. Thus, the concept of nation (*Bangsa Malaysia*) outlined in Mahathir's Vision 2020 is already a contingent reality.

The persistence of the individual groups identifying themselves primarily according to ethnicity can be attributed to the difficulty in defining just what it is that constitutes a Malaysian nation. The concept of '*Bangsa Malaysia*' is one that is ambiguous. The translation into English of the term *bangsa* can be either race or nation, depending upon the context. The distinction between *bangsa* (nation) and *bangsa* (race) is quite unclear. Lukman argues that a nation (in this context, people) must be present before a country is created and therefore the Malaysian nation was present before the formation of Malaysia.⁸ That Malaysian nation is known as *bangsa Melayu* or the Malay nation. He goes on to say that the 'Malaysian nation' underwent a dynamic transformation from one that symbolizes a mono-ethnic Malay to one that symbolizes multi-ethnic Malaysians. This transformation is a result of the country's independence and the need to downgrade the use of 'Malay nation' to 'Malay race' to truly represent the country's three major ethnic groups as one nation. He likened the Malays to a people who have lost their country, like the Maori in New Zealand. He concludes that Malays have lost the land in which they can fully identify themselves, compared to the Chinese and Indians who still can identify themselves with China or India.

Perception of identity is closely linked to culture, and religion as well. The Chinese and Malay ethnic groups in Malaysia have most often defended the preservation of their culture through debates on government-imposed policies in the fields of education and language usage.

⁸ Lukman Z. Mohamad, '*Transformasi Bentuk Bangsa Malaysia dan Identiti Nasional*', Conference paper, August 2001, (<http://phuakl.tripod.com/pssm/conference/LukmanMohamad.doc>).

TRANSITIONS IN EDUCATION AND LANGUAGE

Education and language policies in the early years of independence were formulated with communal identities and interests in mind. Only in the twenty first century have these policies been redefined to better equip the society for the challenge brought about by the demands of development and globalization. In the 1990s the issue of language in relation to communal identity became less prominent, having been obscured and overridden by discourse on Islam. However, quite recently discourse on language has resurfaced, with former Prime Minister Mahathir taking a very utilitarian approach, focusing on the need to meet the challenges from external pressures in the new millennium.

The establishment of a National Language was a source for political debate and manifestos, for the 1955 general elections. It was revived again from 1964 when Lee Kuan Yew's People's Action Party pushed for a 'Malaysian Malaysia,' which was clearly contrasted to what he saw as the ruling Alliance Party's preference for a 'Malay Malaysia.'

Related to this is the debate on a national education system and its language medium. The proposal for the national education system was outlined in the Razak Report in August 1956.⁹ English remained the medium of instruction for the middle class of all races until the end of the 1960s. Following the communal upheaval in 1969, a new education policy was introduced whereby English-language schools were converted to Malay beginning from the first year of primary school in 1970 and ending with the last year of high school in 1982.¹⁰

The subject of Malay as the National language was endlessly debated in the context of Malaysia as a Malay nation. The 'sovereignty of the Malay language' was generally considered a symbol of the Malay nature of the state and the Malay predominance over it.¹¹ The National Language Act of 1967 aimed at making Malay the sole official language of the country, underlining Malay sovereignty. It was designed to help quell the feelings of dissatisfaction among the *bumiputeras* over their loss of exclusive rights to citizenship.

The political leaders' gradualism towards the implementation of the National language and liberalism towards the use of other languages may have

⁹ Margaret Roff, 'The Politics of Language in Malaya' *Asian Survey*, May 1967, p.318.

¹⁰ Crouch, *op.cit*, p.160.

¹¹ *Ibid.*, p.159.

helped reduce tensions between ethnic groups. However, many Malay leaders were impatient and demanded immediate and clear implementation of the National Language. One particular faction was the *Barisan Bertindak Babasa Kebangsaan* (National Language Action Front), which consisted of many UMNO members and Alliance parliamentarians. This faction had strongly opposed the 1967 National Language Bill, claiming that UMNO had sold out the Malays. They based their claims on the pre-independence agreement between the Alliance partners that non-Malays are accepted as citizens in return for Malay being unconditionally accepted as the national and sole official language. This cause suspicion within the Chinese community, particularly those concerned with preserving their ethnic identity and importance, to the extent of creating dissension within the Malayan Chinese Association (MCA).

Roff states that the main concern underlining the strong opposition of the National Language Action Front (NLAF) was with the promotion of English vis-à-vis Malay.¹² The parties that sought to diminish the prominence of English should be satisfied with the outcome today, whereby the Malay language has been deeply ingrained within the community, especially the Malay community, and has surpassed English in its usage in Malaysia. Upon reflection, the Malay language now also functions to unite a multiracial community through widespread use and knowledge of a common language. Communication cannot be expected to be effective between different ethnic communities if they only emphasize the importance of their distinct languages.

One of the supporting justifications for the implementation of a National Language in the past was that it would facilitate easier access to employment. However, currently one of the most important requirements that employers seek is the ability to speak English, especially in areas where technology and global business are concerned.

Information technology has progressed rapidly in Malaysia, introducing the concept of a borderless flow of information, information at the fingertips, and online transactions worldwide. The introduction of the Internet greatly improved access to information and the dissemination of information. The Internet, however, is limiting in terms of the language of communication used, knowledge, and affordability. This places new emphasis on the use of English as the international *lingua franca*. The government therefore aspires to re-emphasize the importance of the English language using science and mathematics as an avenue for its reintroduction. The Cabinet discussed this

¹² Roff, *op.cit*, pp.327-328.

proposal on 17 August 2002.¹³ Prior to that, a new concept school was introduced, the Vision School. Under the Vision School concept, the national, Chinese and Tamil schools are housed in one complex and share common facilities such as canteens and playing fields.¹⁴ The concept has been proposed to promote racial unity. The government strategy was to bring students from these three ethnic-based schools together. Mahathir stated that: ‘...we find that many (parents and students) are not interested because of too much politicking that the national schools now want to segregate the races, like for example, Muslims cannot mix with the non-Muslims’.¹⁵

The proposal was met with objections by various Chinese associations, the strongest coming from the *Dong Jiao Zhong* (the collective name for the United Chinese School Committees Association Malaysia, [*Dong Zhong*] and United Chinese School Teachers Association Malaysia, [*Jiao Zhong*]). Their main concern was for the future of vernacular schools and the development of education in their own mother tongue. These Chinese associations fear that the use of *Bahasa Malaysia* (the Malay language) as the main medium of instruction will gradually be imposed. Such fears brings back reminiscences of the past when national-type schools were proposed.

Proposals to use English in school subjects can still incite fear among some groups in the community. The superiority of *Bahasa Malaysia* as the National Language and the use of other languages in Chinese and Tamil schools has been acknowledged and well established. Mahathir would argue that this would appear to be the time when the use of English in certain areas could be implemented without raising fears of any loss of cultural identity. He has noted: ‘I learnt English in school when I was very young but I did not become an Englishman. You will not become an Englishman just because you learn English’.¹⁶

Mahathir also warned people (whom he calls extremists) not to politicize the issue by raising racial issues. The government’s wary approach to the subject of education and language policy highlights the sensitivity of the issue. The change in nomenclature of the national language from *Bahasa Malaysia* to *Bahasa Melayu* and then back to *Bahasa Malaysia* reflects this uncertainty. Even simple administrative matters have been converted into issues of racial survival by ambitious politicians, who can easily forget that the function of language is

¹³ The *Borneo Post*, 7 August 2002. p.8.

¹⁴ *Ibid*, p.9

¹⁵ *Ibid*, p.9.

¹⁶ *Ibid*, 11 August 2002. p.12.

to serve as a tool for communication, for the basic understanding between two persons.

A broad question now is whether the mother tongue is required in order to preserve culture. The argument is that culture is intrinsically linked to language. The desire to protect culture ironically brings the Chinese and the Malays on to a common platform, objecting to extended use of the English language in schools.

TRANSITIONS IN THE ROLE OF ISLAM

Islam has always been a mainstay in the politics and culture of Malaysia. It plays a role in the identity of Malays in Malaysia. Under the national constitution, Islam is the national religion and ‘Malay’ means a person who professes the Muslim religion, habitually speaks the Malay language, and conforms to Malay custom.¹⁷ UMNO has always sought to emphasize development issues and the economic benefits of its leadership of the Malay community, whereas the opposition Parti Islam (PAS) has taken the high moral ground stressing Islam as the key to unity and progress of the Malay community.

UMNO was formed as a communal party, its object being to protect and promote an ethnically defined community. The principal challenge to UMNO has come from Parti Islam, which asserts the primacy not of race but of religion. Parti Islam has succeeded in its efforts to steadily shift the political discourse toward religion, where it can take the high moral ground, rather than being on the defensive when UMNO stresses the more tangible benefits of economic improvement. These two parties have provided their respective interpretations on Islam, sparking a debate over who has the more ‘correct’ interpretation of Islam.

UMNO’s position on Islam has always been one of detachment and defensiveness. It has done what is necessary to uphold the constitutional provision that Islam is the national religion. UMNO has responded to the PAS challenge by building Islamic institutions throughout the country, and implementing a policy called the Islamization of the government apparatus. However, UMNO has never been fully recognized by Malays as the champion of the religion, but rather as the champion of Malay rights, uplifting the

¹⁷ Pt. XII Article 160. Federal Constitution of Malaysia. (Incorporating all amendments up to 1 June 1970).

economic and societal status of Malays.¹⁸ The dismissal of Anwar Ibrahim, a symbol of Islamic resurgence within UMNO, further eroded the party's reputation as the upholder of Islam. Islamic appeals replaced the rhetoric of uniting the Malay community, especially after Anwar's expulsion from UMNO on the charge of sodomy and the tragedy of 11 September 2001. The Malay community was united in sympathy and outrage over the two incidents, both of which appeared to misappropriate Islamic laws. Sympathy for Anwar arose from disbelief at the allegations, which were in stark contrast to the pious image with which he was associated.

According to Vidhu Verma, the Islamic resurgence of the late 1990s was different from earlier incarnations.¹⁹ It was brought about by the authoritarian politics practiced by Mahathir, changes in Malay identity, and popular views. It is viewed as an appropriation of political space within the arena of institutionalized repressive tolerance.

Dr. Mahathir managed to garner the widespread agreement of the Malay community when he commented that the US should go to the root of the problem in combating terrorism: 'I explained to him (President Bush) the anger and frustration of the Muslim world and he seemed to appreciate and understand what I was saying'.²⁰

This gives the Malay community a sense that they have always been tolerant and patient despite the oppression displayed in the Anwar situation, Mahathir's criticism of Malays and their own achievements relative to other ethnic groups. Dr. Mahathir's politics provided psychological unity, not only to Muslims in Malaysia but all over the world. Mahathir had also loudly proclaimed that Malaysia is not just an Islamic nation but an Islamic fundamentalist state.²¹ Islam therefore becomes a greater factor of identity to the Malays and the Muslims.

¹⁸ Ahmad Hussein Syed, 'Muslim Politics and the Discourse on Democracy', Francis Loh Kok Wah & Khoo Boo Teik, eds., *Democracy in Malaysia Discourses and Practices* (Surrey: Curzon Press, 2002), p.89. Contemporary argument states that 'in the short term, Mahathir's Islamization policy had been effective in its 'task...to domesticate [the] assorted Islamic loyalties to its own purpose without losing its own moral or religious control' but the parallel tightening of the political arena had helped steer Islamists into new areas of dissent—that of social justice, clean government, democratic space, honest elections, rights and freedoms. To them these were as central to the teachings of Islam as the Islamic programs and institutions that UMNO initiated'.

¹⁹ Vidhu Verma. *State and Civil Society in Transition*, (Colorado: Lynne Rienner, 2002), p.209.

²⁰ *The Star*, 21 October 2001.

²¹ *The Borneo Post*, 18 June 2002.

TRANSITIONS IN THE ECONOMY

The dominant trend in the post-independence period in Malaysia's economy has been a transition from dependence on primary exports to a diversified economy with a vigorous industrial sector; and a rise in per capita income brought about largely by industrialization.²² This brought about changes to the balance between rural and urban population, changes in societal structure and a gradual change of mindset in the people.

This shift has not been prominent, however, in East Malaysia, which still depends heavily on the export of primary produce, the most valuable of which has been timber. There is an imbalance in economic development amongst the states of Malaysia. While Peninsular Malaysia's economy shifts further away from dependence on primary products, Sarawak appears to be moving in the opposite direction. Sarawak has experienced a net transfer of revenue to the Peninsula since it signed over Petroleum rights to Petronas (the national oil company) in 1974.²³ The federal government's revenue from Petronas has been very high and the profits have supported the government's ability to undertake financial rescue operations critical to UMNO's support base.²⁴

The economy during the colonial period, especially in the case of Malaya (Peninsular Malaysia), was exceptionally open in every sense—to international trade, foreign capital inflows, and immigration of labor from countries with population surpluses (India, China, Indonesia, the Philippines, etc).²⁵ The community structure from the colonial 'divide and rule' approach remained intact. Unequal distribution of economic wealth propagated and resulted in state interventions to the open market. Government economic policy moved from a largely laissez-faire stance in the 1960s to more state-directed and supported modes in the 1970s and 1980s while economic growth accelerated.²⁶ State intervention, with the introduction of the NEP, saw a large influx of

²² Amarjit Kaur. 'Economy and Society: The Formation of a National Economy', Amarjit Kaur & Ian Metcalfe eds., *The Shaping of Malaysia* (Basingstoke: MacMillan Press, 1999), pp.119-163.

²³ Michael Leigh, 'The New Realities for Sarawak', Colin Barlow, ed, *Modern Malaysia in the Global Economy: Political and Social Change Into the 21st Century* (Cheltenham: Edward Elgar Publishing, 2001), p.120.

²⁴ *Ibid.* p.130.

²⁵ *Ibid.* pp.196-208.

²⁶ J.H. Drabble, 'The 'Lucky Country: Malaysia's Twentieth Century Economic Transformation' in Kaur & Metcalfe, *op.cit.*

population to the urban town areas. Economic policies capable of absorbing the increased amount of wage labor were needed and implemented.

The formation of the Malaysian Federation was a convergence of economies at various development stages: Singapore, Malaya, Sabah and Sarawak. In anticipation of the formation of Malaysia, a World Bank mission submitted a report on the economic aspects of the federation, endorsing the thrust of post-colonial Malayan industrialization policy and the setting up of a Tariff Advisory Board.²⁷ The economy remained relatively open at this stage and Malaysia continued with industrialization, strategizing on import substitution in the 1960s coupled with rural development in the 1970s, then moving on to export-oriented manufacturing in the 1980s and 1990s.

Malaysia's economy was affected by fluctuations in the world economy at various periods in time. Foreign investment slowed down at the end of the 1960s. One of the factors affecting the slowdown was the devaluation of the pound sterling in 1967 and the racial riots in 1969. Malaysia also had to face a shift in the attention of British investors towards Europe.²⁸ In the mid 1980s, worldwide recession occurred. The slump intensified the slowdown in capital investment which had occurred with the implementation of the Industrial Coordination Act (ICA) 1975. Malaysia had initially reacted to the slowdown with increased state investment, especially utilizing revenues from petroleum. However, the impact of the mid-1980s world recession forced a relaxation of the ICA, and heavy promotion of foreign investment, with the leading investors coming from Japan. This followed the 'Look East' policy and heavy industrialization program that was carried out through Heavy Industries Corporation of Malaysia (HICOM) in the early 1980s, when Dr. Mahathir became prime minister of Malaysia. In 1997 Malaysia experienced another economic downturn caused by a devaluation of currencies in the Asian region, starting with Thailand's baht.

Economic growth was impressive during the first fourteen years of the NEP, averaging 7.8 percent during the 1970s and 6.9 percent between 1982 and 1984.²⁹ The NEP was temporarily shelved for a period between 1985-86 with a relaxation of rules governing FDI, seeking to increase input from this source.³⁰ A new source of capital was needed since the deepening world

²⁷ *Ibid.*

²⁸ J.H. Drabble, *An Economic History of Malaysia, c.1800-1990: The Transition to Modern Economic Growth* (London and US: MacMillan Press & St. Martin's Press, 2000), p.243.

²⁹ Crouch, *op.cit.*, p.222.

³⁰ Kaur, *op.cit.*, p.160.

recession of the 1980s prevented the government from continuing to inject funds into the economy. The economy contracted one per cent in 1985.³¹

The timing and volume of FDI in Malaysia were crucial determinants of the pattern and rate of growth of Malaysia's economy, particularly due to political strategies of favoritism adopted by the ruling government, which inhibited investment from the principal domestic savers, the Chinese.³² FDI became the alternative, possibly the only alternative, to capital for development. A heavy reliance on FDI though, put the Malaysian economy at the mercy of foreign investors, and it contracted significantly when they withheld their investments. Table 1 shows the FDI totals. We should note that the extent of FDI may be related closely to a country's openness to trade.³³

Table 1: Net FDI in Peninsular Malaysia (1961-1990)

TOTAL INVESTMENT APPROVALS (US\$ MILLIONS) ³⁴	
Year	Amount
1961-80	4,453
1981-90	11,850
(1988-90)	5,523
1961-90 (Total)	16,303

Source: Drabble *op.cit.*, p.240.

Dr. Mahathir's response to western-style globalization was critical. Mahathir warned of free capital flows leading to an 'anarchic' globalized market.³⁵ He also continually expressed concern over possible political control that can be gained by large multinational corporations over a country, even though he continued to court FDI.

³¹ Drabble, 2000, *op.cit.*, p.200.

³² *Ibid*, p.240.

³³ Avik Chakrabarti, *Determinants of FDI: A Comment of Globalization-Induced Changes and the Role of FDI Policies*,

[http://wbln0018.worldbank.org/eurvp/web.nsf/Pages/Paper+by+Chakrabarti/\\$File/CHAKRABARTI.PDF](http://wbln0018.worldbank.org/eurvp/web.nsf/Pages/Paper+by+Chakrabarti/$File/CHAKRABARTI.PDF). Chakrabarti suggests that countries intent on increasing FDI should increase participation in the process of globalization as well as regional economic integration. World economies are now converging on the platform of globalization, an economic transition that is being pushed upon all countries regardless of ranks in development. This transition had been largely brought about by the more developed Western economies.

³⁴ *Ibid*.

³⁵ 'Malaysia's Mahathir Warns of "Anarchic" Globalisation', <http://asia.news.yahoo.com/020603/reuters/nklr152056.html>

Despite Mahathir's wariness over having to depend on FDI, Malaysia may need to continue relying on FDI for sheer economic survival. A recent report argued that Malaysia may need to become more competitive vis-à-vis its neighbors through more traditional methods of attracting FDI,³⁶ this contrasts with Mahathir's policy of embarking on an IT-based economy. Under that policy, one of the projects, the Multimedia Super Corridor, was set up to attract foreign investment and technological exchange. The need for continued reliance on foreign investment is enhanced by the slow progress of the IT-based economy.³⁷

These economic transitions helped shape the skills of the society, bringing them from the farms to the factories and now towards computerized facilities. Skill development is forced upon them regardless of their readiness. These transitions have also occurred in a relatively short span of time, commanding considerable flexibility on labor skills.

TRANSITIONS IN UMNO

The United Malays National Organization or UMNO has always asserted its centrality to the Malay community's hopes, aspirations and development. UMNO was formed initially to oppose the implementation of the Malayan Union. Its aristocratic leaders articulated Malay racial interests at a time when the Malay sultans and aristocracy felt extremely threatened. They needed protection and drew upon popular support based on common ethnicity.

A split in the party occurred when Datu Onn, the founder, wanted to transform UMNO into a multiracial organization. His proposal was not well received and he later resigned to form the IMP (Independence of Malaya Party), which was open to all ethnic groups. The new UMNO leader, Tunku Abdul Rahman, formed the Alliance with the MCA and MIC (Malaysian Indian Congress), a multiracial front to contest the 1955 general elections. Tunku had the difficult task of striving to accommodate both Malay and non-Malay interests. The balance was difficult to attain without raising the suspicion and fear of other members. Tunku later faced challenges from the 'young Turks' of his party, prominent among them being Dr. Mahathir, who wanted the leaders to fight for more Malay interests in business and society. They called for the expansion of state capital to create a Malay capitalist class

³⁶ S. Jayasankaran, 'Fear of the Future', *Far Eastern Economic Review*, 19 September 2002, p.60.

³⁷ The government aims for a transition from a p-economy (product economy) to a k-economy (knowledge-economy). The country thus moves from tangible to non-tangible commodities.

through the government-sponsored Bumiputera Economic Congresses of 1965 and 1968 which resolved that the government ‘must act as the helper, protector, enforcer and promoter of *bumiputera* economic interests in entrepreneurship, industry, mining, transport, marketing, capital investment and training.’³⁸

The seeds of greed and dissension had been sown when rising young ‘entrepreneurs’ had seen what the government can do and will do for them. This seed was nurtured and rooted when Tunku’s successor, Tun Razak, brought bigger shares of business in the economy to the Malay community, particularly to members of UMNO. Razak had been more aggressive in his policies than Tunku. The NEP had been a major influence. ‘UMNO went into business with the implementation of the NEP’.³⁹ The economic prosperity and the continued growth of Malay influence in the business arena prompted deeper UMNO involvement in business, concentrating more corporate wealth into the hands of an elite minority. The ‘Individual *bumiputera*’ share of total *bumiputera* equity dropped from sixty percent in 1970 to thirty-four percent in 1980 despite an increasing annual growth rate of individual *bumiputera* equity by 23.5 percent per annum.⁴⁰ By the time that Mahathir took over leadership of the party, many attitudes such as the subsidy mentality were already deeply entrenched in the party. Gomez attributed the rise of the money politics phenomenon to a rent-seeking middle class in UMNO.⁴¹

The change in purpose, leadership and member composition in the party created rifts. The party’s grassroots leadership composition underwent a gradual change, from a more ideological rural base to a more commercial urban base. This was reflected in the change in the composition of the UMNO General Assembly participants. Teachers made up forty-one percent of the UMNO delegates in 1981. This dropped to nineteen percent in 1987 while the number of businessman in the delegates constituted twenty-five percent in 1987.

Faction formation was also more rampant than ever. Milne and Mauzy have argued that, ‘factions in UMNO became more acrimonious than those under any previous president, so acrimonious that the party split in 1987, was

³⁸ Edmund Terrence Gomez, *Political Business: Corporate Involvement of Malaysian Political Parties* (James Cook University of North Queensland: Australia, 1994), p.52.

³⁹ Edmund Terrence Gomez, *UMNO’s Corporate Investments* (Selangor, Malaysia: Forum Enterprise, 1990), p.166.

⁴⁰ Gomez, 1994, *op.cit.*, p.56.

⁴¹ *Ibid.*

declared an illegal organization and had to be reconstituted'.⁴² Milne and Mauzy also described UMNO's transition as 'a swift transition from traditional deference in UMNO to an era of rampant money politics without any perceptible intervening period of democracy in the party'.⁴³ In the late 1970s, as prime minister, Tun Hussein Onn agonized over the explosion of corrupt practices as party members seized opportunities provided by the affirmative action policy (the NEP) and turned them to their own individual benefit, whilst claiming to be acting on behalf of the Malay community.

Contesting his first general election as prime minister with the slogan '*bersih, cekap dan amanah*' (clean, efficient and trustworthy) Dr. Mahathir articulated the desire for a clean and non-corrupt functioning of the government. The success rate does not appear to be convincing though. With the introduction of UMNO into business, a different goal or source of attraction keeps the party members together today. Although the purported role UMNO plays in the Malay society still remains the same, that is to protect the rights of the Malay community, the emphasis on 'which class of the community' has substantially changed. To some, UMNO also projects an image of aggressiveness today, in part because of its unchallenged role as the leading party of the ruling Barisan Nasional, the National Front.

TRANSITIONS IN GOVERNMENT

The authoritarian character of the Malaysian government has been enhanced incrementally over time.⁴⁴ The Malaysian political system continues to display a democratic character despite increasing authoritarian behavior since the ruling government continues to adhere to the letter of the Constitution. The Constitution has, however, been amended numerous times.⁴⁵ All that is required to amend the constitution is a two-thirds majority in both houses of the federal parliament, and the Alliance/National Front Government has always held more than two-thirds of the seats in every sitting of Parliament. The government has cleverly amended the Constitution, on the one hand preserving the structure of democratic governance while at the same time making changes to suit their desire for greater authority. The authoritarian character of the political system was strengthened when Mahathir, after

⁴² R.S. Milne, & D.K. Mauzy, *Malaysian Politics under Mahathir* (New York: Routledge, 1999), p.185.

⁴³ *Ibid.*

⁴⁴ Crouch, 1996, *op.cit.*, p.96.

⁴⁵ *Ibid.*

experimenting with political liberalism for a brief period (1981-1987), decided that the Malaysian society would develop better with more stringent political controls. (The mirror image prevailed in the economic realm, Dr. Mahathir having initiated state-led heavy industrialization and restrictions during the first half of the 1980s, only to change tack and follow a policy of economic liberalization during the second half of that decade).⁴⁶ In 1987 Dr. Mahathir faced-off a challenge to his leadership of UMNO and launched Operation Lalang, employing the Internal Security Act (ISA) against organizations and individuals who were simply critical of government policies, but by no stretch of the imagination could be deemed subversive, pro-communist or utilizing unconstitutional means to oppose the government in power.

Authoritarianism has been slowly weaved into the fabric of government, thanks in part to the Sedition Act. This act made it an offense to question constitutional provisions relating to the position of the Malay rulers, the special privileges accorded to the Malay community, the rights of non-Malay citizens, and the adoption of the Malay language as the sole official language of the country.⁴⁷ Other facets of authoritarianism are the loss of independence of the judiciary, the reduction in the rulers' powers and in the continuing use of the colonial era Internal Security Act (ISA).⁴⁸

The judiciary's loss of independence is not recorded in school history texts. The judiciary's independence was drastically reduced following a series of court cases whose outcomes had not been satisfactory to the government. The first concerned the takeover of Bank Bumiputera Malaysia by Petronas. The government had amended the Petroleum Act in May 1985 retroactive 1 October 1974 to make the takeover legally possible.⁴⁹ The High Court ruled in favor of the Government but ordered costs to be paid to a lawyer who had sued the government on the legality of the takeover. The second involved the suspension of the *Asian Wall Street Journal* from publication and the expulsion of two of its journalists. The Supreme Court had ruled in favor of the newspaper. Public attacks on the judiciary followed, and the verbal tussle

⁴⁶ One can draw parallels with the Communist Party of China, which has asserted very tight political hegemony, whilst at the same time liberalizing the economic domain. The Chinese leadership were highly critical of the way in which the Communist Party of the Soviet Union liberalized its political control, with the resultant destruction of Communist leadership and balkanization of its territory.

⁴⁷ Khoo Boo Teik, 'Nationalism, Capitalism and "Asian Values"' Loh & Khoo *op.cit.*, p.59.

⁴⁸ The rulers are the Sultans who rule their states and the *Agong* or king who is drawn from the ranks of the Sultans.

⁴⁹ Tun Salleh Abas & K. Das, *May Day for Justice* (Kuala Lumpur: Magnus Books, 1989), p.8.

between the prime minister and members of the judiciary was much publicized. The head of the judiciary, the Lord President, and two other Supreme Court judges were then removed on the grounds of conduct unbecoming of a judge. Dr. Mahathir, in an interview with *Time* magazine, implied that judges should not interpret the law independently but 'according to our wish'.⁵⁰

Another demonstration of the power of the executive over all other institutions in the country is the reduction of the power of the Malay rulers. Amendments to the constitution were made to remove the veto powers of the Malay rulers over legislative bills. A further amendment was made to the constitution to remove the immunity of the sultans for criminal offences, so that they would not be above the law.⁵¹ This amendment was made after the Sultan of Johor's alleged assault on a hockey coach. The amendment to remove the veto powers of the sultan was not signed by the *Agong*, who felt that his position would be threatened if he signed. The situation was finally resolved when a compromise was reached whereby the king would be given sixty days to delay any piece of legislation, compared to the proposed fifteen days, provided he gave reasons for the delay. Once the legislation was returned to Parliament, Parliament had the power to approve it a second time and it would become law.⁵² Mahathir announced that 'the feudal system was over' after the Constitution (Amendment) Bill 1983 was finally signed by the deputy *Agong*.⁵³

The strongest symbol of authoritarianism is the Internal Security Act (ISA). The use of the ISA has considerably limited the scope for civil rights and opposition debate. The ISA was designed to combat communist insurgencies. Under the ISA anyone considered to be likely to act 'in any manner prejudicial to the security of Malaysia' is liable to be detained.⁵⁴ Over the years, the function of the ISA has broadened to include anyone likely to act 'in any manner prejudicial to the ruling government or the ruling party'. According to Crouch, the number of detainees under the ISA totaled around three thousand between 1960 and 1981.⁵⁵ The number of detainees fluctuated

⁵⁰ Khoo Boo Teik, *op.cit.*, p.13.

⁵¹ Kaur, *op.cit.*, p.114.

⁵² *Ibid.*, p.113.

⁵³ Milne & Mauzy, *op.cit.*, p.34.

⁵⁴ H. Crouch, 'Authoritarian Trends, the UMNO Split and the Limits to State Power', Joel S. Kahn & Francis Loh Kok Wah, eds., *Fragmented Vision: Culture and Politics in Contemporary Malaysia* (Sydney: Allen & Unwin 1992), p.23.

⁵⁵ *Ibid.*, p.23.

over the years, from nine hundred in the 1970s, to 586 in 1981 when Mahathir took power and fell to forty by the end of 1986. The number of detainees increased again with the sudden arrest of 106 mostly opposition party members from DAP and PAS, including the parliamentary opposition leader Lim Kit Siang, in October 1987. That wave of detentions had a very chilling impact on political discourse in Malaysia, as many of those incarcerated without trial were active in a range of non-government organizations, and could not be deemed to be communist by any stretch of the imagination.⁵⁶ The government justified its actions by claiming that there had been a sharp rise in racial tensions during that period. All 106 were gradually released. Contrary to the negative image that was previously associated with its implementation, since the September 11 2001 terrorist attacks in the United States and related counter-terrorist activities in Southeast Asia, the ISA has gained acknowledgement in the international arena as an effective tool to curb terrorism.⁵⁷

While Prime Minister, Mahathir initiated most of the measures described above in order to consolidate executive control and eliminate autonomous nodes of power. Unlike several past leaders, he has a different view on what democracy should mean in Malaysia. Dr. Mahathir holds that Malaysia is a democratic country on the criteria of direct representation of the public, majority rule through a government of elected representatives, periodic elections allowing for possible replacement or change in government, separation between executive, judicial and legislative branches, and responsiveness of elected representatives and the government to public opinion.⁵⁸ He constantly rejects the western definition of democracy, stating that Malaysia's democratic government is not a 'slavish copy of the kind of liberal democracy that has developed in the West in recent years...[which] worships individual and personal freedom as a fetish'.⁵⁹ Most of the younger generation appears to share the view that democracy basically means the freedom to vote for the government of your choice. They have known no other leader. His ideological authority stems from his image as a strong leader who challenges Western hegemony, and stands up for Malaysian concepts and definitions of global realities.

⁵⁶ This was Operation Lalang mentioned above. Lalang is the unwanted grass that takes over denuded land, and is not fit to be eaten even by animals.

⁵⁷ The *Star*, 30 September 2001.

⁵⁸ Khoo Boo Teik, *op.cit.*, p.60.

⁵⁹ Quoted in *Ibid.*, pp. 59-60.

TRANSITIONS IN POLITICAL LEADERSHIP

The ideologies, vision and strength of leaders in Malaysia have an influential effect on the outcome of development. Society at large responds and adapts to each new leader and the new policies implemented, provided the leaders are responsive to their interests as well. Tunku Abdul Rahman's resignation had been caused by his perceived failure to respond effectively to the Malay community's interests. Tunku led on the premise that Malaysia would remain a secular state, therefore remaining sensitive to the needs of other races in Malaysia. Tunku tried to set an example of how ethnic issues or rights should be exercised with considerable tolerance. Tunku is widely known as the 'Father of Malaysia' or *Bapa Malaysia*.⁶⁰ Tunku could be described as a victim of the open economy practiced during the colonial times. The trading economy, promoted by the British, had left the Malays very backward economically, leading to Malay dissatisfaction. Tunku's continual and persistent tolerance and lack of clarity on Malay rights within the community added salt to the wound. He was succeeded after the racial riots that occurred in 1969, which he said were due to unequal distribution of wealth among the different ethnic groups.

Tun Razak's leadership was marked more by his leaning towards economic development and restructuring, particularly for the Malay community. He responded to the Malay community's interests as well as the interests of those that had elected him. Tun Razak changed the 'rules of the game' and shed 'the democratic excesses of the old system.'⁶¹ He stamped out any ambiguity towards the Malay position when he introduced the NEP and entrenched the Malay language as the teaching medium in schools and universities. Until then, the three major ethnic communities (Malay, Chinese and Indians) had enjoyed relative freedom to run their own ethnic-based schools, under the secular governance of Tunku. This was a new environment. Tun Razak used the ethnic Malay electoral majority to balance the 'gold' on the Chinese side.

Tun Razak shared a similar trait with Mahathir in that they were both hard workers and lacked confidence in delegation. Tun Razak's achievements were as impressive as Mahathir's. He produced a report for the creation of a national system of education with a common syllabus (1956); as minister of

⁶⁰ Tunku became UMNO leader by chance when Dato Onn left and his friend Razak who had been asked to put forth his name, suggested Tunku's name instead because he thought himself too young.

⁶¹ Cheah Boon Kheng, *op.cit.*, p.109.

National and Rural Development, he adapted some of the techniques used to fight the communist insurgency, he set up a series of ‘operation rooms’ to record which agricultural projects were proceeding as planned and which were lagging; he reshaped the Federal Land Development Authority (FLDA, later FELDA). He was used by Tunku as a trouble-shooter during the confrontation with Indonesia and in discussions on the separation of Singapore. Milne and Mauzy recognized him as a genius at innovation, pointing to some of his most outstanding achievements: the launch of the NEP; introduction of the concept of ‘neutrality in the region’, and his success at persuading China to endorse it; and his idea for a multi-ethnic Alliance party when he formed the Barisan Nasional in 1974.⁶² Consequently, Tun Razak is known as the Father of Development or ‘*Bapa Pembangunan*’ for his contributions to economic prosperity in the country.

His innovation appears to be almost equivalent to Mahathir’s and perhaps he could have achieved more as PM had he not been stricken with leukemia. Both Mahathir and Razak were ambitious. They were determined to achieve their ambitions, and were further urged on by their fear of insufficient time. Mahathir’s sense of urgency, however, pushed him to seek other means that he deemed necessary to achieve his ambitions.

Razak’s successor, Tun Hussein Onn, had a brief period in office. His achievements and strength of character, in contrast to the other prime ministers were rather limited. Cheah Boon Kheng described him as indecisive, allowing crises to solve themselves.⁶³ He appeared at times to be overwhelmed by the societal transitions that were underway. As a deeply moral man, he expressed anguish at the growing corruption of many beneficiaries of government initiatives, but was unable to deal decisively with the complexities. According to Milne and Mauzy, he lacked a strong political base and his return to the political scene was too sudden for him to forge close political ties.⁶⁴

Milne and Mauzy raised the question: how long do, or should, leaders stay in power?⁶⁵ The Razak and Hussein governments had been cut short by illness. Mahathir’s premiership was the longest of any Malaysian leader by the time he handed over power in October 2003. Dr. Mahathir’s relationship with his

⁶² Milne and Mauzy, *op.cit.*, p.5.

⁶³ Cheah Boon Kheng, *op.cit.*, p.111.

⁶⁴ Milne and Mauzy, *op.cit.* Tun Hussein Onn had followed his father, the founder of UMNO, when he left the party to form the Independence of Malaya Party (1951) following the rejection of his proposal to turn UMNO into a multiracial party. He rejoined UMNO at the invitation from Tun Razak, his brother-in-law only after his return from studies in England.

⁶⁵ *Ibid.*

deputies and potential successors has been fraught with difficulty, as was evident in the incarceration of Anwar Ibrahim, whose case overstepped the tolerance point for many Malaysians. Tunku's transfer of power to Tun Razak was gradual and uncontroversial, as was the transfer from Tun Hussein Onn to Dr. Mahathir. Mahathir has also been the most outspoken PM. He assumed leadership with a relatively liberal approach. Language, cultural and educational policies were considerably liberalized. The leader of an opposition party, the DAP, went so far as to blame 'liberalization' for his party's defeat in the 1995 elections: 'Our defeat in the previous general election was not because the DAP did not call for reforms...The Barisan Nasional's major victory was because the PM is now more liberal...'⁶⁶

Mahathir's background differed from his three predecessors. He was not educated in England nor was he educated in law. He also had no royal lineage from which to garner traditional Malay loyalty and respect. His detractors even alluded to his part-Indian ancestry. His view of Western liberal democracy is reflected in an excerpt from the Malaysian Prime Minister's Department and quoted by Khoo.

Malaysian democracy is not a liberal democracy and not bound to accept every new interpretation of democracy in the west where democratic fanatics have pushed devotion to a pedantic notion of democracy to include the protection of neo-fascists or the empowering of a vocal minority of political activists over the silent majority of ordinary citizens.⁶⁷

Mahathir was very much an ideologue. He was the first prime minister to articulate a vision to lead the public towards common goals. Vision 2020 serves as a framework for policy making as well. Internationally, he has made himself known with his loud and constant criticisms of the West, especially with his outspokenness towards the United States. Unlike all of his prime ministerial predecessors, Mahathir has more affinity with businessmen than with civil servants, and his policies have reflected those instincts. He campaigned on the 'buy British last' policy, advocated 'Look East' to learn from Japan, Korea and Taiwan, introduced the Malaysian car and a subsidized steel industry, embarked on massive privatization programs of state assets, and

⁶⁶ Francis Loh Kok Wah, 'Developmentalism and the Limits of Democratic Discourse', Loh and Khoo *op.cit.*, p.34.

⁶⁷ Khoo 2002, *op.cit.*, and Mahathir bin Mohammad, *The Malaysian System of Government* (Kuala Lumpur: Prime Minister's Department, 1995).

successfully pegged the Malaysian currency to the US dollar⁶⁸, demonetizing the national currency outside its boundaries in a successful effort to undermine currency speculation.

CONCLUSION

This chapter has discussed a range of transitions that have taken place in Malaysia since independence. One of the most significant transitions has been the closure of venues for the articulation of political dissidence, particularly the closure of organizations that have been strongly and effectively opposing the rulers, whoever they may be.

There is a major argument, spelt out by Stenson, that the Communist insurrection was launched in mid-1948 because the British had closed down trade unions and political parties of the left in the name of national security.⁶⁹ Those who wanted to work through open organizations were arrested, and the organizations declared illegal. So the fighters assumed leadership, and held sway.

One after another, Malaysian political organizations that threatened those in power have been proscribed as a threat to the nation. On careful analysis of various cases, it was the regime that was under threat. Leaders erroneously equated survival of the government in power with survival of the nation.

The closure of political organizations, especially those that were multi-racial, meant that unhappiness was channeled increasingly through religious or educational organizations, whose members were exclusively of one race or religion. What that meant was that instead of cross-ethnic, cross-religious and cross-cultural compromises being worked out at the local level, articulation of politics was increasingly mediated through avenues that stressed exclusivity.

The politics of regime survival have thus handed huge political advantages to those whose appeal is to religious and racial exclusivity and, dare I say it, extremism. In the short term this gives greater power to the regime to balance the demands of these exclusive groups. The symbol of the ruling National Front is the scales, for the top leaders have assumed the role of weighing up competing demands and effecting compromises from above.

⁶⁸ In financial terms this was equivalent to having substituted the US dollar as the currency of Malaysia, but much more palatable to nationalist sensitivities.

⁶⁹ M.R. Stenson, *Industrial Conflict in Malaya* (London: Oxford University Press, 1970).

With the closure of democratic avenues, whether in the name of national development or national security, a trend is being consolidated whereby those who triumph politically are leaders who portray religion or ethnicity as immutable dividing lines between people. Democracy is a very sensitive plant.

The transitions in Malaysia have been totally legal and constitutional, have asserted an absolute pre-eminence of the executive branch of government, have personalized power over institutions, and have left mainly exclusivist avenues for those who challenge the ruling power.