"Many of the reasons as to why Islam in Malaysia seems so different to Islam in Indonesia have to do with recent history, particularly the political development of the past few decades. There is also a sense in which the nature of the relationship between Islam and the state in Malaysia has origins that go back to the coming of Islam to the port city of Malacca in the fifteenth century. Compared with Java, the Malaysian peninsula has had a longer history of Islamisation and in certain respects the ways in which local rulers responded to Islam are also significantly different. More importantly though is the way in which the British beginning in the late nineteenth century and early in the twentieth century responded to the Malay sultanate system and used it for their own colonial purposes, reinforcing the position of the sultans as the official guardians of Islam" (Barton 2002: 91).

Islam came to the Malay world in two stages, a stage of incubation and a stage of mass conversion. The process of incubation was a long and apparently unpremeditated one and was mainly performed in the early Muslim colonies scattered all over the islands. The process of mass conversion, on the other hand, was largely the result of conscious and deliberate effort and labour by missionaries, helped by an influx of Muslims following the terrors of the Mongols and the devastations of the crusaders. This process might also have been accelerated by a crisis, which then existed in the area, probably caused by the downfall of the powerful empire of Srivijay. The political disintegration resulting in social disequilibrium and the breakdown of religious authority apparently created a vacuum, which was filled by the Islamic faith.

There is enough evidence to show the influence of Indian, Chinese, and even Persian Islam on Malay Islam. From India went the Sufi missionaries, who played "a central role in introducing Islam to indigenous people of Malay Archipelago" (Hamid 2001:177). The persistence of pre-Islamic cultural mores in traditional Malay society is according to some scholars due to the effect of Sufism. We can easily find numerous rituals which have come from Hinduism and now are closely interwoven
with Muslim ideas and practices, a process which has been attributed to the work of the Indian missionaries whose ancestors has been Hindus. The Hindu concept of 'king-god' has greatly influenced the concept of sultan as supreme religious authority. Even the Malay custom of bathing and visiting the beaches on religious days is probably an adaptation from Hindu river rituals.

The sultanate of Malacca played an important role in the Islamization of the Malay world. Before the coming of the Europeans, Islamic sovereignty spread rapidly all over the east. Portugal was the first European power to gain any Asian territory. Having conquered Goa on 25 Nov 1510 the Portuguese proceeded further east and conquered Malacca on 8 aug.1511 in spite of fierce resistance. There followed a Portuguese and Dutch rivalry for the monopoly of trade and sea-lanes. The Dutch ousted the Portuguese from Malacca in 1641. Later the rivalry rose between the Netherlands and Britain over the domination of the area but the dispute ended in 1824, when Malacca was ceded to Great Britain while the Dutch were given a free hand in the far-flung Indonesian islands.

The British adopted the policy of keeping aloof from the matters of religion and custom guaranteed in the treaties they concluded in the nineteenth century with the sultans, This "appears to have isolated Islam from politics and did not make it, as happened in Indonesia and the Philippines and even in Malay itself under the Portuguese, a rallying point against the colonial power. This attitude may account for the tolerance of the European habits and for the ease with which the Europeans habits and ideals are accepted; and it seems to have created an idea of two separate and distinct domains, the spiritual and the profane"(Rauf 1964: 94). As the Malays under the British were encouraged to continue their traditional life, the Malay life remained uninfluenced by the outer developments. As a result Islam remained in something of a backwater as far as modern Malayan colonial society was concerned.

Islam in itself is a dynamic religion and this dynamism led to different kinds of development that coalesced with the scientific development gave a thrust to the gradual process of Islamization in Malay society. This process was the result of the combination of two somewhat distinct areas of Islamization within Malay society in the early four decades of the twentieth century. "One, centered on the alliance
between the Malay ruling class and the traditional ulama embodied the state apparatus of institutional Islam. The other, the kaum muda or young group associated with the growing power of the print media and the new style madarassas and with strong links to the middle east, was more diverse in composition, more urban, and often perceived [though not strongly Malay in emphasis] as of foreign extraction - the darah keturunan keeling and darah keturunan Arab [Indian-and Arab descendent] in the terminology of the 1930s" (Roff 1998:210).

The Japanese occupation of 1941-45 although was not directly responsible for Islamisation process. But it released the organizational and political energies of Malay nationalism in different varieties, which in turn played an important role in the context of other processes of islamisation. The long decade from the late 1940s to the early 1960s[during which merdeka [independence] was finally achieved in 1957] was important for the practice and perception of Islam in three principal respects, all of which may be seen as affecting-sometimes effecting-islamisation. These years saw the determination of the place of Islam in the constitution of the new federation of Malay.

The passage of a new set of state enactments providing for the continued institutionalization and bureaucratization of Islam ,and the emergence of the first active Islamic political party. The left-leaned and Indonesia-associated Hizb-al-muslimin [1948],can be considered as first explicit Islamic grouping. Later in 1950-51 there were three ulama conferences held under the auspices of the centrist Malay political party, the United Malays National Organization [UMNO], which sought, among other things, unification of Islamic administration throughout Malay and establishment of a national ulama union. It was this proposed union, also referred to as an 'Islamic party', that in November 1951 came into existence as the Persataun Islam Se-Malay [all Malay Islamic union], subsequently best known as PAS.

There are some general patterns of Islamic movement, which are similar all over the world. But when we do a microanalysis we find a great variation in this general pattern. In Malaysian case too there are some generalities and some variations. The characteristics of these variations can be found in the post independence societal development. We can trace its roots to colonial times and more
to the way Islam spread in the Malay world. The ambiguities about the nature of Islam in state goes back to sultanate period." At various points in time a common, a folk Islam, which emphasized a more magical or enchanted understanding of the world prevailed over a high, or scripturialist tradition focused on the Quran and the hadeeth as authoritative sources" (Barton 2002). Therefore, a more complex domain of Islamic tradition evolved over time in Malay society. The long period of colonization did not touch or affect the rural Malay world in any real sense. However the British policies in general were driven by the western ideals of secularism, resulting in immense social stratification within and between resident Malayan communities. As the position the Malay -Muslim and of Islam became increasingly insecure, voices of dissent began to emerge. The colonial policy also played a very important role in the formation of Malay Muslim identity. And the problems related to identity mixed with interest were the important factors in the resurgence of Islam in 1970s.

As the British administration in Malay state was based on the system of indirect rule it did not have to deal with the religious issues. The colonial administration in its policies tried to introduce western education and there could be an argument that rather developing a Muslim identity the western education developed a critical outlook, which made people ore western oriented and suspicious and doubtful about traditions. But rather bring antithesis these two arguments are linked together when the western educated people got a critical at last they end up questioning the colonial policies itself and here starts a search for their own identity which essentially resulted in Malay Muslim identity. But it never became a force to be reckoned with. "It is only since the immediate pre independence period that religion assumed any serious political significance in Malay. The factors that gave this significance are not difficult to understand. The Malay had two important preoccupations, both arising from their desire to safeguard their political pre eminence in the country. First, they wanted the constitution to act as an instrument that would give Malay certain external feature of Malay state and second, they wanted to secure economic and political advantages that would help them improve their position. Islam being regarded chief component of Malay identity naturally became involved in the efforts to promote the final goal" (Ratnam 1961:351).
Malaysian constitution recognized Islam as an official religion, but nowhere it tries to make the federation of Malay a theocratic state. "As every religious has right to established and maintain its own institution" (Art.12). In the early years after independence the government never made any serious attempt or pursued any well-built plan to make state 'Islamic'. However the Islamic tradition was deep rooted in the social set up. The current of the Islamic activism, which were present in society, came to the surface as the process of resurgence in 1970s complexed the several factors. "The 1970s witnessed an intense ideological battle over Malay identity between Islam as conceived of in the new wave of Islamic activism-nationalism and traditional conception of the Malay community tied with sultans and rooted in language and custom (adat). The Islamic resurgence during that decade was rooted in the race riots of 1969, which ignited interested in Islam as an important distinguishing dimension of Malay identity in Malaysia's polyglot society. The relationship of patronage between the state and the Malay community reinforced Malay identity just as it distinguished between Malays and non-Malays" (Nasr 2001:82).

In 1970s there were rapid social changes that were creating new social cleavages and concretizing the old ones. Meantime the middle class was disappointed with its position and situation in modern society. The Chinese dominance in economy was detrimental for Malay-Muslim interest. Socially, uprooted from their traditional villages, the city culture was a mirage to them. Finding their present bad and future worse the Malay middle class saw religion as the last resort. The great force of social unrest turned the wheels of Islamic resurgence or revivalism with both positive and negative features. Here the golden Islamic past was seen as only solution to current problems. So, the challenge was to revive the golden Islamic past. "The most significant feature of the Islamic revivalism in Malaysia was the emergence of the numerous 'dakwah' organizations. It should be noted here that although 'dakwah' (means- to call or invite) is loosely translated as missionary activities in the Malaysian context this refers to task of making Muslims better Muslims than converting the non-believers" (Nasr 2001:82). So all dakwah activities in Malaysia had mainly two aims- to make Muslims more vigilant in the observance of their faith and to do social work. Although the dakwah activity emerged soon after independence to emphasize the importance of Islam in Malay life the Islamic resurgence added a new dimension to these activities. Moreover the dakwah organizations were now working with a new
vigor and vitality. UMNO (United Malay national organization) and the government had encouraged it as the means of spreading Islam in Borneo, especially through PERKIM, whose population was counted as bumiputras to bolster the number of the Malays vis-à-vis the Chinese and Indians. The number and the scope of the *dakwah* activity, however, expanded significantly in the 1970s and moreover, involved students"(Barton 2002: 101).

Greg Barton "identifies three categories of the Islamic movement in Malaysia, the first is called 'dakwah' or missionary movement including group as Jamat-Tabligh and Darul-Arquam. The second category includes the activist organizations that reach into the university campuses and involves university graduates. The most prominent organisation here is ABIM (Angkatan Belia Islam Malaysia; the Malaysian Islamic youth movement). Finally there is category of political parties in which PAS, the Islamic party of Malaysia is the single most important example." These organizations are in a way, the epicenter of the Islamic movement in Malaysia. Some time they take the issues and derive their connection from the *ummah* (Islamic brotherhood) and sometimes they become nationalistic but the degree of assertion varies from one organization to another. We will now take a look of some *dakwah* and other organization involved in the movement. Eventually these organizations are the most important elements of the existing civil society in Malaysia. And in some sense they also hinder the growth of non-religious ones and especially monopolizes the civil space for one community at the expense of others.

4.1. Major Islamic Organizations

1. **ABIM(Angkatan Belia Islam Malaysia)**

The largest and most important, influential and best known *dakwah* organization is the Muslim youth movement of Malaysia (Angkatan Belia Islam Malaysia, or ABIM) scholars like, Greg Barton and Nasr finds a clear connection between the race riots of 1969 and the genesis of the organizations like ABIM. Barton points out “the racial clash of May 13, 1969 sent shock waves through Malaysian society. As the community struggled to come to terms with what had happened, communal anxiety gave rise to a series of odd phenomena. On the campus of university of Malaysia, the nation's only university of that time, students began increasingly to question the basis of their Malay identity and the basis of their Islamic
belief. As Malaya students sought to understand what it was to be Muslim they came to feel that they knew less about their faith and they thought they really ought to know. This was the beginning of revival of interest in Islam among Malay youth. The association of Muslim students at the university decided that it was the time to launch the Muslim youth organization. The new organization was launched and was named Angkatan Belia Islam Malaysia or ABIM." ABIM formed in 1971 mainly based in university of Malay, and Anwar Ibrahim became one of its earlier recruits. Today there are ABIM groups in all the Malaysian states but the organization still has its strongest base in the universities and among urban middle class. ABIM attempts to convince the Malays that Islam is superior alternative to western materialism. A brief report on the organization prepared for ABIM's 8th general assembly in July 1987 points out the reasons for its establishment-

"Firstly to provide a platform for graduating students from the respective universities and colleges who had been active in dakwah activities to continue their Islamic activities: secondly to fill the vacuum due to lack of organization to cater for the interests of Muslim youth at all levels in Malaysian society; and thirdly, to generate an Islamic movement as the path to Islamic revival Malaysia."(Funston 1981:165).

To spread its message ABIM publishes a number of journals. It has established a number of schools for alternative higher, which emphasizes especially on Islamic subjects; Islamic study groups are the main focus of regular branch activities. ABIM has been associated with a number of economic co- operatives and has established charitable trusts. It also participates in or sometimes organizes on its own, numerous talks, forums and seminars, from local to the international level on Islamic affairs.

"ABIMs central message is importance of Islam asdeen, a self sufficient way of life that holds the key to all of mans problems. The stress on Islam as deen makes ABIM the most directly political of all the dakwah groups. This is expressed particularly in call for the introduction of Islamic legal, educational and economic systems, and political reforms that would end corruption and misuse of power, and guarantee basic political freedoms."(Funston 1981 :168).
ABIM is opposed to western capitalism, and domination of foreign capitalists in Malaysia. It believes in Islamic brotherhood worldwide, asserting that the role of Islam in Malaysia can't be separated from the fate of Muslims throughout the world. In a way ABIMs ideology is committed to Muslim internationalism. ABIM has often criticized the government for its Un-islamic acts and policies. However, when Dr. Mahathir Bin Mohammad became prime minister in 1981, he decided to try another tactics. Within a short time he succeeded in convincing Anwar Ibrahim to join UMNO (United Malay National Organization) and accepted a ministerial post in the government.

In theory ABIM talks against racism and religious fanaticism but many of the ABIM student groups, for instance are openly anti Chinese in their proclamation as well as their action. Regarding the establishment of true Islamic states, the policy and practice of ABIM is ambiguous, all through ABIM has been nonpolitical only in the sense of contesting for public office. In practice however, it exerted tremendous political influence and was able under the leadership of Anwar to place great pressure on the government and to some extent influence the shaping of public policies.

2. JAMAT TABLIGH: Jamat is the most apolitical organization in dakwah groups. It is not a native Malay organization. It was established in India in 1925, and Delhi still remains its headquarters. In the 1950s it was initially active among the Indian Muslim youth. So it was most strong in towns such as Penang and Kuala Lumpur, where there were significant number of Indian Muslims. With its loose organizational structure and mass focused approach, it later made deep inroads in Malays in general. "The aim of the movement is to revive the Islamic spirit, and it makes use of a large number of voluntary missionaries who work in completely idealistic and often far away from home. They visit people in their home and try to convince people to devote their lives to Islam" (Cederoth 1999: 279) Jamat Tabligh is basically a mosque-based organization like many other dakwah groups around the world. "It has either established or taken over mosques across Malaysia and conducts its teaching programs out of its mosques. The message of Jamat in some respects is similar to that of other dakwah groups, Darul Arquam in particular. It is notably different however in its aversion to political criticism. Indeed Jamat has often been criticized for being too apolitical to the point that it actually supports the government. The message of Jamat
Tabligh, which in some respect is the message of all dakwah groups, is one of appealing for a return to the purity and commitment of the early Muslim community. Consequently there is a emphasis on personal morality and piety but also an emphasis on what some might regard as the more superficial aspects of Islam. In as much as the organization has a picture view of social change, its position is simply that as Muslims in Malaysia become good Muslims, the various social ills and problems in current society will begin to disappear" (Barton 2002). If we look its organizational structure, it has no formal hierarchy and no official leadership. Because, it maintains a low socio political profile, the traditional religious leaders and the government both did not feel any threat from Jamat.

3. DARUL-ARQAM: The name Darul-Arqam means the adobe of arqam. Arqam was prophet's companion in Mecca, who supported the prophet in his flight or hijra to Medina. Darul Arqam was founded in 1968 by twelve (a religiously auspicious number as this is the number of Mohamed's companions) Muslims leaders under the overall leadership of Asaari Mohamed. Assari Mohamed, a PAS activist and a forceful and popular orator has a very charismatic personality. "Ustaz Assari Mohammed demands absolute obedience towards Allah and his prophet, wants to strengthen the brotherhood of all Muslims, emphasizes the importance Muslim education and finds it essential that the Muslims gain the economic independence. He has also shown tendencies towards a kind of Sufi mysticism, manifested for instance in mahadi expectations. It has even been maintained that ustaz Asari considers himself to be the mahadi and that he is trying to create for himself a position similar to that of Ayatollah ali khomeini in Iran" (Cederoth 1999: 271).

As these high ideas were difficult to practice in general life. In 1972 they setup a community on the out skirts of Kuala Lumpur in the village sungeipenchala. Later they have established a large number of such communes all over the Malaysia in which the members live and work. The noble laureate V.S.Naipaul (Naipaul 1981) has devoted a full chapter in his book "Among the Believers " to one of such communes. That chapter gives a vivid account of the men of the commune and their views. Later the writer travels to the commune called araby in the outskirts of Kuala Lumpur. He writes about the commune;
"The commune was on the outskirts of Kuala Lumpur, in a hilly wooden area. There was a board on the roadside some distance before I was not expecting a board. But though the commune has the reputation of being secretive there was no point in dressing like an Arab and hiding...other costumed figures (waiting for prayer time, like actors waiting for a stage call) where lounging about the verandah or porch of the shop at the corner, where- as parts of its independent Islamic way- the commune sold little things to passing motorists..........."

In these communes, people try to live in true Islamic way. They not only renounce ordinary society but try to dress, eat and generally behave in the way that it was envisaged that prophet and his companions had behaved. Here in the communes polygamy is a general practice. They have maintained a self-sufficient economy. Though Darul-Arqam is not an extremist organization from terrorist point of view but its views or ideals are very conservative. They denounce government schools medical facilities and other westernized public utilities. They try to create an alternative for these things.

The growing activities of the organization in 1980s&1990s sent a ringing bell in governments corridors and finally the Malaysian government in 1994 officially and unambiguously banned Darul Arqam. The government placed Asari Mohamed under a kind of house arrest, and attempted to dissolve the communes. But the conservative ideals placed by the Arqam still holds ground into societal setup.

4. PARTI ISLAM SE MALAYSIA(PAS): PAS was established 1951 in Butterworth, Penang by religiously oriented UMNO members the founders of PAS give as their reason for founding a new party their disaffection with the overly secular nationalist leanings of UMNO .It went to win state government in Kelantan and Terengganu at the 1959 elections. Though it lost power trough defections in Terengganu two years later, PAS had retained leadership of Kelantan and regained Terengganu in 1999. Earlier it was Persatuan Islam sa tanah Melayu ,in 1973, it was renamed Parti Islam se Malaysia(retaining the acronym PAS , based on Jawi script)."For PAS it was clear that the new state had to be an Islamic state in which Islam dominated every aspect of life not just the social, but the economy and the government administration. The founders of PAS couldn't accept an Indonesian
style solution where the state was led by a secular government and Islam linked to the state was confined to one bureau or government department. In ways it mirrors Nahdlatul Ulma, PAS had its foundations in the so called Pondok schools that in some respects were similar to NU’s pesantren"(Barton 2002:118).

In 1977-78 PAS went through a radical change in its view of nationalism. The party's new guard, in alliance with the older ulama figures, proceeded to abandon its Malay-nationalist position in pursuit of a more pristine interpretation of Islam. Driven in large part, by the charismatic religious leader Hadi Awang in Terrenggan, and in reaction to the Anwar's co-optation in 1982, PAS has begun to rebuild its Islamic agenda in opposition to UMNO. By the mid-1980's, PAS had established new support bases in Kedah and Perlis while extending into the urban centers and universities by the mid-1980's.

Since its inception PAS had advocated Islamic rule for Malaysia. Its vision of Islam was more strident and also more ethnically chauvinistic than that of ABIM. Although PAS accepted democracy, it favoured a direct role of ulama in governance, which hinted at theocracy. PAS also equate islamization with disenfranchisement of the "yellow culture" - Chinese influence over Malaysia. PAS had, in the first place left UMNO after independence in part because of the party's accommodation of the Chinese and Indian communities, which it equated with ambivalence towards Islam. PAS's view of Islam was in concert with religious sensibilities of small-town and rural voters that supported the party. It also reflected the thinking of ulama and religious leaders, who had been educated in the Middle East, at Al -azhar or in Mecca and Medina, as well as in south Asia at conservative institutions such as Deoband. For this reason, PAS had never been able to make an effective bid for urban and middle class Malay vote.

The rise of Mahathir in 1982, gave a new turn to the Islamic politics of Malaysia. Mahathir sought to out PAS from the Islamization process and UMNO taking to itself the islamnization process. So, there started a race called "Islamicity race" between UMNO and PAS. This we will elaborate in the later part of this chapter.
With the coming onto the scene of a new leadership for the party since its general assembly in April 1989, the party has become keener than ever before to Islamize the country in all its aspects. The Party's success in Kelantan, and the determination of its ulama leadership to transform Kelantan into an Islamic state, has again raised the questions about the future course of Islam in the country. However, PAS did not get much success in general elections but it is the most powerful opposition group till date.

4.2. UMNO and the islamization race:

United Malay National Organization (UMNO) was established in 1946, to oppose the British imposition of the Malayan union. After independence it became the most dominant political party and in a way it has a monopoly over the political power in Malaysia. In an ethnically and religiously divided society where the political parties mainly represent the group interest, UMNO is basically a Malay political party. However, UMNO is not a communal party like PAS. But in response to PAS's communal political strategies, it too had shown some tendencies towards adopting group-oriented policies. Especially after 1982 there started a kind of "race" between UMNO and PAS to win over Malay-Muslims through their intense islamization policies and programs. In this process UMNO itself became an important player in the Islamic movement. Now it not only reacted to PAS' policies but also adopted a proactive approach towards islamization. The "islamization race" is an important study to understand the Islamic movement, because the so-called race is both a cause and product of the movement.

Between 1977 and 1982 UMNO and PAS competed over ABIM's support. In 1982 UMNO came out victorious. In that year Prime Minister Mahathir Mohammad persuaded Anwar to join UMNO. Anwar resigned from ABIM and along with many of its leaders, joined the ruling party and various state institutions. Now, both Mahathir and Anwar tried to transform the nature of the Malaysian state without transforming Malaysia into an Arabic Islamic state. But the process was not so simple and there were other important players in the game, which made the issue very complex. "Unfortunately however this led to a kind of "arms race" or "islamicity race" between UMNO and its opponents with each trying to prove themselves more Islamic than the other. Ultimately, PAS was outflanked and could only retreat to a
claim for itself the distinction of greater ideological purity and an unparalleled track record of supporting the interest of Islam"(Barton 2002: 119).

PAS opposes the government polices criticizing it as un Islamic. It finds nationalism and secularism of UMNO against the interest of Islam. It labels UMNO leaders as infidels’. PAS leaders have been unyielding in their belief that the Islamic state is both a viable and necessary alternative to the UMNO- dominated secular state, and this is enshrined in their party manifesto. In a direct challenge to UMNO's script for Malay supremacy, PAS has criticized the new economic policy and constantly stressed Islam’s recognition of equality among races.

In the face of this PAS challenge, UMNO has realized that previous policies that "domesticated" Islam and did not intermingled in politics had to change. Under Mahathir, Islam was brought to the forefront of UMNO and Malaysian politics. UMNO has adopted a two pronged strategy to counter the PAS. One, portraying themselves as the progressive and moderate protectors of correct Islam, as opposed to the Islamic opposition who are conservative, radical and even deviationist proponents of wrong Islam. Second, UMNO has tried to champion the Islamic cause through the government policies and programs as In Malaysia the policies and programs of UMNO By and large get translated into government policies. And in Mahathir era this trend is more palpable. So, from another angle the state is getting actively involved in the islamizaton process.

4.3. The 1969 Riots and aftereffects for minorities

During the long five week election campaign leading up to the 1969 federal and state elections, it became apparent that the Alliance leaders were not in touch with the considerable sense of frustration and antagonism which had inexorably built up over the course of the past few years among non-Malays over such controversial issues as Malay special rights, the privileges Malay had in jobs, ranks of the civil service, and the barely concealed efforts that were being to counter Chinese hegemony in commerce and industry. It has been said that "the Chinese and Indians resident in Kuala Lumpur had after fifteen years of alliance rule developed an acute persecution complex"(Goh 1971:14). Interracial friction seemed almost inevitable as a
result of the racial insults which were bandied about indiscriminately and irresponsibly both by the opposition parties and the Alliance.

According to an observer, "the unwritten law regarding communal issues was violated by both the Alliance and the opposition parties when they indulged in open public and heated debate over such subjects"(Funston 1979:1). Malay and Chinese emotions were rubbed raw and came dangerously close to breaking point. Although the campaign went off without incident, there was distinct feeling of tension as polling day (10th May) approached (The National Operations Council 1969:17).

The Alliance leadership did not have any formula for fighting the elections, and countering the threat posed by the opposition parties consisting in particular of The Pan Malaysian Islamic Party (PMIP), The Democratic Action Party (DAP), the Gerakan Rakyat Malaysia(Gerakan). And the Peoples progressive Party (PPP). The Alliance election manifesto read very much like a government report, and while it was solid reasoned document, it did not have any élan about it. It gave a summary of what the Alliance had achieved during its years in power.

In regard to Sino-Malay relations, the most interesting section was "racial nemesis". "Historical circumstances have combined to keep the races apart", it said, "and have somewhat segregated them economically." The rural people are predominantly Malays, who are living at subsistence level and "because we have given them a deserving priority in our attentions, we have been accused by our adversaries of practising racial discrimination." It confirmed that the position of the have nats (the Malays) would have to be leveled up to the economic status of the haves(the Chinese) although it added that this policy did not aim at depriving anyone opportunities for advancement. It claimed that there was not a single opposition party which had shown itself capable of serving the needs of Malaysia's multi-racial society and the alternative to Alliance rule would be an "irreversible process of disintegration with all the consequential carnage too hideous for anyone to envisage"(Vasil 1969:56).

The Alliance placed considerable emphasis on maintaining Malay "special rights" during the election campaign. The main enemy as far as UMNO was
concerned was the PMIP, which as the oldest opposition party had built itself up a reputation as an Islamic religious and Communal Malay party, with a strong anti-Chinese streak about it. It promised that if it came to power it would establish an Islamic state in Malaysia, and amend the constitution to give it a more Malay rather than the Malaysian slant. Its stand was crystallized in the slogan: bangsa(race), ugama (religion) and Tanah melayu(land of the Malays). Both the PMIP and UMNO tried to prove themselves as the defender of the Malay cause and tried to discredit other for the same cause.

The DAP was seen as posing the biggest threat to the MCA. Despite claims to be non communal, it was controlled by Chinese, and it attacked the MCA for surrendering Chinese rights to UMNO on the Alliance. Its platform was based on its “Setapak Declaration of Principles”. Which was proclaimed by the central committees, at Setapak near Kuala Lumpur on 29th July 1967. In brief, it was opposed to racial hegemony and supported the PAP’s “Malaysian Malaysia” concept. It saw Malaysia evolving as multi racial multi lingual and multi religious society (Democratic Action Party 1969). Its election manifesto was towards a Malaysian Malaysia. It was attacked by the Alliance as being an anti- Malay communal party opposed to Malay special rights. The DAP entered into electoral pact with Gerakan and PPP aimed at preventing a split in opposition votes, and this strategy was to play an important part in the resounding blow given to the Alliance in the elections (Goh 1971:47).

Polling took place on 10th May. The results were received with dismay by the Alliance. The results meant that the Alliance had won 23 seats less than it had in the 1964 general elections, or in other words, it had lost 25.84 of its seats. The MCA position was affected most seriously of all. It had won only 13 of the 33 seats it contested, 14 less than in 1964. The MIC had won two out of the three seats it had contested. In 1964, it had won three. UMNO, primus inter pares of the three parties making up the Alliance, had won 51 out of the 67 seats it had contested, 8 less than 1964 (Goh 1971:12).

On the evening of the 13th May, a group of UMNO supporters assembled outside the house of the Selangore Mentri Besar with the intention of staging a counter demonstration on behalf of UMNO, and immediately after this procession got
underway disturbances involving Malay and Chinese broke out. Very soon after that, rioting occurred in several parts of Kuala Lumpur. Malays and Chinese indulged in an orgy of killing, looting and burning. The police did their best to control the situation in an evenhanded manner, but as the rioting continued to get out of hand, the army had to be called in, and the police and army reinforcements were summoned from outside. On 14th May, intermittent shooting occurred in the different parts of the town. The bloodshed continued on 15th May, and there was firing between the Army and the armed youths.

The official figures relating to the emergency covering the period 13th May to 31st July indicated that 196 persons lost their lives and 180 were wounded by firearms and 259 by other weapons. But these figures were contested by newspaper correspondents who were at the scene (The Straits Times 1969: 9 May). It was the worst racial riot in the history of the country. On 14th May, the Yang di-Pertuan Agong proclaimed a state of national emergency under clause 2 of Article 150 of the constitution “to secure public safety and the maintenance of good order”, the constitution and parliament were suspended, and the elections in East Malaysia were postponed indefinitely (Felix 1970). Two days later, Tunku Abdul Rehman set up a ten member national operations council headed by Tun Abdul Razzak, the Deputy prime Minister, with responsibility for administration under the proclamation of emergency, and appointed a new cabinet, “superior to the operations council”(The Strait Times 1969:17 May).

The riots had serious implications for the communal relations in Malaysia. In the aftermath of the riots there had been virtually a breakdown of social and economic contact between the Chinese and the Malays. In June, few Chinese and Indians were willing to patronize Malay shops, stalls and hawkers. Non-Malays refused to drive in taxis driven by Malays, buy batik cloths or even eat durians, which were regarded as Malay fruit. There was still bad blood between the two races. In the background the Malay ultras and extremists were struggling to assume control of UMNO so that they could clamp down on the Chinese. “There is no denying the fact that there is a struggle for power going on inside UMNO”, Tunku commented, “as between those who built the party and helped in our independence and the new elements, the
ultras'(Rahman 1969:8). What he did not say that the fate of the minority community in Malaysia hinged upon this power struggle.

The riot led to the expulsion of Malay nationalist Mahathir Mohamad from UMNO and propelled him to write his seminal work The Malay Dilemma, in which he posited a solution to Malaysia's racial tensions based on aiding the Malays economically through an affirmative action programme. Tunku Abdul Rahman resigned as Prime Minister in the ensuing UMNO power struggle, the new perceived 'Malay-ultra' dominated government swiftly moved to placate Malays with the Malaysian New Economic Policy (NEP), enshrining affirmative action policies for the bumiputra (Malays and other indigenous Malaysians). Many of Malaysia's draconian press laws, originally targeting racial incitement, also date from this period. The Constitution (Amendment) Act 1971 named Articles 152, 153, and 181, and also Part III of the Constitution as specially protected, permitting Parliament to pass legislation that would limit dissent with regard to these provisions pertaining to the social contract. (The social contract is essentially a quid pro quo agreement between the Malay and non-Malay citizens of Malaysia; in return for granting the non-Malays citizenship at independence, symbols of Malay authority such as the Malay monarchy became national symbols, and the Malays were granted special economic privileges.) With this new power, Parliament then amended the Sedition Act accordingly. The new restrictions also applied to Members of Parliament, overruling Parliamentary immunity; at the same time, Article 159, which governs Constitutional amendments, was amended to entrench the "sensitive" Constitutional provisions; in addition to the consent of Parliament, any changes to the "sensitive" portions of the Constitution would now have to pass the Conference of Rulers, a body comprising the monarchs of the Malay states. At the same time, the Internal Security Act, which permits detention without trial, was also amended to stress intercommunal harmony.

The Rukunegara, the de facto Malaysian pledge of allegiance, was another reaction to the riot. The pledge was introduced on August 31, 1970 as a way to foster unity among Malaysians. While indeed “rukun” has Islamic undertones about it and it may be translated as “fundamental doctrine, commandment, or essential part of a religion”, as brought out by Means (Means 1976:408). It is also very appropriate in the context of inter racial relations, as it also means “quiet and peaceful”, like the
ideal relationship of friendship”, “without quarrel and strife” and “united in purpose while mutually helping each other” (Means 1976).

As the Malaysian government intends to use the Rukunegara as the basic model for its strategy to bring about national unity, and the principles enunciated in it are meant to serve as a bond to bind together the various strands of Malaysia's multi-racial society, it is reproduced below:

“Our nation, Malaysia, is dedicated—
To achieving a greater unity for all her peoples;
To maintaining a democratic way of life
To creating a just society in which the wealth of the nation shall be equitably distributed;
To ensuring a liberal approach to her rich and diverse cultural traditions;
To building a progressive society which shall be oriented to modern science and technology; We, her peoples, pledge our united effort to attain these ends guided by these principles—
Belief in God
Loyalty to King and Country
Upholding the Constitution
Rule of Law
Good Behaviour and Morality” (Means 1976)

The following commentary explaining the meaning of these five principles accompanied the declaration.

“1. Islam is the official religion of the federation. Other religions and beliefs may be practices in peace and harmony and there shall be no discrimination against any citizen on the ground of religion.

2. The loyalty that is expected of every citizen is that he must be faithful and bear true allegiance to his Majesty the Yang di Pertuan Agong.

3. It is the duty of a citizen to respect and appreciate the letter, the spirit and the historical background of the constitution. This historical background led to such provisions as those regarding the position of the rulers, the position of Islam as official religion, the position of Malays and other natives, the legitimate interest of
other communities, and conferment of citizenship. It is the sacred duty of a citizen to defend and uphold the constitution.

4. Justice is founded up on the rule of law. Every citizen is equal before the rule of law. Fundamental liberties are guaranteed to all citizens. These include liberty of the person, equal protection of the law, freedom of religion, rights of property and protection against banishment. The constitution confers a citizen the right of free speech, assembly and association and this right may be enjoyed freely subject only to limitation imposed by law.

5. Individuals and groups shall conduct their affairs in such a manner as not to violate any of the accepted canons of behavior which is arrogant or offensive to the sensitivities of any group. No citizen should question the loyalty of other citizen on the grounds that he belongs to a particular community" (Means 1976).

The Rukunegara was supported by all legal political parties, and its principles became widely known and were often referred to and quoted.

4.4 Ideology of Islam and development:

In 1981 Mahathir Mohammed became the head of UMNO and prime minister of Malaysia. "Under Mahathir, the Malaysian state experiences its most radical ideological readjustment since independence. Although the Muslim-Malay-centric nature of the UMNO government in many ways remains prominent, the latter's promotion of Bangsa Malaysia (the Malaysian nation) since the late 1980s make a fundamental departure from the political and ideological manipulation of ethnicity which was a hallmark of post independence politics. The UMNO dominant Malaysian leaders' ideological framework was long characterized by "exclusivist" Bumiputeraism-the Muslim-Malaya-centric ideology" (Hamayotsu 2002:357).

From the government's perspective, the Islamic resurgence was potentially destabilizing, for it had very tangible political consequences: UMNO found it's self-increasing in competition with PAS. In order to reduce the electoral appeal of its opponents and also to maintain interethnic peace by controlling Islamic activities, the Mahathir government felt obliged to take initiative in an islamization process.
However this doesn't mean that Mahathir government's actions in favour of Islam were not motivated by profound religious beliefs. After Mahathir took office as Prime Minister in July 1981, he tried to represent the UMNO as Malaysia's oldest and the world's third largest Islamic party. Now the UMNO leaders began working on upgrading the party's Islamic credentials. Prime Minister Dr. Mahathir told the press on several occasions that the UMNO's struggle was based on Islam, and that its three objectives were protecting Malay rights, Islam and the country.

"On March 29, 1982, the government pulled off a pre-election coup which raised its Islamic credentials: the UMNO recruited or co-opted (then) ABIM President Anwar Ibrahim" (Mauzy and Milne 1986:91). Later Ibrahim became the Deputy Minister in charge of the Islamic Religious Affairs Section of the Prime Minister's Department. In September 1982, he was elected as the President of the UMNO's five Vice Presidents; in June 1983, he was made a full minister"(Mauzy 1986).

"The nature of the concessions to Islam under the Mahathir administration has also changed, and it can no longer be considered as symbolic. Furthermore these projects are no longer widely perceived as concessions, but rather as part of a government-sponsored Islamization process. Mahathir said in September 1982 that the government had three major projects- the Islamic Bank, the International Islamic University, and compulsory Islamic Civilization studies at the tertiary level" (Mauzy 1986:92). Other steps toward Islamisation have already been taken. These included the establishment of the Malaysian Islamic Development Foundation; approval for an Islamic Insurance Company and Islamic Pawn shops; a decision to upgrade the position of Kadish and Sharia courts; a ban on the importation of the non-halal beef (beef not slaughtered in the accordance with Islamic rituals); the establishment of the Islamic Teachers Training College in Petaling Jaya; provision for the establishment of the International Islamic Youth Complex; increased instructions in the use of Jawi (Arabic script); closer ties with the Middle-Eastern countries; the suspension of the supplementary Meal programme in all national primary schools during the fasting month of Ramadan; a ban on smoking in all government offices; a return to the traditional method of moon-sighting for determining Hari-Raya; and Penal Code Amendments directly related to the religion. Some further measures have been suggested as well: a proposed ban on gambling; a proposal to deduct zakat
contributions from income tax liabilities; and, most ominously, was a federal
Minister's proposal to establish morality laws.

"Islamist ideology has included demands for an "Islamic economy" as a part of
its promised utopian order. Because initially, state led Islamization was based on three
initiatives; the establishment of the Islamic financial sector, an Islamic higher
education system, and an Islamic bureaucracy. So, the financial sector was given top
priority. An Islamic economy is to operate free of interest and would provide social
justice, equity and harmony" (Nasr 2001:122). At that time Malaysia was not the
exceptional Muslim country to go for Islamic way for banking and financial
transaction. Muslim States have found it easier to accommodate Islamism on
economic issue than on political ones. Moreover, they have seen Islamic economics to
be a useful means of gaining some Islamic legitimacy.

The Islamic Banking became operational in Malaysia in 1983. it was intended
to provide an alternative financial system; working on the principles of the Islamic
Laws. It had a parallel supervising council of the Ulemas to make it certain that the
Bank's transactions work on the Islamic Laws. By 1995, Bank Islam had 63 branches
across Malaysia. In 1993 another State controlled bank began to offer interest free
banking. Interest free banking has increased the scope of state's economic ties with the
peasants, who have by and large operated of the mainstream financial system and
have been more closely tied to PAS or al-Arqam.

"The experience with Banking was replicated in insurance with the
establishment of the Islamic Economic Development Fund in 1984 and Syarikat
Takaful Malaysia (Malaysia Insurance Cooperative) in 1985. The Islamic insurance
scheme too, avoids interest and operates as a trustee profit-sharing operation. In the
1990s along with Islamic pawnshops- Islamic brokerage scheme was introduced

"The late 1980s, also saw Islamic finance companies being set up and in 1990,
International offshore Financial Center was planned for Labuan, which among others
had the aim of creating an 'Islamic niche' and becoming a financial center for the
reason. In 1993, other Commercial Banks set up 'Islamic windows.' Together with an
increase in institutions dealing in interest-free finance, there was also an increase in the number of 'Islamic financial instruments' being created by the scholars and practitioners of the Islamic finance. Finally, an Islamic debt market for Islamic bonds was established in the mid-1990s, so that for all practical purposes Malaysia was said to have a parallel Islamic financial system alongside the conventional one, representing Malaysia's model of a 'dual financial system'. What is more, graduates from IIUM and other institutions of higher learning were being absorbed into those institutions practicing Islamic economics and finance" (Haneef 2001:269). Moreover, "the final requirement for establishing a fully fledged Islamic banking system was achieved with the launching of inter-bank money market in January 1994. This was claimed to be among the first Islamic money markets in the world. It covers inter-bank trading in Islamic financial instruments, Islamic inter-bank investments, and an Islamic inter-bank cheque-clearing system" (Wilson 1998:274). The Islamisation process also included collection of Islamic taxes and disbursement of the resultant revenue. The most important tax in this regard is zakat (alms tax), which is a 2.5% compulsory flat tax. In the late 1980s the state streamlined the collection and disbursement of zakat funds. Although the funds were still collected and disbursed locally, much more emphasis was placed on the collection of the tax as a mark of the Islamicity of the state.

The imperative has also been evident in the evolution of the Lembaga Urusan Dan Tabung Hajji[Hajj] Pilgrims Management Fund Board (LUTH)]. LUTH was originally formed in 1957 as a government service for those who wished to perform the Hajj. Overtime LUTH has become an important financial institution with large financial holdings and assets invested in various state and private sector enterprises. LUTH's success provided impetus for further ventures, notably, Bank Islam, 10% of whose paid up capital came from LUTH. "The interest-free institutions, and LUTH in particular, have been a means of mobilizing savings-particularly from amongst those who may not use the regular financial institutions- to support various economic projects. LUTH also gives the state the means to control the extent of Malay's contact with Islamist trend in the Middle East and South Asia, which was especially in the 1980s when Iran used the hajj as the forum for spreading its revolutionary ideology" (Nasr2001:124).
"It is stated in the Rukunegara (the official ideology in the state) that Malaysia is dedicated to achieving a greater unity for her peoples; to maintaining a democratic way of life; to creating a just society in which the wealth of the nation shall be equitably distributed, to ensuring a liberal approach to her rich and diverse cultural traditions to building a progress society which shall be oriented to modern science and technology", the way to achieve these goals is by following the five principles: "belief in god: loyalty to king and country; upholding the constitution; rule of law; good behavior and morality". In accordance with these objectives of national integration, building a science and technology-oriented society and redressing economic imbalance- particular between the Malays and the Chinese-education in Malaysia becomes a major instrument of socioeconomic and cultural change" (Hassan 1981:66).

Viewing the importance of education in Malaysia's socio-economic change, the government took bold steps towards Islamization education since 1981. Primary and secondary educational curricula, along with those of university education, were changed to include classes on Islamic civilization. An Islamic teachers training college was established in 1982 to train teachers for these tasks. The most important institutional development was the international Islamic university (IIU), which was established on the outskirts of Kuala Lumpur in 1983. At time, there were some reactions from Chinese community, since the government did not allow the establishment of the Chinese Merdeka University. Anwar Ibrahim, the greatest proponent of IIU served as the nominal chancellor of the university and appointed its principal directors. Anwar stated that the IIU should serve to accelerate the adoption of Islamic values in Malaysia. Anwar promised that the government would ensure that no group, including foreign donors uses the university for its own purpose "The IIU is the first university to implement the concept of integrating knowledge with morals - a concept that was adopted in 1967 at the international convention on I Islamic education in Mecca. As Mahathir attended the convention when he was education minister and the idea of having such a university and putting the concept into practice has long been on his mind" (Mauzy and Milne 1986:94).

"The university was based on Islamist notions of "Islamization of knowledge" which had been put forward by the Palestinian- American scholar Ismil al- Faruqui.
Islamization of knowledge was an effort on the part of Islamist intellectuals to make various modern academic disciplines compatible with Islam, and thus lay the foundation for an educational system and intellectual tradition that would Islamicize modernity" (Fazlur 1988:3). In many ways, IIU also served as think tank for the Mahathir administration on Islamic issues and was important to countering leftist criticism of its economic policies. In time, IIU also came to be viewed as Malay university, one that trained Islamically conscious civil servants for the state. It latter also included engineering and medical faculties, and expanded in size and influence. The departments of Islamic higher learning were also opened in other universities. The university graduates coming out with a degree in Islamic learning were absorbed in newly born Islamic researchers provided policy-making guidelines to UMNO and state institution. In the process of Islamization, the government established new institutions and revamped old one. The religious affairs department of the prime minister's office was expanded under Anwar's Supervision. Two nationwide committees were formed to guide Islamic policymaking: Badan Perundingan Islam (Islamic consultation board), to recommend Islamic policies; and Lembaga Bersama Penyelasar Kegiatan Islam Malaysia (joint committee on management and implementation of Islamic activities, Malaysia), to monitor the implementation of all decisions and programmes that the government had agreed to establish according to Islamic tenets. New national- level committees were formed to contended with various aspects of Islamization: Majlis Kemanjum Hal Ehwal Agama Islam, Malaysia (national council for Islamic affairs); Jawantankush (Board for the promotion of Muslims welfare, Malaysia); Majlis Syura (consultative council); and Lembag Penyelarasan Pelejaran dan Pendidikan Angma Islam (advisory board for the Islamic education and curricula).

"The judiciary in particular was never particularly radical or particularly liberal. Like many judiciaries throughout the English- speaking world the judiciary remained a conservative institution" (Barton 2002:129). So, the judiciary was not functioning on religious lines. The process of Islamization also penetrated the domains of justice, law and courts. The Sultans or the chief ministers freed Sharia courts from oversight, and the status of the judges was raised to be on par civil judiciary. After 1983, encouraged by the Islamization process various state introduced their own Islamic codes in various criminal and civil matters. In 1990 Article 121 of
the constitution was amended to stipulate that the high court and subordinate courts have no say in matters that fall under Shariah court jurisdiction.

The government also created mechanisms to make sure that Malaysian laws do not contravene Islamic laws. It hope that, this would reduce demands for implementation of Islamic law and limit the discussion of the topic to one of bringing Malaysia law in to accordance with Islam rather than introducing the new legal code. Finally " whereas the government had been able to limit the discussion implementation of Islamic law to one of insuring that Malaysian laws did not contravene Islamic law, it could not however, stave off the various codes that were added in Malay states- including the PAS's bill in Kelentan. Islamization therefore created an unexpected struggle for power between Malay states and the federal center" (Nasr 2001:127).

The institutional development went hand in hand with increase in the Islamic content of radio and television broadcasting ; introduction of requirement of religious knowledge in to civil service examination(19991); creation of an Islamic medical center(1983); plans for Islamic village in urban centers; regulation of sale of alcohol and relations between sexes; increase in censorship of films and publications (1992); imposition of taxes on cigarettes and alcohol to be used to implement an Islamic value system(1992); and an acceleration in mosque building- including grand sate mosques- and use of Islamic architectural concepts in show case projects.

4.5. Malaysian way to development

After independence, the third world countries had a choice to make. That was; what should be the development model for their country? There were two prominent ideologies and consequently, two paths of economic developments. Either they can choose a socialist path or the capitalist one. It was not an easy choice to make. Because, often these models of development were based on such premises, which did not take in to consideration the complex problems, related to the third world countries. Remaining on the periphery of the world's development march these countries had been marginalized from a long time.
There are so many thinkers belonging to different schools of thought, who have provided a framework for the modernization and development of society. Like, Hegel, Marx, Spencer, Durkheim, Tonnie, Weber, Lerner, Black, Rustow and a number of other thinkers. Here we can take the example of developmental model of W. W. Rustow (Rustow 1960:4). Rustow identified five economic growths in which,

1) A traditional society

2) Technological advances takes off an

3) Industrial expansion, which derives it towards

4) Maturity: where its output is more than its population increase, and as a result of which it reaches

5) The stage of high consumption characterized by durable consumer goods and services.

Rustow's model is concerned with the level of production and presupposes the capitalistic transformation of the economy of the non-western country. In later book Rustow added the 6th stage, 'the search for quality' to his analysis (Rustow 1971:230).

In all these western models the modern state comes when the society crosses the stage of traditionalism. So in modern stage the 'traditional' element of society have no role to play in the mainstream. In the process of development the traditional institutions loses its control over the society and either vanishes or becomes defunct. The change from the traditional to modern society is often equated with the "specific role, different spheres of religion and politics, effective neutrality, different spheres of religion and politics, achievement status, universalistic values etc" (Hussain 1984:XVI). These ideas are typically rooted in Western history. These ideals of the western world are the results of a long process of evolution. There are certain events, movements and phenomenon, which are responsible for the sanctification of these ideas. As for example, the idea of secularism or simply saying the idea of separating religion from politics is largely a product of the Church-King confrontation and the protestant ethics. The thoughts of modern western philosophers have also played an important role in shaping these ideas.
The colonized countries never experienced such a process. The political and economic developments of these countries were halted by the policies of the colonial powers. So, the natural process of the evolution of institutions got stumbled. Even after independence they faced the problem of time lag in development. There was a kind of stagnation in every aspect of life during colonial times. So, the ideals of society (to be pursued); remained 'traditional' and 'conservative' largely based on the belief systems.

As most of the Islamic countries were colonized by the foreign powers, the same process happened in these countries too. In the Malaysian case, the colonial powers never tried to interfere in the traditional way of living, practices and institutions. They ruled indirectly through the Sultans, who were not only the political head but at the same time has got religious legitimacy to rule. The society, at large remained more or less unaffected by the happenings of the outer world. The traditional practices of life continued; so the traditional institutions persisted. The life remained belief centered. The political-economic-religious spheres were not separated. Islam is the 'this worldly religion and it provides a detailed description about the general life to be pursued. A Muslim does not need to look for ideal institutions outside its scriptures. So, the Malay society remained religion-centered throughout the colonial period. The ideals of the Islamic society remained very much important.

When the colonial powers left the country; there remained an institution of over developed state; which was not directly linked to the society. The religion or for that matter any traditional social institution was not as important as it could had been through a natural process in the political process. The society by and large was alienated from the state. But the religion was roaring to take the hold of the political process. And the lava of religious unrest erupted in the form of the Islamic revivalism. In Malaysia, Islam is the central point of life process. After resurgence it was used as an ideology against the government's 'secular' ideology. Now, it was a time to rethink about the whole structure and also about the developmental path. The 'secular' model of development was undermining the Islamic ethos and values. And more so it was not according the Quranic principles. The growing movement of Islamic revivalism was calling for adopting Islamic institutions described in religious scriptures. And the most important among them were the economic institutions; which can lead to a true
Islamic way of development. The question is what is the Islamic way of development? What are the economic institutions essential for this type of development? Whether it is more akin to Socialism or Capitalism? There are many views. But largely it supports private economic activities. Let us see a definition of developed Islamic society.

"The politically developed Islamic society is a lawful society. Rulers and ruled alike are governed by the Sharia, as interpreted and applied by the learned scholars of Islam, the ulema, and the legists, the fuqaha. As a religion of worldly as well as divine concerns, Islam is preoccupied with the regulation of man's conduct in accordance with the principles of justice and equality transmitted by the Prophet. Ideally, the political leader of the community is also the spiritual leader, the Khalifa (Caliph) or imam; and his legitimacy is conferred by the baya (confirmation oath) of the leading members of the community" (Hudson 1980:3).

But here we are mainly concerned with the economic aspect of development. The revivalists demanded certain changes in economic structure to make it fit for the Islamic way of development. "Islam, unlike other major religions, has given its followers a detailed prescription for an economic system. This is provided through the Quran, the Sunnah (the example of the Prophet Mohammed, i.e., his personal acts or sayings, or those of others approved by the Prophet), the Ijma (the consensus of the Muslim Mujtahids-religious scholars), and the Qiyas (personal opinions based on analogy on religious doctrines). Specifically, questions of taxation, government expenditure, inheritance, private ownership, social and economic welfare (distribution of income, property, etc), interest, land tenure, natural resources, wage rules, as well as other factors, have received attention, are thus an integral component of Islam" (Cummings 1980:26).

Some scholars believe that there is no essential incompatibility between Islamic economic doctrines and capitalism. Even Mahathir has emphasized this point. To appreciate Islamic doctrines on private ownership, which is an essential principle of capitalism, we can mention a brief summary of general Muslim economic principles:

1) God created the world with natural abundance for the people to enjoy and change;
2) They are, therefore, the owners of all such fruits in the world that results from their endeavors provided they commit no justice or wrong doing;

3) They must, however pay attention to the short and long run needs of society at large.

Rodinson has pointed out: "There are religions whose sacred texts discourage economic activity in general, counseling their followers to rely on the God to provide them with their daily bread, or, more particularly, looking askance at any striving for profit. This is certainly not the case with the Koran, which looks with favour upon commercial activity, confining itself to condemning fraudulent practices and requiring abstention from trade during certain religious festivals" (Rodinson 1975:14). He quotes the Quaranic injunction to "forget not thy portion of this world" (Sura XXVIII, V.77) and stresses that the Quran is clear in emphasizing that Muslims should remain of this world.

After leaving business aside for the noonday congregational prayers, Muslims are not enjoined by God to retire for further prayer or meditation, but to return to their secular affairs. We can find in Sunnah, which report the non-scriptural utterances of the Prophet Mohammed, show him praising merchants, certainly not in Islam a parasitic class. Rather, they are people who should enrich themselves so as to be able to help those least fortunate members of the community. However, while Islam may embrace the basic pursuits of capitalism (profit through business activity, financial returns on the investments involving risks, and basic rights for private property), there are critical and important differences between the Islamic teachings and the modern capitalist practice.

In Malaysia the similarities of capitalism and Islamic principles of economic life were used to create a new path of development. This is the path of the Islamic capitalist development. At the one hand after 1982, it actively pursued the capitalistic policies of development and on the other hand proclaimed itself the 'Islamic State'. So, the strategy was the accommodation of the Islamic principles in the modern frame of the capitalism (i.e., export led growth for Malaysia). The key figure in this strategy is, the largest ruling Prime Minister of Malaysia, Mahathir Mohammed. Before going
into the details of the strategy of corporate Islam, we will take a overview of Mahathir's personal thought about Islam and development in general and for Malaysia in particular. Because his thoughts have a great imprint on Malaysian policies.

The following views of Mahathir Mohammed is largely based on his two books (Mahathir 1995 and 1994) and his statements: Mahathir starts with saying that: "One of the saddest ironies of recent times is that Islam, the faith that made its followers progressive and powerful, is being invoked to promote retrogression which will bring in its wake weakness and eventual collapse. A force for enlightenment; it is being turned into a rational for narrow-mindedness; an inspiration towards unity, it is being twisted into an instrument of division and destruction. Ignorance of what constitutes spirituality, and failure to see the distinction between materialism and the healthy environment in worldly concern, render some section of the Malay-Muslim community susceptible to the notion that Islam exhort believers to turn their back to the world" (Mahathir 1986). So the real challenge creating Malaysia is the misinterpretation of Islam.

Writing on the importance of worldly activities and especially economic activities he points out that the prophet himself, paid due attention to worldly activities. The acquisition of wealth and property, the mastery of martial arts and the establishment of well orderd administration were among the important activities in which all Muslim involve themselves so as to be strong enough to defend spiritual values and Islamic religion. Mahathir said that Islam did not stop personal wealth seeking activities. Wealth is not disapproved of and certainly not forbidden. What Islam want is to the poor voluntarily through alms and also through the payment of religious tithes, Zaket and Fitrah. Islam does not support meanness. Being by reading the Quran on the roadside have no place in Islam, as is evident from following Quranic text:

"And belief in what I reveal (the Quran), which conform the revelation that is with you (the Taurat), and be not the first to reject the faith there in, not exchange (sell) My signs for a low price; and devote yourselves to Me alone."

- (Sarah Al-Baqarah, Ayat 41)
Viewed from an angle, Islam evidently does not hold poverty in high esteem or disapprove of wealth. On the contrary, it puts poorly on moderation in all things. Here Mahathir in way support the capitalism. But at the same time he condemns both socialism and capitalism for its alienation from spirituality and overemphasis on materialism. Finally, he tries to devise a path of capitalist development which do not dismisses the spiritual aspects of life. In a way it is moderation between spiritualism and materialism.

He says that the cruelty of the capitalist and their oppression of the worker should rightfully be condemned by a sane society. But unfortunately capitalist or not only wealthy but powerful as well their wealth can control power. However, the control of capitalism has become more difficult not only because capitalist can use their wealth to gain power but also because the system develop rapidly in non-Muslim societies, which did not emphasize spirituality to begin with. Spirituality had no place and no power to pull those societies back to the right path.

As spirituality was weak, greed for material things was used to try to control capitalism. The communist and socialist concepts, which were created to fight capitalism, were totally uninfluenced by spirituality and religion: both believe that only the position of property and wealth can be effective in upholding justice and communism and socialism are the same. All three reject spirituality and worship materialism.

Mahathir severely criticized socialism. He believes that there is no evidence that the problems of human society can be solved through implementation of socialist concept. According to him, if Possession of property is not equal in a Muslim society there is no demand that all Muslims should own property of the same value. Islam accepts the reality that in any society there will be rich and poor, king and commoner leader and follower.

In a staunchly Muslim, society equality and brotherhood do exist. The equality is not in material wealth but in religion. All Muslim, poor or rich, king or commoner, are equal. In worship and in the eyes of the God they are equal. The basis of the brotherhood is not status of property ownership but the spirituality that comes from
faith in the teachings of Islam. So, Mahathir leads to the conclusion that Islam and socialism are not the same.

He finds that the western conception of class does not exist in Muslim society. Though there are poor and rich, they all belong to one family. Mahathir points out that today most of the Muslim nations have misunderstood the concept of materialism and spirituality. According to Mahathir, wealth does not mean materialism and poverty does not mean spiritual strength. Materialism can exist in poverty and spirituality can be strong in wealth. Since ownership of property does not mean loss of spirituality, the right attitude for those who uphold spiritual values can be decided. But a Muslim must not forget that worldly wealth is required only for this world and ultimate happiness depends on Ibadat (ritual of worship), adherence to religious teachings, and on how and for what purpose the wealth has been used.

At last Mahathir seems to advocate the capitalist path of development, but an Islamic face. So he says that there is still hope that spirituality can be preserved even when Muslim seek and gain control of material wealth and modern knowledge. Indeed, only when Muslim are equated with the tools and skills of the modern world can it be ensure that they continue to uphold the spiritual values which will bring them happiness in this and the next. Without wealth and efficiency, the Muslim will be apprised and finally spiritual values to will be lost.

Mahathir in a way provided a blue print of Islamic capitalist development. On this bases Malaysia has developed a kind of 'Islamic corporatism'. Now we will analyze the strategy adopted by the government to follow an Islamic capitalist model of development. "Under the Mahathir premiership, the twin causes of islamization and modernization formed the backbone of the government's political, cultural and economic agenda, remodeled as a national vision intended to steer the whole nation to be a common destiny. The UMNO government's national vision- a combination of modern global elements on the one hand, and conspicuously, Islamic indigenous elements on the other - symbolized Mahathir self ordained mission: to make Malaysia a develop country not only in economic but also in cultural terms" (Hamayotsu 2002:359).
For the purpose of implementing this vision, the first necessary that Mahathir took was the centralization of political and economic authority under the prime ministers department. "Increasing authoritarianism from the late 1980s onward-couples with the declining independence of the bureaucracy, legislature, judiciary and monarchy- reinforced the predominance of UMNO within the state as well as in society in large" (Crouch 1992:21). The dramatically enhanced personal authority of Mahathir alongside the consolidation of the state power within the hegemonic UMNO also raised the distributive capacity of the state through concentration of economic resource under the party's control. Moreover, the nations impressive recovery from its worst even recession in the mid-1980s and the subsequent "take off" of industrial development allowed a large number of big and highly visible, national projects to carried out throughout the country, these in turn, acted as catalyst in fostering stronger popular allegiance to the Mahathir's government. "Most importantly, the expanded state religious bureaucracy came to regulate activities or expression in society. These developments consequently equipped Mahathir with enormous political and economic capacity to translate his vision of the nation in to substantive public policy" (Hamayotsu 2002:353).

Mahathir rose to the helm in Malaysia at a time of crisis for both the UMNO and the state. The problems churned by the NEP, the resurgent Islam, the lagging growth, straining relations between elite and masses; were the some problems. "Mahathir saw the solution to the crisis in rapid growth and development, which would increase the size of economic pie thus relieving tensions between ethnic communities as well as within the Malay community. This was a task that required greater state control of the economy" (Nasr 2001:106). So, in a way the concentration of the political and economic power was justified. As it was in line with the Mahathir's specified aim to erect strong Malay dominated capitalist state in Malaysia.

Economic development of a country requires a base of political stability and greater social cohesion. Islamic resurgence was not only challenging the state authority but also sometimes threatening the social set up. Mahathir understood the challenge. But at the same time he also saw that Islam, as an ideology can be the potential tool of empowerment of the state. "As a result, he sought to co-opt rather than crush the Islamist opposition; to harness its energies and appropriate its popular
political and ideological tools, rather than assert the primacy of the secular state by force. Mahathir understood that Islamism had already created a powerful social base, enjoyed wide popular support, and had convinced many Malays of the importance of the state—albeit an Islamic state—to veritable development. If the Malaysian state was willing to compromise on secularism, it stood to benefit from the fruits of a decayed of Islamist activism just as it would subdue it as an oppositional force. For Mahathir, therefore islamisation was a means to pursue capitalist development" (Nasr 2001:107).

To lead the country on the capitalist path of development, it was needed to introduce a greater sense of Malaya-Muslim nationalism in the economy. The lack of the work-culture was a major impediment for the development of the Malaya society. Here, the slogans like 'Look-East' and 'Malaysia Inc.' were raised to enthuse people towards creating a corporate culture. Mahathir through his 'Look East' policy tried to project Japan and Korea as an inspiration to be followed. As the western industrialization was without any spiritualization appeal and cultural goal; it was difficult to project west as a model. The Japanese model of development, which was based on the cultural and traditional aspect of society, was well suited for Malaysia. Here culture and belief was not an impediment for modernization rather it was an important medium to create a work culture.

In the same vein, Mahathir tried to use Islam as a vital force, which leads towards an economically developed society. "The dominant Malaya accent on corporate culture seeks to locate an Islamic dimension parallel to the commercial culture of the most economically advanced countries while not reflexively imitating them. It seeks to operate not against the G-7, the core group of hi-tech, industrialized countries, but within that alternative group of nation states, clustered as the G-15, that is South to South countries that have experience rapid growth in recent years and are now pledged to support one another in trade, commerce and industry even while recognizing their individual common sub-oriented the G-7" (Bruce 1998:159).

Since the late 1980s, "Malaysia has steadily gained recognition as a success story of economic development in the Islamic world, being held as one of the 'Asian Miracle' economies by the World Bank in its 1993 reports. It was also in the 1980s that Malaysia introduced its own Islamic reform agenda" (Haneef 2001:270).
Subsequently Dr. Mahathir's "Wawasan 2020' (vision 2020) offered a long term comprehensive plan to realize a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient, by the year 2020" (Mahathir 1993:404).

In fact, Mahathir was not interested in Islamic revival, a fact that distinguishes him from Gen. Zia Ul-Haq in Pakistan. Mahathir was more in common with secular modernizers such as the Shah in Iran than with the Islamically oriented political leaders in the Middle East and South Asia. This is evident in his vision 2020 document. Here, the drive to empower and enrich the country through development and close alliance with the West, and the belief in the necessity of a top-down social and cultural revolution was accommodated with more sensitive approach to the importance of Islam in Islam and politics. Mahathir was more willing to compromise on secularism to achieve a viable balance between religion and modernization.

"The twin quest of Islamisation -cum- modernization engineered by the Mahathir government thus proposed the new compact between the state and a wider spectrum of the Malaysian populace. Its "authoritarian" mode of modernization indeed intensified socio-economic as well as ideological cleavages and alienated the less privileged Muslim Malays. The sacking and subsequent ill treatment of Anwar in September 1998 further aggravated the anti-government sentiment among both rural and urban Muslim Malays, and called into question the entire credibility of the UMNO government" (Hamayoutsu 2002:365). However, given the difficulty of reconciliation and the pressure exerted by the radical Islamic forces with the task of nation building and economic development, Mahathir's personal contribution toward the development of Malaysia should not be overlooked.
**Important Referred Works:**


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