CHAPTER – III

THE INSTITUTIONALIZATION OF POLITICAL PROCESS IN MALAYSIA: STATE AND NATION BUILDING

The extreme plural character of the Malaya society helped the British to maintain effective control over the Peninsula.¹ National feelings could not easily develop amidst such divisions. Still, the common consciousness in the Malaya world grew in response to the exploitative character of the British rule, and the cross-border influences. Yet it could not find political expression, remaining largely dormant, till the Malayan Union was established in 1948. The British united the whole of Malayan Peninsula except Singapore as one political unit and brought it under direct rule. The sultans were brought under direct control of the British Crown represented by a British Governor for the whole territory.² The British also made certain concessions to non-Malays regarding government jobs and relaxation in citizenship laws. Consequently, the Malays were shaken out of their apathy, inertia and state particularism. The Union was strongly opposed by the newly created United Malays National Organization (UMNO) under the leadership of Dato Onn bin Ja’afar.³ The concerted and continuous Malay opposition to the Union forced the British to

1. The large-scale immigration of the Chinese and the Indian communities to Malaya encouraged by the British compounded the problem of ethnic balance. The divisions got sharpened in the pre-independence phase along racial, religious and linguistic lines coterminous with occupational and rural-urban divide. The British recruited Malay aristocrats into the state bureaucracy while confining Malay masses to peasant agriculture. The Chinese entrepreneurs were permitted to gain control over the domestic capital along with the British interests. The Chinese and Indian immigrant workers were channelised into tin-mining and rubber plantations. This colonial strategies fostered grave contradictions in Malaysian Society which could potentially reflect in a range of political, social and economic conflicts. See, Collin Abraham, “Manipulation and Management of Racial and Ethnic Groups in Colonial Malaysia: A case study of Ideological Domination and Control,” in Raymond Lee, ed. Ethnicity and Ethnic Relations in Malaysia, Northern Illinois University, De Kalb, 1986, pp. 1-27.


abandon it in favour of the Federation. The sultans were restored their earlier powers with certain modifications. The citizenship laws were relatively made stricter as compared to the earlier union terms and conditions.4

A restricted electoral process was started in early 1950’s. The UMNO joined hands with the Malayan Chinese Association, (representative of the Chinese) and, later, with the Malayan Indian Congress, (representative of the Indians). The Alliance, as it came to be known, accommodated the three major communities of Malaya, thereby gradually gaining in strength. Meanwhile, the leadership of UMNO had come into the hands of Tunku Abdul Rahman, brother of the Sultan of Kedah. The first General Elections were held in 1955 for the Central Legislative Council. The Alliance won all the seats except one, securing 81.7 percent of the electoral votes.5 One seat was won by Pan Malayan Islamic Party (PAS). Tunku Abdul Rahman formed the Cabinet.

The Bargain: Framing of the Constitution

A Constitutional Conference took place in London in early 1956 to hold discussion over future constitutional status of Malaya. The Alliance representatives and the representatives of the respective state rulers participated in the discussions. A Constitutional Commission was envisaged to draw up the draft Constitution of free Malaya. The independence was assured by the British by August 1957. The Constitutional Commission consisted of Lord Reid, an English Judge as Chairman and one member each from Britain, Australia, India and Pakistan. Its report was

published in early 1957. The views and the memorandum submitted by the Alliance was given great weightage logically as sovereignty was supposed to be transferred by the British to the Alliance government at the centre. Although, there were differences between the UMNO and the MCA over the issues of Malay privileges and the citizenship provisions for the non-Malays, yet, a “bargain” over the relative constitutional position of the Malays as well as the Chinese was worked out and the Alliance collectively submitted a joint memorandum to the Constitutional Commission. However, significant changes were made in the Commission’s Report to accommodate the wishes of the UMNO.7

Malaya was granted independence on August 31, 1957. It is known and celebrated as merdeka (Independence) day. Broadly speaking, parliamentary democracy was adopted following the British pattern. It was made a constitutional monarchy but significantly different from the British. The Head of State (monarch), though, bound by the advice of cabinet in all the important matters as far as governance and general administration is concerned, yet, he has been assigned some real and discretionary powers by the Constitution. The Conference of Rulers8 has been given some real powers independent of the popular cabinet. This body elects the Head of State each five years on rotational basis from members amongst itself.9 Another significant aspect of the powers of this body is that some entrenched provisions of the Constitution can’t be amended, finally, without its approval.10 The real executive wing viz. Cabinet, in principle, is fully accountable to popularly elected

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8. This institution consists of the nine hereditary rulers of the nine states namely Johore, Pahang, Negri Sembilan, Selangor, Kedah, Perlis, Kelantan, Trengganu and Perak.
10. Ibid. Article 159, Clause 5.
lower House of the Parliament, which is known as dewan Rakyat. The parliamentary system is also guaranteed in each state by the Constitution.11

Another important feature of the Constitution is federal form of government based on a combination of features of the Indian and Australian constitutions. The central government has been given preponderant power in the federal scheme, like India. However, territorial inviolability of the states is, relatively, protected by the Constitution. Residuary powers also lie with the states. The states, as such, are not given the right over the amendment process. The Conference of Rulers, however, exercises it with regard to certain provisions of the Constitution, symbolically, on behalf of the states (the rulers being the representatives of their respective states). The centre has kept all the important taxes. The Constitution is rigid with two-third majority required in each House of Parliament for amendment of most of its provisions. The judiciary has been granted autonomy in its functioning from the executive and legislative control. It is the guardian and the interpreter of the Constitution and enjoys the power of judicial review.

The most distinctive feature of the Constitution is the special status and position accorded to the native community, the Malays.12 The Malay traditions have also been accorded special place – their religion, Islam being the state religion, their language, Malay being the National and the official language and Malay sultans accorded privileged constitutional status as Conference of Rulers. All this was part of the “bargain” between the UMNO and the MCA representing the two dominant communities, the Malays (the majority but economically backward) and the Chinese (the minority, but backed up by overpowering economic might). In exchange for Malays’ constitutional privileges, the citizenship laws were relaxed for the Chinese to

11. Ibid. Schedule 8.
12. Ibid. Article 8.
accommodate them as equal and full citizens. They were also assured protection of their economic activities and assets. An interesting feature of Malaysia’s political development is that the “bargain” effected at the time of independence, partly as a matter of expediency and partly as a vision for complex multi-ethnic and backward society, has worked well, despite various kinds of strains, pulls and pressures from both sides. This also provides a clue to the Malaysia’s political and economic development since independence. The “bargain,” however, was not merely a trade-off. It was also needed for maintaining peace and communal harmony. This fact was underscored by the communal riots of 1969, which, finally, changed the entire course of political and economic development in Malaysia and also set in motion the creative redefinition and efforts toward new goals and directions to rectify the ethnic disparity in terms of economic power relations.

Setting Electoral Process

The first elections after Independence for central and state legislatures were held in 1959. These elections led to entirely elected legislatures for both centre and states. They were also the first elections to be held under the supervision of independent Election Commission established under Articles 113-120 of the Constitution of Federation of Malaya. As a result of the liberalization of citizenship rules, the electorate was double in 1959 as compared to 1955 elections. There were now seven times as many Chinese eligible to vote.13 Around twenty one lakh voters cast their vote for the Dewan Rakyat. The elections took place in a peaceful and calm manner. Just before the elections, a crisis in the MCA had broken out endangering its alliance with the UMNO as some leaders in the MCA pushed for more liberal policies on language and education and asked for more seats to the MCA. However, the

13. G.P. Means, Politics, op.cit., p. 252. The percentage of voters, by community was now: Malays – 56.8 percent; Chinese – 35.6 percent; Indians – 7.4 percent; and others – 0.2 percent.
Alliance was saved when the MCA split and the moderate section went along with the UMNO accepting Tunku’s terms and conditions.\textsuperscript{14}

The Alliance emerged a clear victor setting pace for future political development by winning seventy four seats out of 104 seats. The UMNO contested seventy seats and won fifty two seats. However, the vote percentage of the Alliance dropped from 81.7 percent in 1955 to 51.5 percent in 1959. The opposition cut a sorry figure. Yet, the PAS showed impressive gains winning thirteen seats out of the fifty-eight it contested, embarking upon Malay Chauvinism. The state elections were conducted earlier. The Alliance had won in all the states except Kelantan and Trengganu where the PAS captured power.\textsuperscript{15} Thus, the main threat to the Alliance at first General Elections came from the PAS, a Muslim-dominated Malay party, not from Non-Malays-based opposition parties. This factor has to be kept in view while analyzing the pro-Malay tilt of the UMNO that has always been presented as a \textit{fait accompli} to the ruling alliance.

\textbf{A New Federation: The Merger of Singapore, Sabah and Sarawak}

Singapore wanted to be a part of Malaya when Malaya was granted Independence, partly, because it could not conceive its status as a tiny state apart from the adjacent large entity and, partly, because joining Malaya held a promise for its own early Independence. However, neither the UMNO was interested in joining with Singapore (Singapore had two-third Chinese majority that could tilt the balance in favour of Chinese in the Malaya as a whole), nor the British were quite interested to part with their stakes in a free port city and their naval base.\textsuperscript{16} Singapore, meanwhile, had become self-governing territory in 1959 with a wholly elected legislature but its

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\textsuperscript{15} \textit{Ibid.} p. 155.
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defence, foreign affairs and some allied aspects still remained in the hands of the British. In May 1959 elections for the legislature, left-of-centre People’s Action Party (PAP) led by Lee Kuan Yew scored heavy victory. However, the PAP later on split into two factions – one taking radical stand on communist lines and the other moderate faction led by Lee Kuan, which was now reduced to just one-seat majority in the legislature. Thus, it was threat of communism which propelled both Lee Kuan and Malaya leadership towards exploring the possibilities of the merger of the two countries. Singapore could realize the natural geographical unity with the Peninsula as well as find a far bigger market for its manufactured products. Its Chinese community could integrate with the adjacent larger Chinese community, adding strength to each other, and at the same time staving off the radical communist threat. The Peninsula could derive economic benefits from a far more advanced and industrialized economy, while also expanding its frontiers to the logical point. It could also keep away communist threat from emerging at its doorsteps.

The fear of Chinese outnumbering the Malays was overcome when the Malayan Prime Minister Tunku Abdul Rahman proposed a Federation of Malaysia consisting of Malaya, Singapore, Sabah, Sarawak and Brunei. The last three territories are located along the northern coast of Borneo Island, which is part of Indonesia. The Chinese population was in minority there, and since the majority population was made of indigenous non-Muslim people, generally known as natives of Sabah and Sarawak, the addition of these territories with the Peninsula would imperil the threat of increase in Chinese population in the country after the merger

with Singapore.\textsuperscript{19} The Malayan leadership visualized that the Borneo people would align with the Peninsular Malays as they, too, faced economic preponderance of Chinese minority in their territories.

The Borneo territories of Sabah and Sarawak were extremely backward at the beginning of 1960s, in all respects. Their economy was in bad shape. Industrialization process had yet to begin. The literacy rate was just half that of Malaya. The condition of natives was, still, worse.\textsuperscript{20} The political development of the region was at very low ebb at that time. Both were direct British colonies since 1946. The locals were not trained in the task of administration. Till the advent of 1960s there were not any kind of self-governing institutions initiated by the British. Both the territories did not have any sort of elected legislature or elected government. Sabah did not have even a single political party.

Sabah and Sarawak were not ready for independence on their own. The British feared that gradually either the Chinese would get in an unassailable position there or Indonesia would start claiming these territories as part of the larger Borneo Island. Philippines, too, was harbouring designs to lay its claims over the territories as soon as the British left. So, it was in the interest of the British that the territories should be joined with friendly ex-colony, Malaya. That would maintain power balance not only within Malaysia (after merger) but also in the region. It would also ensure better cordial relations with Malaysia in which the British, still, had high economic stakes, particularly, the huge investments their companies had made in finance, trade and industry.


\textsuperscript{20} R.S. Milne & D.K. Mauzy, \textit{Politics, op.cit.}, p. 45.
A Commission of Enquiry under the chairmanship of Lord Cobbald was instituted to ascertain the wishes of the people of Sabah and Sarawak, which reported favourably. Finally, a round of negotiations was held in London in July 1963 on the final terms of merger of the territories. Brunei opted to stay out. The formation of Federation of Malaysia was a great political and economic advance for all the territories concerned.\(^2\) It had the potential for greater stability and democratization in the region. The Borneo territories were, together, bigger than Malaya, territory-wise, but had less population even than Singapore. The Federation of Malaysia came into being with the passage of Malaysia Act, 1963. Instead of adopting a new constitution, the existing Constitution of Malaya was amended to incorporate the new territories. The terms of the Agreement, were quite unusual. The status of the newly incorporated territories was going to be different from the existing states of Malaya.

**Special Position of the Borneo Territories and Singapore**

The position of Borneo states was made very special and unique vis-à-vis other states. The Immigration Act, 1963 made the immigration into the Federation, in general, except Borneo states, a federal matter. Whereas, the immigration into the Borneo states was made subject to the jurisdiction of state governments of those territories. Another very important concession made to the Borneo states was the amendment of Article 153. The reservations for the Malays were extended to the natives of Borneo states.\(^2\) The undue weightage was given to the Borneo states in assigning large number of seats in the Federal Parliament far beyond their numerical strength (twenty four seats to Sarawak and sixteen to Sabah, in total forty, as compared to 104 for the Peninsular Malaya and just fifteen seats to Singapore, which

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had more population than the combined population of Sabah and Sarawak). It was done to reassure the Borneo natives that on account of their socio-economic backwardness, low level of political development and numerical vulnerability, they would not be dominated by the Peninsular Malaysia.

Some additional sources of revenue were assigned to Sabah and Sarawak. For example, they are assigned import and excise duties on petroleum goods and export duty on timber and other forest products. Both states have also been entitled to receive additional grants from the Federal Government. Another fundamental difference was with regard to the expanded legislative powers of Sabah and Sarawak.

Islam was not accorded official status in Sabah and Sarawak. Restrictions were introduced upon the promotional activities in favour of Islam. These states were given the ten-year grace period to switch over to Malaya as the sole official language, by the Malaysia Act. No central Act affecting the use of English in the courts of either of the two states or Legislative Assembly in either of the two states or for any official purposes was to come into operation until it was approved by an enactment of the legislature of Sabah or Sarawak. In September 1973, Sabah made Malay the sole official medium of communication. The following year Sarawak adopted Malaya but decided to retain English. It was also decided that position of head of state for each of the Borneo territories should be open to the members of all communities, but could

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23. Ibid. Tenth Schedule, Part V.
24. Ibid. Tenth Schedule, Part IV, Para 2 (for Sabah) and para 1 (for Sarawak).
25. Ibid. Ninth Schedule. Lists II-A and III-A. A supplementary list II-A for Sabah and Sarawak was appended to state list. A supplementary list IIIA was appended to the concurrent list.
26. However, Article 161C, which entailed such provisions has been deleted from the Constitution. So, there are no restrictions, today.
27. Ibid. Article 161(3).
not become Head of Malaysia as that institution is restricted to hereditary rulers of nine states of Peninsular Malaysia.\(^{29}\)

Singapore occupied no less privileged status than Sabah and Sarawak. Its additional powers in the supplementary lists II B and III B of the Ninth Schedule were, in certain respects, even more comprehensive. Particularly, it was given control over education & labour policies.\(^{30}\) It was allowed to lay down its own conditions for citizenship. Singapore citizens could stand for the legislature and vote in Singapore only and the federal citizens could stand for the legislature and vote in Peninsular Malaysia only. However, citizens of one could campaign in the territory of the other.\(^{31}\) These provisions put up severe restrictions upon the sphere of activity and the strategy of political parties of both Singapore and Malaya.

The federation of Malaysia, which was planned to be formed on 31 August 1963 (the anniversary of Malaysia’s Independence Day) was postponed till 16 September 1963 on account of objections raised by Indonesia and Philippines. Surprisingly, Kelantan, one of the states of old Federation, also raised objection. The state of Kelantan instituted a legal action to have the Malaysia Act declared null and void, or alternatively to get it declared not binding upon the state of Kelantan. It was not entirely baseless objection. The principle of equality among the states was going to be diluted. Kelantan government pleaded that the Malaysia Act was contrary to the 1957 Agreement by which proposed changes required the consent of each of the constituent states, including Kelantan, and that the Ruler of the State of Kelantan should have been a party to the Malaysia Agreement. Kelantan failed in its legal suit

\(^{29}\) Ibid. Fifth Schedule, Para 7.
\(^{30}\) R.S. Milne and D.K. Mauzy, Politics, op.cit., p. 64.
\(^{31}\) Ibid. p. 65.
and the judiciary sided with the federal power of effecting changes into the Constitution over which the Constitution does not specifically prescribe conditions.\(^{32}\)

However, the real threat to the concept of larger federation came from outside the country. Indonesia was in direct control of much bigger tract of territory of Borneo Island adjoining the northern parts of Sabah and Sarawak. Hence, it laid claim to the northern territories. Malaysia resisted the move but was drawn into a long “confrontation” with Indonesia that entailed great threat to Malaysia’s sovereignty over the territories. However, Indonesia gradually realized that it was not the will of the people of northern territories to align with it.\(^{33}\) Djakarta Agreement was signed between the two countries in August 1966 and diplomatic relations were restored. However, “confrontation” did have the effect of unifying the Malaysians more than any other factor at that time. Philippines, too, claimed Sabah, but Malaysia refused to accede to the demand and after a few years the dispute died out.\(^{34}\) With the establishment in August 1967 of the ASEAN, cordial relations developed among these nations. The stakes in friendship, regional cooperation and trade proved to be far more potent and worthwhile factors in their relationship than the unsubstantiated petty claims over each other’s territory.

**Separation of Singapore**

From the very inception of the Federation of Malaysia, Singapore posed a threat to the Malaya authorities in more than one respects. Some of those were real, some imaginary. Disputes arose about the special powers given to Singapore over economic matters.\(^{35}\) More prominently, certain political factors played their role


\(^{33}\) Richard Butwell, Southeast, op.cit., p. 100.

\(^{34}\) *ibid.* p. 101.

\(^{35}\) R.S. Milne and D.K. Mauzy, Politics, op.cit., p. 69.
against unification and ultimately led to the separation of Singapore from the Federation, and that too against the wishes of many a people on both sides. The very beginning of relationship between the two entities was tarred with political rivalry between the UMNO and the PAP. In the parliamentary elections in 1964, the PAP decided to field eleven candidates from Malaya. The Malaya leaders criticized this move of the PAP arguing that it was against the understanding reached between the Malaya Government and the Singapore Government before the Agreement for the Federation of Malaysia was signed. Replying to such objections, Dr. Toh Chin Chye, the Chairman of the PAP elaborated, “charges have been made that the PAP has ambitions to capture power at the centre. Surely any political party, big or small, which is worth its salt and receives the support of the people, must have such an objective if it is to put into practice its political ideals.”

Thus, the PAP directly contested against the Alliance within its stronghold, although, it did not attack the UMNO. Its intention and strategy, in fact, was to replace the MCA in the ruling Alliance in the immediate context and to build organizational branches throughout Malaysia. Only a place in the central government could help it quickly realize its goals and that could be achieved by undermining the MCA’s claim to speak for the Chinese. The PAP failed to make any inroads into the constituencies of the erstwhile Malaya, nor could it make any dent into the MCA’s position within the Alliance, but the whole exercise soured its relations with the Alliance. Thus, deprived of a place in the Alliance, in sheer desperation, the PAP took up the gauntlet to fight for a ‘Malaysian Malaya’ as opposed to a ‘Malaya Malaysia,’ which it claimed, was being imposed by the UMNO-dominated Alliance.

It entered into an alliance with some opposition parties in Malaya and Sarawak and the alliance was called Malaysian Solidarity Convention.\textsuperscript{39}

The leaders of the convention made no attacks on the privileges of the Malays or the Malay language, but this could not obscure the logic and unity behind their unity efforts, as the move was, after all, meant to challenge Malay hegemony in political field. The predominantly Chinese composition of Solidarity Front made political struggle between Malays and Non-Malays even sharper. All this soured the relationship not only between the UMNO and the PAP but also raised the temperature between the two communities.\textsuperscript{40} The Malaya leaders envisaged separation between the two entities. All talks took place in secrecy and Singapore leaders were made to convince that separation was the right course left.\textsuperscript{41} On 9 August 1965 the Malaysian House of Representatives passed a constitutional Amendment Bill enabling Singapore to secede from Malaysia without any sort of bloodbath on either side.\textsuperscript{42}

**Communalisation of Political Debate**

The political debate persisted along communal lines for the remaining of the 1960s in Malaysia. It was also characterized by continuous alignments and realignments among different political formations in East and West Malaysia. The merger and the separatism of Singapore had just given an impetus to the dormant fears of the Chinese community of being overwhelmed by the Malays. The communally sensitive issues surfaced, particularly, the language and education.\textsuperscript{43} Although, there was too much internal haggling over these issues among the three main components of the Alliance, it remained intact and well entrenched in power.

\textsuperscript{39} R.S. Milne & D.K. Mauzy, \textit{op.cit.}, pp. 68-9.
\textsuperscript{40} \textit{Ibid.}, p. 70.
\textsuperscript{41} \textit{Ibid.} p. 75.
\textsuperscript{42} For detailed account of the causes, events and implication of separation, see, N. Fletcher, \textit{The Separation of Singapore from Malaysia}, Cornell University Press, Ithaca, 1969.
\textsuperscript{43} Karl Von Vorys, \textit{Democracy, op.cit.}, pp. 283-7.
The national language was the main theme of political debate. At the time of Independence, the Constitution included a provision that Malay would be the sole official language after ten years, of course, subject to the will of the Parliament.\footnote{Federal Constitution, Article 152.} For Peninsular Malaysia, a National Language Bill was passed on 3 March 1967, which incurred the displeasure of hardcore Malays even within the UMNO, at the same time, the Chinese and Indian communities were unhappy that the Chinese and Tamil were not given respectful place in the scheme.\footnote{B.W. Andaya and L.Y. Andaya, \textit{A History}, \textit{op.cit.}, p. 277.} However, the Bill was able to avert the crisis among the Alliance partners over the issue and, as such, it appeared to be a win-win formula for its three main components. The Malay became the official language, but the Bill also provided for the continued use of English in official capacity.\footnote{J.P. Ongkili, \textit{Nation-Building}, \textit{op.cit.}, p. 195.} Enough scope was left for the protection of cultural interests of other communities. However, nothing substantial or significant on that count was done by the national government in actual practice.

It cannot be denied that Malay chauvinism has played its political part, vigorously in certain spheres. The fulfillment of genuine cultural demands of different communities, in fact, could be used as a catalyst for better national integration. Such approach was best described by Chinese-based, but relatively, non-communal party, Gerakan, the next month after its formation in 1968 in the following words,

\begin{quote}
We strive for a Malaysian nationhood evolved out of the existing communities in Malaysia. The process of formation should be left to historical growth. The state participates in its formation by eliminating obstacles to harmony and intercommunity acculturation. It should not impose cultural elements or indulge in artificial experiments such as introducing a common dress, dance, ritual and ceremony without regard to the receptivity of the communities in Malaysia. We emphasise common experience and the sense of a common
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destiny as the decisive essentials of nationhood rather than cultural, religious or ethnic uniformity.\textsuperscript{47}

The message was lost on Malay leadership. Shortly after the Language Act, there was a huge demand for the Chinese medium Merdeka University from the opposition Chinese political parties as well as the ruling partner, MCA.\textsuperscript{48} At rejection by the UMNO, the MCA dropped its demand that was perceived by the Chinese as a sell-out to its interests within the Alliance. Their loyalty, therefore, shifted towards two Chinese-dominated opposition parties, the hardcore Democratic Action Party (the successor to the PAP that was deregistered concurrently with the separation of Singapore) and moderate, the Gerakan Rakyat Malaysia (Gerakan). The Democratic Action Party (DAP) continued to espouse the ‘Malaysian Malaysia’ cause of the erstwhile PAP. It advocated racial equality and the use of Chinese and Tamil as languages for official purposes. It mildly criticized the Malay privileges and articulated the minorities’ fears on language issue.\textsuperscript{49} The most blatant attack on the Alliance leadership and Malay privileges was pronounced in the manifesto of smaller party, the PPP,

*Special rights and privileges have brought no material benefits to the Malay Ra’ayat who after 10 years of independence find themselves in the same social and economic plight they were in before Merdeka. What has happened is that the Alliance has abused its powers and under the guise of enforcing the special rights, has created a Malay capitalist class which is now exploiting the Malay masses. ... it has served as a constant irritant to non-Malays, disrupting the unity of the people and perpetuating racial prejudices.*\textsuperscript{50}

Thus, the 1969 Elections were fought along communal lines. The biggest loser was the MCA as its tally was reduced to thirteen from the previous twenty seven. The major beneficiaries of its loss were the DAP and the Gerakan getting thirteen and

eight seats. It is interesting to note that despite communal polarization, the Malay vote continued to be divided between the UMNO and the PAS, the UMNO losing nine seats over the previous tally of fifty nine while the PAS adding three seats to its previous nine seats.\(^{51}\) In this sense, the Alliance was the clear loser as compared to its past performance. Its numbers had declined from eighty nine in previous elections to sixty six, thus, deprived of two-third majority in the Parliament for the first time (only once till date). Its vote share had also declined from 58.4 percent to 48.8 percent, below majority mark, again for the first and the only time in its history. The situation was more precarious at the level of State assemblies. Kelantan was retained by the PAS. Penang was lost to Gerakan. In the states of Perak, Selangor, Kedah and Terengganu, the Alliance formed governments by highly reduced margins.\(^{52}\)

**May 13 Riots and the Suspension of Democratic Process**

The ruling Alliance, still, won comfortable absolute majority of seats, but since, “the elections were perceived in referendum-like terms, the opposition felt that its gains represented a victory of sorts, and likewise the Alliance.... felt the results to be not only a great setback but as virtually threatening its survival.”\(^{53}\) Thus, not surprisingly, the opposition parties that lost the 1969 elections were elated and jubilant, while the Alliance, though, the clear winner with absolute majority of seats, still, showed depressed mood at the reduced margin of victory. The DAP and the Gerakan held several “victory processions” in Kuala Lumpur, some of which did not even have police permission. It is alleged that some of these processions were provocative and raised anti-Malay slogans.\(^{54}\) The Malays also organised counter-rally in the evening, supported by the UMNO, which deteriorated into violence. Racial

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53. *Ibid*.
violence took place on the night of 13th May. It spread so quickly that police failed to control the situation and the military was called in.\textsuperscript{55} Though the riots were confined to Kuala Lumpur and some surrounding areas in Selangor, yet their intensity, impact and implications were such that it altogether altered the course of political and economic development in Malaysia.

The government took radical and unprecedented steps to control the situation and restore normalcy. The Cabinet recommended proclamation of State of Emergency under Article 150.\textsuperscript{56} The meetings of the Parliament and the state legislative assemblies were suspended. The elections due in Sarawak and Sabah were also suspended. Thus, it is clear that efforts undertaken to deal with the crisis were not limited merely to the provisions of the Constitution. Some of those were extra-constitutional. Thus, it can be argued that the Constitution for practical purposes was suspended. A complex extra constitutional feature was the creation of National Operations Council (NOC) under the leadership of Deputy Prime Minister, Tun Abdul Razak.\textsuperscript{57} Wide executive and legislative powers (largely security-related but also with regard to allied aspects) were delegated to the Director of NOC. Although, Razak had to act on the advice of the Prime Minister and the Cabinet continued to co-exist along with the NOC (the activities of the two were well coordinated), substantive decisions were taken by the NOC, particularly, the stabilization measures and the enunciation of institutions and programmes meant to remove the possibility of repeat of May 13.

\textsuperscript{55} The official statistics accounted for 196 deaths (172 in Selangor alone) between 13 May-31 July. The ratio of non-Malays to Malays deaths was 6:1. \textit{Ibid.} pp. 88-90.
\textsuperscript{56} R.S. Milne and D.K. Mauzy, \textit{Politics}, p. 84.
\textsuperscript{57} \textit{Ibid.} pp. 84-86.
Muafaqat: The Coalition Building

In January 1970, the National Consultative Organization was formed to achieve consensus. Its purpose was to “establish positive and practical guidelines for inter-racial cooperation and social integration for the growth of Malaysian national identity.” It comprised representatives from a wide spectrum like members of the NOC, provincial governments, political parties, representatives from Sabah and Sarawak, religious groups, professional bodies, public services, trade unions, employers’ associations, the Press, minority groups, etc. All the major political parties except the DAP (it refused to join) were represented in it. It is clear that the Government did not undertake the dictatorial course, instead, wide consultations took place and the means to revert back to the parliamentary democracy were explored in right earnest.

A return to the traditional Malay practice of governing by muafokat (consensus) in a general assembly was thus being reintroduced alongside a western style parliamentary democracy. The latter institution had proved vulnerable to ethnic divisions within the society, and the government’s Malay leadership was ready to experiment with an earlier governmental device which had served Malay well in the past.

Another feature aiming at consensual politics was the declaration of a national ideology, Rukunegara by the Yang di-Pertuan Agong. It was drafted by the Department of National Unity (DNU), which was established in July 1969 to formulate a consensus-based national ideology aimed at national unity as well as the guidelines for new socio-economic programmes to achieve the same purpose. The Rukunegara (‘Articles of Faith of the State’) was proclaimed on Independence Day in 1970.

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58. Ibid. p. 90.
Our nation, Malaysia, being dedicated to achieving a greater unity of 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 shared; 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 people, pledge, our united efforts to attain those ends guided by these principles:
Belief in God
Loyalty to King and Country
Upholding the Constitution
Rule of Law
Good Behaviour and Morality

Thus, Rukenegara was couched in very general terms and there was no concrete action plan attached to it. Still, it served to emphasize the imperative of consensus in society and the direction in which the government intended to move. The action plan came in the form of efforts at building and expanding various coalitions at state and federal levels. Its another dimension was to effect some significant changes in the Constitution so as to deflect the focus of political debate away from certain sensitive issues. However, the latter was, to a great extent, was a forced attempt, which paradoxically, if on one hand, ensured peace and stability, on the other, it also stifled the process of political development. In economic sphere, the New Economic Policy (NEP) was formulated, explicitly designed to correct the inter-ethnic economic imbalance in society and to improve the economic lot of the Malays with clearly set targets. All these innovations and developments together decisively shaped the future course of political development. The changes in the constitutional-legal as well as economic framework of the country and their implications for the subsequent political development have been discussed in detail in the next chapter.

Parliamentary rule was restored in 1971. Earlier, Tunku Abdul Rehman resigned as prime minister after his nephew was elected King. It is believed that Emergency had to be prolonged perhaps to facilitate smooth succession transition for

61. Ibid. p. 281.
UMNO leadership.\(^62\) Thus, the Parliament was reconvened under the new leadership of Abdul Razak to chalk out the future course of development.

It is worth mentioning that changes to the Constitution through the Amendment Act, 1971 were brought about after attaining a wide consensus by the government. The government on its own was not having two-third majority in the Dewan Rakyat. However, it managed to get the support of opposition parties like the Gerakan, the SNAP, the PAS, and the SUPP. Only the DAP and the PPP opposed the Bill. It was carried by 125 votes in favour against 17 in March 1971.\(^63\) It is a matter of debate whether the support for the Bill had become \textit{a fait accompli} to the various political parties under impending threat of extended Emergency. Still, it cannot be denied that the individual parties were free to exercise their choice either in support or against the Bill, as was proved in case of the DAP and the PPP. If such a substantial majority in the Parliament voted for the Bill, it goes to the credit of the government that it was able to generate overwhelming consensus over it and convince the opposition parties that the deal was not vitally against their interests.\(^64\)

By keeping out sensitive issues from the domain of public debate the pressure was eased on the government. It also goaded some of the opposition parties to explore the possibilities of joining the ruling coalition. However, the real initiative came from the ruling Alliance. It was very much in league with the government's efforts to move in directions of consensual politics. Under Razak's leadership, a wider coalition arrangement surpassing the Alliance was formed that went on scoring impressive victories in the subsequent elections. Razak realized that merely constitutional changes will not be enough to cement racial harmony and develop consensus around


\(^{63}\) \textit{Ibid.} p. 273.

\(^{64}\) \textit{Ibid.}
the goals of economic development. Therefore, political consensus in terms of broadening the base of the Alliance was sought to strengthen the hands of the government. Broad-based alliances were already formed by many local parties in Sabah and Sarawak prior to the holding of 1970 elections. Both, the Sabah Alliance and the Sarawak Alliance, were part of the "Grand Alliance" ruling the centre. Although, the federal Alliance did not directly participate in elections of these two states, it actively supported the local alliances. A coalition between the Sarawak Alliance and the SUPP in Sarawak was materialized with the active intervention of the federal government. The SUPP was a Chinese-based party and its inclusion in the government was a sure indication of intention of Kuala Lumpur to move in directions of consensual politics.

The idea of coalition building was directly extended to the Peninsular Malaysia with a broad coalition between the Alliance and the Gerakan in February 1972 in Penang. This coalition allowed the Gerakan to retain control of the State Government, while the Gerakan agreed to support the Alliance in the Parliament and other state assemblies. It was active statesmanship from Razak who co-opted a moderate opposition party that represented predominantly the Chinese and was particularly active in the communally polarized state of Penang. Another significant development was the pact between the Alliance and the PPP in Perak in May 1972. It was quite an interesting development, since, the PPP had opposed the constitutional Amendment Bill the previous year and was always at odds with the alliance.

65. The SUPP fought the elections as an opposition party at both parliamentary and Assembly levels. However, it participated in state government as a coalition partner and supported the Alliance in Parliament, the factors which were ultimately responsible for the party to join the National Front. See R.S. Milne and K.J. Ratnam, *Malaysia – New States in a New Nation*, London, 1974, pp. 238-39; 441; For political developments in Sarawak during first decade, see, Michael B. Leigh *The Rising Moon*: Political change in Sarawak, Sydney, 1974.
Surprisingly, it was the Alliance that was in control of the state government in Perak, although its majority was precariously thin.\textsuperscript{67}

The real breakthrough in coalition formation came with the PAS joining hands with the Alliance. This coalition was quite an achievement in the sense that both the PAS and the UMNO, chiefly, relied upon the same support base. The split of the Malay votes was averted, thus, strengthening the national government in following and implementing the NEP. The PAS was no longer to be deprived of free flow of federal funds to the state of Kelantan overcoming the serious financial crunch for its objectives and tasks in Kelantan.\textsuperscript{68}

When the coalition with the PAS came into effect on 1\textsuperscript{st} January 1973, the Prime Minister announced the great possibility of a much broader ruling alliance at the centre.\textsuperscript{69} On June 1, 1974, the National Front (NF) was officially registered as a confederation of political parties. It comprised all the parties in the Alliance and those associated with Alliance in coalition arrangements in various states, including the Gerakan, the PAS, the PPP, the Sabah Alliance, the PBB and the SUPP.\textsuperscript{70} Razak’s motives in building such a grand alliance of parties centred around his strategy of reducing “politicking” i.e. political competition and “outbidding” by political opponents, in order to free the energies of the government to achieve the objectives of the NEP. He stated. “The socio-economic revolution will fail and come to naught, if our socio-political situation is not stable ….. the National Front concept is a positive

\begin{itemize}
\item \textsuperscript{67} Ibid.
\item \textsuperscript{68} Ibid.
\item \textsuperscript{69} R.S. Milne and D.K. Mauzy, \textit{Politics, op.cit.}, p. 188.
\end{itemize}
effort towards reducing political tension so as to allow the Government to concentrate on intensifying development.”

The evolution of even larger ruling coalition tremendously shaped the future course of political development not only in terms of consolidating political support behind the implementation of the NEP but also incapacitating the opposition from posing any serious challenge to the increasing authoritarian practices by the state in the post-1969 phase. At the same time, the position of the UMNO had been further strengthened within the Front. Except the DAP, all other political parties have participated in the government process at one time or the other. It is chiefly as a result of such kind of strategic partnerships fostered by the UMNO, the NF (later called the Barisan Nasional, or the BN) has won all the succeeding parliamentary elections with two-third majority. It has given tremendous leverage to the UMNO to control and shape the course and pace of political change in Malaysia.

As a result of formation of such a broad alliance, the NF was able to win 135 seats out of a total of 154 in the Dewan Rakyat in 1974 elections. The NF secured eighty eight percent of the seats, the feat unmatched by the ruling alliance in any other elections except the latest 2004 polls. It polled, however, below sixty percent of the total valid votes, which can be explained by the fact that forty seven of its candidates won unopposed, their votes not tallied. The NF also won 344 of the 390 seats for state assemblies with forty three unopposed. The UMNO, the PAS and the MIC won all their allotted seats. Tun Mustapha’s Sabah Alliance won all sixteen seats, fifteen

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72. R.S. Milne, "*Malaysia, op.cit.*, 169.

seats unopposed this time. The impact of such a wide coalition of parties could be felt all over Malaysia, particularly in the state of Terengganu, where a Malay-based moderate party, Partai Sosialis Rakyat Malaysia (PSRM) captured thirty percent of the popular votes but could not manage to win even a single seat.

Table C: Parliamentary Elections of 1974: Seats Won and Contested by Parties

<table>
<thead>
<tr>
<th></th>
<th>Won</th>
<th>Contested</th>
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<tbody>
<tr>
<td><strong>West Malaysia – Total Seats: 114</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Front</td>
<td>104</td>
<td>114</td>
</tr>
<tr>
<td>UMNO</td>
<td>61</td>
<td>61</td>
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<tr>
<td>MCA</td>
<td>19</td>
<td>23</td>
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<td>MIC</td>
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<td>PAS</td>
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<tr>
<td>PPP</td>
<td>1</td>
<td>4</td>
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<tr>
<td>Gerakan</td>
<td>5</td>
<td>8</td>
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<tr>
<td>DAP</td>
<td>9</td>
<td>46</td>
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<tr>
<td>Pekemas</td>
<td>1</td>
<td>35</td>
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<tr>
<td>PSRM</td>
<td>0</td>
<td>21</td>
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<td>Kita</td>
<td>0</td>
<td>4</td>
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<tr>
<td>Ind. PPP</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Ind.</td>
<td>0</td>
<td>37</td>
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<tr>
<td><strong>Sarawak – Total Seats: 24</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Front</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>PBB</td>
<td>9</td>
<td>16</td>
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<tr>
<td>SUPP</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>SNAP</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>Ind.</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Sabah – Total Seats: 16</strong></td>
<td></td>
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</tr>
<tr>
<td>National Front (Sabah Alliance)</td>
<td>16</td>
<td>16</td>
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<tr>
<td>USNO</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>SCA</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Pekemas</td>
<td>0</td>
<td>1</td>
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</table>


The efforts by the UMNO leadership to broaden the consensus continued even after the General Elections. In June 1976 (after the death of Razak earlier on 14th January), the leadership under the new Prime Minister, Datuk Hussein Onn admitted the only opposition party in Sarawak (the SNAP) to the National Front. The NF was

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74. However, serious allegations against Mustapha government like arbitrary arrests of opposition leaders and preventing the candidates from filing their nominations were made. Far Eastern Economic Review, 2 January 1971, pp. 12-3.
now in control of 144 seats out of 154 with only two parties, the DAP (9) and the Pekemas (1), outside the ruling Front.  

Political Integration of the Borneo Territories

Socialization in democratic norms took place much later in the Borneo territories than the Peninsular Malaysia. Sabah did not have even a political party before the merger talks took place. Most of the local political parties, which had grown in the territories, joined the federal Alliance. The Alliance, therefore, was able to maintain its hold over the territories through its local components without directly participating in local politics. The Peninsular parties, ruling as well as opposition, did not put up candidates in these territories in the initial years. Politically, both the territories followed “trends in the Peninsula and the Alliance pattern of inter-communal party grouping was adopted in both .... The component parties of the Alliance groups in Sarawak and Sabah represented ethnic communities but the ethnic spectrum differed, of course from that in the Alliance in the Peninsular.”

A bogey of state autonomy, not exactly separation, was raised in the Borneo provinces by Sabah’s Chief Minister Donald Stephens, the leader of Kadazans’ party, the United National Kadazan Organization (UNKO) and the Chief Minister of Sarawak, Stephen Kalong Ningkan, the leader of the Sarawak National Party (SNAP) representing the largest native group, Ibans. Both tried hard to preserve the concessions granted to their states by the Federation Agreement and put pressure on the central government to implement those guarantees. Their stands were taken as a challenge by the central government in its pursuit to control and extend its sphere of influence over these territories. With active intervention by the central government,

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76. J.P. Ongkili, Nation-Building op.cit., p. 198.
both Ningkan and Stephens were eased out of chief ministerships in 1966 and 1967, respectively, giving way to another Iban, Tawa Sli in Sarawak and the Malay, Datuk Tun Mustapha in Sabah. These leaders in the beginning were more amenable to directives from Kuala Lumpur.\textsuperscript{77}

An interesting feature having an impact upon the political development of Sabah was that all the parties, ruling as well as opposition, formed part of the Sabah Alliance, which remained part of the ruling Alliance at the Centre. The central leaders remained more or less neutral but their sympathies were with the USNO of Datuk Mustapha. Though, Mustapha helped usher political stability in the state, but at the cost of annihilating the opposition. It encouraged him to develop dictatorial attitude in the coming years that narrowed the democratic space, ultimately, leading to the overthrow of Mustapha regime in 1975.\textsuperscript{78} It was his fierce independence from the federal authorities and autonomous economic decision-making which made him unappealing to the federal authorities. This led the federal authorities to back a new political party the Berjaya, formed by the USNO dissidents and led by Tun Mohd. Fuad Stephens (Donald Stephens, before becoming a Muslim). He swung the Kadazan vote towards Berjaya as he was ethnically a Kadazan\textsuperscript{79} Interestingly, once again, both the adversaries - this time, the USNO and the Berjaya - remained part of the BN. The federal government ensured free and fair elections in the state. Berjaya won the elections and Stephens became the Chief Minister, but, soon he was killed in a plane crash. He was followed by his brother, Harris Salleh, whose dictatorial style and intense Islamization drive, too, like Mustapha’s, led to dissatisfaction and unrest, particularly, among the non-Muslim Kadazans. Under the leadership of Kadazan-

\textsuperscript{78} R.S. Milne and D.K. Mauzy, Politics, op.cit., pp. 165-8.
Catholic Pairin Kitingan, a new party, Parti Bersatu Sabah (PBS) was formed that was able to replace Berjaya as the ruling party in 1985. Due to its impressive showing in the snap elections next year, it was also included in the BN. Once again, it was a strange phenomenon of two rival parties viz. the PBS and the USNO in Sabah becoming part of the national coalition (nearly defunct Berjaya withdrew from the BN at the PBS entry). 80

Sarawak's initial phase of political development was marked by the imposition of Emergency in 1966, which led to the dismissal of not-so friendly chief minister, Datuk Ningkan in 1966 and, later, postponement of the elections. 81 These developments were abhorred by the state people. The amendment of the Constitution of Sarawak by the federal government by using the emergency powers in 1966 was, particularly, resented. The first direct elections in Sarawak took place in 1970 after a long delay. Internal bickerings in the Sarawak Alliance affected the outcome of the elections. 82 As a result, the Alliance could hardly get half-way mark in Assembly elections, whereas, it had to contend with minority seats in the Parliament. It entered into coalition arrangement with the SUPP, which also paved the way for the SUPP to join the National Front. With the Bumiputera and Pesaka merging to form Party Pesaka Bumiputera Bersatu (PBB), the PBB was left as the only component of Sarawak Alliance in 197. 83 However, with the joining of the SNAP in 1976, the National Front controlled all the forty-eight seats in the state Assembly and all the

80. *Ibid*
twenty-four seats in the Parliament,\textsuperscript{84} the feat which was repeated in 1978 parliamentary elections and 1979 elections for state assembly.\textsuperscript{85}

Thus, the process of democratization and integration of Borneo territories advanced gradually during 1960’s and 70’s and the process of Malaysianization i.e. a sense of common Malaysian national community was even steadier. As the Borneo states had a different ethnic mix than Malaya and were a far distant in space from Malaya, ethno-nationalism remained strong in these states. Although, the same pattern of political alignments among different ethnic parties followed in these states as in Malaya, yet the process of political development in these states remained insulated from the direct political activity of the mainstream peninsular national political parties for a long time. The indigenous political process, rather, helped in the better integration of these territories with the peninsula. At the same time, the role and impact of federal government and bureaucracy steadily increased and the Malay patterns of political culture became more pronounced in these states. Since, all the important taxes were controlled by the central government and heavy expenditure was borne by it for various developmental projects and activities, the Borneo states became dependent upon the centre for funding of loans and projects. The erosion of autonomy of state sphere was imminent, but the development process also encouraged political integration and centralization. The whole process was aided by two distinct but interrelated factors. One, the Peninsular ruling alliance did not directly participate in state politics but embraced the local parties in its fold that gave a lot of leverage to the federal government to indulge in politics of maneuvering and manipulation yet, not causing deep alienation, among the people. Second, the rapid Islamisation drive in

\textsuperscript{84} Ibid.
the two states, though, not forced but aided by the centre, brought better integration and helped centre’s steady intrusion into the politics of these states. The patronage has been extended by the centre to the parties and leaders convenient and loyal to the federation, and within states, patronage has been given to the party and business loyalists in the form of timber contracts, concessions and licencing etc.86

Consolidation of the BN and Mahathir’s rise

Two important political developments could be marked out in the intervening period between the 1974 and 1978 General Elections. First, there was a split between the Barisan and the PAS. The alliance between the UMNO and the PAS was uneasy from the beginning as both the parties had the same support base. The strife came to a head in September 1977 when PAS members in the Kelantan Assembly voted no-confidence motion against their own chief minister Datuk Nasir Asri fearing that he was being maneuvered by the UMNO. The UMNO sided with Nasir and instead clamped Emergency in the state. The PAS withdrew from the BN and Assembly was dissolved.87 In the Kelantan Assembly elections held in March 1978, the BN was able to decimate the PAS in its stronghold.

The second development was with regard to the elevation of Dr. Mahathir Mohamad to the Post of Deputy Prime Minister in 1976 by the new Prime Minister, Datuk Hussein Onn. His elevation did not go well with non-Malays, especially, for his outspoken comments on the maintenance of a pre-eminent position for the Malays in the Malaysian development scheme.88 The associated development was the power

88. Mahathir had been expelled from the UMNO after 1969 riots for his criticism of Tunku Abdul Rahman's laggard policies in favour of Malays. He had been re-admitted in 1972 by Razak and made Education Minister in his cabinet. Mahathir had written a book The Malay Dilemma in 1970 stressing that the cause of 1969-riots was the deprivation of the Malays and advocated
struggle within the UMNO represented by the old guard (Datuk Harun bin Idris, Tun Mustapha and Syed Jaafar Albar, they being supported by former prime minister Tunku Rahman) and the new guard (Mahathir Mohamad, Musa Hitam and Tengku Razaleigh, being supported by incumbent Prime Minister, Datuk Onn). The result was obvious. The young guard was able to consolidate its hold over the party at the UMNO General Assembly Elections in 1978. They were greatly assisted by the victory in the General Elections earlier that year, which had consolidated Onn's position in the party.

The main issues in the 1978 General Elections were stability, the implementation of Malay as the official language, negligence of Chinese and Tamil languages by the government and the issue of Merdeka University, which was boiling for a long time. A Chinese medium university was being demanded by the Chinese community (the DAP pursued it vigorously), which had consistently been denied by the government on the ground that it was against the objective of National Education Policy. The results were quite reassuring to the government. The BN repeated its performance, which was impressive against the backdrop of its split with the PAS. No opposition party other than the DAP and the PAS got any seat. The most remarkable feature of the BN victory was that it won all the parliamentary seats as well as state assembly.

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90. The Universities and University Colleges Act 1971, forbids the establishment of institutions of higher learning against the provisions of the Act (Those must conform to the National Education Policy of implementing Bahasa Malaysia as the medium of instruction). K.K. Datar, Race, op. cit., p. 205.
91. Nine members of the SNAP had crossed over to the BN in 1976 taking its tally to 144 but after departure of thirteen members of the PAS in December 1977, the BN tally was reduced to 131.
92. Ismail Kassim, Race, op. cit.
seats in the three states of Perlis, Terengganu and Pahang. The DAP and the PAS put up resistance in some of the states, but all the state assemblies were comfortably retained by the BN. None of the other opposition parties (except two Independents) could score for state assemblies, although, there were sixteen opposition parties in the fray as compared to the ten parties of the BN.

The 1982 General Elections were preceded by the ascendancy of Mahathir Mohamad to the prime ministership. Dr. Mahathir, unlike his predecessors, was not an aristocrat by background. He was a medical professional, a commoner, who was widely seen as representing a progressive face of modern Malays viz., a new generation of middle class. He favoured a modernization drive based on industrialization, education and efficiency but, still, advocated the special interests of the Malays as a community. Another “radical” and trusted man of Mahathir, Musa Hitam beat Tengku Razaleigh in a hard fought contest for the post of Deputy President of the UMNO, and was appointed Deputy Prime Minister.

The ruling alliance was again going into the elections from the position of strength to further consolidate the new leadership. The issues were not far different from that of the previous elections. The PAS again raised the bogey of Islam asking for alterations in the Federal Constitution to bring it in tune with Syariah for the establishment of a truly Islamic State. The UMNO took away the rhetoric from the PAS. Just before the elections, Mahathir announced that an International Islamic University exempt from the Universities Act and National Education Policy would be set up. He also proposed the setting up of an Islamic Bank. The UMNO got the

93. Ibid.
95. An overview of the political conditions under which Mahathir role to power is given in R.S. Milne and D.K. Mauey, Malaysian Politics under Mahathir, Routledge, London, 1999, Ch.1.
major shot in the arm with the resignation of Anwar Ibrahim as President of Islamic Youth Movement (ABIM), joining the UMNO just before the elections. Mahathir emphasized the imperative of strong government in a developing country to achieve rapid and unhindered economic development. The Front’s main theme was stability, harmony and economic development. The opposition, by contrast, was disorganized and lacked credible alternative programmes.

The Front repeated its performance. Its gain in Peninsular Malaysia was most impressive till date. It captured 103 seats out of 114, thus, decimating opposition almost completely, there. The interesting feature, once again, was that none of the opposition parties other than the DAP and the PAS got any seats, except a few seats going to Independents in Sabah and Sarawak. In the state assembly elections, the BN repeated its performance, sweeping all the states. Again, except one Independent in Selangor, no other opposition party got any seat other than the PAS and the DAP. This trend shows that there is two or three cornered acute polarization among voters in peninsular Malaysia.

**Coping with the Recession**

The decade of 1970’s was marked by consensual politics and accommodation of diverse ethnic groups and interests followed by steep democratic deficit, Malay unity, better integration of Borneo people with the peninsular mainstream, weak opposition, success of the New Economic Policy, expanding public sector, rising employment opportunities, peace at home and also with neighbours and moderate

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97. The ABIM was a prominent *dakwah* missionary group in Malaysia led by Anwar Ibrahim. It had close links with the PAS providing cadre to the PAS. Mr. Ibrahim had great following in the PAS and was widely believed to join the PAS. However, he joined the UMNO citing the reasons that PAS was a divided house, while he could be more effective in a government party, given the UMNO’s commitment to Islam, too. *Ibid.* pp. 20-21.
leadership. All these factors ensured, on the whole, political stability tremendous
economic growth and meteoric rise of the Malays almost in every walk of life. These
trends continued into the next decade. However, the momentum suffered a jolt in the
mid-80s, as economy experienced a crisis and first-time negative growth in 1985.
Despite high rates of growth, the economy got in bad shape on account of fiscal
indiscipline arising out of heavy spending by the state, burgeoning losses incurred by
the public enterprises and the recessionary effect of slide in prices of major export
commodities (petroleum, tin, rubber and palm oil).

The public sector had by now acquired the dominant role in the economy.
Public sector enterprises had shot up from 109 in 1970 to 656 in 1980 and, further, to
1014 by 1985. The financial allocation for these enterprises was growing even faster
putting a heavy burden on the exchequer. While a third of the federal budget
development expenditure (RM 1.4. billion) was allocated to these enterprises in 1966-
70, in the 1976-80 period, these appropriated RM 12 billion, 48 percent of the
development budget, which more than doubled (RM 27.7 billion) during Fourth
Malaysian Plan (1981-85), 56 percent of the total development allocation. In
contrast, federal revenue growth had come down to 1.1 percent per annum over the
1980-83 period compared to the 19.2 percent during the previous decade. Thus, in
the face of insufficient revenues and narrowing domestic savings and investments,
government expenditure was sustained through extensive foreign borrowings to the
tune of RM 8.3 billion during two years of 1981 and 1982. Consequently, the

103. It later put a severe restraint on economy of Malaysia on account of debt servicing ratio as total
external debt of Malaysia rose to 75 percent of its GNP in 1986 which could be contained partly
due to the pre-payment of RM 13.6 billion debt by both government and private sectors during
federal budget deficit increased threefold, from RM 3.7 billion in 1979 to RM 11.2 billion by 1982, amounting to 18.7 percent of GNP.104

The development expenditure was allowed to burgeon and deficit assumed alarming proportions in the face of electoral calculations for impending general elections.105 However, once the elections were over, corrective measures were needed to restore the fiscal discipline. The expenditure allocation was immediately cut after the elections. The government gradually started withdrawing subsidy schemes in the agriculture sector. Dr. Mahathir in his address to a seminar said it bluntly, "Malaysians must realize there is no such thing as a free lunch – it is merely a matter of whether you pay now or later."106 The government embarked on a privatization drive cautiously, in the beginning to sell selected loss-bearing public utilities to the private sector. However, all these austerity measures did not go far. The reduced development spending by the government, increasing losses of the public sector enterprises, mismanagement of government agencies, growing corruption, restraints imposed by the ICA, slide in prices of certain export commodities and heavy drain on exchequer due to OBA’s expenditure led to a grave plunge in the GDP from 7.8 percent in 1984 to a negative one percent, the next year and, still, slugging at 1.2 percent in 1986.107

The severity of the recession required rigorous business-like approach and further restrictions on government expenditure, direct and visible encouragement to private investments as well as domestic savings and reversal or, at least, suspension of

104. Ibid. p. 873.
105. The Finance Minister, Tengku Razaleigh cut the development spending from RM 11.2 billion in 1982 to RM 8.1 billion in 1984, but he took care to increase the development spending of the Off-Budget Agencies (OBA’s) in pursuance of the NEP objectives from RM 6.6 billion to RM 10.3 billion in the same period. Ibid. p. 874.
some popular measures, including some NEP-related measures. This task was attempted by a new Finance Minister, Daim Zainuddin, a self-made businessman, having no grass-root support base, unlike his predecessor, Razaleigh, therefore, lesser stakes in popular support. The first thing Zainuddin did in 1985 budget to encourage investments was to reduce the rates of personal income tax. The foreign equity holdings of upto 100 percent were allowed in export-oriented projects meeting certain conditions. For domestic market-oriented firms, foreign equity of upto 51 percent was allowed for "priority" projects. The exemption limit under the ICA was raised. The development expenditure was slashed by twenty five percent and military expenditure by thirty seven percent. New incentives were introduced under the Promotion of Investment Act (PIA), 1986 that replaced the Investment Incentives Act (11A) of a decade earlier.

A major policy shift was high scale privatization of state owned enterprises. The Economic Planning Unit (EPU) issued guidelines on privatization. The EPU justified the drive on account of heavy losses incurred by the government due to the mismanagement of public undertakings. It also involved retreat of the state from some of its NEP-related ventures. However, Malay interests were protected by reserving a portion of public shares for bumiputeras. The privatization gave a major boost to the Malaysian stock market as well as FDI inflows. Another logical and

108. It was raised to one million from the previous RM 0.25 million at the end of 1985, which was again revised upwards in October 1986 at RM 2.5 million or the firms engaging 75 or more full time employees now needed to apply for a manufacturing licence under the ICA. Fatimah Halim, "The Transformation of the Malaysian State," Journal of Contemporary Asia, 1990, Vol. 20, No. 1, p. 73.
positive aspect was that a number of government-owned companies were either restructured or privatized reducing the drain on public exchequer.\textsuperscript{114}

By the end of the decade coinciding with the successful completion of the NEP, the economy was flourishing. From the negative growth in 1985, the real GDP growth rate had touched 8.7 percent in 1988, peaking to 9.8 percent in 1990.\textsuperscript{115} The unemployment rate after peaking at 9.5 percent started declining consistently and it came down to just six percent in 1990.\textsuperscript{116} Such high growth was boosted by heavy foreign borrowing in earlier years and huge FDI inflows in later years. Also attended by bold government initiatives at domestic front, the economy had fully recovered. An\textit{ IMF survey} gave high grades to Malaysia for its economic policies and performance by commenting that “the Malaysia economy has undergone a sharp turnaround... Malaysia’s excellent economic performance during recent years is testimony to the soundness of the policies it has pursued.”\textsuperscript{117}

\textbf{Erosion of Sultans’ Prerogatives}

The\textit{ sultans} (hereditary rulers), traditionally, had exercised great prestige in the Malay society. Even under the British rule, they retained a semblance of formal sovereignty vis-à-vis masses as the British rule was, more or less, indirect. Thus, for the masses they continued to epitomize the Malay community or nation. The ‘Malaya Union’ was given up in favour of ‘Malaya Federation’ by the British as a result of the active opposition by the\textit{ sultans} represented by aristocrats’-dominated UMNO. The UMNO, overtime, became the mass-based organization and the\textit{ de facto} representative and protector of the Malays. Nevertheless, the UMNO elite had to

\begin{footnotesize}
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\item 116. \textit{Ibid.}
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contend with an institutional framework in which the position and the privileges of the sultans were well accommodated. This included the provisions of elective monarchy and some definitive powers to the Conference of Rulers over the constitutional amendment process and religious matters, and their entitlement to legal immunities.\textsuperscript{118}

The UMNO and the sultans maintained harmonious relationship for a long time since both depended upon each other for furthering their respective interests. The UMNO, in the beginning needed to consolidate its Malay support base. It was greatly dependent for its support base on rural hinterland where the bulk of the Malays were concentrated. It was in villages that the sultans exercised real influence based on patron-client relationship. The composition of the UMNO elites in the beginning was constituted of aristocratic elements with direct participation of the kith and kin of the sultans. At the same time, the sultans were also dependent upon the UMNO as it’s alternatives, including the PAS, were not in a position to safeguard their position and interests.

The consolidation of the UMNO over the political system gradually took place as a consequence of mass participation and modernization drive, and it was further helped by the centralization of power and direct corporate involvement of the UMNO resulting in direct availability of election funds.\textsuperscript{119} Its dependence upon the hereditary rulers for patronage began to decline.


At a time when the Malay middle class was beginning to express unhappiness with the traditional patron, a new patron was beginning to distribute benefits to the Malays. This was the state ... under the NEP, the government expanded existing or established new state sponsored corporations like MARA (Council of Trust for the Indigenous People), PERNAS (State Trading Corporation) and PETRONAS (National Petroleum) that generally employed Malays and rendered services mainly to Malay enterprises. The beneficiaries of state assistance were naturally inclined to be grateful to these new patrons rather than to the sultans.

Mahathir Mohamad, being a commoner, unlike his predecessors, had no love for the special position enjoyed by the hereditary rulers. As far back as in 1969, he had interpreted Malay backwardness as a direct result of centuries of genetic inbreeding and the feudal values of the Malays, which resisted radical transformation of the society. He had asked for old ways and values to be replaced by new, in order to progress rapidly. Immediately after consolidating his position, he embarked upon the modernization drive. It also involved checking the feudal strongholds. In order to curtail the powers of the sultans, two constitutional amendment bills were introduced in the Parliament. The first amendment was meant to remove the discretionary power of the hereditary rulers to veto legislation, both at the federal and state levels. The second amendment sought the transfer of the power to declare the State of Emergency from the King to the Prime Minister. A crisis erupted when the Agong refused to assent to the amendments. The constitutional validity of even the proposed amendments was open to question, since the 1971 Constitution Amendment Act had prohibited discussion over the powers and prerogatives of the hereditary rulers without their consent as seditious and unconstitutional. After much maneuvering from both sides, however, a compromise was reached and the Constitution (Amendment) Act, 1984 was finally given assent to by the Agong that

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allowed the Agong to return the Bill within thirty days with comments, but it took away the power of veto over legislation. It kept the state rulers’ powers intact and also retained the king’s prerogative to declare the State of Emergency.¹²³

In 1987, the Johore sultan, then the reigning Agong, had beaten to death a golf caddy.¹²⁴ The demand to review the legal immunity of the hereditary rulers was raised from many corners, but it was rejected by Mahathir as he was facing the challenge to his leadership within the UMNO from Tengku Razaleh, who was an aristocrat having considerable support among the sultans. After having firmly established his control over the UMNO following victory at the 1990 General Elections, he availed of the opportunity to circumvent the immunities of the sultans when at the end of 1992, a sports coach was beaten up by Johore sultan for criticizing his meddling in the management of a local team. A motion of censure was passed by the Parliament in December 1992 against the Johore Sultan. The next month, the Constitution (Amendment) Act 1993, was passed by the Parliament, stripping the sultans of their legal immunity from prosecution.¹²⁵ When the Conference of Rulers refused to endorse the amendment, the government orchestrated an organized campaign of public awareness against them disclosing unfair activities and incomes, spendthrift lifestyles of sultans, making the plea to stem the rot in the system.¹²⁶

The Conference of Rulers was forced to agree to the abolition of sultans’ legal immunity, but not to be tried in ordinary courts. Its legality was once again open to question in the light of Articles 38(4) and 159(5) of the constitution, which clearly stipulate that any amendment to the position of the sultans must have the prior

¹²⁴ Ibid.
¹²⁵ Ibid.
¹²⁶ Ibid. pp. 201-02.
approval of the Conference of Rulers. However, the Supreme Court could not
determine the constitutionality of the Constitution Amendment Act 1993, as the
constitutional amendment earlier in 1988 had curtailed its power of judicial review.\textsuperscript{127}
It is quite apparent when seen in the light of other developments that Mahathir regime
did not curtail the privileges of the rulers out of its love for democracy but as part of
the larger design to increase the influence of the cabinet over other independent bases
of power.\textsuperscript{128}

\textbf{Parting of the ‘Malay Way’}

Malay political culture is traditionally characterized by consensus,
compromise, reconciliation and accommodation. The defeated are generally spared
the extreme humiliation and as a token of gesture are retained in some capacity in
decision-making process depending upon the worth and support base of the
individuals concerned, thus, paving the way for Malay unity and stability. This
cultural trait is referred to as the ‘Malay Way.’ It seemed to be breaking down partly
as a result of expediency and partly because of arbitrary leadership style of Mahathir.

The Malay consensus within the UMNO was broken when Tengku
Razaleigh\textsuperscript{129} challenged Mahathir for the UMNO presidency while Musa Hitam
defended his post of Deputy President against Ghafar Baba, the Deputy Prime
Minister. Both Razaleigh and Musa had independent support base in the UMNO
having their roots in Kelantan and Johore. Several ministers and deputy ministers led
by Datuk Rais Yatim openly declared their support to Razaleigh and Musa,

\textsuperscript{127} William Case, “Malaysia in 1993: Accelerating Trends and Mild Resistance,” \textit{Asian Survey},
\textsuperscript{128} For a discussion on Mahathir’s assertion of executive power in relation to other government
institutions, see, R.S. Milne and D.K. Mauzy, \textit{Malaysian}, op.cit., Ch. 2.
\textsuperscript{129} Hari Singh, “UMNO.” \textit{Pacific Affairs}, op.cit
collectively dubbed as Team B. The contests had taken place earlier, too, within the UMNO. However, the competition in earlier times, as in 1981, was more or less on individual lines. It, generally, used to be meant by the contestants to improve their positions on the UMNO succession ladder, not as an organized effort on collective basis to provide an alternative to the incumbent leadership.

Partly, as a result of bogus-voting and vote-buying and, partly, as a result of shrewd political gamesmanship by Mahathir, the election results yielded a 43-vote victory to Mahathir (761 to 718) and a 40-vote victory to Ghafar Baba (739 to 699). Razaleigh and Rais immediately resigned their cabinet posts. Two days later Mahathir fired three more ministers and four deputy ministers (all Team B), including the vice-president. Datuk Abdullah Badawi (the Prime Minister, today). The purge was then steadily extended down the UMNO organizational ladder.

The High Court in a Ruling in February 1988, by stretching the interpretation of the UMNO constitution, declared the 1.4 million member party as “unlawful” on the basis of participation by thirty unregistered branches in the General Assembly elections in breach of the Societies Act, 1964. The judgement proved to be the boon for Mahathir. Now, the UMNO was required to be freshly registered under the Societies Act. Thus, Mahathir’s outfit, the UMNO Baru (New UMNO) was finally recognized and it inherited the control over the funds, property, offices and branches.

130. Hitam was a trusted man of Mahathir till 1985 and had been acting as deputy prime minister and home minister in his cabinet since 1981. Mahathir’s govt. came to be known as 2-M Government during those years. However, he resigned deputy prime ministership in February 1986, citing irreconcilable differences with Mahathir over certain policies and handling of some crises and also alleging Mahathir’s autocratic style and desire for complete submission from the cabinet members. In fact, Musa Hitam had earlier twice defeated Razaleigh for deputy presidency in the UMNO organization, and now a common goal had brought them together. See, D.K. Mauzy, “Malaysia in 1986,” Asian Survey, 1987, Vol. XXVII, No. 2, pp. 233-94.


132. Ibid.

of the old UMNO to the gross disadvantage of the Razaleigh group. Mahathir decided upon the applications seeking membership afresh. Massive propaganda by the government through controlled media, and the deliberate dropping of suffix Baru in the Media, helped to improve the image of party leadership. Through his reconciliation efforts, Mahathir was able to win back a number of Team B notables or sympathizers – the prominent among them were Musa Hitam and former prime minister Hussein Onn.

The UMNO General Assembly elections had far-reaching implications for the process of political development in Malaysia. First, it broke down the ‘Malay way.’ The treatment meted out to some dissidents was quite contrary to the political culture, which had been accommodationist so far. Second, though, the elections endangered unity within the UMNO, yet, further brought the UMNO to centre-stage of Malaysian politics. The future leadership succession battles were to be fought within the UMNO. The UMNO elections became equally important affair in Malaysian politics like the general elections. Third, it proved that the feudal imprint on the Malay mind had faded as a result of social mobility, urbanization, education and erosion of prestige and patronage of sultans. Fourth, the repressive and intimidatory tactics applied by the regime became the norm in the future against the political dissidents and opponents. Despite his progressive and visionary ideas, Mahathir increasingly proved to be autocratic while dealing with dissent and political opposition. Fifth, the money use during elections (for buying support) received tremendous boost. Excessive use of

134. The Registrar of Societies received two applications, one from Team A and another from Team B, which were turned down by him on technical grounds (allegedly on directions by Mahathir, as the Registrar of Societies is subordinate to the home ministry, which was under the charge of Mahathir at that time) that “they were submitted before the original UMNO had been officially lifted from the societies register.” Mahathir’s application finally succeeded as only the Registrar (hence Mahathir) exactly knew the date on which the old UMNO was deregistered. Far Eastern Economic Review, March 3, 1988, p. 14.
money became more prominent in the all the successive elections. Sixth, the elections and the resultant purges and the division of party, finally, paved the way, for a broad multiracial opposition coalition to emerge, suggesting the direction of possibilities of alternative to the ruling Front in future. And last, but not the least, the system suffered political decay, especially, on account of subversion of internal democracy within the UMNO.

The purges were not just limited to the UMNO dissidents but were extended to the rival political groups in the form of arrests under ISA as well as suspension and termination of not so government friendly judges. A series of court decisions in 1987 that had gone against the government led to accusations by it that judiciary was interfering with the executive prerogatives. As the Malaysian courts had been traditionally, conservative, the government was disturbed at the increasingly assertive tone of the judiciary. In May 1988, the Lord President (chief justice) of the Supreme Court, Salleh Abbas was suspended when the court was set to hear the appeal against the interest of the UMNO Baru. He was dismissed subsequently. Meanwhile, the government was confronted by one more attempt by judiciary to assert its independence in line with the principle of separation of powers and subdued it. These suspensions and the controversy surrounding the composition and functioning of the tribunals greatly undermined the prestige of judiciary and ultimately fulfilled

136. The operation lalang has been thoroughly discussed in the next chapter.
138. A five member tribunal under the chairmanship of Abdul Hamid Omar found Salleh guilty of charges of misconduct and biasedness against the government. Later, Omar was elevated to Lord Presidentship. K.S. Nathan, Malaysia in 1988, op.cit., p. 134.
139. In July, a five-member bench was hurriedly convened to grant an injunction restraining Omar tribunal from submitting its report to the Agong. These judges were also suspended for their defiance and alleged gross misbehaviour. Two of them were finally dismissed after a second tribunal found them guilty and recommended their dismissal. Ibid.
the Executive’s design to control the independent organs involved in the governmental process.\textsuperscript{140}

**The Precarious Opposition Unity**

Razaleigh and his supporters in 1989 formed a new party called Semangat’46.\textsuperscript{141} It quickly developed an alliance with the PAS and two other smaller Malay parties, Berjasa and Hamin\textsuperscript{142} that was named *Angkatan Perpaduan Ummah* (APU-Muslim Unity Movement) in the light of approaching general elections.\textsuperscript{143} Semangat’46 proceeded further to develop a viable opposition by joining hands with the DAP, the alliance between the APU and the DAP was called *Gangasan Rakyat* (People’s Concept).\textsuperscript{144} The alliance was highly beneficial to both as merely the DAP’s and PAS’ vote percentage added up to thirty six in the previous elections.\textsuperscript{145} The opposition moves were also guided by the understanding that given the complex ethnic configuration of Malaysia, and the composition of the BN, opposition could not seek political power at the Centre with the backing of just one ethnic group.

However, the hindrance in opposition unity was that the PAS & the DAP were ideologically at the opposite ends of political spectrum.\textsuperscript{146} The former has been committed to the creation of Islamic state based on Malay identity, while the latter has

\begin{itemize}
    \item \textsuperscript{140} On Mahathir government’s assertion of executive power vis-à-vis other organs of government, see R.S. Milne and D.K. Mauzy, *Malaysian, op.cit.*, ch. 2.
    \item \textsuperscript{141} The ‘Spirit of 1946,’ the year of foundation of the original UMNO. Thus, they shrewdly tried to stick to the legacy of the UMNO.
    \item \textsuperscript{142} Both these parties were breakaway groups from the original PAS.
    \item \textsuperscript{143} With the formation of the APU, Malay vote had considerably split. Although, the PAS had won only one of the ninety eight parliamentary seats and just fifteen of the 265 assembly seats it had contested in 1986 elections, still it got 15.26 percent of the total votes cast in that election. It means that PAS had won around 25 percent of the Malay votes as it was exclusively Malay-based party. If the Semangat could add up to 25 percent more, it could lead to the even split of the Malay vote. It increased the importance of Chinese vote more than ever. That’s why both the groups made special gestures towards the Chinese.
    \item \textsuperscript{145} *Ibid.*
    \item \textsuperscript{146} Hari Singh, “Political, op.cit.,
always espoused the cause of ‘Malaysian Malaysia’ thus, logically committed to a secular political framework. At the same time, it articulates and tries to protect the exclusive Chinese interests. In the light of programmatic and ideological gap, the UMNO and the MCA played on the Malay and the Chinese fears, respectively. The Gangasan issued separate manifestoes, although, the PAS and the DAP had retracted from their extreme ideological stands in the parallel manifestoes. Still, it was a difficult task to sell the pact to the hardcore supporters on both sides.

The election results gave a jolt to the ruling front, as was expected, but not severe enough to deny it two-third majority of seats in the Dewan Rakyat. It barely managed absolute majority of votes. The BN won 127 out of 180 seats with UMNO’s tally reduced from 83 (out of 84 contested) in 1986 to 71 (out of 86 contested) in 1990 elections. All the other BN partners, more or less repeated their past performance. The opposition won 53 seats against the 29 it won in the previous elections, with the DAP and Sabah-based, PBS doing exceedingly well. The agenda of Semangat was laudable that promised independence of the judiciary, the repeal of draconian repressive laws, the elimination of business investments by political parties and the restoration of workers’ rights. However, it won only eight seats out of fifty-nine it had contested. Being the linchpin of opposition alliance, such dismal performance invalidated its claims for the Malay leadership as well as the leadership of the opposition in future.

147. Ibid.
149. Ibid. p. 12.
150. Large-scale defections took place from Semangat to the UMNO after the elections. Having suffered another rot in the next General Elections, it was dissolved in 1996 with its prominent members, including Razaleigh rejoining the UMNO. See, James Chin, “Malaysia in 1996: Mahathir-Anwar Bouts, UMNO Election, and Sarawak Surprise,” Asian Survey, 1997, Vol. 37, No. 2, pp. 181-7 (183-4).
It is quite clear that the UMNO fully succeeded to count upon the close identity it had forged with the Malay voters over the years through the New Economic Policy which had created a huge class of Malay beneficiaries, who had come to view the UMNO as the most appropriate and effective vehicle for promotion of Malay interests. However, the BN failed to win even a single parliamentary or assembly seat in the Razaleigh's stronghold, Kelantan. In rest of the northern states, its tally was quite impressive.151

Problems of Internal Party Democracy

Political leadership in Malaysia is provided by UMNO. In this sense, the 1990 General Election, though, it was the contest between two broad multi-racial coalitions could still, be seen as the logical extension of the unfinished power struggle between Mahathir and Razaleigh.152 At the triennial party elections of the UMNO in 1993, Anwar Ibrahim was elected Deputy President (normally, a stepping stone to the leadership of the party). He defeated a veteran incumbent Ghafar Baba by a huge margin. Largely considered as Mahathir's protégé till then, Anwar organized a team of his supporters, dubbed as ‘Vision team’ or ‘Wawasan Team.’ This team swept all the three direct vice-presidential slots defeating the incumbent “old guard,” including Abdullah Badawi.153 ‘Money politics’ and a frenzy of ‘vote-buying’ was alleged by the “old-guard.154 Although ‘Vision Team’ pledged loyalty to Mahathir and his policies, its blitzkrieg potentially threatened the position of the President who had no

151. Kim H. Khong, Malaysia, op.cit.
willingness to retire from politic soon. Mahathir publicly expressed his displeasure over the team approaches in the elections as well as the practice of vote-buying.\textsuperscript{155}

The huge victory at 1995 General Election helped Mahathir play some balancing act and increase his hold over party organization.\textsuperscript{156} Mahathir further tightened the nose around Anwar by pre-emptying his position as President of UMNO from challenge by getting a resolution passed by the party to insulate both presidency and deputy presidency from contest. The Malay tradition (\textit{muafaqat}) was invoked for the top leadership.\textsuperscript{157} The supreme council of the party also banned campaigning by, or for, any candidate to insulate party from money politics.\textsuperscript{158} While the measure had some positive implications in checking the misuse of money in party elections, it also favoured the incumbent candidates. Tacitly, the move was aimed to downplay Anwar’s influence.\textsuperscript{159} Whatever be the motives, the democratic procedures appeared sharply diminished as a result.\textsuperscript{160} The final results of the elections were interpreted as restoring Mahathir’s paramounting over his deputy. The key posts were filled by Mahathir’s men.\textsuperscript{161}

\begin{itemize}
\item \textsuperscript{155} William case, “UMNO, \textit{op.cit.}, p. 925.
\item \textsuperscript{157} William case, “The 1996, \textit{op.cit.}, pp. 399-400.
\item \textsuperscript{158} \textit{Ibid.} pp. 400-1.\textsuperscript{159} After becoming Finance Minister, Anwar undertook networking on a grand scale, benefiting his supporters through privatized deals and closed tender contracts. He also got many of his key supporters in important positions in party organization. With the great possibility of Anwar succeeding Mahathir, big business elements were well supposed to help Anwar this supporters with the money to buy votes. See, E.T. Gomez, “Anwar’s Friends: Factionalism and Money Politics in UMNO Baru,” \textit{Aliran Monthly}, 1993, Vol. 13, No. 3, pp. 35-39; M. Vatikiotis, “Power Machinations,” \textit{FEER}, August 13, 1992, p. 13.
\item \textsuperscript{160} “Mahathir’s Plea Swings Election from His Rival,” \textit{AWSI}, October 11-12, 1996, pp.1-2; W. case, “The 1996,” \textit{op.cit.} pp. 409-11
\item \textsuperscript{161} \textit{Ibid.} Najib Razak, the minister of education, and Muhammad Taib, the chief minister of Selangor (previously both members of Anwar’s ‘Wawasan Team’ but now shifted their loyalty directly to Mahathir) retained their vice-presidential slots. While Muhyiddin, still identified closely with Anwar was defeated by Abdullah Budawi, the foreign minister who was now
Doubtless, the UMNO remains the most vital vibrant and democratic organization in Malaysia. The free and open contestation within UMNO is very essential for furthering the process of democratization in Malaysia. In the absence of viable opposition, and insignificant assertion by coalition partners in the BN, the democratic procedures within party acquire special importance. The leadership challenges emerge at the party organization level rather than the legislative electoral level. Jesudason goes to the extent of saying that “the loss of coherence of the ruling coalition, particularly the UMNO” will provide an impetus for political change, thus, democratization, rather than the emergence of strong opposition. The scuttling of internal party democracy hampers political development.

**Redefining Ethnic Identity**

The Chinese community became increasingly disposed towards the BN in 1990s, particularly in the Malay-majority or mixed constituencies. A number of factors facilitated this trend. The most important was voters’ disillusionment with the opposition. The bonhomie between the PAS and the DAP ended after the failure in 1990 elections. The ideological divisions between the two aggravated due to PAS government’s move in kelantan to implement the *hudud* (Islamic criminal code) on all residents in the state. The DAP withdrew formally from the *Gagasan Rakyat* just a couple of months before the 1995 General Election. Another important factor was

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167. The PAS is explicitly committed to the establishment of Islamic state. It was evident from its Manifesto, *Progress with Islam*, in the ensuing elections. Though its Islamic stance has ensured
the liberalizing trends in business and education, which reduced the misgivings of the minorities about the government. With increasing privatization, consistent growth and slackening NEP goals, the sense of relative deprivation declined among the non-Malays. The increased emphasis upon English language and funding for Chinese and Indian schools also removed fears about the cultural policy of the government among non-Malays.168

The ethnic identity needed a redefinition in the wake of social mobility, relative homogenization of living standards, growing middle class, lessening rural-urban divide, erosion of feudal tendencies and secularization of political culture. "Political expediency, underlined by the BN’s growing dependence upon Chinese votes facilitated this redefinition."169 The hegemonic-consociational variant model of democracy cultivated by the UMNO has worked to the huge advantage of the government. It has preserved communal peace and balance. The government, being an inter-communal coalition of several parties, continuously harps on the theme of stability and security. It continuously invokes the plea that the regime change would disturb inter-racial harmony and jeopardize the special privileges of the Malays as well as security of non-Malays. An observer sums up the political arithmetic of plural Malaysian society, "political contestation takes place within a societal context, and in this connection, the BN has skillfully exploited the politics of a ‘plural society’ in entrenching its hegemony over the political processes."170

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170. Ibid. p. 396.
The economic performance is another yardstick that sustains the regime and provides the government with the leverage to manipulate the public mood in its favour. Despite high degree of corruption and nepotism, and colossal exposures of financial misappropriations and mismanagement, the economy sustained growth of about eight percent per annum, since the recovery in late 80s. The unemployment almost vanished during that period.

The sustained economic growth, weak opposition and balancing of ethnic demands disposed the public opinion highly in favour of government in 1995 General Election. Its vote-share rose to sixty five percent from the previous fifty three. The vote-share of the DAP maintained a downslide. The PAS retained Kelantian, otherwise it did not show a good performance.

Financial Crisis and Autonomy

The Southeast Asia experienced a severe financial crisis during 1997-1998. It began with the baht devaluation in Thailand leading to a sudden flight of capital from the domestic markets and sharp decline of currencies across the region. A

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171. As a result of illegal transactions and mismanagement, state-owned enterprises, particularly financial institutions suffered losses in billions of dollars. The contracts and licences were awarded to companies in lieu of kickbacks, sometimes even without tenders, the most notorious example being the award of projects to an inexperienced company, the United Engineers Malaysia (UEM). The corruption worsened with the privatization drive as the special shares reserved for bumiputeras before public listing were often appropriated by BN leaders and their cronies. See, Aliran Monthly, 1992, Vol. 12, No. 5, p. 3; Ibid., Vol. 14, No. 12, pp. 3-5, 38-39; Ibid., Vol. 14, No. 5, p. 23; Ibid. 1995, Vol. 15, No. 11, p. 36.


174. The popular vote for the DAP was 21.1 percent in 1986, 16.5 percent in 1990 and 12.1 percent in 1995. Ibid.


176. The share prices at the stock exchanges fell rapidly that in turn further accelerated capital outflow. As a result, the debt situation became pathetic and prices of commodities rose considerably in most of these countries.
large number of firms and investors became bankrupt and defaulters. Malaysia was also hit hard. However, the enormity of the crisis in Malaysia was relatively less as compared to neighbouring Thailand and Indonesia because of low foreign debt, sound external reserves and alternative sources of funding available to the government. Therefore, the Malaysian government refused the IMF bailout package. A home-grown adjustment strategy was developed, which reflected domestic ideological priorities and economic arrangements while accommodating global market forces and constraints of capital mobility.

Mahathir indicted the currency speculators whom he believed were moved by narrow economic gains and, often, manipulated by Western powers to their advantage damaging the interests of developing countries. He is always well-known for his deep resentment against the machinations, manipulations and double-standards of the western governments. However, this time, he was quite unequivocal. He suggested at the international fora that the trading in currencies should be banned except for trade purposes. This statement further eroded the confidence of foreign investors.

The initial policy responses by the government backfired triggering a massive sell-off


178. The IMF conditionalities could possibly have involved the removal of restrictions on foreign equity ownership and fiscal discipline, including the dilution of ethnic-based distribution policy. See M.Y. Chen, "Malaysia Wants to Avoid Asking IMF for Assistance," AWSJ, 3 December 1997.


180. AWSJ, 2 September 1997.


at Kuala Lumpur Stock Exchange (KLSE). A mild budget was unveiled in October 1997. The downslide of ringgit and KLSE continued. A policy package was announced by Anwar in December that took into account the domestic weaknesses of the economy and streamlined government spending.

The National Economic Action Council (NEAC) was established in January 1998 as a consultative body to the cabinet to formulate policy response to the economic crisis. The former finance minister, Daim Zainuddin was appointed its Chairman. The NEAC gradually became a contending centre of power in dealing with the crisis. Contrary to Anwar's strategy, it emphasized fiscal stimulus, low interest rates and bail-outs of important companies. The bailouts did help some companies but eroded the confidence of general public and investors in the fairness of government policy. The corporate restructuring deals and selective bailouts need to be understood within the context of political economy of Malaysia. Most of the UMNO-linked conglomerates flourished with the government backing. They constitute the core support base of funding of UMNO. The position of its president by virtue of

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183. As a first major policy response on September 3, 1997, the government announced funding of sixty billion ringgit by using Employee Provident Fund to buy shares from the Malaysian investors at a premium above the market price. It slightly discriminated the foreign investors. In addition a ban was imposed on short selling of hundred blue-chip stocks. However due to negative market response the curbs were lifted within two days. See, Helen Nesadurai, “In defence” op. cit. pp. 85-6.

184. The interest rates were held to be steady and the broad thrust of the high growth strategy and government funding was left intact. See, Anita Doraisami, “The Political,” op. cit., p. 257.


187. A bailout was facilitated for a bankrupt company Renong that was closely linked with the UMNO. A cash-rich listed company United Engineers Malaysia (UEM) bought 32.6 percent stakes in it at a share price double the market price. Another debt-ridden company, Konsortium Perkapalan Berhad (KPB), which was half-owned by Mahathir’s eldest son, was acquired by oil-rich Petronas. This deal was a conflict of interest as Petronas comes under Prime Minister’s Department. See, Helen Nesadurai, “In defence,” op. cit. pp. 90-1; Leslie Lopez, “Petronas Purchase Plan Fuels Questions,” AWSJ, 9 March 1998.
which he becomes prime minister, depends to a large extent upon his ability to dispense favours to his key supporters in business.\footnote{188}

Anwar was dismissed as finance minister in September 1998. His exit was preceded and followed by major policy reversals by Mahathir, which included lowering of interest rates, increasing liquidity and providing additional funds for investments.\footnote{189} A sixty-six billion ringgit fund was envisaged for continuing various projects and to re-capitalize the banks and absorb their non-performing loans.\footnote{190} The stocks reserved for Malays in the ailing corporations were allowed to be sold to non-Malays and foreigners. In order to attract foreign direct investment (FDI), the equity policy in manufacturing sector was liberalized.\footnote{191}

The economy showed signs of recovering towards the end of 1998. The main impetus for growth came from external demand following the strong global demand for electronic goods and the depreciation of ringgit. The external reserves increased following the slackening of imports.\footnote{192} Thus, the economy registered an average growth rate of 7.2 percent during 1999-2000 period following a negative growth of 7.4 percent in 1998.\footnote{193} It was a tremendous recovery within a short span of time. It emerged out of homegrown strategy. Perhaps, it also provided the shield to the regime against the democratic pressures in the wake of economic crisis and public perception of government’s excesses in Anwar’s trial. Since the economic system in Malaysia is

\footnote{188}{The cooperation of some segments of the business elite is crucial for the continuity of the semi-authoritarian regime. When they suffer the crisis, they may recalculate their association with government and may throw their lot with the opposition. Haggard and R. Kaufman, The Political Economy of Democratic Transitions,” in Lisa Anderson, ed. Transitions to Democracy, Columbia University Press, New York, 1999, pp. 72-96 (77-8).}

\footnote{189}{Eighth Malaysia Plan, op. cit. p. 27.}

\footnote{190}{Helen Nesadurai, “In defence, op. cit. pp. 102.}

\footnote{191}{The ceiling of thirty percent was relaxed in selected sectors like telecommunications, shipping and insurance. Eighth Malaysia Plan, op. cit. p. 27. However, the cap on foreign equity in banking sector was maintained that was so important for financial autonomy of the system as well as to preserve the system of patronage. See, Helen Nesadurai, “In defence, op. cit. p. 101.}

\footnote{192}{Eighth Malaysia Plan, op. cit. p. 24.}

\footnote{193}{Ibid.}
deeply embedded in socio-ethnic reality both the recent economic crises reveal the
close connection between the economy and politics. The policy responses can’t be
divorced from the contextual constraints. The bumiputera corporations and
conglomerates built and sustained with patronage policies “are vital not only because
they constitute valuable support bases for the country’s leaders but they also represent
the success of Malaysia’s brand of ethnic-based social engineering.” They
symbolize Malaysia’s “economic nationalism.” The reform packages are likely to be
predicated on economic necessity as well as political expediency.

Anwar’s Trial and Reformasi

Although, the differences between Mahathir and Anwar were brewing for
quite a long time, the association came to a breaking point at the party’s General
Assembly in June 1996. The party’s Youth President, Zahid Hamidi, apparently with
Anwar’s backing echoed the call for end to corruption, cronyism and nepotism.
Mahathir’s supporters responded with a brochure entitled Fifty Reasons why Anwar
Cannot Become Prime Minister. Mahathir issued a list of recipients of various
government contracts and allocation of public-listed stock shares reserved for Malays.
Apart from Mahathir’s sons and close associates, it also included the name of

196. The power struggle was quite evident at the party’s General Assembly elections in 1996. See,
He even moved a parliamentary motion of confidence in Mahathir to defuse the growing
speculation of a possible changeover of leadership in the wake of economic crisis, in November
1997. It is another matter that he didn’t have a sufficient power base to mount the challenge.
See, Daniel Lynn, ed. The Far, op.cit., p. 728. Anwar was ideologically more in consonance
with universal human rights and open democracy than Mahathir’s concept of ‘Asian Values.’
53-5.
197. Suharto’s fall in Indonesia the previous month due to the economic crisis might have
emboldened Anwar and his supporters in Malaysia. At an international forum in April earlier
that year Anwar had argued that financial crisis could have positive consequences in destroying
198. He was accused of corruption and sexual offences in it. Hari Singh, “Democratization, op.cit.
pp. 538-42.
Anwar’s associates including his father, brother and the Youth President as well.\textsuperscript{199} 

In the following weeks Mahathir systematically dismantled Anwar’s power-base.\textsuperscript{200} He was dismissed from all positions in September 1998.\textsuperscript{201} Anwar’s disapproval for ‘big projects’ and ‘bailouts’ might have displeased many of entrenched interests linked with the UMNO.\textsuperscript{202} No doubt, he had political aspirations, but the leadership challenge in an organization with oligarchic and autocratic tendencies might well be supposed to be crushed in a high-handed manner.

\textit{When Tengku Razaleh Hamzah challenged Dr. Mahathir for UMNO’s presidency in 1987, the party’s oligarchic model had yet to be transformed into a wholly autocratic one. Power distribution was still pluralistic with the ruling cartel of elites. ... By the time Anwar had set his aspirations fort the highest political office. ... Power among the ruling elite was no longer pluralistic but had become concentrated in one man. The prime minister was no longer the ‘first among equals’: he was the first and brooked no equals.}\textsuperscript{203}

It was evident in the manner in which Mahathir treated Anwar. Anwar was soon arrested under the ISA. Then he was made to undergo the trial that was highly manipulated from the beginning. He was even beaten in police custody.\textsuperscript{204} The Malaysian Bar adopted resolutions condemning preventive detention laws and

\textsuperscript{200} \textit{Asia Week}, 31 July 1998, p. 26; The editors of two leading newspapers who were close to Anwar were forced to resign. See, Greg Felker, “Malaysia in 1998, \textit{op.cit.}, p. 45.
\textsuperscript{201} It is open to speculation whether Anwar’s exit was caused by his differences with Mahathir over the policy approach to the economic crisis or was it just an age clash between the two, or was there conspiracy angle to it. Hari Singh, “Democratization, \textit{op.cit.} pp. 538-41
\textsuperscript{202} Anwar was particularly critical of grandiose projects like Putrajaya City Centre and Petronas Twin Towers. He linked those to the cosmetic surgery which do not add to the real value. See, Anwar Ibrahim, \textit{The Asian op.cit.}, p. 89.
\textsuperscript{203} Hari Singh, “Democratization, \textit{op.cit.}, p. 540.
\textsuperscript{204} D. Lynn, \textit{The Far, \textit{op.cit.}}, p. 729.
demanded independent inquiry into allegations of police brutality. The ISA detention orders were rescinded and Anwar and his associates were put under legal normal course. However, the trial exposed several anomalies about the police and legal system of Malaysia with the authorities changing the charges and line of prosecution many a times. Anwar was finally convicted of several charges of corruption and sodomy and made to undergo fourteen years of imprisonment.

Anwar's arrest and regime's excesses in course of his trial inflamed public unrest and protest and unleashed a nation-wide protest movement, which came to be known as reformasi, following Indonesian precedent, to topple the regime. The reformasi gauntlet was taken up by civil society, especially in urban areas. A number of non-governmental organizations (NGOs) converged on a platform demanding fuller civil and political rights and rescission of preventive detention laws. The prominent Islamic organizations like Islamic Youth Movement of Malaysia (ABIM) and the Malaysian Reform Society joined hands with PAS, and formed Gerak (Malaysian People's Movement for Justice). Predominantly, non-Malay NGOs like Suaram (Malaysian People's Voice) joined hands with DAP in forming Gagasan (Coalition for People's Democracy). At a later stage, around forty NGOs associated with Gerak and Gagasan organized Permantau (Malaysia's Citizens' Election Watch).

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205. Due to mounting domestic and international pressure, the government was compelled to hold an inquiry. The Inquiry Commission's Report was made public. The Inspector General of Police was indicted in the report. He was prosecuted and sent for two months' imprisonment. Ibid.

206. Ibid. pp. 729-30

207. In corruption charges he was sentenced for six years in March 1999. Next year he was awarded additional sentence of nine years for sodomoy charges. The sentence of such length is followed by disqualification of five years from political office under Malaysia law. See, Ibid.; Patricia Martinez, "Malaysia in 2000: A Year of Contradictions," Asian Survey, Feb. 2001, Vol. 41, No. 1, p. 195.


The most prominent organization was *Adil* (Justice) led by Anwar’s wife Wan Azizah Wan Ismail, which provided coherence across ethnic lines to civil society in the movement. The significant aspect about the *reformasi* was that it enabled the NGOs to transcend the ethnic identities and boundaries, to such an extent, for the first time in Malaysia. The Anwar trial, of course, proved to be a catalyst for the autonomous assertion by civil society. Upon *Adil’s* registration as the *Parti Keadilan Nasional* (National Justice Party) in April 1999, it became a linchpin between the PAS and the DAP and their alliance was concretized into the Barisan Alternatif (BA, or Alternative Front).210

The BA issued a common *Manifesto*, a big lead forward in opposition unity, considering deep-rooted ideological differences between the PAS and the DAP. It promised clean government, abolition of coercive legislation and term-limit for the prime minister.211 Thus, a genuine multi-racial alternative equation emerged for the first time in Malaysia. Due to Anwar factor212 the PAS213 made heavy strides among the Malays. Its membership reportedly increased by 25 percent within one year.214

On the face of it, the opposition failed to deny even the two-third majority to the governing coalition in 1999 General Election. The performance of opposition, however, had interesting dimensions. The Malay votes in the peninsula tilted, slightly, in favour of the opposition for the first time.215 The BN won 148 out of total 193 seats, but the elections gave a jolt to the “UMNO’s traditional role as the guarantor of

212. He was the President of the ABIM before joining the UMNO in 1982. The ABIM is closely linked to PAS.
213. The ABIM is closely linked to PAS.
215. In Peninsular Malaysia, the BN received 53 percent votes, while the BA received 43% votes. The BN got 103 and BA 42 seats in peninsula. See, P. Martinez, “Malaysia in 2000, *op.cit.*, p. 189
Malay rights and privileges," making it a "bittersweet victory" for Mahathir.\textsuperscript{216} For the first time, UMNO's seats (72) were less than its constituent partners' combined (76).\textsuperscript{217} Had it not been for a huge swing of Chinese vote in its favour, and except for the scale of success in the Borneo territories, the BN could have been easily voted out of power.\textsuperscript{218}

The reformasi withered away after the elections, but its contribution to the political development of the country, especially in terms of secularizing and democratizing political culture and strengthening civil society was stupendous and unprecedented. It can't be under-estimated by its failure to push for greater liberalization of legal apparatus. It also can't be glossed over by the opposition's failure to make any significant electoral inroads, which otherwise is a routine matter in Malaysian politics. The real worth of the movement lies in producing multi-racial alternative equation by uniting disarrayed opposition groups, surpassing earlier such attempts. Still, more significantly, it had tremendous effect upon liberalization of political culture. Merely Anwar factor is inadequate in understanding its varied dimensions and implications. The protests against Anwar's prosecution just crystallized and reflected deeper resentment and under-currents of democratic aspirations. The 'political culture' approach is useful in comprehending the nature of movement and its nuances.

The modernization process has gradually eroded feudal institutions and the idea of absolute and unquestioned loyalty to the ruler.\textsuperscript{219} The emergence of strong

\textsuperscript{216} Jason Abbott, "Bittersweet Victory: The 1999 Malaysian General Election And The Anwar Ibrahim Affair," The Round Table, April 2000, 354, pp. 245-58 (253)
\textsuperscript{217} Ibid.
\textsuperscript{218} Estimates reveal that almost seventy percent Chinese and ninety percent Indians voted for the BN in the Peninsula. And East Malaysia gave forty-eight Members of Parliament to the BN. Ibid.
\textsuperscript{219} Hari Singh, "Democratization, op.cit. pp. 531-2; Also see, Hari Singh, "UMNO, op.cit."
middle class had an impact upon liberalizing political culture.\textsuperscript{220} As William Case argues, "Economic growth and urbanization enlarge "middle class" populations, while heightened educational levels modernize their attitudes, leaving them less in awe of ascriptive statuses and patterns of deference."\textsuperscript{221} Though the civil society is barred to a great extent from actively shaping policy outputs and generating direct pressures upon the state, the movement proved that the transgressions by the state upon civil and political rights may embodiment the middle classes to assert for fuller democratic rights. The movement also showed that the civil society is less guided by ethnicity as organizing principle as compared to the organization of political parties.\textsuperscript{222}

The emergence of Malay corporate and middle class has made Malay unity as symbol of cohesion, a less useful factor to be exploited by the UMNO elite to prevent challenges to their position than it has traditionally been the case.\textsuperscript{223}

A contagion effect from the political development in neighbouring states of Indonesia and Thailand definitely shaped reformasi. The term itself was borrowed from a somewhat similar movement in Indonesia. The satellite television and increasing integration of Malaysia's economy into the global capitalist market has exposed the people to the dominant ideas, conventions and institutions of the global system that promote universal human rights and a liberal regime as a precondition for realizing individual choice and social welfare.

Thus, it can be argued that the fundamental rules governing the majority as well as minority political culture changed and strengthening of civil society augurs

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\item \textsuperscript{220} The size of middle class households, defined as those earning between RM 1500 to RM 3500, increased from 32.3 percent in 1995 to 37 percent in 1999. \textit{Eighth Malaysia Plan, op.cit.}, p. 60.
\item \textsuperscript{222} J.V. Jesudason, "The Syncretic, \textit{op.cit.} p. 152.
\item \textsuperscript{223} Hari Singh, "Democratization, \textit{op.cit.} p. 533.
\end{itemize}
\end{footnotesize}
well for the greater pluralism and democratization in future. *Reformasi* was a cumulative response to a range of socio-economic, cultural and political factors.

**The Reconstruction of Islam as a Political Force**

The PAS won twenty seven seats to the Parliament and ninety eight seats to the state assemblies in 1999 - a milestone in its evolution as a political force in Malaysia. It retained Kelantan and wrested Terengganu. In two other northern states, the contest was close between the PAS and the UMNO.²²⁴ There were observers who didn’t read much into the PAS success while others attributed it to the rising tide of political Islam and, still, some others looked for its success in *reformasi*.²²⁵

Islam has always been used for political purposes by both the UMNO and the PAS. Still, the politicization of Islam has been intensified in the last two decades.²²⁶ Till 1970s Islam remained essentially a component of broader concern of Malay ethnic identity.²²⁷ Islam increasingly replaced Malay ethnicity as a key reference point by the PAS since then. It was partly the result of Islamization of the Malay society assisted by bonhomie between the UMNO and PAS in 70s and, partly, it was driven by the global Islamic resurgence. Under a radicalized new leadership, the PAS brought the objective of establishment of Islamic state (*Darul Islam*) to the centre-

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stage of political discourse by mid-80s. By that time, a number of Islamic organizations and movements such as ABIM had become active and were seen as pressure groups.

Despite the radical Islamic moorings of its campaign, the PAS gave its worst ever performance in 1986 elections. The debacle in 1986 pushed the PAS in direction of moderation and cooptation. A loose coalition of political parties was formalized for the 1990 elections that helped the PAS regain control over the state of Kelantan. In the process, the PAS eschewed its hardcore brand of political Islam. Thus, the “1990s marked the decade where opposition Islam shifted from fatwa-dominated discourse towards democratization and coalition politics in Malaysia.” It is against this backdrop, the PAS performance in 1999 elections need to be analyzed. The PAS this time reconstructed Islam into a voice of dissidence against the authoritarian excesses of UMNO-led government. The “Islamic governance was increasingly presented not in the dogmatic legalistic-institutional form of the mid-1980s but one highlighting the centrality in Islam of social justice, rights of the citizen, honest elections and clean government.”

No doubt, the party received an electoral boost from Anwar factor. However, its success was also due to refocusing upon concerns of good governance

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230. It could get only one out of ninety-nine seats it contested for the Dewan Rakyat. The parochial and excessive emphasis on religions issues was identified as a key reason for its debacle. See, S. Ramathan & M.H. Adnan, Malaysia’s 1986 General Election: The Urban-Rural Dichotomy, ISEAS, Singapore, 1988, p. 60.
231. Its task was assisted by the internal conflict of the UMNO culminating in its split and the breakaway group forming a new party, the Semangat 46. See, Hari Singh, “Political, op.cit.
and social justice while temporarily adjusting to the imperatives of coalition politics. The PAS was not penalized by the Malay voters this time for joining hands with the DAP. To this effect, it is indicative of future possibilities of political change, if both the parties moderate their extreme ideological positions and consolidate upon coalition building. However, the PAS resumed its quest for ‘Islamic state’ after eclipsing its partners in 1999 polls.

The federal government is also committed to Islamizing the nation, despite the popular perception attributing political Islam to PAS. The UMNO often resorts to championing the cause of Islam for political purposes. However, UMNO’s cooption of moderate and progressive Islam in its agenda reconciles with the modernization objectives and multi-racial character of Malaysian society that contrasts favourably among the moderate Malays and tolerably among moderate non-malays against the parochialism of PAS. The regime project(s) a modernist interpretation of Islam. Islam’s symbols are powerfully upheld publicly, and some concessions have been made to Islamic economic practices, such as establishing Islamic banking, but versions of Islamic thinking that are anti-consumerist and socialistic in orientation have been contained.

The Constitution proclaims Islam to be the official religion of the Federation, but permits the freedom of religion. Though every religions group has the right to establish and administer institutions for the education of children in its own religion, the constitution permits the state to establish, maintain or assist the Islamic

239. *Federal Constitution*, Article 3
institutions.\textsuperscript{240} Despite Islam being the official religion and provisions of federal funding for various religions activities, the state agenda in more or less secular. It does not interfere with the religions activities of other communities.\textsuperscript{241}

**Resilient Regime: Weak Opposition**

After showing remarkable unity in 1999, the ideological divisions resurfaced among the opposition.\textsuperscript{242} It has become a routine exercise for opposition to unite with a limited agenda, suffer failure in the elections, and then, instead of consolidating its unity, it soon loses coherence due to mutual suspicions, ideological differences and narrow vision. They are not able to organize a formidable challenge to the ruling front because of their narrow ethnic appeals. It is "(b)ecause they take up the issue of ethnic betrayal, the Malay-based PAS and the non-Malay based DAP find it very difficult to cooperate with each other."\textsuperscript{243} In fact, the narrow ethnic agenda of PAS as well as DAP make opposition unity brittle in contrast to the accommodationist and relatively secular platform of the BN.

*The opposition political parties have great difficulty developing a coherent programmatic alternative to the ruling regime, because the state has a powerful ability to absorb diverse ideological orientations and interests in society, leaving only narrow constituencies for the opposition to cultivate.*\textsuperscript{244}

Due to their failure to provide long-term inputs in building a syncretic alternative to the ruling coalition, opposition parties have just ended up as a means to legitimize the hold of illiberal regime through electoral procedures. It is only through

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\textsuperscript{240} Ibid. Article 12, Clause 2
\textsuperscript{241} The *hudud* laws passed by PAS government of Kelantan in 1993 providing for death penalty for apostasy could not be implemented as the requisite federal consent was not given. See, P. Martinez, *Malaysia in 2000*, op.cit. pp. 192-3
\textsuperscript{242} The DAP withdrew from the BA. The *KeAdilan* lost its organizational coherence on account of internal factionalism.
\textsuperscript{243} W. Case, "The UMNO, *op.cit.*, pp. 917-8
\textsuperscript{244} J.V. Jesudason, "The Syncretic, *op.cit.* p. 130
\end{flushleft}
a wide and sustainable inter-communal coalition that the opposition can pose a promising challenge to the BN. Thus, the problem of opposition is deeper than having to operate in an electoral system in which the rules of the game are heavily stacked against it. It is fundamentally the lack of ideological and sustainable programmatic unity among opposition ranks.

The freedom to organize political parties and civil associations is normally granted in Malaysia. These organizations are free to put across their views and even criticise the government, but within certain limits set by the state, since due to the single dominant party regime the distinction between the state and government has become highly blurred. The government has responded to their independent assertion by circumscribing their right to express, and organize freely. This has involved habitual recourse to preventive detention Acts like the ISA and the Sedition Act and also other arbitrary Acts like the Police Act and Printing Presses and Publications Act. These Acts in the recent past have been used more against the political opposition than the genuine national security threats. Be that as it may, the politics of electoral adjustment and coalition has played a greater part in entrenching the regime than the politics of coercion.

The ruling coalition is able to secure majority support by propagating, encompassing, non-negotiable identities and ideologies, such as religion and ethnicity. These vertically structured ideologies crowd out secular identities and ideologies based on class politics and notions of autonomy from the state, promoting a

245. Ibid. p. 140
246. Though the balloting and counting procedures are by and large fair, the open electoral competitiveness is marred by gerrymandering of constituencies, short campaign periods, ban on open-air opposition rallies, government’s control over media, misuse of state machinery and poll-eve populist measures by the government including on the spot development grants and warnings of squeezing of federal funds to the opposition-ruled states. See, W. case, “Semi-Democracy,” op.cit. p. 187-8
clientelist consciousness that undercuts the development of effective alliances and ideologies against the regime.^248

The BN also scores over the opposition in terms of prudent strategies and visionary leadership. The arbitrary handling of Anwar affair by Mahathir had significantly eroded the credibility of the government. The new dilemma, UMNO faced was whether it could win back its core Malay constituency without alienating the Chinese whose support was increasingly becoming decisive for the survival of the regime. It could not be resolved more smoothly in favour of the UMNO by a development less significant than the voluntary abdication of power by Mahathir.^249 Abdullah Badawi succeeded him.^250

The BN entered the 2004 polls on a very high vote and registered its most spectacular victory ever. The government was on high moral ground while disunity in opposition ranks had eroded whatever credibility it earlier enjoyed. The BN won 181 of the 202 contested seats and seventeen uncontested seats.^251 In Terengganu, it

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249. In fulfillment of his pledge in June 2002, Mahathir tendered resignation on October 31, 2003 putting end to his twenty two year stint as prime minister. His legacy has come to be known as Mahathirism. Of all the leaders, he left the deepest imprint upon the socio-economic and political landscape of Malaysia. He ruled in an autocratic style though he had disliking for feudal values. He got the constitution and the laws amended to suit the interests of the establishment and did not refrain from using preventive detention laws to silence his political opponents. He justified curbs on rights and limited semi-authoritarian character of the regime in the name of ‘Asian values’ and the imperative of ‘strong state’ in context of developing countries. Yet, he was no dictator. He didn’t explicitly crossed the legal-constitutional limits normally. Much of subversion of constitution and curbs on civil rights had already been in place when he ascended the prime ministership. If he had dictatorial designs, he would not have relinquished the levers of power to his deputy so easily. His bold stand on various international issues catapulted Malaysia onto the world-stage. The most lasting legacy of Mahathir is “Vision 2020,” the year by which Malaysia has committed itself to achieve developed-industrialized country status. See Mahathir Mohamad, The Malay, op.cit.; K.J. Khoo, “The Grand,” op.cit.; B.T. Koo, Paradoxes, op.cit.
250. At the UMNO General Assembly elections in May 2000, he stood as the sole candidate for party’s Deputy President. He had a clean image and was generally trusted for his integrity. The Vice-Presidential slots in 2000 were won by erstwhile Anwar’s ‘Vision Team,’ all of whom had by now switched over to Mahathir. See D. Lynn, The Far, op.cit., p. 731
wrested all the parliamentary seats from the PAS. There was a clean sweep in six states.\textsuperscript{252}

The single-party dominant semi-democratic regime has shown great resilience and appears to be stable in the immediate future, too.\textsuperscript{253} The regime’s “departure from democratic norms and practices does not signal any imminent crisis of legitimacy.”\textsuperscript{254} The persistence of the regime has been boosted by the continuous economic growth and the absence of excessive coercive element in the actual functioning of the state. However what gives credence to the process of political development is the overall avoidance of ethnic conflict and preservation of peace amidst inherent pluralist tensions in Malaysian system. In crouch’s formulation, the “neither democratic nor authoritarian regime is a product of a rough balance between social groups which have a stake in the status quo and those groups which desire greater democratization.”\textsuperscript{255} Jesudason calls the regime as syncretic.\textsuperscript{256}

\textsuperscript{252} Ibid. pp. 46-7
\textsuperscript{253} William case, “Semi-Democracy, op.cit. pp. 183-4
\textsuperscript{254} J.V. Jesudason, “The Syncretic, op.cit. p. 128
\textsuperscript{256} The syncretic state he defines as a brittle amalgam of sometimes contradictory elements. It combines coercion with democratic procedures, secularism with religion, ethnic mobilization with nationalism and liberal capitalism with state intervention at critical points. J.V. Jesudason, “The Syncretic,” op.cit., p. 130