

**Contesting the Vision:
Mahathirism, the power bloc
and the crisis of hegemony
in Malaysia**

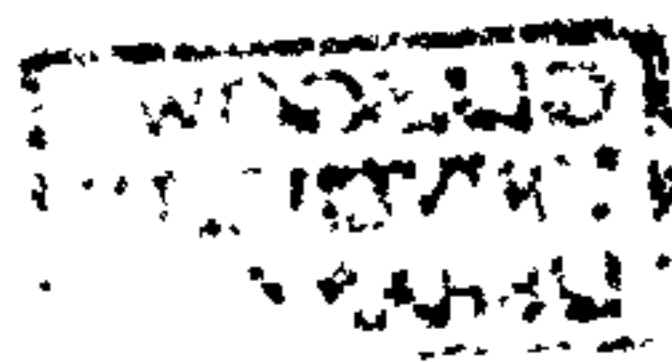
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Abstract

Following Gramscian conceptions of hegemony, this paper seeks an understanding of the ‘power bloc’ in Malaysia and the evolution of the ‘Mahathir project’ as a legitimisation strategy. As leader of the ruling *Barisan Nasional* (National Front) (BN), the United Malays National Organisation (UMNO) has played a central role in this enterprise. Taking the project’s economic, political and ideological elements as cumulative expressions of power — a sort of ‘hegemonic trinity’ — the study considers the shifting nature of state-class arrangements, the organic capacities of the ‘UMNO network’ and the use of *Wawasan 2020* (Vision 2020) as a framework for intellectual and populist discourse. From the state economic nationalism of the New Economic Policy (NEP) and Malaysia Inc. to the ‘post-ethnic nationalism’ of Vision development and *Bangsa Malaysia*, Mahathir’s reconstruction of the state and contestation of civil institutions has provided a series of ‘hegemonic opportunities’ for ‘liberalisation’, elite accumulation and social control. In locating the project’s antecedents and changing forms under Mahathir, the structural and contradictory implications of these shifts are assessed, providing a context for the economic crisis from mid-1997. As a catalyst for the Anwar affair, the economic fallout presaged a political and ideological crisis of legitimacy not just for Mahathir but for the *power bloc*: all told, an *organic crisis of hegemony*. This requires us to consider the ‘three-fronted’ ways in which the UMNO network was seeking to manage the situation by mid-1999 — as in Mahathir’s economic ‘challenge’ to IMF nostrums, the consolidation of political power within UMNO/BN and the articulation of ‘national problem solving’ discourse and other media ideology. This, in turn, invites analysis of the counter-hegemonic challenge from the nascent *reformasi* and the *Parti Islam SeMalaysia* (Islamic Party of Malaysia) (PAS). In seeking to construct a new ‘moral order’, a related feature here concerns the opposition’s use of new information sites. Following the *dénouement* to the (first) Anwar trial, this leads us to a verdict on the hegemonic integrity of the Mahathir project and the extent of the PAS/*reformasi* counter-project by this point.

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*I would like to dedicate this work, in humility, to the
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under the Internal Security Act.*

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Introduction

The new Orientalism

Malaysia offers many intriguing images for the Western observer. Much of this, of course, has its antecedents in various forms of colonial romanticism: the enigma of the East, the adventurism of Empire, the allure of alternative races, religions and cultures. But colonial images and representations of Southeast Asian societies have also helped convey and sustain a more particular language of domination. Through the observations, studies and writings of missionaries, ethnographers, mercantilist traders and colonial administrators, the construction and dissemination of populist imperialist discourses became an intrinsic part of the process of colonial legitimation. British, French, and Dutch based histories and records of the region from the sixteenth century till the eve of independence in the 1950s offer mainly elitist accounts of colonial rule and Christian mission, with the roles of indigenous peoples subordinated to that of passive dependency.¹ When Captain Francis Light proclaimed Penang as a British possession in 1786, opening a route to the Straits Settlements of Malacca and Singapore, he helped found a colonial order which came to extend its authority over Malaya not only through the incorporation of the ruling aristocracy, but also through the sponsorship of a racial division of labour and ethnic ideologies, constructions which would shape the framework of the state and polity thereafter. Thus, at *Merdeka* (Independence) in 1957, Malaya had reached a settlement structured around communal politics and ethnic ideologies, a system of control designed to secure domestic class interests and neo-colonial dependency.

At the turn of the millennium, representations of Malaysian society have become rather more expansive, though still conditioned by such constructions. As part of what may be termed the 'new Orientalism', Asia-Pacific discourse has used a language of 'Rim-speak' to project a very different view of Malaysia in recent years: that of heroic achiever; the very model of assertiveness for aspirant states to follow on the road to 'modernity' and economic development. In contrast to colonial representations, here was a more admiring set of evaluations from the West and the key institutions of global capitalism. As the economy forged ahead throughout the 1980s and 1990s, the Malaysian Prime Minister Dr. Mahathir Mohamad could claim that the challenges of

harnessing a Malay business class, and reconciling Malay privileges within a fragile ethnic order, had now given way to new and more ambitious national goals. Malay, Chinese and foreign enterprise were being used to steer the country towards a new age of high-tech development, a process of information-led economic adjustment, signified by the 'intelligent' Multimedia Super Corridor (MSC), which would take Malaysia into the 21st century as a key player in the new global marketplace. For Mahathir, such projects and ideals were a statement of the new spirit of national confidence; a harbinger of growth, co-operation and social prosperity to come.

Yet by mid-1997 all such euphoria and Western admiration appeared rather more conditional as financial panic spread contagion-like through the region. Unable to resist the onslaught of global market forces, Malaysia felt the abrupt shock of currency and stock-market collapse, social dislocation and political upheaval, culminating in the crisis of Deputy Prime Minister Anwar Ibrahim's dismissal, trial and sentencing by April 1999. As pressure from the International Monetary Fund (IMF), foreign capital and Western (notably US) political classes mounted, the calls for economic liberalisation and political transparency became a critical test for the ruling *Barisan Nasional* (BN) (National Front) government, notably its ruling party the United Malays National Organisation (UMNO). The BN also comprises the Malaysian Chinese Association (MCA), the Malaysian Indian Congress (MIC) and a range of smaller component parties.²

Internal to that situation was Anwar's own complex relationships with Mahathir on the one hand and, what may be termed, the IMF/liberal capitalist nexus on the other. Although Mahathir's anti-Western diatribes had long been a source of irritation to Western diplomats and foreign capital, this had not undermined Western/US geopolitical interests in the region or, despite the contradictions of his 'free-market' agenda, Mahathir's attempts to attract foreign investors. Nonetheless, Anwar's less strident language and close association with IMF and World Bank heads Michel Camdessus and James Wolfensohn had gained him a position of considerable favour and prominence within those circles. In effect, as Mahathir's 'heir apparent', here was a more 'amenable' figure, a man Western leaders and the IMF/World Bank could do business with both during and after Mahathir's time in office. But the economic crisis and Anwar's removal was to bring that whole set of relationships into critical focus by 1997/98. Now, in the biggest challenge of his sixteen year rule, Mahathir, the veteran

statesman and fixer, was facing not only the hostility of Western institutions, but the spectre of popular unrest, a gathering reform movement, dissenting elements within UMNO and, of course, the problem of Anwar himself.

The tension had become apparent in October that year at the key IMF summit in Hong Kong as Mahathir clashed openly with financial speculator George Soros. For many Malaysia watchers, it was vintage Mahathir. In this case, he had sought to re-make the image of Malaysian assertiveness by crafting himself in the role of resistant crusader against predatory speculators. His depiction of amoral financiers and ‘Western plots’ had not impressed the international fund-managers or many panic-stricken Malaysian business people. But it did signal the paradox of Mahathir’s relations with the West. For not only had he coveted the ‘modernist’ imagery of growth and development as a sign of ‘approval’ from the West — thus providing a stimulus for inward investment, technological advancement and wealth creation — but used it also as a post-colonial *lingua franca* to challenge Western norms and posit Malaysia’s achievement as a specific product of the ‘Asian way’.

Alongside Mahathir, however, Asia-Pacific observers and Western capitalist institutions have also indulged in the same euphoric language and metaphors to represent the region: the new global epicentre, the Japanese miracle, the tiger economies, the new dawn of Chinese growth, Japan Inc., and other *zeitgeist* notions of the ‘Pacific Century’. Yet, as the new realities began to dawn by mid-1997, signalling not only regional but global market crises, all that imagery seemed suddenly *passé*. As a defining symbol of Malaysian confidence, Mahathir had invoked the spectre of the record-breaking *Petronas* twin towers in Kuala Lumpur as a celebratory statement of national achievement — perhaps even a two-fingered gesture to the old colonial order. Yet, if one was to search for an alternative metaphor for the towers, it might reflect, more appropriately, this sense of paradox and duality with the West; a separation of identities standing together in tense proximity; a representation of the continuous convergence and conflict of ideas.

As the implications of the crisis unfolded on capital markets beyond the region, those in the West who had lauded the ‘Asian miracle’ now took their distance. The IMF, Western academics and parts of the business media took refuge in scapegoating ‘Asian crony capitalists’, chiding profligate state managers and warning sternly of the need for financial penitence and political reform. But, as Walden Bello, pointing to the central

role of hedge funds, noted, the issue of transparency could not disguise the more structural role played by global speculative capital in the crisis. Nor was that *frisson* of market panic unconnected with the dual influence of the business media and Western academia. Here:

...speculative forces and banks operated in a hothouse atmosphere with other critical actors. A key player was the business press. Business publications and wire services proliferated in the region beginning in the mid-1980s. These news agents became critical interpreters of the news in Asia to investors all over the world and served as a vital supplement to the electronic linkages that made real-time transactions possible among the key stock exchanges...For the most part, these media highlighted the boom, glorified the high growth rates and reported uncritically on so-called success stories...Their advice on going underweight or overweight in certain countries...was dispensed to readers as gospel truth.³

This euphoric celebration of the East had also been given 'authority' by Western academia:

Indeed, it was economists and political scientists in the West who were primarily responsible for the idea of the 'Asian miracle'. There was a remarkable consensus between the Left and Right in academe that Asian growth was exceptional.⁴

Here, notes Bello, the World Bank, arbitrating between these poles (the 'left' playing up, *viz* Korea and Taiwan, the interventionist state, the right, *viz* Hong Kong and Singapore, the spectre of free-marketism), declared the economic fundamentals of the Asian tiger economies favourable for continued prosperity. Thus, its 1993 book *The East Asian Miracle*:

...became a kind of bible, not only in the academic world but in financial and corporate circles...In short, a global network of investors, journalists, investment analysts and academics was locked into a psychology of boom, where growth rates, expectations, analysis, advice and reporting interacted in a mutually reinforcing inflationary fashion. What has crashed... has not only been Asia's economies, but the Asian *miracle establishment*.⁵

What also has to be emphasised here, though, is how domestic elites in the region also played their part in helping to reproduce that discourse as ideology, thus forming an

integral part of the miracle establishment — at least, until the collapse of the ‘miracle’ itself. At this point, the crisis of ideology became not only an internal affair, but part of a more complex dialectic of domestic-global tensions. Significantly, by the time of the Anwar debacle in late 1998, this became crystallised as a conflict of ideology between the mainstream Malaysian media and key parts of the Western media.

Meanwhile, political legitimacy in the region began to unravel. In Thailand, South Korea and Indonesia, regimes became as fragile as the symbols of growth and prosperity that had surrounded them. All were to fall victim to, or be seriously weakened by, the crisis. Even Suharto’s eventual removal could not stem the social upheaval in Indonesia. In Japan, the economy lurched ignominiously towards financial crisis, recession, increased suicides and the fall of the Liberal party under Hashimoto. In Malaysia, however, where the symbolism of growth had been, perhaps, most intense, Mahathir prepared for a concerted defence of ‘Asian values’ and UMNO hegemony.

Central to Mahathir’s iconography of power has been the project of Vision 2020: a millennial symbol of growth, wealth-creation and national cohesion on an unprecedented scale. In seeking to achieve economic maturity and NIC (Newly Industrialised Country) status by that year, Mahathir has sought to galvanise the public imagination through the ideas of nation-building and a shared vision of prosperity. This represents not only the challenge of economic development, but the very idealisation of national-popular unity and common identity: a concept captured in the Vision ideal of *Bangsa* (one nation) Malaysia. By the late- 1990s, the Vision also encompassed previous icons such as Mahathir’s Look East and Malaysia Inc. And, just as these contrived to turn away from the West towards Japan, so too had Mahathir sought to integrate another such icon in his role as ‘man-of-the-South’: the modern anti-imperial figure leading the cause of the oppressed periphery against the promiscuous power of the North.⁶

To understand the Vision as a hegemonic icon and discourse, it is important to recognise its significance in relation to macro-economic planning. Announced by Mahathir in February 1991, the Vision statement set-out a series of policy objectives for growth and collective social development to be realised through the implementation of policy measures beginning under the Sixth Malaysia Plan (1991-95), the New Development Policy (NDP) (1991) and the Second Outline Perspective Plan (OPP2)

(1991-2000). In effect, OPP2, NDP and the Sixth Malaysia Plan all form part of a complementary set of policy documents linked-into Vision 2020.⁷

In *Malaysia's Vision 2020: Understanding the Concept, Implications and Challenges*,⁸ we find the connecting themes and multifaceted policy features of these documents, *vis-à-vis* Malaysia Inc., public-private sector relations, industrial targets, science and technology, education and training, moral values in business, and human resource development. Underlying all the policy objectives here is the view that an average per annum growth rate of 7% in real terms over the period of OPP2 would be necessary for Malaysia to attain NIC status by 2020.⁹ This ten-year growth schedule would set the country on the requisite track for economic maturity and provide the impetus for sustained industrial development thereafter towards 2020.

The more acute, if idealised, message within the Vision, however, concerns the interrelated issues of socio-economic and political-cultural adjustment needed to realise this objective, a set of aims posed in the Vision's *Nine Challenges Facing All Malaysians*, a charter for economic development, national integration and social community:

The first of these is the challenge of establishing a united Malaysian nation, with a sense of common and shared destiny. This must be a nation at peace with itself, territorially and ethnically integrated, living in harmony and full and fair partnership, made of one 'Bangsa Malaysia' with political loyalty and dedication to the nation.

The second is the challenge of creating a psychologically liberated, secure and developed Malaysian society with faith and confidence in itself, justifiably proud of what it is, of what it has accomplished, robust enough to face all manner of adversity. The Malaysian society must be distinguished by the pursuit of excellence, fully aware of its potentials, psychologically subservient to none and respected by the peoples of other nations.

The third challenge we have always faced is that of fostering and developing mature democratic society, practising a form of mature consensual, community-oriented Malaysian democracy that can be a model for many developing countries.

The fourth is the challenge of establishing a fully moral and ethical society, whose citizens are strong in religious and spiritual values and imbued with the highest of ethical standards.

The fifth challenge that we have always faced is the challenge of establishing a mature, liberal and tolerant society in which Malaysians of all colours and creeds are free to practise and profess their customs, cultures and religious beliefs and yet feeling that they belong to one nation.

The sixth is the challenge of establishing a scientific and progressive society, a society that is innovative and forward-looking, one that is not only a consumer of technology but also a contributor to scientific and technological civilisation of the future.

The seventh challenge is the challenge of establishing a fully caring society and a caring culture, a social system in which society will come before self, in which the welfare of the people will revolve not around the state or the individual but around a strong and resilient family system.

The eighth is the challenge of ensuring an economically-just society. This is a society in which there is a fair and equitable distribution of the wealth of the nation, in which there is full partnership in economic progress. Such a society cannot be in place as long as there is the identification of race with economic function, and the identification of economic backwardness with race.

The ninth challenge is the challenge of establishing a prosperous society, with an economy that is fully competitive, dynamic, robust and resilient.¹⁰

We need not look too hard here for the rhetorical flourishes or ‘Asian values’ which, apparently, ‘define’ this endeavour. Thus, why should Vision 2020 be held-up as any more of a nation-building construct than, say, Malaysia’s *Rukunegara* or *Pancasila* in Indonesia?¹¹ Certainly, Mahathir’s initial announcement of the Vision was received with muted public enthusiasm. But what came to distinguish the Vision ideal more readily in Malaysian consciousness was the general perception of actual benefits and opportunities to be realised in the new growth-driven landscape and the potential prospects of economic, social and cultural advancement across the ethnic spectrum.¹² While, perhaps, not conversant with the minutiae of Vision objectives, there appeared to exist, at least before the crisis, a strong popular association between the *idea* of ‘collective economic development’ and Vision 2020 as a signifier of future rewards. Significantly, even as the crisis dawned by 1997, this sense of Vision development as an *eventual* provider of prosperity was not entirely extinguished. What has to be explained, thus, is how these associations — albeit qualified — had come to assume such popular resonance and to what extent the crisis had affected those perceptions.¹³

In seeking to address this issue, we shall see how Mahathirism came to depend upon a more complex set of class-based, political and intellectual dynamics in the 1980s and 1990s. Cultural production, the delineation of social values and the filtering of consensual ideas became an increasingly crucial part of the legitimation process. The objective interests of the Malay bourgeoisie, based since the early-1970s around a tightly-ordered ethnic-class reward structure, came to be situated not only in relation to processes of political patronage and the bureaucratic state, but to more multifaceted forms of civil persuasion. While continued economic growth, following the mid-1980s recession, had helped Mahathir retain a substantive middle-class support base, as illustrated by his convincing mandate at the 1995 General Election,¹⁴ Malaysian civil society became an increasingly *contested* site requiring new and more subtle forms of populist consensus, political co-optation and intellectual enterprise.

Why was this occurring? It is the basic contention of this study that alongside, and as a condition of, the rapid economic transition and integration of globally ascendant neo-liberal practices in Malaysia from the early-1980s, a new-evolving set of state-class relations had begun to unfold, requiring new forms of *hegemonic* authority with which to sustain it. As we shall see, the economic crisis, the removal of Anwar and the civil clampdown was to throw that process into sharp relief. However, it is also important to view the crisis itself as a key part of this process, exposing the contradictions of the prevailing order and allowing new situations to unfold. What had been emerging, albeit tentatively, was a reward structure and civil order legitimised through an increasingly consensual set of processes; an approach based more consciously on the cultivation of *consent*, within the arena of civil society, as opposed to *coercion* via the strong-arm of the state. As the crisis has shown, this does not mean that the prevailing elite have abandoned the latter as a response mechanism. However, as will be argued, this crisis, as opposed to the one in 1987, also helped reveal the limitations of that option as a legitimation strategy. It is in this *transitional* context, a process given impetus by the rapid economic developments of the last two decades, that the attempted shift towards legitimation by consent rather than coercion may be understood.

At the populist level, this does not mean total adherence to Mahathirism. It is enough that the Vision agenda, as a popular framework for national economic and social prosperity, has the 'TINA effect'¹⁵; that it has popular *consent*. Of course, perceptions

of the Vision depend upon actual benefits derived through the immediate reward structure. But they are also conditioned by the *illusion* of wealth creation, potentially expanded opportunities and the idea of longer term rewards. Thus, it is not argued that the Vision will, or ever intended to, deliver any of this. The key research issue here, rather, lies in the way in which it is being presented as a hegemonic construct and the legitimisation processes underlying it. So, as part of this analysis, we have to consider the sense in which the crisis had undermined the Vision and the elites which derive most benefit from it. From this perspective, the Vision constitutes the key part of an evolving hegemonic project; an all-encompassing framework for continuing modernisation and a populist signifier with which to give it meaning. In particular, it seeks to consolidate the new configuration of state-class interests which became manifest within the power bloc by the late-1980s. And it represents a culmination of the challenge initiated by Mahathir upon entrenched interests within the state.

The political initiatives of the New Economic Policy (NEP), introduced in response to deep-rooted tensions and riots in 1969, were designed to lift the indigenous Malays, or *Bumiputeras* (sons of the soil), into an enhanced socio-economic position relative to the Chinese. Political control ‘depended’ on harmonisation of Malay, Chinese and Indian (respectively, 62%, 28% and 8% of the 22 million population¹⁶) claims through the ethnic party construct of the *Barisan* — though the Internal Security Act (ISA) and other emergency powers remained available as prominent reminders of that authority. The principles of the NEP (though altered to the NDP after 1990) and the threat of state discipline remain in place. But as Mahathir came to address the ‘imposed’ conditions *and* the political opportunities of the new neo-liberal/deregulatory agenda from the early-1980s, the nature of the state began to change. And these changes involved not only a restructuring and dispersal of bureaucratic sinecures, small Malay capital and *Bumiputera* interests, but also the need to engage more consciously at the level of civil society as a means of re-fashioning social consensus.

In moving tentatively towards forms of social control more identifiable with the liberal capitalist democracies of the West, this unfolding shift towards a political order, based on what Gramsci termed ‘national-popular’ consent, has also meant an increasingly significant role for cultural production in Malaysia. Media organisations, information agencies and popular entertainment have, thus, become crucial sources and means of

legitimation. As part of this shift, the ‘great debate’ between ‘Asian values’ and ‘liberal democracy’ has also assumed new potency. The new circumstances of economic prosperity, wealth restructuring and social dislocation have not only compelled the political class to contest the civil terrain more assertively as a means of cultivating consensus, hence the promotion of ‘Asian values,’ but has also given rise to a more intensive set of debates amongst varied intellectual communities over the validity of Western liberal democracy, not least in relation to the codes and practices of Islam.

The importance of these underlying issues, and their bearing on the crisis, is evident in an intriguing essay written by Anwar prior to his sacking and arrest. Amongst other telling observations, he asserted that:

Only the fostering of a genuine civil society, of which democracy is a crucial component, can assure the path of sustained growth — economically, socially and politically...Asian societies and governments have acquired a fondness for the free market of goods and services. But increasingly they will have to deal with the free market of ideas. Some will vehemently oppose this Babel even though the alternative is a sterile and sanitised uniformity.¹⁷

This view of civil society as a *contested site* is important in two senses. Firstly, it allows us to understand some of the emerging tensions within the power structure and the ways in which Mahathirism has sought to ‘negotiate’ that shift towards a more consent-based form of control. While Mahathir’s idea of civil development took its cue from ideas of nation-building, economic prosperity and social values encoded in the Nine Challenges, Anwar’s was more about civil reconstruction ‘from below’, including reform of institutions such as the legal system and the practices of Islamic jurisprudence. Complementing the above view, a more detailed exposition of the case for civil reform had appeared in Anwar’s 1996 book *The Asian Renaissance*. In the context of ‘ongoing prosperity,’ such offerings posed more of a discomfort than a threat to conservative elements within UMNO, the *Barisan* and the wider power structure. However, the onset of the crisis, the expression of Anwar’s liberal views and their articulation through a Western agenda for recovery now threatened to expose not only the deficits of Malaysian civil institutions but the more specific nature of power relations among the political-corporate hierarchy. Hence the showdown with Mahathir.

Secondly, the idea of a contested civil space allows for a more qualitative way of thinking about alternative intellectual discourse, dissent and the potential for new forms of democratic expression within Malaysian society. Taken together, this is a view of civil society which specifically rejects orthodox modernisation readings, or variants thereof, which seek to make linear connections between economic development, the opening-up of civil society and consequent pressures for liberal democracy. Such pressures are, indeed, likely to surface, as they have in Malaysia. However, these pressures may be seen as forming part of a far more contingent process than is suggested in this type of framework. An implicit part of this critique, therefore, involves fundamental questions about the democratic nature of civil society in the *West*. The crucial corollary here concerns the way in which shifts within Malaysian civil society and pressures for 'democratic expression' have given rise to forms of social control and legitimation evident in the Western capitalist democracies. This denotes the Gramscian sense in which power is formed along the continuum *between* domination and hegemony — that is, through state coercion or/and civil consent. In short, the leading class's recourse to coercive means in order to maintain power (domination) is inversely related to the quality of its consensual legitimacy (hegemony). Thus, it is not, (*viz* liberal readings) the extent of 'democracy' in Malaysia which is at issue here, but the extent of *hegemony* in terms of Mahathir's problematic movement along this spectrum at different points in the project — a conceptually different issue from that posed by liberal analyses.

This takes us beyond any liberal-bourgeois view of civil society as a series of freely-competing intellectual exchanges. For alongside the economic and political components of any hegemonic order or project lies the integrated role of the intellectual. And this brings us to a principal theme and key question within the study. To what extent can we begin to situate the intellectual as an actor within the actual *organisation* of hegemony?

In following a Gramscian perspective, we can begin to view the intellectual as rather more than the academic analyst or purveyor of knowledge. Such a departure does not, of course, exclude or dismiss such roles; far from it. Rather, it takes us towards a more considered view of how 'specialised' intellectuals and 'intellectual communities' may form part of a power structure by helping to construct, reproduce and filter dominant or 'common sense' ideas within and across key institutions. The university, in

this sense, is not a neutral domain or haven for ‘autonomous’ intellectuals. As Bourdieu also argues, it is a protean site for the construction of ideologies; a contested space which power elites seek to influence, organise and control.¹⁸ Neither does this mean that intellectuals are passive instruments of the state. What we have to consider, rather, is the sense in which elite networks use this terrain to cultivate other intellectuals as a way of internalising specific interests and ideas.

This, then, brings us to an initial point of definition. Intellectuals, for present purposes, can be understood in terms of their location and roles within key civil institutions and cultural agencies, rather than as a discrete ‘intelligentsia’. Thus, specific intellectual discourses may come to attain ideological prominence and social acknowledgement through, for example, the school syllabus, academic texts, religious writings, think-tank reports, government forums or the context-setting and filtering processes of the mass-media. Following this particularised view of ‘intellectual enterprise’, the task, therefore, is to consider how social control is being organised not only through the Malaysian state apparatus, but also via the increasingly complex landscape of civil institutions.

Towards an application

The study will seek throughout to reflect the importance of the three *thematic* aspects discussed above, namely: the circumstances of the 1980s neo-liberal adjustment; the changing nature of civil society; and the relevance of intellectual enterprise within this process. These provide a basis for analysing the Vision as an evolving project, the changing configuration of state-class relations and the key features of the crisis. Besides historical background, the principal time frame for the study involves the period of Mahathir’s accession in 1981 to the conclusion of Anwar’s trial in April 1999. Some further summation on the trial’s fallout by late-1999 will be noted in the concluding chapter.

As a preparatory task, the opening discussion in Chapter 1 will review and critique some of the main literature concerning issues of class, state and legitimacy in Malaysia. In seeking to understand the emergence of Vision discourse as a hegemonic agenda, this chapter will also set-out the main historical background to the study, with

particular emphasis on the evolving configuration of state-class relations and the construction of ethnic ideology. The chapter will also consider some of the main deficiencies within mainstream political science with regard to Southeast Asian societies. This will question not only the analytical merit of liberal developmentalist-type approaches, but also the intellectual agendas underlying them. Particular reference will be made to competing interpretations of 'democracy' in the region and conceptualisations of 'growth' as developmentalist ideology.

In response, Chapter 2 offers an alternative analytical framework based around a defined set of Gramscian-type perspectives. Alongside a brief exegesis of Gramsci's own conception of hegemony, the historical bloc, civil society and the intellectual, this section will discuss the particular relevance of these constructs within the study. A *résumé* of forms and examples of the power bloc, the global context of hegemonic relations, hegemonic projects and the role of intellectuals will be offered here, together with a brief review of similar explanatory models.

This takes us to the first substantive part of the study. Adopting the above typology of economic, political and ideological forms, Chapters 3, 4 and 5 will consider the respective components of the Malaysian power bloc through this three-fronted view of hegemony. The purpose is to illustrate the contradictory tensions within the power bloc from the early-1980s, the circumstances within which new power relations and intellectual agendas emerged and the ways in which they found expression through the Vision project.

Thus, Chapter 3 will assess the *economic* basis of the bloc in relation to the reward structure and organisation of capital. The principal claim here is that important changes in state-class relations have occurred under Mahathir, *structural* shifts which can be understood both as a response to extraneous neo-liberal market forces in the 1980s *and* as 'hegemonic opportunities' for re-shaping the power bloc. Explored here are the ways in which Mahathir initiated and managed these changes through the new circumstances of privatisation, deregulation and the remodification of *Bumiputeraism*, an institutionalised social compact by now constraining the new neo-liberal agenda. Taking up these issues, the chapter proceeds towards an assessment of the economic crisis from mid-1997 and the class/economic issues surrounding the Anwar affair.

Chapter 4 considers the *political* component of the power bloc and the underlying nature of the tensions within. Mahathir's attempts to alter the rationale of the NEP, particularly in the transfer to the NDP, required a consolidation of legitimacy at the political level. Attention is given here to the ways in which the 1987/88 UMNO split was interconnected with these circumstances, rather than, as many analysts have portrayed it, the product of conventional political factionalism within the party. It is argued here that the reformulation of UMNO after the split was a reflection of the broader realignment within the bloc itself. The chapter is concerned with Mahathir's attempts to synthesise a new type of political consensus from neo-liberal and neo-corporatist elements. It goes on to assess Mahathir's consolidation of the political bloc after 1990, the issue of the 'Anwar succession', the political impact of the crisis upon Mahathir's authority and the implications of the Anwar purge for UMNO/BN itself.

Chapter 5 turns more specifically to the *ideological* component of the project. This section considers the reproductive capacities of the UMNO party network through its engagement and control of intellectual discourse and cultural output. Again, this is expressed in relation to the party as organic intellectual. With reference to the emergent Vision project, the chapter argues that new responses to social pressures were becoming evident by the mid- 1990s as Mahathir tried to negotiate a more consent-based shift towards the management of rewards and ideas within civil society. However, the chapter will also attempt to illustrate the contradictions within that process. Here, the crisis will be used more substantively to illustrate the nature of ideological enterprise and the particular ways in which the UMNO network sought to direct and manage the situation, particularly through the constructed imagery of the mass-media. Close attention is given, in this regard, to the ways in which news and popular output were presented over this period and how such messages may have been received by a concerned public. This takes us in Chapter 6 to a more specific analysis of the media *vis-à-vis* the Anwar affair. Particular attention is given here to the 'competing agendas' of the domestic and foreign medias in their respective coverage of the crisis.

Bearing in mind our view of Malaysian civil society as a *contested* site, the remaining chapters consider the effectiveness of this ideological enterprise in relation to counter-hegemonic forces. Chapter 7, thus, uses Gramsci's typology of 'organic' and 'traditional' intellectuals to illustrate the task for UMNO in managing the challenge from

Parti Islam Se-Malaysia (PAS) and ‘winning-over’ the traditional intellectuals. In this sense, the conflict between UMNO and PAS represents not just an immediate political contest, but an *intellectual* struggle between ‘Vision-Islam’ and ‘PAS-Islam’. As organic intellectual, the UMNO network has sought to mediate, control and harness the icons, symbols and images of Islam as part of its modernist project. But with political support for PAS in Kelantan rooted in particularised feelings of Islamic identity and economic isolation, the intellectual and popular appeal of the Vision here has been highly contested. Attempts by Nik Aziz, Kelantan’s *Menteri Besar* (Chief Minister) and other traditional intellectuals to entrench *shariah* law, initiate Islamic codes and build an Islamic civil society in Kelantan have, thus, been strongly resisted by Mahathir as a threat to *Barisan* hegemony. While the purge on sects like *Al Arqam* denotes the ready use of coercion to control traditional Islamic agencies, the tension between UMNO and PAS in Kelantan, the only state outside UMNO’s electoral control, has required Mahathir to seek a more consensual endorsement of ‘Vision-Islam’. Rejecting *Bumiputeraism*, Malay nationalism and capitalist consumerism as varying forms of *assabiyah* (narrow chauvinism), PAS, in turn, have sought to build an alternative discourse to the Vision project. Here, the chapter attempts to locate the paradoxes of the ‘PAS project’, its struggle for ‘organicity’ and its attempts to fuse Islamic civil codes and social collectivist ideas into a cross-racial agenda. Continuing this theme of counter-hegemony, Chapter 8, looks in more detail at the growing strength of PAS since the beginnings of the crisis, their view of Anwar as a former Muslim activist and the prospects of a new PAS politics emerging out of the Anwar situation.

Finally, as another part of the ‘traditional intellectual community’, Chapter 9 looks at the counter-hegemonic role of ‘the left’ in Malaysia. In tracing the status of ‘left ideas’ and their place within the *reformasi*, the discussion here reflects on how Islam and other cultural sensitivities have informed and constrained ‘radical agendas’ in Malaysia. With the proliferation of middle-class/bourgeois strata in the region,¹⁹ it is also argued that the encroaching values of Western liberalism *and* Islamisation have created new and more complex forms of *embourgeoisement*, political cultural identity and forms of dissent. Here, UMNO has sought to incorporate many individuals and groups through a culture of ‘insiderism’, thus, keeping ‘dissent’ safely contained *within* the power structure and received framework of ideas. In the past, critical intellectual ‘resistance’ to

this has been nominal. However, driven by the new ‘networking’ of parties, NGOs and *ad hoc* reform groups, the crisis has opened-up fresh opportunities for broad political co-operation, critical debate and meaningful counter-hegemony. In considering the prospects for the opposition realignment by mid-1999, it is argued that this nucleus of dissent was now better placed to mount a serious *intellectual*, as well as political, challenge to the *Barisan* and the wider power bloc.

Approach and methodology

The main research theme concerns the meaning, legitimacy and contestation of the Vision as a hegemonic project. In seeking to locate the underlying tensions within the Vision project, it is necessary to recognise the specific Gramscian meaning and tenor of the terms ‘crisis’ and ‘contradiction’. This suggests the *ever-present* possibility of challenges, shifts and dislocations within the bloc; a constant dialectic of unfolding state-class relations and emerging pressures within civil society. It is this need to anticipate and offset such tensions through the ongoing management of classes, political forces and intellectual production which forms the integrated basis of hegemonic ‘order’. It also signifies the sense in which the ‘new society’ emerges out of the crises points and contradictions of the old.²⁰

It is argued from the outset, that the specific Gramscian perspectives to be employed in addressing these questions — a set of terms and concepts elaborated in Chapter 2 — constitutes an important part of the research theme and methodological approach *sui generis*. It also signifies the use of Gramscian ideas as analytical tools, rather than an attempt to ‘apply Gramsci’ in a uniform way. Thus, drawing from the ‘spirit’ of Gramsci’s work, this allows us to think about power as an interacting set of economic, political and ideological forms — a sort of ‘hegemonic trinity’ — providing cumulative expression of how the power bloc and party network operates as an organic intellectual. But it also offers a basis for setting-out the *concrete* reality of the Malaysian situation in its historical context. As one Gramscian observer notes:

This concern to study concrete reality, the insistence on the importance of the historic development of institutions and relations in specific conditions went beyond empirical illustration and has important theoretical and political implications.²¹

Thus, an implicit aspect here has been the need to limit the empiricist tone of the work. This relates to the positivist tendency within mainstream political science to employ quantitative models, notably for 'measuring democracy', an approach which, it is argued, forms part of a 'hegemonic methodology' in itself. Hence, the neo-Gramscian perspective adopted as part of this critique seeks to illustrate and analyse empirical resources (including various forms of political discourse and popular media output) in a more open, reflexive way. Likewise, the retrieval of interview material has been focused around more qualitative forms of participation and *engagement* of the arguments rather than formalised questions and 'non-value'-based comment. A similar approach is taken with regard to content analysis. In both cases, this qualitative approach is intended to highlight the roles of actors and institutions within the UMNO network, or/and opposition. But it also seeks to understand the 'register' and nuance of the language being projected, in its personalised, media or other discursive forms. Again, this involves a more engaged mode of enquiry by eliciting and 'speaking to' the particular hegemonic or counter-hegemonic *context* of the statement. Thus, to reveal how, for example, academic discourse, media stories or political statement becomes *text* for national-populist output, we also need to trace the *subtext* which gives it meaning as intellectual enterprise. This is not 'deconstruction' in the 'postmodernist' sense, something which, ultimately, denies the essence of power in its structural form. Rather, it is an attempt to show how such discourse has *hegemonic* purpose as language and symbols reproduced through civil institutions, thus helping to articulate specific relations of power. The study has, thus, sought to use examples of Vision discourse to help illustrate this process.

In addition, the impressions conveyed throughout the work have been built around many informal and 'off-the-record' discussions with academics, politicians, business figures, media people, political activists and 'ordinary Malaysians' (an unavoidable term) in day-to-day situations. It is only through this interpersonal interaction that one can connect what passes for 'theoretical exposition' with what goes on in the *real* social world. This observer, at least, found that what emerged in the course of such casual conversation was often the most revealing to be noted in the fieldwork diary.

¹ See D. McCloud (1995), pp 2-3.

² The *Barisan Nasional* consists mainly (late-1999): Peninsular Malaysia, UMNO, the MCA, the MIC and the Parti Gerakan; in Sabah, UMNO Sabah, Parti Demokratik Sabah (PDS), Sabah People's Party

(SAPP) and the Liberal Democratic Party (LDP); in Sarawak, the Sarawak United People's Party (SUPP), the Sarawak National Party (SNAP) and the Parti Bansa Dayak Sarawak. The BN have won all general elections since 1974. The Parti Bersatu Sabah (PBS) left the BN coalition in 1990.

³ 'Caveat investors', *Far Eastern Economic Review*, December 31st 1998 & January 7th 1999.

⁴ *Ibid.*

⁵ *Ibid.* Emphasis added.

⁶ Chandran Jeshurun (1993), pp 214-215.

⁷ Vision 2020 was announced by Dr. Mahathir on 28th February 1991 at the inaugural gathering of the Malaysian Business Council. *The Second Outline Perspective Plan (OPP2) (1991-2000)* (1991) reviews the achievements of OPP1 and the New Economic Policy (NEP) which ended in 1990 and sets-out the objectives of the New Development Policy (NDP) to run from 1991-2000. The Sixth Malaysia Plan specified the medium-term programmes to be implemented as part of the OPP2.

⁸ First published in 1993, this text is based on papers and discussions drawn from the first major seminar on Vision 2020 led by Dr. Mahathir and comprises contributions from government officials, economists, academics and others.

⁹ The editor of this text, Ahmad Sarji Abdul Hamid sets-out this target figure in his Introduction (1993), p xvi. See also Chapter 3 here by Mohd Sheriff Mohd Kassim, *Vision 2020's linkages with the Sixth Malaysia Plan and the Second Outline Perspective Plan*, which, as the title suggests, provides an analysis of how these policy objectives (including the NDP as part of OPP2) coincide. It may be noted that, while offering insights into policy formation and social planning, the views expressed here, as with other government-sponsored forums in Malaysia, generally conform to the government's own Vision agenda.

¹⁰ Reproduced from *Malaysia: The Way Forward*, a working paper launching Vision 2020, presented by Dr. Mahathir at the inaugural meeting of the Malaysian Business Council, February 28th 1991.

¹¹ These are the respective official codes of national identity in Malaysia and Indonesia.

¹² In this regard, the eighth challenge may be seen here as of most practical significance in view of its suggestions regarding race and the distribution of wealth — the principal theme underlying the NDP.

¹³ The economic crisis beginning in 1997 was to extend beyond that year. It is hereafter referred to as 'the crisis.'

¹⁴ The *Barisan Nasional* took 162 of the 192 seats in the national parliament, the *Dewan Rakyat*, at the April 1995 General Election. It took 10 of the 11 states, the exception being Kelantan which is controlled by *Parti Islam Se-Malaysia*.

¹⁵ 'There Is No Alternative' — the rubric underlying Thatcherism's policy of structural economic change and shake-out of Britain's industrial base in the early 1980s.

¹⁶ Malaysia (1998) *Yearbook of Statistics*, p 35. The figures (for mid-1998) denote (approx.) percentage of total Malaysian citizens (20,625,500). Males and females account for close to 50% each of the total population (22,179,500).

¹⁷ Anwar Ibrahim, *Far Eastern Economic Review*, (50th Anniversary ed.), October 1996.

¹⁸ For a discussion of Bourdieu's critique of the university system, and of the relationships between intellectuals, publishers and media outlets, see Clammer (1996), pp 183-184.

¹⁹ Hewison and Rodan, (1996), p 59, argue that this process of differentiation has been largely influenced by the evermore complex involvement of the middle-classes in diverse sectors of the global capitalist economy.

²⁰ See, in this regard, Showstack Sassoon (1987), p xi.

²¹ *Ibid*, p xvii

The construction of legitimacy: Vision 2020 and the language of control

The main purpose here is to offer an historical background against which to locate Vision 2020 as an emergent hegemonic framework. Integral to this discussion will be a review and critique of literature concerned with the themes of state, class and legitimacy in Malaysia. An important part of this critique also involves consideration of certain liberal discourses and ‘assumed’ language within mainstream political science with regard to Southeast Asia. These concern, most notably, liberal representations of ‘democratic transition’ and the supposed ‘interface’ between growth and democracy (what might be termed the liberal-development-equation), liberal interpretations of ‘Asian values’ and liberal understandings of civil society in the region. Although varied and often highly instructive in content, it is suggested that much of mainstream Asia Pacific literature has come to ‘accept’ a certain liberal-defined *context* and *mode* of analysis — a received *idiom* of thought which, in taking ‘dysfunctional’ obstacles to ‘liberal development’ within these societies as its basic starting point, constitutes a form of subtextual ideology *sui generis*. However, such illustrations are also intended to introduce the more particularised view here that the legitimacy of domestic elites is constructed not only within the immediate state nexus, but also through the *contestation* of these external discourses, notably at the level of civil society. Thus, Mahathir may employ the idea of ‘Asian values’ or ‘Asian democracy’ as a language of populist legitimation. But the language itself also has to be ‘negotiated’ and reformulated as an *intellectual* construct against other dominant agendas, discourses and ideas. It is in this more contingent sense that the propagation of class-based ideology, most notably *ethnic ideology*, has been used, in varying historical forms, by elites within the Malaysian state and civil institutions. Let us look, then, at the significance of such discourses, the context within which ideas are negotiated and the particular ways in which ethnic ideology has been adapted and used to reproduce a particular language of power.

Vision 2020: development, society and post-ethnicity

The populist message of Vision 2020 lies in its base sentiment of common national development. It plays upon constructed symbols of national unity, invoking a *vox populi* of social belonging and common purpose: '*Malaysia boleh*' (Malaysia can), as the media message puts it. The Vision represents, in this sense, much more than an industrial plan for advanced economic development. It involves an attempt to stimulate a new social context for the emergence of an alternative social order. As such, it seeks to project challenging messages of economic co-operation, ethnic integration and communal partnership as signifiers of a more *inclusive* nationalism, reward structure and social community.

But the Vision also has to be seen as an expression of class-based interests and the particular composition of the Malaysian state. Hence, it is important to understand the *evolution* of state-class authority and ideology in Malaya/Malaysia as part of an historical process and the consequent sense in which Vision 2020 constitutes a newly emerging framework of state-class legitimacy. In particular, this allows us to confront Vision language as a nascent discourse and form of, what may be termed, 'post-ethnic nationalism': that is, a gathering shift away from NEP ideology, ethnic balancing and the old 'politics of consociationalism' — class constructions and state forms variously designed to protect and reproduce the ideas and interests of the dominant class fractions across ethnic lines. Although these ethnic cleavages remain a perennial part of social and political consciousness in Malaysia, what is also emerging is a new type of state-class construction, more relevant to the prevailing economic climate of global markets, deregulation and the expanded opportunities of capital accumulation. In other words, the social changes effected by rapid economic development, neo-liberal processes and the new global competition have involved the articulation of a more *inclusive*, 'cross-ethnic' conception of the 'national interest'; a growth-driven, 'free-market' framework which, given impetus by the structural demands of transnational capital from the 1980s, yet restricted by the claims of *Bumiputeraism*, the NEP state and entrenched bureaucratic interests, seeks to move towards new forms of accommodation with capital, socio-economic management and ideological persuasion.

In order to situate this appeal to post-ethnic nationalism and the crystallisation of Vision 2020 as a hegemonic project, it is necessary to understand the historical nature of the state, the evolution of class relations and the role of ethnic ideology within that process.

Class, state and the ideology of ethnicity

Attempts within mainstream political science to understand the nature of political legitimacy in 'developing' countries such as Malaysia have involved two principal approaches. One has been to view the task as an analytical 'problem' of 'democratic transition' by considering the use of 'qualified' forms of democracy as particular to given state forms and political systems. As will be argued, the problem with this approach is that it is both quantitatively artificial and premised on certain Freedom House-type assumptions of what democracy actually is. The second approach is to isolate a particular aspect of the social order, such as racial or ethnic cleavages, and to build an explanation of the broader political system around it. In some cases, a convergence of these approaches is used. For example, in Diamond, Linz and Lipset (eds.), *Democracy in Developing Countries: Asia*, Zakaria takes up the theme of ethnic polarities, and their 'central significance' within the political structure, to describe Malaysia as a 'Quasi Democracy in a Divided Society'.¹ A further variation of Zakaria's communal theme can be seen in Morley (ed.) *Driven by Growth: Political Change in the Asia Pacific Region*, a complement to the Lipset-type literature, taking, as the title suggests, a similar developmentalist view. Here, under the concluding subheading of 'Race, Growth and Politics', Zakaria has this to say about Malaysia:

...the conclusion seems inescapable that communalism remains and will continue for some time to remain the key to Malaysian politics...Thus, in Malaysia the all-enveloping cloud of communal rivalry obscures the political direction in which economic growth may be driving, whether primarily democratic or authoritarian.²

Issues of growth and state legitimacy in Malaysia are, thus, commonly situated around the 'dysfunctional' politics of ethnicity. Ethnic loyalties, racial tensions and the balancing of communal rewards are seen as pivotal features of the overall political and

social order — a sort of main gravitational force setting the motion of political events and pulling the connecting elements together into a kind of revolving orbit. It is, of course, necessary to recognise the particular salience of communal identity within this process. One must also be sensitive to the deeper seam of culture, custom and belief which, quite simply, undercuts class as a form of social identity. But this need not involve us in a primordialist view of culture and communal identity as determinant forms of analyses. For while racial affiliations and ethnic loyalties often supersede those of class, it is necessary to show how class interests have been structured around communal divisions and the manipulation of ethnic ideology.

This suggests ideas of ‘the other’ as a signifier of power. In *Orientalism*, Edward Said shows how the West, in projecting the East as *other*, gave coherence to an ideology of distinctiveness as a mode of domination, thus offering it a means of signifying and reproducing its own dominant identity through the denigration and subjugation of another. Thus could Disraeli find both meaning and purpose in the idea of the East, seeing it as no less than “a *career*, one in which one could remake and restore not only the Orient, but oneself.”³ Explored further in *Culture and Imperialism*,⁴ Said illustrates the importance of popular narrative as a medium of colonial ideology, showing how the classic 19th century novel and related cultural forms helped give expression to an ascendant politics and culture of Empire. Colonial power depended not only upon the assertion of economic and political authority, but also upon the legitimation of that authority through the reification of a popularised colonial language. At the same time, though, Said is also at pains to specify the idea of *resistance to power*. Thus, in the colonial context, he points to the engaged struggle of committed writers such as Frantz Fanon and CLR James, in contrast to the imperialist imagery of Kipling’s “white man’s burden”, or, in *Heart of Darkness*, where, despite Conrad’s implicit empathy for subverted natives, there is little acknowledgement of indigenous cultural resources as a form of resistance or *engagement* of ideas:

...to ignore or otherwise discount the overlapping experience of Westerners and Orientals, the interdependence of cultural terrains in which coloniser and colonised co-existed and battled each other through projections as well as rival geographies, narratives and histories is to miss what is essential about the world in the past century.⁵

The development of ideas, culture and language, for Said, is, thus, a contested process, albeit one 'negotiated' within a particular context of power. It also illustrates how Mahathirism has sought to 'contest' these sites with the West as intellectual narratives and constructs.

In a similar vein, Maaruf has noted the failure of mainstream discourse to recognise the specificity of history and tradition in shaping political and economic development in the region. For the Malays:

...consciousness of tradition as well as the emotional and philosophical attachments to it, is an existential problem and not merely a surface feature. It is this single fact which has gone a long way in moulding their culture, thought and character, and in conditioning their response to the challenges of social change, development and modernisation...[T]here has been...a lack of appreciation that tradition is a living force moulding the world view of the Malays.⁶

Addressing such themes as historical biography, Khoo Boo Teik's *Paradoxes of Mahathirism* offers a more nuanced view again. Taking its core components — nationalism, capitalism, Islam, populism and authoritarianism — the author sees the complex and contradictory nature of Mahathirism as an evolving ideology. For example, Mahathir's consistent, and often zealous, support for Malay rights from the post-war colonial period never involved any straightforward endorsement of 'Malayness', an identity which he has always regarded as regressive and detrimental to Malay development. The tensions between consensual and coercive statecraft are also explored in the paradox of Mahathir as both populist and authoritarian.⁷ As such, this text provides an important set of base issues for the present study and a departure point from which to consider the still-evolving nature of Mahathirism, post-ethnic nationalism and the Vision.

Complementary to this, Anne Munro-Kua's *Authoritarian Populism in Malaysia* offers a key study of Mahathirism as a particular form of state authority arising out of the constructed circumstances of class and communalism in the colonial period. This approach, moreover, has a special resonance, given its neo-Gramscian subtext and particular view of Malaysia as an authoritarian populist state, a theme to be developed further in Chapter 2 with regard to hegemony and the power bloc. As in the present work, Munro-Kua is concerned to understand the contradictory tensions of authoritarian

populism, given the state's simultaneous use of repressive and consensual strategies. However, while mindful of the former, the present analysis seeks to develop a more particular understanding of the latter with regard to Mahathir's developing Vision agenda. The other main departure here is to move beyond Munro Kua's view of Mahathirism as an essentially Malay nationalist ideology, a proposition noted in the following:

[Mahathir's] rule has seen an extensive expansion of executive power and consequent blocking of various mediations while strengthening his own direct link to the populist base. While nationalism has been an important strand of populism, this is essentially a 'Malay' nationalism, which seeks to mobilize support for the Malay bourgeois class project through communal appeal.⁸

While recognising the salience of Malay national-populism, as exemplified by Munro-Kua's class-based conception of Mahathirist statecraft, it is also necessary to consider the still emerging shifts, undercurrents and contradictions within that project. Moreover, despite the state's recourse to coercion during the crises points of 1987 and 1997-99, we need to recognise how the polity and civil order has been manoeuvring towards a more consensual form of hegemonic legitimacy through Vision ideology. Thus, intrinsic to this process has been evolving forms of the state based around the ethnic ideologies of colonialism, consociationalism and *Bumiputeraism*. In chronological terms, we can trace these ideologies, respectively, from the colonial period to *Merdeka* (Independence) in 1957, through the Alliance phase (1957-69) and into the NEP period (1971-91). Let us consider each of these phases in an attempt to locate the emerging nature of state-class interests, ethnic ideologies and the construction of 'post-ethnic nationalism' through the Vision's *Bangsa* Malaysia.

The Colonial phase

In 1956, a year before *Merdeka*, J. S. Furnivall used his classic conception of 'the plural society' to describe the process of ethnic differentiation in colonial Malaya. Following his previous studies of Indonesia and Burma, Furnivall argued in *Colonial Policy and Practice* that ethnic migration to Malaya, in response to the demands of the colonial economy, had given rise to a social order segmented by race and custom:

They mix but do not combine. Each group holds by its own religion, its own culture and language, its own ideas and ways. As individuals they meet, but only in the market place, in buying and selling. There is a plural society, with different sections of the community living side by side, but separately within the same political unit. Even in the economic sphere there is a division of labour along racial lines.⁹

Pluralism, as understood by Furnivall, has since been discarded for its *a priori* view of ethnic relations. In effect, it took communal divisions as given phenomena, rather than social cleavages requiring critical explanation.¹⁰ Nonetheless, its importance as a discursive model within the literature, even by the late 1970s, as exemplified in texts such as *Pluralism in Malaysia*,¹¹ illustrates the way in which colonial representations of the ethnic factor helped shape mainstream analyses of the state and polity in Malaysia. Alongside an ambivalent view of the colonial legacy, much of the subsequent literature retained this basic conception of ethnic division and communal politics as 'primordially given' rather than the historical product of the colonial state itself. Yet, the construction of the 'ethnic *other*' was itself an intrinsic part of colonial ideology in British Malaya. Complementary to the colonial division of labour, such images and representations comprised a key element of legitimation and social order.

It was the manipulation of race as a divide and rule strategy in British Malaya, involving the selective division of labour along ethnic lines and the reproduction of ethnic ideology, which helped maintain the colonial power structure, shaping the framework of state-class politics after *Merdeka*. Through the colonial office, the British and other commercial interests had sought to restructure the domestic economy, turning it from subsistence agriculture into a key producer of primary products and raw materials for the British and European markets. As capitalist appropriation became fully organised around the abundant resources of tin and rubber, the British actively encouraged a policy of ethnic immigration and stratified labour relations to help realise an export-led accumulation strategy. With the consequent growth of Indian and Chinese migrants to Malaya as indentured labour, most notably through the credit-ticket-system, an ethnic division of labour began to form by the early 19th century.¹² Following the development of the Straits Settlements as key trading centres, the rising demand for tin by the 1850s saw the expansion of Chinese mining settlements into Perak and Selangor. With world demand for rubber also growing, the British continued to sponsor the importation of

Indian labour to work on European-owned plantations.¹³ Thus, with the integration of each ethnic grouping into different sectors of the colonial economy and distinct social *milieux*, colonial representations of racial attributes began to find populist resonance.

Indians, mainly Tamils, were regarded as compliant and efficient, suited to routine agriculture and the administrative conditions of British colonial office. The Chinese, bound together through the complex networks of the *kongsi* clan system and *Kapitan* labour pools, were viewed by the British as a particularly industrious race, evidenced by their ready access to capital and productive activity in mining and plantation agriculture. This did not, however, protect the Chinese coolie from exploitation at the hands of British or Chinese capitalists — the plentiful supply of opium helping to maintain labour dependency, while providing valuable revenue for the colonial office.¹⁴ Meanwhile, the Chinese and Indian communities remained excluded from political office, a ‘pro-Malay’ privilege retained for a select class of Malay civil servants as a means of co-opting the feudal aristocracy.

In contrast, the native Malay peasant came to be portrayed as a dysfunctional part of the colonial mode of production: detached from commercial activity, unwilling to participate in waged labour and unreliable as a racial type. It is important to note that this view derives from an ‘objective’ and sympathetic conception of the Malay. Sir Thomas Raffles, founder of Singapore, saw in the Malay a sense of predicament, his ‘negative traits’ the product of sensitivities to insult and previous colonial subjugation. Similar sentiments were offered by other colonial observers such as Hugh Clifford and Sir Frank Swettenham who both deplored the general ‘lack of understanding’ towards Malay society. Yet despite this empathy, a colonial genre of travel stories, and ethnographic caveats came to reflect an idealised picture of the ‘real Malay’ as indolent, lazy and untrustworthy, establishing a popular cultural stereotype and a rationale for ‘benevolent intervention’.¹⁵ Thus, at the height of Empire, could Swettenham, as colonial Governor, offer a ‘definitive’ image of a people in his claim that the “leading characteristic of the Malay of every class is a disinclination to work.”¹⁶

As Alatas has shown, most definitively in *The Myth of the Lazy Native*, not only was this an essential part of colonial ideology, but was later to become part of the ideological context of Mahathir’s NEP nationalism.¹⁷

Other recent state-based analyses have also helped illuminate the colonial legacy and the ways in which ethnic, religious and other cultural forms are used as ongoing strategies of legitimation. For example, Jesudason, employing a state-centred model derived from Skocpol, views the historical construction of the Malaysian state as 'syncretic' in form, namely because it:

...is a product of a particular historical-structural configuration that has allowed the power holders to combine a broad array of economic, ideological and coercive elements in managing the society, including limiting the effectiveness of the opposition as a democratising force...The syncretic state operates at a multidimensional level, mixing coercive elements with electoral and democratic procedures; it propagates religion in society as it pursues secular economic goals; it engages in ethnic mobilisation while inculcating national feeling; and it pursues a combination of economic practices ranging from liberal capitalism, state economic intervention, to rentier arrangements. These features are in important ways a product of the externally implanted nature of the colonial state and the colonial capitalist economy.¹⁸

Although Jesudason correctly notes the colonial context of the Malaysian state, the hybrid nature of its legitimacy and the particular way in which it 'trades-off' these various elements, there is a tendency here to view class as something of an adjunct to state-centrism. By implication, class becomes a by-product, albeit an important one, of the state; a dependent element of the state's omnipotence. Jesudason does insist that the Malaysian state's propagation of syncretic measures is neither static nor uninfluenced by potential pressures from within civil society and the middle-class. However, he sees any real crisis of legitimacy emerging, more likely, as a loss of coherence within the state itself as it confronts the problems of social stability generated by economic change.¹⁹ He also notes here how the state constrains particular forms of class mobilisation while also lurching precariously towards contradiction as it tries to manage the social outcomes of sustained development.

Yet, bearing in mind the importance of the state in articulating class interests, as well as this potential for internal state crises, what has to be specified more clearly here is the idea of a *state-class nexus*; that is, a more dynamic conception of state-class interactions premised upon the historical, contingent relationship between competing state elites, class elements and fractions of capital — structural relations which, in turn, influence and condition class formation at the broader social level. Moreover, civil

society is more significant than Jesudason, perhaps, allows, given its increasing relevance as an arena of legitimation and medium for offsetting the propensity to state crises itself — hence, as suggested below, the greater contestation of civil institutions by state elites in an attempt to build populist consensus.

As with Munro-Kua, K.S. Jomo and Hua Wu Yin come closer to this idea of a state-class nexus. Taking up class as a more particular mode of analysis, both point to the historical implications of colonialism, citing, for example, the incorporation of the Malay middle-classes into the administrative apparatus of the state and the extent to which this served to limit the formation of a Malay bourgeoisie. This, in turn, helps us understand better the consequent nature of the NEP state in seeking to redress this ‘anomaly’. Jomo also notes, in this regard, how the later ascendancy of “Malay statist capitalists” and the “onus of capital accumulation on the state” ultimately gave rise to:

new contradictions with other capitalist fractions...[Hence,...]the more pronounced forms of class contention in contemporary Malaysia are outcomes of class contradictions generated by the rise of the statist bourgeoisie.²⁰

For Hua Wu Yin, communal division within Malaysian society is, again, rooted in the colonial experience. The legacy is a *dependent* capitalism in Malaysia and a ruling class which must rely upon the exploitation of communal division as a source of class domination.²¹ Rejecting pluralist explanations of the communal factor, he points to the “institutionalisation of communalism” by the Malay bourgeoisie under the NEP as the “cardinal mechanism by which the Malaysian ruling class...maintain[s] the loyalty of the Malay masses.”²²

Brennan argues, further, that the Malay bourgeoisie’s pragmatic alliance with international capital after *Merdeka* not only reflected its dependent integration into the global economy, but also helped generate new hostilities by displacing sections of the non-Malay bourgeoisie from that process. In other words, class conflict has been the engine of communal conflict, stoking ethnic tensions and maintaining communal divisions, the traditional support bases for UMNO, the MCA and MIC.²³

In this regard, Brown shows how ethnic politics in Malaysia is located within a more holistic context of state forms, class relations and the particular construction of *ethnic ideology*. Again, this distinctive class approach sees ethnic affiliations and

communal divisions as state-class arrangements arising out of the prevailing economic structure. Brown's analysis moves beyond both core Marxist state theory and later 'relative autonomy' models — as well as Jesudason/Skocpol state-centred views — to a position which understands more incisively the dynamics of contending class interests and balancing processes within the state. Thus, in Malaysia we can trace the emergence of a Malay state bureaucratic class seeking to consolidate their own interests while attempting to accommodate international capital, mediate other bourgeois class fractions and control subordinate class groups through the manipulation of ethnic ideology.²⁴ Applying these insights to the historical development of the Malaysian state, Brown notes how:

During the colonial period, the state was characterized as the agency of British capitalist interests, mainly those in plantation and mining, so that state expenditure was focused on the infrastructural developments necessary to promote primary products. During the next period, from Independence up to 1969, the state acted to mediate between competing classes and between the class fractions amongst the bourgeoisie, and this was reflected in the institutionalization of a governing alliance between the various bourgeois class fractions. After 1969, the bureaucratic bourgeoisie gained predominant control of the state machinery and used this to attain progressive dominance within the governing alliance, and to acquire access to commercial and industrial capital. As the state became more clearly the agency of the bureaucratic bourgeoisie, the stability of the alliance was threatened both by fractional rivalries as the other bourgeois class fractions were marginalized, and by class tensions as state-based industrial development exacerbated disparities between the bourgeoisie as a whole and the subordinate classes. The bureaucratic bourgeoisie then sought to employ the machinery of the state so as to contain and mediate the resultant tensions. They did this partly by granting political concessions, but primarily through the manipulation of ideology. *One such available ideological theme, and that which predominated, was the ideology of ethnicity.*²⁵

It is also necessary to set these ethnic ideologies against the particular circumstances of the decolonisation process itself. The first element here concerns the *form* of colonial rule between 1946 and *Merdeka*. Although the British had successfully employed a form of indirect rule, by adhering to 'pro-Malay' policies and recognising the Malay Sultans as 'natural rulers',²⁶ their attempt to move towards a more uniform structure in 1946, through the Malayan Union scheme, was seen as a betrayal by the Malay aristocracy. It was from here and other conservative Malay institutions that the UMNO political class emerged in that year to oppose the scheme, giving rise to a

conservative Malay nationalist coalition. The Malayan Union had been introduced by the British as an initial attempt to bring the nine Malay states of Perlis, Kedah, Kelantan, Terengganu, Pahang, Perak, Selangor, Negri Sembilan and Johore, plus the two (Crown) Straits Settlements of Penang and Malacca under the ambit of a stable central governing body for the first time. Under the scheme, administrative powers were to be organised on a cross-ethnic basis, an arrangement presented, ostensibly, as a democratic reform of the political system and precursor to eventual self-government,²⁷ but which reflected, more acutely, Britain's evolved relations with the multi-ethnic bourgeoisie and the need to protect British foreign interests.²⁸

However, UMNO successfully opposed the scheme over its provisions to restrict the Sultans' powers and the threat to Malay rights. The scheme was replaced in 1948 by the Federation of Malaya Agreement, drawn-up by British and Malay leaders, amid protests from the non-Malays.²⁹ Under this arrangement, the Sultans' position and other Malay rights with regard to indigenous status were secured. Despite some concessions over immigration, non-Malays did not get the full citizenship rights proposed in the 1946 plan. Moreover, the principle of federalism, enshrined in the agreement, offered Malays security that, while legislative control moved towards the centre, this would not create a monolithic Union with no recognition of the states and traditional forms of Malay government. Later, influenced by British interests and calculations of how to curb the threat of Chinese radicalism in Singapore, Tunku Abdul Rahman backed Singaporean entry into the Federation, despite Malay fears of Chinese dominance. Balanced by the other *Bumiputera* states of Sabah and Sarawak, Singapore's merger brought Malaysia into existence in 1963. However, ongoing tensions, reflected by an increasingly militant challenge to the Alliance from the People's Action Party (PAP) for expanded citizenship rights, saw Singapore expelled from the Federation in 1965.

The Federation agreement had, thus, given rise to a second key element here, that of communally located political parties. As the main bourgeois elements came to consider their place and role within the emerging political structure, the 'communal agenda' of the Federation negotiations became the prevailing context for the political mobilisation of the subordinate classes. It was out of this process that the communal positions of UMNO, the MCA and the MIC would emerge as class patrons of each ethnic grouping. Indeed, it was within this context that Dato Onn bin Jaafar, the founder

of UMNO, was forced to relinquish his post as president in 1951 for seeking the entry of non-Malays into the party. The Independence of Malaya Party (IMP) which he subsequently set up in 1951 was not to prove a significant force. Again, for Zakaria, this was, and remains, proof that the “failure of noncommunal political parties is simply a consequence of the nature of the polity in which political mobilization has greatest success when it appeals to race.”³⁰ However, this view again understates the vital sense in which particular class interests were being established through the Federation process and the consociational framework to follow.

Against this, the non-communal All Malay Council of Joint Action (AMCJA), representing Chinese, Malays, Indians and others, had opposed the Federation, calling instead for independence and a new structure based on universal citizenship, power sharing arrangements with inbuilt Malay rights and retention of the Malay monarchy, though deprived of prerogative powers. Alongside its radical Malay nationalist coalition partner PUTERA (Central Force of the Malay People), it represented an alternative, if weak, counterpoint to UMNO conservative nationalism. However, it was through the latter political medium that the colonial government chose to negotiate.

And this ties into the third important factor of the decolonisation process: the Malayan Emergency (1948-60). In effect, this was a class-based war fought between the Malaysian Communist Party (MCP) and the British and multi-ethnic bourgeois coalition. One of the principal reasons why the British came to favour the Federation plan by 1948, rather than the Union scheme, was the need to develop the ethnic divide and rule strategy in the face of class pressures and communist insurrection. By seeking to portray the MCP as an avowedly Chinese nationalist body, rather than a broad-based, anti-colonial class movement, the British hoped to stifle Malay support for any form of class politics or radical nationalism. Despite its main Chinese base, the MCP had, by 1948, built a considerable level of support amongst Malays and Indians.³¹ Under its leader Chin Peng, the MCP had fought a major military campaign alongside the British to defeat the Japanese.³² However, the party’s efficient mobilisation of large sections of an immiserated working-class after the war, notably through the Pan Malayan Federation of Trade Unions, threatened the very basis of the colonial order. Thus, while seeking to portray labour unrest and working class dissent as MCP subversion, the British moved towards a clearer recognition of UMNO and conservative Malay nationalism as the main

voice of 'political reform'. Nonetheless, while consolidating this relationship through the Federation agreement, and in response to the onset of MCP armed struggle, the British still sought a cross-ethnic independence arrangement which would ensure political, economic and social stability — a settlement subsequently realised through the ideological framework of ethnic parties and consociational politics.

The legacy of the colonial state can thus be seen as significant in three main respects. Firstly, it helped draw the Malayan economy into the world capitalist system, thus setting the basis of metropole-domestic class relations. Secondly, as a central feature of this process, it created an ethnic division of labour in which racial attributes became synonymous with class position. And, thirdly, it provided the nucleus of a pragmatic alliance between the Malay aristocracy/state bureaucracy, the main Chinese commercial bourgeoisie and Indian *petite* bourgeoisie, setting the framework of class accommodations, consociational politics and ethnic ideology to follow.

The Alliance phase

Following Independence, Malaya was governed by the Alliance, a communal party-based coalition which held UMNO, the MCA and the MIC together till 1969. UMNO and the MCA had, together, successfully contested the 1952 municipal elections in Kuala Lumpur. Joined by the MIC to form the Alliance, they followed this by contesting and winning the 1955 General Election, establishing a political coalition which allowed Tunku Abdul Rahman, the country's first leader, to negotiate the *Merdeka* settlement in 1957. Under the Tunku, the colonial settlement — following the Reid Commission's report³³ — had secured the formal powers of the *Yang di Pertuan Agong* (King), the Sultans and a privileged *niche* for a Malay administrative elite. A constitutional system had been agreed, based upon British parliamentary structures and Crown prerogatives while retaining the federalist principle. The British also saw in the Tunku someone who would be a stable figurehead within the coalition, who would retain a *laissez-faire* approach to foreign capital, favour British interests and, in the gathering Cold War climate, maintain opposition to communism in the region.

In contrast to the Malay elite, the economic position of ordinary Malays had not been substantially improved by decolonisation. The colonial labour structure, racial

segmentation and hierarchical social codes, based on deferential emotions of *adat* (custom), had kept *Bumiputeras*, more generally, tied either to *kampong* (village) subsistence or conditions of urban poverty. Yet, like their Malay counterparts, large sections of Chinese labour also remained locked into a situation of class exploitation, economic dependency and social deprivation. Following the defeat of the Japanese, major restructuring of the country's primary sector, given impetus by the large demand for rubber and tin during the Korean War, had seen a major enhancement of the country's export base and sustained accumulation opportunities for domestic and metropolitan capital. Again, it had been the attempted mobilisation of both ethnic groups against such exploitation after 1948 which had formed the basis of the MCP's efforts to wage a class war of independence. But with Independence secured and organised around the consociational arrangements of the Malay state and Chinese business interests, class politics became subordinate to ethnic politics.

The essence of Alliance power lay in the 'bargain' struck between the Malay aristocracy who held *political* authority through UMNO and control of the civil service, and the Chinese commercial bourgeoisie who were allowed to protect their economic interests through the MCA. During the 1969 Election, the Tunku, acknowledging the discrete political and economic powers of the Malays and Chinese, restated how the "blending of the two... ha[d] brought about peace and harmony, coupled with prosperity to the country."³⁴ As such, Alliance ideology had helped institutionalise an exclusive 'partnership of understanding' between ethnic patrons who between them claimed the necessary abilities to manage racial tensions and promote social prosperity.³⁵

Yet, even as economic production grew during the 1950s, giving apparent credence to the Alliance formula, new class pressures signified the gathering crisis of Alliance consociationalism. Under the 1958 Pioneer Industries Ordinance policy and the First and Second Malaya Plans (1955-65), import-substitution manufacturing had been encouraged through credit incentives, infrastructure investment and tariff protection, a process which, given the government's ongoing *laissez-faire* commitment, saw foreign, rather than domestic, investment grow. Despite the shift towards export-oriented industrialisation under the First Malaysia Plan (1966-70) and diversification into palm oil and other primary products by the late-1960s, these incentives to foreign capital remained largely intact.³⁶ Thus, as Khoo notes, the accruing problems for the Alliance

had a number of interacting facets, not all exclusively linked to ethnic demands. Firstly, the Alliance state's low-capital support for the rural sector, reliance upon primary commodity production and general *laissez-faire* orientation saw it exposed to the "familiar neo-colonial mode of underdevelopment" by the late 1960s, thus unable to meet gathering expectations of "economic democracy" to accompany the aspirations of political independence.³⁷ Secondly, marginalised sections of the Malay peasantry began to tie their interests more specifically to the social ideas of PAS, which, at that point, had linked its Islamic agenda to a Malay nationalist idiom. Thirdly, concern was being expressed by middle and working-class non-Malays that the special Malay rights guaranteed under the constitution would undermine their access to social provisions, such as education. Finally, and perhaps most significantly, a key section of Malay bureaucrats, middle-class intelligentsia and politicians within UMNO began to question the Alliance's *laissez-faire* policies and relationship with Chinese capital, demanding a greater level of state intervention and share of wealth for the Malays.³⁸

In this latter regard, the enterprise and social mobility of a nominal Chinese business community, tightly organised around ties of kinship and with privileged links to the Malay political class, had given rise to increasing anti-Chinese resentment at the broader social level. At the same time, mainstream Chinese support for the MCA and its role as communal patron within the Alliance began to erode. Again, this reflected a certain search within each ethnic group for alternative parties to represent their economic and cultural interests. But the rejection of the Alliance structure, particularly amongst the Chinese, can also be seen as coincident with the flowering of a more vibrant 'class politics' at that point. Although mainly regarded as Chinese parties, the Democratic Action Party (DAP), *Gerakan* and People's Progressive Party (PPP), unlike the Alliance, had campaigned on broad socio-economic rather than racial issues. In the General Election of 1969, the three 'Chinese' opposition parties took 56.4% of the non-Malay vote as opposed to 40.4% for the Alliance. Together with the movement of many rural Malays from UMNO to PAS, giving PAS 40% of the Malay vote, this shift saw electoral support for the Alliance fall from a high of 79.6% in 1955 to 48.5% in 1969.³⁹

Disenchantment with the Alliance formula was thus being expressed across racial lines. For the Chinese, it was fostered by the need to find new ways of articulating their socio-economic and cultural interests. On the Malay side, it was motivated by

perceptions of increasing Chinese economic dominance and fears that the 1969 Election outcome threatened their political position and constitutional rights. Thereafter, social enmities, stoked in large part by ethnic chauvinism and fratricidal language during the Election campaign, erupted into ethnic riots on May 13th 1969, most notably in Kuala Lumpur. Yet, as Khoo Boo Teik notes, this, again, should be seen within the context of wider class pressures and the contradiction of consociationalism:

The inability of the Alliance's *laissez-faire* capitalism to satisfy these demands accentuated the ethnic dimensions of Malaysia's decolonization and laid the conditions for the violence of 13 May 1969...In that sense, the 13 May incident, which has often been taken to mean the breakdown of Malaysia's multi-ethnic consociationalism exclusively, also brought about a rupture in the balance between the Malay state, domestic non-Malay capital and foreign capital. That is to say, the "Merdeka compromise" was not simply the casualty of ethnic polarization and extreme communalism. It was also the victim of "class" onslaught mounted by an immiserated Malay peasantry, an urban non-Malay working class suffering from unemployment, a non-Malay middle class clamouring for political and cultural liberalization (with implications for social mobility), and a Malay *petit bourgeois* demand for economic regulation (of non-Malay capital) and state intervention.⁴⁰

The structural instability and ultimate crisis of Alliance consociationalism by the late 1960s, thus, reflected two class-based contradictions within the state: firstly, the dependent development of the economy under neo-colonialism involving *laissez-faire* forms of surplus appropriation and gathering economic stagnation; secondly, the emergence of tensions between competing bourgeois fractions seeking enhanced access to state resources as economic conditions contracted.⁴¹ These contradictions, in turn, helped fuel the ethnic animosities, fear and suspicions which became the hallmark of the 1969 riots. This is not to deny the 'primal' nature of Malay and Chinese reaction during that crisis. But it is necessary to distinguish between the popular motivation of that reaction and the essential causes of such consciousness. In effect, the practice and ideology of consociational politics had allowed political and social identity to become structured around ethnic polarities, thus providing the basis for a groundswell of ethnic fears to emerge at a key point of economic dislocation.

The NEP phase

Although the NEP is considered more fully in Chapter 3 *vis-à-vis* Mahathirism, it is necessary here to sketch some of the background circumstances of emerging class pressures and ethnic ideologies within the state by the late 1960s. Since *Merdeka*, the Chinese had harboured fears that their language, educational traditions and culture were under threat from an increasingly dominant Malay political class. It is within this context that the DAP, offering a more egalitarian, universalist vision of a 'Malaysian Malaysia', found itself the main repository of Chinese disenchantment with the Alliance throughout the 1960s, culminating in the erosion of the Alliance vote in 1969. For the Malays, in turn, this rise of Chinese opposition represented a dangerous challenge to their constitutional rights. Moreover, it fed into more pressing concerns across Malay bourgeois, middle-class and peasant groups that the 'Malay share' of national wealth and incomes had declined relative to Chinese incomes. Certainly, as Brown notes, statistical evidence does show Malay incomes, relative to Chinese, falling from a ratio of 1:2 to 1:2.5 between 1958 and 1967.⁴² However, as Brown also shows, the more significant disparities of wealth under the Alliance had been *intra*-racial rather than inter-racial in composition. Between 1957 and 1970, intra-racial disparities grew by 36.2% amongst Malays and by 21.6% amongst the Chinese. In the same period, the wealthiest 20% of Malays saw their share of national wealth increase from 42.5% to 52.5%, while the poorest 40% of Malays' share fell from 19.5% to 12.7%. For the Chinese, the respective shares were 45.8% to 52.6% and 18% to 13.9%.⁴³ Nonetheless, Malay grievances and the crisis of 1969 had allowed inter-ethnic, rather than intra-ethnic disparities to take centre-stage, thus providing a new set of Malay 'priorities' within the state.

Reflecting this rupture in state-class relations, the Tunku handed over the premiership to Tun Abdul Razak in 1970, giving way to a new generation of UMNO leaders from mainly bureaucratic backgrounds. In February 1971, following a period of emergency rule, imposed under the National Operations Council (NOC), the Alliance coalition (later reformed as the *Barisan Nasional* for the 1974 General Election), proceeded to address Malay inequalities through the interventionist strategies of the NEP. But while offering socio-economic redress and employment guarantees for upwardly-mobile Malays within the public sector, the new ethnic ideology of

Bumiputeraism on which it was predicated also allowed the emergent 'NEP class' privileged use of the state as a new accumulation site. Here, in essence, was a 'state bureaucratic bourgeoisie' in the making.

It is necessary to locate the class basis of this group for two reasons. Firstly, it helps illustrate the sense in which consociationalism was reformulated and rationalised as an amended political system and ideology by the new bureaucratic-bourgeois alliance. Secondly, it helps set the context for the subsequent evolution of Mahathirism itself from a position of overt NEP nationalism to that of post-ethnic nationalism via the Vision.

As noted, this amalgam of Malay bureaucrat and middle-class elements had begun to assert its influence by the late 1960s in response to the Alliance's *laissez-faire* policies and relationship with Chinese capital. But their rise also indicated an increasing class challenge *within* UMNO itself. This was partly motivated by a gathering disdain for the Malay aristocracy, whose conservatism and feudal orientations were coming to be seen as increasingly anachronistic by bureaucrats, teachers and other professionals within UMNO. Such perceptions were also linked, more specifically, to the sectoral interests of this class fraction within the state. The rapid expansion of the state bureaucracy over the 1960s, prompted by decolonisation, had seen the sizeable recruitment of lower-middle-class Malays into the civil service.⁴⁴ Not only did this class set the scene for the emergence of an 'ultra' political faction within UMNO, it also acted as a new cohesive force within the public sector, pushing for economic restructuring and controls over Chinese capital, pressures which were to provide the impetus for state interventionism after 1969.

This, in turn, signified a shift in the form of ethnic ideology employed by the state. The Alliance variant had defended *Bumiputera political* rights as a key part of the consociational construct, but *not* at the expense of cross-racial bourgeois interests or the free role of metropolitan capital. In contrast, the new state-class placed *Bumiputeraism* at the core of both its political *and* economic agenda. The outcome was a set of state institutions more amenable to the mutual interests of small indigenous capital and state bureaucrats. But the need to legitimate these relations through state interventionism also required a fuller articulation of *Bumiputeraism* as an ethnic ideology. Thus, by appearing to promote expanded economic rights for *all* Malays, the new state-class were able to

establish a populist rationale for selective direction of the economy, privileged access to state resources and control over the distribution of wealth.

As we shall see, this conjuncture of state-class forces and nationalist ideology by the early 1970s was to provide the main context for the Mahathirist project to follow in the 1980s. However, as with that evolving process, Mahathir's own development through decolonisation to 1969 and the emergence of the NEP state suggests some contradictory elements. Mahathir had been closely associated with both the anti-Union movement from 1946 and the Malay nationalist agenda of 1969. Yet he occupied a somewhat paradoxical position with regard to both. He fought for the Malay Federation cause in 1948 without being specifically wedded either to conservative or radical nationalist wings. In particular, he harboured a deep resentment towards the Malay aristocracy, seeing in them a feudal, rentier class indifferent to the subsistence existence of poor rural Malays, hardships which Mahathir had himself partly experienced during his study years and then witnessed first-hand as a young medical doctor in Alor Star.⁴⁵ As doctor-politician, Mahathir had campaigned vociferously as a Malay nationalist in the 1965 election, attacking, in particular, the PAP's 'Chinese chauvinism' and 'socialistic doctrines', thus making his mark against the PAP's vibrant young leader Lee Kuan Yew. Mahathir's most notable statement as an 'adopted ultra' came in his letter to the Tunku after the 1969 riots. Denouncing his 'placatory' gestures to the Chinese and 'betrayal' of the Malays, he called for the Tunku's resignation, an act which resulted in his own expulsion from UMNO, but which secured his place as a symbol of Malay nationalism amongst the ultra faction.⁴⁶ As we shall see in Chapter 3, Mahathir was to develop the case for Malay nationalism during the 1970s via the arguments of the *Malay Dilemma*. Yet, he did so without being closely identified with the new NEP bureaucratic elite, an element which he gradually came to regard, after coming to office in 1981, as an impediment to 'modernisation', economic reform and Malay development itself.

A more focused analysis of nationalism as ethnic ideology is taken-up in the discussion of the NEP to follow. However, following the theme of constructed ideology, we also need to consider here how representations of 'democracy', 'development' and 'Asian values' have been used and contested as forms of hegemonic discourse.

Democracy, Asian values and the ideology of growth

It is instructive to note how the interests of Western capitalism *and* the Mahathir project have been underwritten by an *ideology of growth*. For Mahathir, this has involved the selective use of neo-liberal language to promote privatisation, initiate state reforms and assuage foreign capital. Mahathir has also made the 2020 growth target an ideological, as well as practical, signpost for the Vision project. For the key capitalist institutions, the ideology of growth suggests an ongoing attempt to ‘remake’ the region in its own image — a kind of ‘Disraelian task’, *pace* Said in *Orientalism* — through the propagation of liberal capitalist business practices. The main feature of this has been the long-term promotion and idealisation of the liberal developmentalist state: in essence, a set of growth-led arguments for the minimalist (or ‘facilitative’) state, wholesale deregulation and open-market policies. Here, the shared neo-liberal ideas of finance ministers and transnational capital have come to inform the very framework within which such economies and societies may act.⁴⁷

Still, this is not an argument *against* growth — even though the idea of *sustainable* growth has been largely ignored or marginalised by governments and capitalist institutions. Neither can we overlook the ‘push for growth’ as part of the intrinsic struggle for global capitalist competitiveness. However, it is also necessary to see how liberal discourse has helped *reify* the *language* of growth. With the shift towards a global neo-liberal agenda from the late 1970s, ‘growth-led’ became the in-term and intellectual *leitmotif* of key agencies such as the IMF, World Bank and Trilateral Commission. Thus, the ‘imperative of growth’ has become hegemonic code for free-market arrangements and private-sector accumulation. As mainstream Asia-Pacific texts such as *Driven by Growth* more than imply, capitalist development constitutes the essential progenitor for liberal democracy in developing countries — or, in more complementary form, the liberal-market promotes the emergence of democracy, while, *vice versa*, democratic structures help stimulate investment, growth and capitalist development.

As the Southeast Asian economies finally faced the reality of structural weaknesses, global overcapacity and the anarchy of financial markets by 1997, such assumptions of growth-led development looked rather exposed, while the supposed

correlation between growth and democracy looked even more problematic. During the boom years, the populist appeal of growth-driven development had helped sustain Mahathirism as a project, placating the middle-class and offsetting demands for democratic reform. The irony was that it had taken an actual *crisis* of growth by 1997 to stimulate pressures for democratic change.

As demands for greater transparency and political reform were articulated on behalf of foreign capital by the IMF, finance ministers and influential sections of the Western media, Mahathirism found itself under serious attack. The consequent denunciations of George Soros can, of course, be seen as part of a populist diversionary strategy. Yet it also signified a more specific aspect of the legitimisation process in Malaysia: the sense in which Mahathir, unlike Suharto, was prepared to contest the issues on more purely ideological grounds by setting the case for Vision development against a particular critique of Western institutions and ideas. Thus, for Mahathir, the Vision involves the *positive* assertion of Western growth-led images as statements of Malaysian modernity. But it also involves a *negative*, or reactive, response to the assumptions of Western liberal development.

The prevailing tendency within mainstream political science towards growth-led models of democratic transition has its genealogy in modernisation theory.⁴⁸ Early modernisation literature, typified by Huntington's 'Great Dichotomy' between 'traditional' and 'modern' societies — an 'imitation' of Weber's traditional/rational 'ideal-types' — is now in disrepute, its view of 'inexorable' social transition criticised for its linearity and ethnocentricity.⁴⁹ Yet, the privileged academic position given to such ideas in the US during the 1950s and 1960s, remains remarkably intact.⁵⁰ Seeking a rationale for nuclear strategies and Cold-War geopolitics, the US state utilised 'realist' academics from across the disciplinary spectrum, with scientists, technologists and political scientists adopting the role of 'policy planners'.⁵¹ Integral to Soviet containment was the view here that free-market capitalism led to modernity and Western-style democracy. Hence, notes Preston, modernisation theory took the role of a "descriptive general policy science" seeking to show how 'dysfunctional' practices in 'traditional' societies impeded 'modern development'.⁵²

In *Rethinking Development: Essays on Development and Southeast Asia*, Preston shows how orthodox social science has come, via modernisation theory and its

present variants, to inherit this policy-oriented view — one which “...clearly ‘arguing on behalf of the planners’ can hardly be called ‘value-neutral’.”⁵³ Such discourse, thus, retains a certain policy-planner understanding (or epistemology) of what development goals should mean. Typical examples within the Asia-Pacific genre would include Mohamed Ariff’s *The Malaysian Economy: Pacific Connections* and Jong S. Jun (ed) *Development in the Asia Pacific*.⁵⁴ Effectively negating state-class relations and ideological production, such texts have tended to reconstitute issues of social development as generic ‘policy issues’.

Other accounts have taken-up the issue as ‘flawed’ *capitalist* development in the region. For example, in *Behind the Myth: Business, Money and Power in Southeast Asia* Clad, linking money-politics, clientelism and state largesse to the late-retention of patrimonial capitalism and the subversion of bourgeois innovation, argues for large-scale privatisation and state disengagement in order “to give marketplace economics a real chance.”⁵⁵ This complements Yoshihara’s portrayal of Southeast Asian capitalism as ‘ersatz’ in type, built-around rent-seeking activity inimical to productive development.⁵⁶

Of course, much of this ‘fits’ the Malaysian case. Yet, it is also an apt description of the City of London, the whole edifice of which is built precisely around speculation, short-term dealing and rentier accumulation.⁵⁷ More instructively, Gomez and Jomo show in *Malaysia’s Political Economy: Politics, Patronage and Profits* how the allocation of rents through state licences, concessions and subsidies is linked-into a more class-based assemblage of party politics and corporate networks across UMNO and the *Barisan*. Yet, while valid, this attack on internal corruption was, again, being used by 1997 to reinforce the rather conceited claims of Western agencies that ‘dysfunctional’ ‘crony capitalism’ was mainly responsible for the Southeast Asian crises rather than the anarchic practices of global markets.⁵⁸

Despite a revised ‘developmentalist literature’, precipitated by the ‘new wave’ of ‘democratisations’ in Latin America and East Asia in the 1980s and 1990s (Case, Pye, Lipset, Diamond and others), there remains here a taken-for-granted view of democratic development as an analytical premise. In *Political Oppositions in Industrialising Asia*, Rodan notes how this forms part of a dual distortion:

...two very powerful themes are discernible in this vast body of literature on political change in late industrialising countries of East and Southeast Asia. The first of these is a propensity to equate the

challenge to, or demise of, authoritarian rule with the advance of 'democracy'. This concept is generally employed unproblematically, but implicitly endorses a liberal democratic or formalistic definition of the term...[and] remains the point of reference for these analyses...A second theme...is a not unrelated romanticisation of civil society...depicted as the natural domain of personal and group freedoms...[a] tendency [which] downplays the significance of gross inequalities of power and resources [therein].⁵⁹

The broad assumption here is that economic development and the expansion of democratic freedoms are mutually-evolving forces. Another is the implicit use of liberal *capitalist* democracy as a synonym for democracy. But is 'democracy', in the *liberal capitalist* meaning of the term, the most likely outcome of, or necessary framework for, growth and development? The received liberal wisdom has been to regard democracy, the free-market and growth as mutual concepts. The corollary is that an expanding, educated middle-class, the product of that process, come to demand individual rights and freedoms, thus posing an inevitable threat to authoritarian regimes. Yet, as Vatikiotis clinically puts it:

The problem with this well-worn conceptual framework is that it is based on a simplistic and even subjective interpretation of actual events. Southeast Asia has not been kind to the neat predictions of Western social science...Political reality in Southeast Asia is amorphous and often defies categorisation.⁶⁰

The varying experiences of the Asian NICs makes assumptions of growth-driven democracy highly questionable. Taiwan and South Korea, although now nominally 'democratic', achieved NIC status under authoritarian regimes. Yet, this does not mean that development was dependent on either this regime type *or* that of liberal democracy. What we have to consider, rather, is the particular set of historical circumstances in which these countries found themselves in the post-war period: namely, global economic reconstruction, US aid and intervention, the expansion of Japanese capital and sensitive geopolitical factors in the region. In this sense, 'democracy' in Japan was shaped by a particular conjuncture of US security imperatives and the consolidation of internal conservative alliances in the post-war period. Thus, for Friedman:

...what is assumed about the West's imperatives for democratisation is dangerously misleading Western mythology...Contrary to the conventional Western misperception, East Asia's paths to democracy are as

diverse as is any other region's... It is most useful to assume that all people and all cultures are alive with a democratic potential. Consequently, the binary of tradition versus modernity, understood as a way of stigmatizing and marginalizing non-European civilization as backward, should be critically re-examined to ferret out parochial misconceptions... It hypostatizes a prettified, one-dimensional West that obscures the actual, contradictory, and complex reality of the West that includes ugly political potentials...⁶¹

Beyond 'authoritarian developmentalism' and variations of the 'anomalous democratisation' argument, Friedman sees the potential for democracy in all cultures, with political actors as key agents in that struggle. Yet, even this universal/human agency view rather understates the more dynamic sense in which political, economic and cultural factors *together* condition that process. Moreover, it lacks insight into how particular constructs of democracy and development represent ideological discourse *within* that process.

Upholding the link between liberal-democracy and 'economic freedom', the *Economist* view also refutes any necessary correlation between authoritarianism and growth:

It is absurd to conclude from East Asia's success, and from that fact alone, that non-democratic government is best for development...[If one observes the political map,] it remains true that nearly all of the world's richest countries are free and nearly all of the poorest countries are not.⁶²

Citing empirical and econometric studies of the link between democracy and growth,⁶³ a three-way typology of political systems is shown here classifying countries as "free, partly free, or not free" according to such indices as free elections, civil liberties, multi-party legislatures and an unfettered press. Malaysia is categorised as partly free, with the US and Iraq at opposite ends of the continuum. The main claim here is that economic freedom is not the only stimulus to growth:

...civil and political freedoms do the same. [Specifically, the reason why] political freedom adds to the economic benefits already secured by economic freedom [is because] it encourages firms and people to behave as if those freedoms will endure. [Thus, while] economic freedom looks at the security of property in the present, by asking whether taxes are non confiscatory, contracts are enforced, trade is free and so on...people also need to know that these freedoms, where they exist will not disappear. Here

lies the decisive advantage conferred by political freedom — meaning democracy, and the dispersion of political power that goes with it.⁶⁴

This analysis is persuasive in that ‘authoritarian development’ is *not* an *essential* condition for economic expansion. On the other hand, we have to recognise the particular free-market values informing this view. Reflecting Lockean property ideals, it constitutes not only a liberal (or neo-liberal) paradigm for development, but an entrenched framework of thought. Thus, consistent with the *Economist* view, orthodox liberal criteria, and the value judgements which inform them, have come to represent a standard against which countries are accorded democratic status.

William Case’s portrayal of Malaysia as a ‘semi-democracy’ is indicative of that set of assumptions. Case accepts Samuel Huntington’s definition here, arguing that “democratic content can be...measured along two lines: liberal participation and electoral contestation.”⁶⁵ While open, competitive elections and political opposition are permitted in Malaysia, electoral contestation remains circumscribed by gerrymandering (giving weighted priority to the mainly Malay rural constituencies⁶⁶) and a broad array of underhand strategies designed to marginalise the opposition, such as bans on outdoor opposition rallies. Thus, for Case, in “bracket[ing] liberal participation and electoral contestation with semi-democratic controls...the government in Malaysia has been able to perpetuate its semi-democracy.”⁶⁷

As we shall see, the repressive apparatus of the state does, indeed, act as a serious constraint on political opposition in Malaysia. For example, the Societies Act has been used to proscribe ‘seditious’ groups (such as the Malayan Communist Party and the Islamic sect *Al-Arqam*), the Internal Security Act (ISA) to imprison dissidents, the Printing Press Act to control the media and the Universities and University Colleges Act (UUCA) to limit student dissent. However, the problem with Case’s view is twofold. Firstly, it assumes, *viz* the liberal separation between state and civil society, that the Western state does not resort to coercion. Secondly, in using quantitative liberal criteria to ‘measure’ democracy, it helps internalise liberal democracy as ideological discourse in itself; in effect, the language employed becomes not only the premise of the study, but part of a more incorporated vocabulary. The result is the proliferation of categorisation-based enquiry and the artificial arrangement of countries into neat compartments: ‘semi-democratic’, ‘quasi-democratic’, ‘pseudo-democratic’ and so on.

This narrow definition of ‘representative democracy’,⁶⁸ and preoccupation with quantitative categorisation, affirms, for Chomsky, the sense in which liberal-capitalist institutions have specifically sought to ‘deter democracy’ by limiting its definition and participation.⁶⁹ Indeed, reflecting ascending neo-liberal interests, Huntington’s 1975 report *The Crisis of Democracy* argued that there was too much democracy in Western societies, that the media was promoting a dangerous “adversary culture” and that the education system and other key institutions should control this “democratic distemper”.⁷⁰ As such, ‘minimalist democracy’ has been absorbed and filtered as ‘Free-World’ discourse across the centre-liberal and right-wing spectrum, informing both liberal academia and the labyrinth of conservative institutions, notably in the US.

One of these, Freedom House, a major compiler of ‘democratic country ratings’ is frequently cited in mainstream political science literature.⁷¹ For example, both Means’s standard reader, *Malaysian Politics: the Second Generation*,⁷² and Jesudason’s more critical account of the Malaysian “syncretic state” take Freedom House’s ranking of political rights in Malaysia as an assumed reference.⁷³ Thus, the idea of minimal democracy, an axiom of the Western capitalist state,⁷⁴ has been adopted as a ‘definitive’ point of reference for academic enquiry.

Although superficial, this exercise in ‘democratic ranking’ can still, of course, offer informative insights. For example, Crouch shows how the political elite in Malaysia oscillates between positions of liberal relaxation and repression in response to social pressures from below.⁷⁵ In this sense, the polity exhibits both democratic *and* authoritarian tendencies simultaneously, granting, for example, greater middle-class freedoms, while suppressing working-class labour power. Similarly, citing Malaysia as ‘semi-democratic’, Thompson offers four basic reasons for the ‘limitation of democratisation’ in the region: the fostering of economic growth and limited wealth inequality; the persuasive elite claim that these polities are founded on alternative forms of democracy; the successful cultivation of ethnic balancing; and the popular receptiveness of nationalist anti-Western rhetoric.⁷⁶

Such factors do, indeed, help illustrate patterns of control and regime legitimisation. The more nuanced point, however, concerns the analytical *context* within which they are addressed. The methodological task of ranking countries according to liberal democratic criteria (for Thompson: “...competitive elections, free participation of

individuals and groups in the political process, and the autonomy of democratic leaders and institutions”⁷⁷; for Crouch, a similar set of conditions derived from Schumpeter and Dahl)⁷⁸ helps reproduce an idealised *mode* of analysis; allowing, in effect, the *terms of debate* to be set-around the liberal-determined ‘problem’ of ‘democratic dysfunctions’ within ‘the *other* society’. This not only helps cloak liberal language in the ideological clothing of ‘neutral policy science’, it also ‘conceals’ the sense in which it represents hegemonic discourse in itself.

At the same time, we need to recognise the way in which this discourse is itself ‘traded’ as ‘Asian values’ by *domestic* interests. The problem here is that with loaded meaning and pejorative associations now surrounding ‘Asian values’, their relevance tends to be obscured. Thus, the ‘value of Asian values’ has been overshadowed by an agenda-setting debate between two competing hegemonies. There *are* such things as Asian values, as will be noted in relation to the Anwar affair, conventions, codes and ways of seeing society which are ‘indigenous’ to, though not homogeneous within, Asia. These include complex interactions of the extended family, tight business practices (derived from the Chinese clan system), Malay custom (*adat*), social deference, *kampong* collectivity and, of course, communitarian concepts of Islam. However, as the rise of consumer individualism in Malaysia shows, this does not preclude receptiveness to other values and aspirations. The key point to note is the way in which ‘Asian values’ have been *appropriated* both as domestic ideology *and* as liberal ‘anti-discourse’.

The further twist here, though, is the *dialectical* sense in which liberal discourse and Asian values assume both contested *and* convergent forms. Thus, we find both discourses promoting the *same* ideology of growth in pursuit of capital accumulation. At the same time, Western conservatives seek lessons from the ‘Asian way’ to growth while upholding liberal values. Here, some Western academics have also flirted with ‘Asian values’ as a mirror to social disorder in Western societies. On the other hand, having almost *invented* itself as a free-market *entrépot* economy, Goh Chok Tong in Singapore seeks to maintain Confucian values. Thus, having created a capitalist hub, the avuncular Lee Kuan Yew can attribute the success of Singapore to its very rejection of liberal democracy:

I do not believe that democracy necessarily leads to development. I believe that what a country needs to develop is discipline more than democracy. The exuberance of democracy leads to indiscipline and disorderly conduct which are inimical to development.⁷⁹

Mahathirism has defended a similar 'Asian Way' to development. Thus, rather than leading to greater 'democracy', Mahathir's modernising endeavours have been used to limit and redefine the *meaning* of democratic participation. Aware of the potentialities of an expanding civil society, Anwar had also argued (pre-crisis) for a more 'particularised' democracy, rather than the Western liberal model:

The Western media deride us for failing to emulate their model of democracy. But Malaysia is guided by the cultural and value systems and the religious beliefs of its people...[W]e have to choose between responsible democracy and destructive democracy... for our race, religion and nation.⁸⁰

Thus, the issue of democracy here is rationalised not only in terms of whether it complements growth, but also in relation to wider issues of civil, cultural and 'moral development'. Again, notes Vatikiotis, this forms part of a negotiated complex of ideas:

All the modern political ideologies espoused by contemporary Southeast Asian states draw on tradition but present themselves as modern, forward thinking creeds. Indonesia's *Pancasila* state ideology, Singapore's 'Core Principles', and Malaysia's *Rukunegara*, all espouse Western civil society principles such as freedom, justice and human dignity. They also emphasise the traditional, and for the most part collective, foundations of society: the need for tolerance, a strong sense of community, collective discipline, respect for leadership, and spirituality. This common approach to defining the state in ideological terms underlines the fact that for most countries in Southeast Asia, the challenge presented by Western influence was not how to *assimilate*, but how to *adapt* or *synthesise* the old, the traditional, with the new.⁸¹

At this point, however, the distinction between an 'ethical' state paternalism and latent authoritarianism becomes increasingly blurred. The notion of a 'limited democracy' becomes reified as an ideological statement of political cultural identity; a *necessarily* 'different form of democracy' for a 'different set of cultural values'. This interplay of indigenous values and constructed ideology involves, in turn, an appeal to anti-Western populism. Thus, any criticism of Mahathir by foreign politicians or the Western media can be counterposed as an attack not merely upon Mahathir himself, but

upon the integrity of the nation. For example, in imposing a ban on British trade and imports (February-August 1994) in response to the *Sunday Times* Pergau Dam 'aid for arms' allegations,⁸² Mahathir charged the British with having a "colonial brain", and of portraying Malaysia, gratuitously, as a "tin-pot country or banana republic."⁸³ In *Hidden Agenda*, a propagandist tract written by Mahathir acolytes during the crisis, the Prime Minister has this to say about the West:

Some in Asia believe that the West engineered the currency crisis to forcibly open the Tiger markets that were closed to it. Some think it is to stop East Asia in its development track, preventing it from becoming a potent rival and competitor...Until recently, it seemed the East Asian train was unstoppable and would have smashed into the 21st century, long designated the Asia-Pacific Era, and snatched from the West the window of global opportunities...Then came the unrelenting currency attacks that brought down the value of local currencies and the share markets, throwing the region into turmoil...To this, add the relentless Western media attacks on East Asia with reports that are negative, damaging and destructive, further eroding confidence.⁸⁴

The anti-colonial soundbite is none-too-gracefully deployed here. But the use of nationalist polemic for political consumption should not disguise Mahathir's willingness to contest the issues of development and democracy as ideological constructs. Nor should it disguise the wider debate taking place amongst Malaysian intellectuals over the nature of democracy and its application within civil society. In effect, some ask, can a polity incorporating the ideals of *qualitative* participation and human rights be formed around the conventional norms of liberal capitalist democracy?⁸⁵ Again, while identifying the expedient motives underlying the Mahathir rhetoric, Vatikiotis notes both its popular persuasiveness and the sense in which it complements a wider ambivalence about the West:

Mahathir's rhetorical view that the West is distorting democracy may not sway the urbane Western-educated minority already sold on the materialistic ephemera of Western culture, but it is potentially persuasive in less privileged, less worldly-wise strata of society. Ironically enough, exposure to Western media considered as a measure of openness in Southeast Asia is allowing ordinary people of the region to witness some of the very problems with Western society their leaders would have them reject. When Cable News Network brings scenes of ethnic rioting in Los Angeles into the living rooms of Southeast Asians, they might think again about the strictures of their own political freedom...⁸⁶

Thus, taking these elements together, we see how liberal democracy, Asian values and the ideology of growth have been contested, contextualised and filtered as *intellectual constructs*. In these regards, the dissemination of language, images and ideology forms a critical element in the process of hegemonic legitimation. Labelling and ranking of countries' democratic status has also allowed an artificial discourse to proliferate, disguising the more particular sense in which dominant institutions define and, ultimately, limit democracy through their ability to *set the terms* of debate. Hence, we see the hegemonic context of intellectual activity within this process. Let us now set-out these assertions in more applied terms.

¹ Zakaria Haji Ahmad (1989), p 347.

² Zakaria Haji Ahmad (1993), pp 159-160.

³ E. Said, (1978), p 166.

⁴ E. Said (1993).

⁵ *Ibid*, p xx. Other accounts relating to the projection of Western imperialist values and culture, past and present, have similarly missed this point. In tracing the assimilation of 'subordinate' cultures to the *World Revolution of Westernization* and the "Great Confluence" of Western norms, Theodore Von Laue (1987), for example, not only fails to distinguish the generic 'West' from Western *capitalist* culture *per se*, but also implicitly reduces alternative cultures to the realm of passive *other*.

⁶ Shaharrudin Maaruf, (1992), p 251.

⁷ Khoo Boo Teik (1995), pp 261, 333.

⁸ A. Munro-Kua (1996), p 8.

⁹ J.S. Furnivall (1956), p 304).

¹⁰ See Hua Wu Yin (1983).

¹¹ J. A. Nagata (1975).

¹² Under this arrangement, the migrant bound himself to the Chinese employer who held the rights to his wages and services until the debt had been repaid. See B. Watson Andaya and L. Y. Andaya (1982), p 136.

¹³ D. Brown (1994), p 216.

¹⁴ Andaya and Andaya (1982), pp 138-139.

¹⁵ *Ibid*, p 175-179.

¹⁶ Cited in Syed Hussein Alatas, *The Myth of the Lazy Native* (1977 a), p 44; see also pp 39-47.

¹⁷ *Ibid*. Alatas offers here an illuminating critique of colonial ideology and the distorted notions of 'Malay traits' in Mahathir's 1970 book the *Malay Dilemma*.

¹⁸ J. V. Jesudason (1996), pp 129, 131.

¹⁹ *Ibid*, p 130.

²⁰ K.S. Jomo (1988), pp 271, 272.

²¹ Hua Wu Yin (1983).

²² *Ibid*, pp 2, 6, 150, 193.

²³ M. Brennan (1985), p 95.

²⁴ Brown (1994), p 211.

²⁵ *Ibid*, pp 211-213 (italics added).

²⁶ The broad approach of the colonial administration had been indirect rule through the avoidance of unnecessary conflict with the Sultans. This included the setting up of State Legislative and Executive Councils as, essentially, advisory bodies appointed by, and respondent to, the colonial government, allowing autonomy and state functions to remain in the hands of the Sultans, while leaving little scope for opposition. Despite the tensions of the Japanese occupation, these arrangements remained largely intact throughout the war years. See Means (1976), pp 43 48.

²⁷ *Ibid*, p 51.

²⁸ Brown (1994), p 220.

²⁹ See Munro-Kua (1996), pp 18-19.

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- ³⁰ Zakaria (1993), p 356.
- ³¹ Khoo Boo Teik (1997), p 51. Brown (1994), p 222.
- ³² Decorated by the British after the war, Chin Peng led the MCP from a position of passive political struggle for independence to one of armed conflict following the Federation agreement in 1948. Although the MCP were beaten before Independence in 1957, the Emergency remained in force until 1960. Banned under the Constitution, the MCP only signed a formal 'peace deal' in 1984. Chin Peng has lived in exile in Thailand since Independence.
- ³³ See B H Shafruddin (1987), pp 2-13, for an account of the Reid Commission's remit and report of 1957.
- ³⁴ Cited Brown, (1994) p 239.
- ³⁵ *Ibid*, p 214.
- ³⁶ E. Gomez and K. S. Jomo (1997), pp 16-17.
- ³⁷ Khoo Boo Teik (1997), p 53.
- ³⁸ *Ibid*.
- ³⁹ Brown, (1994), pp 234 -235.
- ⁴⁰ Khoo Boo Teik (1997), pp 53-54.
- ⁴¹ Brown, (1994), p 230.
- ⁴² Cited *ibid*, p 231.
- ⁴³ *Ibid*, p 233.
- ⁴⁴ The total number of Malays within the civil service by 1970 was 48,946, or 64.5% of Malays. This represented a quadrupling of Malay recruitment between 1950-57 and a further doubling between 1957-70. While Malays comprised 86.6% of the elite ranks, 53.4% of the total civil service now came from poorer, rural backgrounds by this point. Brown (1994), p 239.
- ⁴⁵ Khoo Boo Teik (1995), pp 87, 198-200, 294-295.
- ⁴⁶ *Ibid*, pp 22-23.
- ⁴⁷ See S. Gill (1990 a), (1990 b), (1995); see also S. Gill and D. Law (1988), (1989).
- ⁴⁸ While modernisation theory came, in part, to draw-upon Weberian concepts of 'traditional' and 'legal-rational' authority as 'ideal types' of social order, (Weber, 1978), its genealogy can be more appropriately traced to the ideas of developmentalism taking shape within US academia by the 1940s.
- ⁴⁹ P. W. Preston, (1986), pp 93-94..
- ⁵⁰ As evidenced by Project Camelot where academics in the US liaised with the military through studies in counter-insurgency.
- ⁵¹ For Philip Lawrence (1996): "The significance of the work of planners in the 1950s was that it created a framework through which nuclear issues could be grasped. The concepts developed disclosed the world of nuclear planning in a language which was acceptable to the political elite and also useful in the sphere of political justifications. This was the critical contribution that intellectuals could make." *Political Studies* (Vol 44, no. 1, 1996), p 46. A further indication of this relationship was the interconnected role of Walt Rostow, a leading political scientist who, on graduating from Yale, assumed a key role within the State Department's Policy Planning Staff, before securing CIA money to establish the MIT centre for International Studies (p 54).
- ⁵² Preston, (1986), p 70.
- ⁵³ Preston, (1987), p 43.
- ⁵⁴ Mohamad Ariff (1991); Jong S. Jun (1994). In the latter, the author notes that the "efforts of the contributors in this book are evidence of the widespread prevalence of the public policy perspective in the field of development studies." (p 21).
- ⁵⁵ J. Clad (1989), pp 247, 256-259. Clad was a former *Far Eastern Economic Review* journalist and ISA detainee.
- ⁵⁶ Yoshihara Kunio (1988), pp 4, 68, 80.
- ⁵⁷ See, for example, L. Harris (1988).
- ⁵⁸ An illuminating synthesis of this view of 'crony-capitalism', 'internally-derived' crisis, the 'developmentalist role' of global capital and the 'benign face' of international capitalist agencies was expressed by Peter Sutherland, Director-General of the WTO (1995), former Tory Chancellor Norman Lamont and Sumantra Ghoshal of the London Business School on the TV discussion forum *Weekly Planet* (UK, Channel 4), July 29th 1998.
- ⁵⁹ G. Rodan, (1996), pp 3-4.
- ⁶⁰ M. R. J. Vatikiotis, (1996), p 5.
- ⁶¹ E. Friedman, (1994), pp 20, 21, 25, 28, 29.

⁶² 'Democracy and Growth: Why Voting is Good for You', *Economist*, August 27th 1994.

⁶³ Notably the study by ex-World Bank analyst Surjit Bhalla, 'Free Societies, Free Markets and Social Welfare'. See *ibid.*.

⁶⁴ *Ibid.*

⁶⁵ W. Case (1993), p 76.

⁶⁶ The priority weighing of rural over urban constituencies is entrenched in the 1957 Constitution. Although amended several times, the principle, allowing greater representation to Malays, gives the government a substantial majority in the *Dewan Rakyat*.

⁶⁷ Case (1993), pp 77, 82.

⁶⁸ See C. Pateman (1970). Reflecting Huntington's contributions, American liberal academia, in particular, provides the main intellectual *milieu* for this positivist-functionalist approach — a continuous line of thought from the 1950s to the present in the work of Dahl, Parsons, Nye, Verba, Gilpin, Huntington and Fukuyama. In its pretensions towards 'value-free' methodology, this school marginalised the 'classical' ideas of *qualitative* participatory democracy as first understood by J. S. Mill and Rousseau.

⁶⁹ C. B. MacPherson (1973) discusses, in this sense, the need for a qualitative understanding of democracy as 'the right to life'. See Noam Chomsky (1991) for an incisive account of how political, economic and social institutions in the US and the West are geared towards the restriction of democratic participation.

⁷⁰ Cited in D. Kellner, (1990), p x111

⁷¹ One may note here, Freedom House's links to the World Anticommunist League, Resistance International, Accuracy in Media, Radio Free Europe, the Central Intelligence Agency and its proxy role for the US state as international electoral monitor. See E. Herman and N. Chomsky, (1994), p 28. An example of Freedom House's 'neutrality' as electoral monitor can be seen in its declaration of the 1982 El Salvador elections as fair; p 28.

⁷² Means (1991).

⁷³ Jesudason (1996), p 128.

⁷⁴ A more detailed discussion of such issues is not possible here, but let us mention two main areas in which the democratic credentials of the West can be questioned. Firstly, in terms of foreign policy and the external violation of democratic principles in other countries. For example: US involvement in El Salvador, Panama, Honduras and Guatemala; the CIA inspired overthrow of the Allende government in Chile; the illegally-funded support for the Contras and ultimatum to the elected government of Nicaragua in 1990; the economic blockade of Cuba; the imposition of crippling trade barriers on Vietnam after a decade of failed military occupation; the support for client regimes and puppet dictators like the Shah of Iran; in Britain's case, its late pro-democracy pose in Hong Kong prior to its handover to China; its leading involvement in the export of arms and military equipment (including instruments of torture, such as electronic cattle-prods) to regimes like Indonesia; the 'blind-eye' to repression in East Timor and appeasement of Suharto (also high on Australia's foreign policy agenda); the long-standing refusal of the UK and US to endorse UN resolutions on Israel and Palestinian autonomy; Thatcher's resistance to sanctions and the ANC in South Africa; the West's speedy intervention in the Gulf, in contrast to its equivocal diplomacy in Bosnia (an issue which Mahathir, as leader of a Muslim country, had specifically sought to highlight); and the US/UK-led offensive against Serbia during the 1999 Kosovo crisis, an act carried out in violation of UN Security Council resolutions.

The second factor concerns the *quality* of democracy in the West, reflected, notably, by: the lack of meaningful party political choice, declining identification with mainstream parties, decreasing turnouts at elections (*viz* the 1999 European Elections) and the shift to 'direct action' forms of political expression; in Britain, the longevity of class privilege and archaic political institutions, the ability of the executive to by-pass Parliament (note, for example, the Scott Report and Blair's refusal to allow a parliamentary vote on the Kosovo crisis), the proliferation of the QUANGO state and unelected elites, the absence of key civil liberties and a bill of rights, the structural power of the City of London over economic policy and the widening disparities of wealth — a set of democratic deficits which, as Will Hutton (1995) argues, has created in Britain a '30/30/40' society and a democracy devoid of meaningful participation. A similar view in the US holds that: "...there has never been a fully participatory democracy, [and that] by amassing tremendous concentrations of power, major corporate institutions...have come to control the state, the media and other dominant institutions to the point where the system of democracy in the United States is in peril". Kellner (1990), pp 80, 173.

⁷⁵ H. Crouch (1996).

⁷⁶ M. Thompson (1993), p 471.

⁷⁷ *Ibid.*, p 474. The definition here is drawn from Myron Weiner, 'Empirical Democratic Theory', in Weiner and Ergun Ozbudun (eds) (1987), *Competitive Elections in Developing Countries*, Durham, NC: Duke University Press.

⁷⁸ Crouch (1996), p 3.

⁷⁹ 'Democracy and Growth', *Economist*, August 27th 1994.

⁸⁰ *New Straits Times*, September 26th 1994.

⁸¹ Vatikiotis (1996), p 29.

⁸² See *Sunday Times*, January 23rd 1994; February 20th 1994. The issue was initially featured by the *Sunday Times*, February 20th 1994.

⁸³ Cited, *Far Eastern Economic Review*, March 17th 1994. Invoking the principle of democratic accountability against the Western media itself, he also retorted: "Nobody elects the press. Andrew Neil [the then *Sunday Times* editor] can stay there because there is a contract with [Rupert] Murdoch...But there is no such guarantee for elected people like us." 'Nobody Elects the Press: Mahathir Speaks Out on Media, Culture and Trade'; *Far Eastern Economic Review*, April 7th 1994. Andrew Neil subsequently left to head one of Murdoch's other media interests in the US. The controversy was also clouded by Murdoch's attempt to buy Star TV in Hong Kong, a move opposed by Mahathir; see *Far Eastern Economic Review*, March 17th 1994.

⁸⁴ Cited 'Read it and Weep', *Far Eastern Economic Review*, May 21st 1998.

⁸⁵ See Vatikiotis (1996), p 83.

⁸⁶ *Ibid.*, p 89.

Hegemony, the power bloc and the intellectual: a Gramscian perspectivism

Having reviewed some of the main historical background and associated literature, we are now in a position to set out a more specific Gramscian framework concerning state-class relations, power politics and ideological production in Malaysia. These will be illustrated through consideration of Gramsci's concepts of hegemony, the historical bloc (power bloc), and the intellectual. Before outlining the relevance of each to the Malaysian case, it may be helpful to make some preliminary comments concerning methodology and the application of this analysis.

It should be noted, firstly, that such constructs are to be viewed here as useful tools of analysis rather than rigid theory — a *heuristic* approach consistent with the open-reflexive tenor of Gramsci's own writings. This does not suggest any 'relativist' or postmodernist view of social relations 'free-floating' or disconnected from structures of power. Rather, it leans towards what may be more appropriately termed 'perspectivism' and the use of 'critical dialogue' as a means of seeking underlying contradictions and dialectical tensions within given relations of power — a sense of contingency, again, implicit in Gramsci's own work.

This reflects the need to be alert, as Foucault argued, to the problems of grand-theorising and 'totalising' systems.¹ Using genealogy as a mode of enquiry, Foucault was concerned with the specificity of 'localised' forms of power, thus rejecting grand-narratives and reductionist Marxism. Yet, in his understanding of 'power-knowledge',² Foucault, like Gramsci, also saw how the appropriation of civil institutions represented multiple sites of social control. Alongside Frankfurt School Critical Theory (notably, Adorno, Marcuse and the 'earlier', Habermas), both saw, in this regard, the vital role of culture and aesthetics as key sources of ideology within capitalist societies. For Mouffe, Foucault's understanding of how power is exercised at all social levels "converges to-

wards a new conception of politics and power which is anticipated on several points by Gramsci's thought."³

Secondly, there is an *ethical-political* dimension here. Morera, for example, identifies an Aristotelian influence in Gramsci's politics, expressed in the idea that human emancipation and 'the good life' are attainable through the transformation of ethics, ideas and cultural values. In this sense:

...Gramsci's analysis of culture represents the effort to understand the subtle ways in which power is manifested, or alternatively, the ways in which a new conception of the world begins to emerge in popular culture.⁴

A third caveat here, though, concerns the need to see Gramsci's conception of hegemony as a specific expression of *class* society. Although an apparently obvious point, there has been a tendency to *reduce* Gramsci's insights to a somewhat singular concern with culture and the ethico-political.⁵ What this fails to recognise is the implicit nature of Gramsci's analyses of class, *vis-à-vis* state formation, class relations within the historical bloc and the role of intellectuals as class-based actors. As Gramsci insists in the *Prison Notebooks*:

...though hegemony is ethical-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity.⁶

However, while Gramsci's critique of historical materialism reflected the vital significance of economic relations, he similarly avoids the reduction of ideas, culture and human agency to that of monocausal economic imperatives. Hence:

Gramsci contrasted historical materialism, which recognises the efficacy of ethical and cultural sources of political action — though always relating them with the economic sphere — with what he called historical economism or the reduction of everything to technological and material interests.⁷

Thus, we see how capitalist relations of production *in conjunction* with political and ideological/cultural power represent a cumulative expression of dominant class rule.

This relates, fourthly, to the 'problem' of class analysis in Gramsci's work. Mouffe, amongst other Gramscian writers, has stressed a 'non-essentialist' reading of

Gramsci, negating the view that the proletariat/working-class constitute the only possible agents of opposition and change in capitalist societies.⁸ This is a most important dimension for present purposes, given the increasingly diverse nature of capitalist development, class formation and ‘new-middle-class’ identity in Malaysia. One might note, in passing, that Gramsci’s focus on *proletarian* struggle does not of itself denote an essentialist position. Rather, consistent with his attack upon positivist sociology *viz* ‘Lorianism’ and Bukharin’s ‘scientific materialism’,⁹ and willingness to incorporate the ideas of non-marxist figures like Croce, we find in Gramsci an open thinker who, in keeping with a later stream of humanist marxist thought, reveals a prescient view of civil society and class relations as a dynamic and shifting site.¹⁰

This also implies, fifthly, a pedagogical element in which the ‘engaged writer’ recognises the specificity of ‘discourse as *praxis*’, an idea consistent with Gramsci’s particular philosophy of *praxis* wherein the educational relationship is “active and reciprocal so that every teacher is always a pupil and every pupil a teacher.”¹¹ In other words, our own endeavours as academics and writers are neither detached or neutral, a view captured in the idea of self-reflexive discourse in which teachers as:

...transformative intellectuals are themselves ideological subjects who must somehow both recognise and partly ‘transcend’ their own structural-consciousness formation...Teachers, in this Gramscian sense of intellectuals, would use their recognition of their own initial constitution as ideological subjects as the basis for actively promoting awareness...This is [to accept] that social reproduction is an active and contested business.¹²

In these senses, Gramsci shows that the control and reproduction of ideas is part of an ongoing and contested process of class struggle, political statecraft and intellectual enterprise — connecting elements of hegemony which take us beyond any liberal analysis of power.

Forms and nature of the power bloc

The next task here is to set out a power format which recognises both the structural complexities and dynamic nature of state-class relations. The model followed is that of the ‘historical bloc’ (or power bloc, as we shall use it) as intimated by Gramsci in *On The*

Southern Question.¹³ It should be noted here that Gramsci uses the idea of the historical bloc in two related senses: firstly, as an abstract critique of both Marx's economistic and Croce's idealistic understandings of the relationship between 'structure' and 'superstructure'; and, secondly, at a more concrete level of social reality with regard to actual class formation.¹⁴ Here, we are concerned, more particularly, with the latter element. As outlined in our discussion of colonial and post-colonial development in Malaya/Malaysia, this helps illustrate the particular historical conjuncture of class relations, political forces and ideological constructs which give rise to new formations of power. The historical bloc should also be seen as having *within* it a *political* bloc, allowing competing elements to hold power over time without necessarily changing the class basis of the historical bloc itself.¹⁵

In *On The Southern Question*, the historical bloc is closely connected to Gramsci's observations on the socio-economic disparities between the industrialised Italian North and the agrarian South. Noting the complex formation of class alliances between these blocs, Gramsci shows that while the rural agrarian South provided the Italian state with a strata of bureaucrats, the North had witnessed an expansion of technocrats, managers and other groupings more closely identified with the rational interests of big industrial capital and the urban bourgeoisie.¹⁶ In the *Prison Notebooks* (written during his incarceration from 1926 till his death in 1937), Gramsci develops this analysis of class forces, forms of production and political alignments (notably in *Americanism and Fordism*), discussing, in turn, the contradictions of Italian political and capitalist development posed by corporate syndicalism, fascist alliances with the rural bourgeoisie, the state's liaison with the Catholic Church and the persistence of a reactionary intelligentsia.¹⁷

This attempt to locate the interdependence of state-class forces and intellectual currents in Italy under the fascists follows-on from Gramsci's writings on the *Risorgimento* (culminating in Italian unification in 1861). Here, in contrast to the Jacobin revolutionary struggle in France, the Italian bourgeoisie and the Moderate Party had initiated a 'passive revolution' *from above* through the mobilisation of the Piedmontese state and the Italian intelligentsia. The problem, argued Gramsci, invoking Marx's *Eighteenth Brumaire*, was that state-class power here was of a premature form, based upon transient alliances rather than *national-popular* support. In describing the

Risorgimento as a form of 'Caesarism', Gramsci shows that the weakness of liberal-bourgeois institutions and popular support contributed to a vacuum in state-class relations allowing for the subsequent rise of fascism.¹⁸

The principal point to be drawn here is that state-class formation at given historical junctures has a vital bearing on power relations to follow. The idea of a power bloc, thus, involves much more than a political coalition or corporatist alliance.¹⁹ It represents the particular coincidence of state-class interests, instrumental accommodations between dominant groups and pragmatic concessions to subordinate groups. (See the discussion of hegemony below.) Thus, state-class arrangements in colonial Malaya involved British protection of foreign capitalist interests, the co-optation of the Malay aristocracy and accommodations with Chinese capital. Under the Alliance state, dominant Malay elites and the Chinese bourgeoisie used 'consociational' politics as a basis for the power bloc, an arrangement again incorporating the *laissez-faire* interests of international capital and pragmatic concessions to subordinate Indian class groups. The ensuing NEP state saw bureaucratic class interests redress the balance in favour of the Malay state bourgeoisie. And, the evolving power bloc under Mahathir can be seen as a gradual curtailment of the state bourgeoisie and affirmative Malay policies; an attempt to move towards a more 'expansive' set of state-class relations involving selected elements of Malay business and new accommodations with big Chinese and transnational capital.

Global forms of the power bloc

However, our analysis of the *domestic* power bloc in Malaysia also needs to be set against *global* relations of power. This does not imply a reductive role for the domestic state or/and state-class. Rather, it denotes relationships of conflict, mediation and accommodation; a 'state-class complex' of shifting alignments between domestic elites, fractions of capital and key capitalist institutions. The emergence of Gramscian ideas within and *contra* International Relations/neo-realist theory offers a further dimension of analysis here. For example, in Gill's (ed) *Gramsci, Historical Materialism and International Relations*, Gramscian conceptions of the power bloc have been used to trace the structural transformation of the global order from the 1970s to the 1990s.²⁰ In

an earlier formulation, Cox notes how the *dialectical* nature of power bloc relations suggests a process of ongoing contradiction and “the potential for alternative forms of development arising from the confrontation of opposed social forces in any concrete historical situation.”²¹

Following this line of enquiry, the key elements of a contemporary global power bloc can be traced to shifts within the economic, political and cultural institutions of the advanced capitalist states from the mid-1970s. Reflecting the greater diversification of global power and the gathering transnationalisation of the world economy from that period, the post-war *Pax Americana* has given way to a more complex set of hegemonic relations. The decisive context of this historic shift has been the new technological capacities available to capital and — to borrow from Castells — the new spatial landscape of ‘informational capitalism’.²²

In particular, the greater autonomy of *financial capital* through the new opportunities of information-led accumulation has allowed this component of capital to set the terms of: (a) the accumulation strategies of other fractions of capital; (b) the political boundaries and policy parameters of the nation-state; (c) a new international division of labour based on stratified national and regional accumulation sites; (d) a new global managerial middle-class to oversee this process; and (e) the ideological and cultural signifiers which give reproductive meaning to that amalgam of power relations.

Thus, at the *economic* level of the bloc, the growing disjunction between national and transnational fractions of capital has given the latter, notably in the sphere of financial markets, greater power to shape the global order. The “internationalisation of production” has become synonymous with the “internationalisation of the state”²³ and has seen the relative subordination of domestic capital to that of capital associated with the wider global economy.²⁴ As Cox has argued, this has occurred most notably within “...ministries of finance [where] a new axis of influence [links] international policy networks with the key central agencies of government and big business.”²⁵ Hence, a more globalised *managerial* class has emerged, connecting financiers, production managers and finance ministers through the agenda-setting medium of the IMF, World Trade Organisation (WTO), Organisation for Economic Co-operation and Development (OECD), World Bank and Trilateral Commission.

An illustration of this hegemonic agenda, can be seen in the negotiations over the Multilateral Agreement on Investment (MAI).²⁶ The MAI plan set-out for the first time the rights of corporate interests over the state. Under the initial plan, negotiated for the first three years in secret by OECD ministers and top global (notably, Fortune 500) companies, signatories were to be subject to litigation through newly-formed international courts where states sought to restrict corporations from moving their operations freely around the globe. Developing countries such as Malaysia would be invited to sign despite not having taken any meaningful part in the negotiation process. In late 1998, new proposals to include development agencies and pursue negotiations through the wider ambit of the WTO were launched following internal wrangling and widespread opposition.²⁷ Its postponement had also been influenced by the emergent global crisis (see following chapters) as finance ministers moved into emergency mode in a bid to stave-off world recession. Yet, while the crisis deepened, the case for a 'MAI 2' was maintained. Greater investor freedom and a more 'level playing field', it was argued, would be necessary to promote open trade, growth and higher living standards. As the director-general of the WTO had noted: "We are writing the constitution of a single global economy."²⁸ Thus, in preparation for the WTO gathering in Seattle by November 1999, renewed strategies were being formulated by multinationals and state ministers to ensure a common agenda on free trade and corporate rights.²⁹

The imperatives of transnational capital now also shape the *political* configuration of the global bloc more decisively than ever. By narrowing the abilities of political classes to initiate domestic policy objectives, executive powers and government functions are being radically transformed. To a considerable extent, it is this 'crisis response' of the nation-state to the 'new sovereignty' of transnational capital, and the volatile propensities of financial capital in particular, which has led to new supranational forms of political organisation. European Monetary Union, for example, can be seen as part of a putative attempt by European states to formalise conditions for capital accumulation while sustaining some element of economic control, political authority and social cohesion. Here, in turn, we see the paradox of 'globalisation as regionalisation', as NAFTA, the European Union and a Japan-led trade zone in East Asia each seek to protect and control specified sites. Indeed, Mahathir has been particularly supportive of the latter in his bid to build intra-regional trade.

Geopolitical sensitivities in the Asia-Pacific region over Japan and China also remain the basis for US-led security arrangements, one which Malaysia has remained tied-into via the Association of Southeast Asian Nations (ASEAN), formed, in part (1967), as a bulwark to communist Vietnam. While ASEAN member states have not always shared a common outlook *vis-à-vis* the superpowers, Malaysia's pragmatic support for US security arrangements in the region have been evident in, for example, the ASEAN Regional Forum (ARF), set up in 1993 in response to the rising power of China.³⁰ This essentially pro-US security position should be borne in mind when we come to address the circumstances of Mahathir's anti-Western rhetoric, particularly at the height of the Anwar crisis. It is also instructive to note how US political elites came to play a key role in pressurising Suharto to accept the terms of the IMF bail-out in 1998 at the height of the crisis. And, as we shall see, it was also Malaysia's own bilateral relations with the US which became a critical factor in the country's recovery agenda and Mahathir's very survival at this point. Thus, despite this diminution of state sovereignty, the US remains the key political influence within the bloc.³¹

The *ideological-cultural* complexion of any global bloc is, perhaps, more problematic. As noted, this is not only because cultures and ideas — particularly in an age of global information and entertainment — are fluid and interacting, but also, as Said shows, because 'dominant' ideological forms are always subject to contradictory processes of convergence and resistance. Nonetheless, a key feature of late-capitalist society has been the hegemonic status of corporate power and the evolution of capitalist culture, or a culture of capitalism; in effect, a convergence of neo-liberal ideas, the values of marketisation and the cult of 'post-fordist' consumption. Sklair's neo-Gramscian account of "transnational practices" (economic, political and cultural-ideological) illustrates how transnational corporations (TNCs) have sought to internalise a culture of liberal freedoms and popular capitalism through the reification of consumer imagery and the representation of all social life as a set of bourgeois opportunities, products and desires:

The systematic blurring of lines between information, entertainment and the promotion of products lies at the heart of this practice...transform[ing] all the public mass media and their contents into opportunities to sell ideas, values, products, in short a consumerist worldview; the transnational class in

the United States has assumed leadership of the culture-ideology of consumerism in the twentieth century.³²

For Miliband, this represents both the objectification of corporate values and the coalescing of state and corporate influence in the field of ideological communication:

[Such] ideological struggle from above constitutes a gigantic enterprise in political socialisation and indoctrination, and amounts in effect to a daily, massive assault on popular consciousness...[While corporate attention is] increasingly given to advertising not only its products, *but also its philosophy and views*, [the state has also] assumed ever greater responsibilities in the business of persuasion, indoctrination and the striving for hegemony.³³

The fundamental point here is that this intersection of forces — financial capital, information-led markets, autonomous networks of production, the realignment of nation-states and political classes, globalised middle-classes, new stratified labour markets and corporate ‘cultural philosophy’ — has created a new type of power order. Coinciding in time and space with the information revolution, it represents the most dynamic and socially momentous complex of power relations in history. And it is in relation to these new globalised forms of economic, political and ideological power that hegemonic relations at the *national* level may be understood. In effect, the *domestic* form of the power bloc stands in ‘devolved’, yet dialectical, relationship to the *global* power bloc.

Hegemony and hegemonic projects

For Gramsci, ‘domination’ and ‘hegemony’ represented two antithetical expressions of power. This relates to his observations on the distinction between the specifically coercive role of the state, as exemplified by Tsarist Russia in the East, and the consensual bourgeois civil societies of the West. The former — equated as *political society* — sees the state as the direct agent of coercion and “domination”, while the latter is equated with *civil society* and a form of power based more specifically on “intellectual and moral direction”.³⁴ Alongside other related couplets, such as ‘force and consent’, ‘authority and hegemony’, ‘violence and civilisation’, Gramsci, with a penchant for military symbolism, also applies the respective metaphors ‘war of manoeuvre’ and ‘war of

position' to represent the contrasting nature of power and its contestation within these contexts.³⁵

The Gramscian conception of hegemony can also be contrasted with the term's use in neo-realist theory,³⁶ and used to signify power relations at the national and global levels:

...in neorealist discourse the term 'hegemony' is reduced to a single dimension of dominance,...a physical capabilities relationship among states. The Gramscian meaning of hegemony joins an ideological and intersubjective element to the brute power relationship. In a hegemonic order, the dominant power makes certain concessions or compromises to secure the acquiescence of lesser powers to an order that can be expressed in terms of a general interest...The consensual element distinguishes hegemonic from nonhegemonic world orders. It also tends to mystify the power relations upon which the order ultimately rests.³⁷

Thus, in contrast to outright domination by the coercive state, hegemony, as a specific statement of the *modern* state and manifestation of *class* rule for Gramsci,³⁸ involves a higher form and synthesis of power. In particular, it requires:

...political, intellectual and moral leadership over allied groups...[wherein]...a class is dominant in two ways, that is to say it is dominant and ruling. It rules the allied classes and dominates the opposing classes.³⁹

Yet, also of vital significance for Gramsci:

...the fact of hegemony presupposes that one takes into account the interests and tendencies of the group over which hegemony will be exercised [wherein] hegemonic groups...make some sacrifices of a corporate nature.⁴⁰

Gramscian hegemony, thus, involves two important elements for the dominant class, both relevant to the power bloc. Firstly, the organisation of strategic alliances and concessions to subsidiary groups. Secondly, and more importantly, the articulation of the dominant group's interests and values through moral and intellectual leadership. While the first may be nominally instrumental in character, the second helps forge both these and broader *national-popular* relations into a *consensual* 'collective will'. This involves:

the disarticulation of the ideologies of subordinate groups and rearticulation of the relevant elements into the ideology of the dominant group. In other words: the hegemonic ideology includes ideological elements from all groups, but the unity comes from the articulating principle, which is always provided by the hegemonic group...The unity forged is active and direct, resulting from genuine adoption of the interests of the other groups by the dominant group.⁴¹

It is crucial to understand that Gramsci's conception of ideology does not conform to any 'Marxist' notion of 'false consciousness'; that is, hegemony cannot be reduced to a process of ideological *domination* where class ideology is *imposed*.⁴² With this in mind, notes Mouffe, we can begin to see the real meaning of Gramsci's concept of hegemony:

...a class is hegemonic when it has managed to articulate to its discourse the overwhelming majority of ideological elements characteristic of a given social formation, in particular the national-popular elements which allow it to become the class expressing the national interest.⁴³

Of course, any *alternative* power bloc also needs to build its own hegemony. Thus, it is necessary to remove the term's 'pejorative' label, for, quite clearly, Gramsci saw the construction of an alternative hegemony as the key to a socialist order — though, Gramsci envisaged the latter as qualitatively different, in an organic and intellectual sense (see below) from that of bourgeois hegemony.

As part of this hegemonic struggle, economics and the ethical both become, in a specifically Gramscian sense, *political*.⁴⁴ With important relevance to Mahathir's Vision agenda, Gramsci's concept of hegemony thus illustrates the *national-popular* and *ethical-moral* challenge for the leading class in using state and civil institutions to build an ideology of developmentalism. Here, notes Gramsci, the:

...state is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level...which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes.⁴⁵

Hegemonic projects

Coalescing around a given framework of leading interests and ideas, all these elements can be seen to constitute a 'hegemonic project'. While this relates mainly to the domestic power bloc, it also recognises the historical and global contexts within which

those arrangements are shaped. Moore, for example, has used Gramscian perspectives on hegemony and intellectuals to illustrate the development of the ruling class in post-independence Zimbabwe.⁴⁶ The experience of post-apartheid South Africa also shows how the exigencies of white privilege and foreign capital still inform domestic state-class relations.⁴⁷ Southall's comparative analysis of South Africa and Malaysia offers further insights here concerning the problems of growth and redistribution faced by the African National Congress (ANC) and UMNO, indicating the tension between global capitalism's terms of investment and the respective attempts of each to redress black inequalities and *Bumiputera* rights.⁴⁸ Significantly, South Africa had also come to see Malaysia, pre-crisis, as a model of economic development, with Mandela endorsing Mahathir's growth-led strategy as a precondition of social prosperity. (See Chapter 4.)

More notably, the Gramscian perspective has been applied by Stuart Hall in his consideration of Thatcherism as a hegemonic project. Although first using the concept 'authoritarian populism' to signify the ideological rationale of Thatcherism, Hall is at pains to stress, in answer to earlier objections by Jessop *et al*, that the project was built around *economic* strategies in conjunction with political and ideological ones.⁴⁹ Hall's view is thus consistent with that of Jessop *et al*:

By 'hegemonic project' we refer to a national-popular programme of political, intellectual and moral leadership which advances the long-term interests of the leading sectors in the accumulation strategy while granting economic concessions to the masses of the social base. We would suggest that such a task requires the creation of a 'power bloc' that unifies — around a common political and economic programme — the most powerful social forces in the society, and also the establishment of a broader complementarity between the institutions and forces of civil society and the polity, on the one hand, and those of the economic order, on the other, that is, a 'historic bloc'.⁵⁰

Hall is also faithful to Gramsci's view of hegemony as an *ongoing* enterprise, and the need to cultivate control strategies within the state *and* civil society. Thus, Thatcherism, seeking to build upon a 'two-nation', rather than 'one-nation' conservatism, embodied strategies of electoral co-optation, neo-liberal attacks on the welfare state, privatisation and City deregulation, while invoking ideals of law and order, individual responsibility, enterprise culture, wealth creation and popular capitalist ideals such as shareholding and home-ownership. Yet, significantly, Hall points out that he:

...*never* advanced the proposition that Thatcherism...achieved 'hegemony'...[rather, seeing] Thatcherite politics [as] 'hegemonic' in their conception and project: the *aim* is to struggle on several fronts at once, not on the economic-corporate one alone; and this is based on the knowledge that, in order really to dominate and restructure a social formation, political, moral and intellectual leadership must be coupled to economic dominance. The Thatcherites know they must 'win' in civil society as well as the state.⁵¹

Here, it is instructive to note how Thatcherism was articulated through the populist press, in her case by ascendant right-wing 'media intellectuals.'⁵²

Thatcherism was thus defined, to a large extent, not in specialist journals or elite forums but in newspaper columns and in well publicised reports and position papers; it represented a well thought-out (and effective) use of the media by intellectuals.⁵³

Despite the more obvious threat of coercive mechanisms in Malaysia, Mahathirism's appeal to populist Vision modernity can also be seen as a concerted attempt to win in civil society. While the Malaysian press and wider media is more overtly controlled than in the West, it is important to see that Mahathirism has been built around similar forms of intellectual populism.

As 'modified Thatcherism', New Labour's re-articulation of state-class relations, 'political modernity' and populist ideology is also of comparative value here. The first of these elements can be denoted in Blair's new liaison with corporate/City interests — as evidenced by the handover of interest rate policy to the Bank of England, a key surrender of power and indication of the 'new fit' between Blairite economics and global capital.⁵⁴ The second concerns the renewal of the middle-class reward-structure and centre-ground alliance in an attempt to sublimate class politics to the new 'post-class' language of 'middle-England'. Here, control over party policy has become concentrated around a select core of advisers and spindoctors whose principal task is the *presentation* of Blairism as the new site of moderate-centrist politics. The third aspect involves the invocation of populist ideas such as 'stakeholding', 'new welfare reform' and 'communitarian citizenship'. It is not without significance that Blair used the political props of 'Asian values' and 'tiger achievement' during his visit to Singapore in 1995 to launch the 'stakeholding' agenda. Here, new Blairite intellectuals like Anthony Giddens and think-tanks like *Demos* have provided a 'Third Way' discourse for New Labour, allowing it to adapt and use the tenets of free-market individualism. At the populist

level, Blair has also cultivated a new ‘understanding’ with the Murdoch press as a means of entrenching its ideas.⁵⁵ Thus, the Blair project has sought to position itself as more ‘corporate-friendly’, ‘politically modern’ and ‘tabloid intellectual’ than Thatcherism.⁵⁶

Again, allowing for its own idiosyncratic features and coercive elements, similar forms of statecraft and populist enterprise can be discerned within the Mahathir project. Of particular salience to what will be understood here as ‘late-Mahathirism’, this has involved a reconfiguration of UMNO’s state-corporate relationship with Malay, Chinese and foreign capital, the building of a new ‘post-ethnic’ middle-class electoral base, and an increasing articulation of these ideas through the media and other populist channels. As with the reformulation of these areas under Blair, the Mahathir project has been attempting to realise a gradual re-ordering of its hegemonic base in response to structural changes in the economy and society. While this appeal to consensus was to be tested by 1997, it had helped protect the power bloc throughout much of the pre-crisis period. It may be noted, in this regard, that while Mahathir and UMNO were being riven by allegations of cronyism amid the Anwar situation, serious corruption scandals and money politics were being unearthed by this point in the West.⁵⁷ While, in contrast to UMNO/BN, such activities may be subject to fuller forms of ‘parliamentary scrutiny’ and media insight, each situation illustrates the more central issue here of *state-class* relations as the key foci of power, wherein political elites, as holders of state office, provide access for corporate interests, while the latter offer wealth, connections and support for the project in hand.

As noted, Munro-Kua comes closest to this type of hegemonic/state-class approach in *Authoritarian Populism in Malaysia*. In this view, the Malay state-class has internalised power through repressive functions and populist policies, while allowing competing class fractions to shape political and ethnic relations.⁵⁸ However, while Munro-Kua, correctly, sees this populism as a legitimating function of the *coercive* state, the orientation of the present study places more emphasis on how the Mahathirist project has sought to create legitimacy by *consent* under the aegis of a Vision 2020-type agenda. Moreover, it is concerned to place this within the more specific context of the power bloc, rather than the state *per se*. In essence, it is a Gramscian attempt to locate the *transitional* nature of the legitimation process — and the problematic factors therein — from that of overt *domination* via the repressive state, to one of *hegemony* via more

consensual control over *civil society*. Again, the specific purpose here is *not* to make claims of any inexorable movement towards the latter pole, but, rather, to understand the tensions and contradictions within that process itself, the crisis situation from mid-1997 being an acute test of Mahathir's attempts to build hegemonic legitimacy.

Hegemony and civil society

Again, this takes us, following Gramsci, back to Rodan's concern about civil society as a site of inequality and contested power. Gramsci's distinctive insight here lies not in any narrow conception of class power *vis-à-vis* the state, but in the specific relationship between the state and civil society. (Bobbio emphasises, in this regard, how Gramsci's concept of civil society derives from a critique of Hegel rather than Marx, and that the "revaluation of civil society is not what links him to Marx, but what distinguishes him from Marx."⁵⁹) Gramsci was critically aware of the rapid expansion of civil institutions as bourgeois society developed, a shift apparent today in the growth of trade unions, clubs, churches, non-governmental organisations (NGOs), voluntary organisations, political parties, newspapers, pressure groups and other popular cultural outlets. With the rapid expansion of the economy and state sector in Malaysia, civil society has come to assume greater potential for organised dissent and opposition. But this does not make it a proto-liberal realm of pluralist contestation. Rather, like the state, it is a site of power inequality. But where the state involves control through the threat of coercion, *hegemony* requires that control within civil society be organised, more subtly, around the principles of populist *consent*. Here, notes Morera:

...the state should expand its functions and acquire an educative role. With this the relation between state and civil society changes considerably. The transformation of the state requires, Gramsci suggests, that its repressive character should diminish and its ethico-political character, its hegemonic function should grow in importance.⁶⁰

In this regard, the subject of democracy within civil society in the *Prison Notebooks* is not well developed. But it is certainly intrinsic in Gramsci's overall work. More recently, Gramscian writers such as Morera, Mouffe, Laclau and Golding have begun to theorise Gramsci's ideas on civil society as the basis for a new post-liberal

democracy.⁶¹ Implicit here is the idea of extending the open, reciprocal and participatory principles which Gramsci argued for in any proto-revolutionary movement to that of civil society more generally. More immediately, this allows us, following Rodan, to recognise the emergence of New Social Movements (NSMs) and NGOs as a new *form* of political opposition in Malaysia (see below) and the region.⁶² Hewison and Rodan also reflect this view in their analysis of 'the Left' within the civil societies of Southeast Asia:

...in the contemporary period, the political space associated with civil society is, to varying extents, again being created in the societies of Southeast Asia. However...it is no longer socialists and Communists who are leading this movement. Rather, a range of liberals and social reformers are playing the leading roles in establishing civil society through various non-state groups. Nevertheless, while the revolutionary Left may be overshadowed by a range of other contending political forces, this does not necessarily mean social reformism is an entirely spent force in contemporary Southeast Asia. Instead, the inequities and contradictions of the market system continue to generate social problems that cannot be alleviated by liberal reformism.⁶³

This suggests an alternative way of thinking about Left politics and is consistent not only with a new NSM/NGO-type politics,⁶⁴ but with the Gramscian view of opposition as a broad counter-hegemonic alignment based upon non-hierarchical relationships.

Intellectuals: the organisers of hegemony

Integral to this process is the participation of the intellectual as a competing political actor. In the *Prison Notebooks*, Gramsci provides a new theoretical basis for the special role of the proactive intellectual in the construction of national-popular hegemony. For Gramsci, this involved a gradual departure from the idea of intellectuals as an exclusive elite or clerisy, to a more *structural* view of intellectual enterprise within capitalist societies. It is within this context that Gramsci discusses the Italian liberal intellectual Benedetto Croce's efforts in galvanising support in the South for a national bourgeois state.⁶⁵ Gramsci's intellectual, thus, moves towards a new synthesis of understanding. He sees hegemony not only as a specific set of historical class circumstances, but also as a form of intellectual *praxis*; an actual *expression* of hegemony. Thus, Gramsci asks:

What are the 'maximum' limits of acceptance of the term 'intellectual'? Can one find a unitary criterion to characterise equally all the diverse and disparate activities of intellectuals and to distinguish these at the same time and in an essential way from the activities of other social groupings? The most widespread error seems to me that of having looked for this criterion of distinction in the intrinsic nature of *intellectual activities, rather than in the ensemble of system of relations* in which these activities (and therefore the intellectual groups who personify them) have their place within the general complex of social relations.⁶⁶

Gramsci's main concern here is the structural *context* of intellectual activity and the roles of given 'intellectual groups' within that process. One element of this process concerns potential intellectual activity as a 'universal' expression of human consciousness and communicative action, collective capacities which, for Gramsci, are always conditioned by dominant social relations through state *and* civil institutions:

The school as a positive educative function, and the courts as a repressive and negative educative function, are the most important state activities in this sense: but, in reality, a multitude of other so-called private initiatives and activities tend to the same end...⁶⁷

Thus, the 'neutral intellectual' within class societies is a liberal myth; an ideology.⁶⁸ If all human beings have the potential for intellectual thought and action, not all have the opportunity to use it:

All men are intellectuals, one could therefore say, but not all men in society have the function of intellectuals.⁶⁹

Gramsci's view of intellectual consciousness and human agency derives from a broader stream of Italian thinkers, notably Vico. But while Vico saw intellectual consciousness 'narrowly defined', Gramsci extends it to all human actors, noting that the task for *critical* intellectuals is to articulate the very idea of intellectual universality.⁷⁰ But intellectual activity, for Gramsci, is also an expression of hegemony. And it is this aspect of the term that we need to consider more fully. Let us, therefore, note the main senses in which the idea of 'intellectual enterprise' is relevant to the present study.

1. Organic intellectuals and the UMNO network

The first of these requires us to think about the *organisation* of hegemony as a mode of control and how we might apply this in the Malaysian case. Here, Gramsci's conception of the *organic intellectual* gives practical meaning to the interactive process of legitimation conducted around, what we might term, the 'UMNO network'. This helps convey the sense in which individuals and institutions, both within and beyond the party, help sustain hegemony through the reification of dominant interests and 'common-sense' social meaning. Thus, actively aware of their links to a particular social order, the organic intellectual gives coherence to the power structure at the economic, political and cultural levels:

Every social group, coming into existence on the original terrain of an essential function in the world of economic production, creates together with itself, organically, one or more strata of intellectuals which give it homogeneity and an awareness of its own function not only in the economic but also in the social and political fields. The capitalist entrepreneur creates alongside himself the industrial technician, the specialist in political economy, the organiser of a new culture, of a new legal system, etc.⁷¹

Gramsci's concept of the organic intellectual is thus extended to include:

...not only those strata commonly described by this term, but in general the entire social stratum which exercises an organisational function in the wide sense — whether in the field of production, or in that of culture, or in that of political administration.⁷²

In this sense, the organic intellectual performs the cumulative task of hegemonic organisation and control across the state apparatus, mode of production and civil society.⁷³ For example, Gramsci's schema would perceive civil servants and judges, managers and technocrats, academics and journalists, as respective parts of the hegemonic order.⁷⁴

And this takes us to a further point of definition here. For Gramsci also saw the organic intellectual in a more particularised context: that of *the party*. In other words, the party, as a manifestation of Machiavelli's *Prince*, was the organic intellectual *writ large*:

For Gramsci, the specific vehicle whose necessary task would be to ensure that those conditions might come into existence...was precisely the political party...But the notion of 'party' for Gramsci was not the usual vanguardist concept. It was to be understood, first and foremost, as an 'organic intellectual', ...as precisely that organism that was able to present or bring into existence, to codify or make more 'coherent', a world-view in a way that would be 'directive and organizational, educative, intellectual'.⁷⁵

Therefore, not only was the party the embodiment of the organic intellectual for Gramsci, it represented, in its hegemonic or counter-hegemonic forms, the critical mass of intellectual *praxes*, helping to provide an integrative, educative, *national-popular* basis for the articulation of strategic interests and ideas.⁷⁶ In particular, the capacity of writers, academics and journalists to communicate the ideas and political interests of an ascendant class represented a decisive function of organic intellectual activity. Indeed, it is from this perspective that Gramsci saw his own endeavours as a writer and editor of the revolutionary publication *L'Ordine Nuovo*, in forging an *intellectual-proletarian* consciousness. As alluded to above, Gramsci also sees the need here for a *concrete* expression of such via an even more organic relationship between leaders and led than is the case with the bourgeoisie:

The mode of being of the new intellectual can no longer consist in eloquence, which is an exterior and momentary mover of feelings and passions, but in active participation in practical life, as constructor, organiser, 'permanent persuader'...⁷⁷

With the 'massification' of specialised knowledge sites, intellectual enterprise and the construction of intellectual discourse has become a vital aspect of hegemonic/counter-hegemonic struggle. In *Representations of the Intellectual*, Edward Said acknowledges this expansion of civil-intellectual activity and the "reality" of Gramsci's intellectual as:

...a person who fulfils a particular set of functions in the society...[, particularly when] so many new professions — broadcasters, academic professionals, computer analysts, sports and media lawyers, management consultants, policy experts, government advisers, authors of specialised market reports, and indeed the whole field of modern mass journalism itself — have vindicated Gramsci's vision.⁷⁸

With the proliferation of new professions, civil institutions and cultural sites in Malaysia, the role of UMNO as an organic party apparatus and extended intellectual network has, in this sense, become pivotal in linking state elites with corporate clients, business forums, media owners, editors, publishers, Islamic think tanks, academics, NGOs, voluntary organisations, and many other civil agencies. Thus, the articulation of Mahathirism and Vision ideas through such institutions can be seen as a crucial part of consensus-building, illustrating the importance of intellectual enterprise as a component of hegemony.

2. Traditional intellectuals and organic assimilation: Mahathirism and Islam

However, Gramsci also presents us with a category of *traditional* intellectuals whose historical significance and social identity represent potential constraints upon the new organic order. In this sense, the Mahathir 'modernity project' and Vision agenda have been subject to ongoing intellectual challenge from traditional Islamic sources, most notably that of 'PAS Islam' in Kelantan. (See Chapter 7.) Gramsci's observations on the traditional intellectual thus offer an instructive paradigm for present purposes:

...every 'essential' social group which emerges into history out of the preceding economic structure, and as an expression of a development of this structure, has found (at least in all of history up to the present) categories of intellectuals already in existence and which seemed indeed to represent an historical continuity uninterrupted even by the most complicated and radical changes in political and social forms.⁷⁹

Typically composed of ecclesiastics, scholars and other status-based types, Gramsci notes how, in contrast to the organic type, traditional intellectuals saw themselves as detached, free-thinking individuals removed from the immediate interests of the dominant class:

Since these various categories of traditional intellectuals experience through an '*esprit de corps*' their uninterrupted historical continuity and their special qualification, they put themselves forward as autonomous and independent of the dominant social group. This self assessment is not without consequences in the ideological and political field, consequences of wide ranging importance.⁸⁰

Gramsci is referring mainly here to the pervasive power of the Catholic Church in the areas of philosophy, science, education, morality and culture.⁸¹ In class terms, he also shows how hegemonic ideology becomes analogous to popular religion itself.⁸² In a more complex sense, though, traditional intellectuals may, simultaneously, provide, or aspire to, an organic function — as with Croce's role in keeping radical intellectuals in the South isolated from the peasant classes, thus preventing splits in the agrarian bloc.⁸³ The key task for organic intellectuals thus becomes the universalisation of its ideas through the *assimilation* and control of traditional elements, as Gramsci indicates in the following keynote passage:

One of the most important characteristics of any group that is developing towards dominance is its struggle to *assimilate and to conquer 'ideologically' the traditional intellectuals*, but this assimilation and conquest is made quicker and more efficacious the more the group in question succeeds in simultaneously elaborating its own organic intellectuals.⁸⁴

For Gramsci, it is the party, through the sphere of civil society, which carries the organisational task of winning-over the traditional intellectuals:

The political party...is precisely the mechanism which carries out in civil society the same function as the State carries out...in political society. In other words, it is responsible for welding together the organic intellectuals of a given group — the dominant one — and the traditional intellectuals.⁸⁵

In building a competing organic network, subordinate groups and traditional intellectuals, lacking the use of the state, must build their organic base more consciously around civil society, again through the key direction of their own organic party.

As a paradigm for the present case, Mahathir and influential parts of the UMNO network, such as Islamic institutes and the media, have engaged in a concerted elaboration of modernist Islamic principles in an attempt to 'win-over' traditional elements and rationalise Vision-type development. Indeed, responding to the Islamic resurgence in Malaysia from the early 1980s, Mahathir has taken the intellectual argument for Islamic modernity directly into the PAS heartland of Kelantan, notably as a bulwark to charismatic PAS leader Nik Aziz's ideas of 'pure' Islamic development and *hudud* law. Hence, this is not only a *political* contest, in the conventional sense, between UMNO and PAS. It is a crucial *intellectual* — that is, *hegemonic* — struggle of ideas

between organic and traditional elements over the meaning and practices of Islam and its place within the development process.

3. Intellectual agencies and agenda-setting discourse

Intellectual agencies and agenda-setting discourse helps illustrate the sense in which dominant ideas become part of a received idiom of power. For example, at the global level, Stephen Gill's case study *American Hegemony and the Trilateral Commission* reveals how such forums help generate a *shared understanding* of ideas between top business figures, policy makers and academics, thus giving transnational interests hegemonic status:

Intellectuals are involved because of their ability to combine theoretical and practical aspects of their activity within the Commission's major discourses, which are liberal and functional. They are also chosen because of their place in wider intellectual networks, and because of their vantage point from within their discipline(s). For example, Samuel Huntington, one of the co-authors of the Commission's contentious report, *The Crisis of Democracy*, became President of the American Political Science Association in 1987. He is of course also involved in a wide range of programmes as Director of the Harvard Centre for International Affairs. Thus, Commission intellectual networks are based on an international circle of theorists and policy specialists who generally tend to direct the major institutes in which they operate.⁸⁶

The scope and influence of such agencies is extensive, incorporating not only the IMF, World Bank, G7, OECD and WTO, but other institutes like the Ford Foundation, the Brookings Institute and the Institute for International Economics.⁸⁷ Whether such an amalgam comprises a discrete 'global class' is not the key issue here. The more salient point is that these agencies represent a converging set of interests — a *de facto* global establishment — bringing together the intellectual resources of academics and other key figures, thus institutionalising, notes Holub, a "Western economic, financial and cultural point of view."⁸⁸

By the same principle, key intellectual agencies in Malaysia, linked to the UMNO network, help create a *shared understanding* of policy ideas, social development and cultural values. Together with UMNO's extensive corporate links (see Chapter 3), these include government-sponsored think tanks such as the Institute for Policy Research and

forums like the Malaysian Business Council. As noted, it was the MBC's inaugural meeting, bringing together key politicians and captains of industry, which was used to launch the Vision plan in 1991.⁸⁹ Others linked into the network would include the key 'independent' think-tank the Malaysian Institute for Economic Research (MIER). Reflecting the government's 'Islamization policy' from the 1980s (including the creation of the International Islamic University), UMNO also extends its influence through religious institutes such as the Islamic Economic Foundation, the *Dakwah* Foundation (both set up by Mahathir),⁹⁰ *Pusat Islam* (Islamic Centre) and the Institute for Islamic Understanding Malaysia (IKIM).

A good illustration of the latter's agenda-setting role can be seen in *An Inspiration for the Future of Islam*.⁹¹ Setting-out the history and objectives of IKIM, it maps a course for Islamic understanding and development which is integral to Mahathir's broad Vision project. This is evident from the foreword praising Dr. Mahathir to the review of its seminar activities (such as 'Islam's Contribution Towards Achieving the Objectives of Vision 2020') to its main research priorities (including 'The policy of assimilating Islamic values in the government administration').⁹² Alongside extensive sponsorship of Islamic conferences, the government has also promoted Vision-type Islamic ideas through bodies such as the Asia Pacific Mosque Council.⁹³ As will be shown, UMNO's co-optation of Anwar as the leader of *Angkatan Belia Islam Malaysia* (Malaysian Islamic Youth Movement; ABIM) in the 1980s was also a key instance of the organic assimilation of traditional intellectuals linked to *dakwah* (Islamic revival) groups. At the broader cultural level, Mahathir has also sought to engage forums such as the Congress of Malay Intellectuals for similar agenda-setting purposes.⁹⁴

The production of agenda-setting discourse through intellectual agencies is, thus, a central feature of this process. Following Said's insight that all texts are 'facts of power', Strine, for example, asks why:

...under particular historical circumstances...certain beliefs, values, ideologies, interests, and power relations inscribed in discursive formations achieve cultural authority? What particular contextual factors account for the circulating and privileging of certain cultural discourses/texts as inherently important, valuable or true over other possible discourses/texts which are marginalised, discredited or displaced?⁹⁵

Huntington's *The Clash of Civilisations* is a good example of such 'privileged discourse'.⁹⁶ Here we find a new post-cold-war language warning of an irreconcilable gulf between the West and other civilisations, such as Confucianism, but more notably Islam. Thus, a monolithic Islamic bloc (the *other*) is depicted as an alien threat to the West, itself viewed as an idealised community requiring renewal and a reassertion of identity. In *The West v the Rest*, a derived article given wide media coverage, Huntington argues that:

No such convergence is possible with Asian societies. Asia instead is likely to pose continuing economic and political challenges to the United States specifically and the West more generally...Western peoples have far more in common with each other than they have with Asian, Middle Eastern or African people...Promoting the coherence of the West means both preserving Western culture within the West and defining the limits of the West.⁹⁷

Complementing Huntington's *cultural other*, Fukuyama also offers an *End of History* in which the 'ideological project' of the West is realised in the *political* triumph of liberal-capitalist-democracy and a transcendent New World Order.⁹⁸

As critical considerations of Islam, 'the East' and post cold-war relations, these are crude representations.⁹⁹ Why then have they managed to attain such 'intellectual gravitas'? Part of the reason, at least, appears to be the dominant institutions and interests which help sponsor them. While other academics may offer more informed accounts of Islam in the New World Order,¹⁰⁰ the point about these texts is that they represent *agenda-setting* literature; central discursive paradigms around which *mainstream* academic debate takes place and idealised conceptions of the *other* take root. As Said notes, such discourses are symptomatic of a more pervasive institutional bias against Islam,¹⁰¹ taking, as Akbar Ahmed argues, little account of Islam's diversity, inner contradictions or egalitarian potential.¹⁰²

With Islamic modernity an integral part of Mahathir's Vision project, the reproduction of religious and cultural ideas through agenda-setting discourse is a crucial aspect of intellectual enterprise. Again, this involves numerous intellectual agencies with close ties to UMNO, such as *Pelanduk*, publisher of a broad range of 'Vision literature' (mainstream texts widely available in Malaysian bookshops).¹⁰³ But, reflecting IKIM's output, it also encompasses the views of 'independent' agencies with a *shared*

understanding on issues of social and religious development. For example, in *Hudud in Malaysia*, a critical treatise on PAS's proposals for *hudud* law (notably the Kelantan *Syariah* Criminal Enactment), Rose Ismail and the Sisters of Islam Forum express a common interest in the promotion of Islamic modernity:

Our push, as a country and nation, towards industrialisation envisages the creation of a fully modern society based upon a Malaysian culture of modernity. This is clearly outlined in our own *Wawasan 2020*. Central to an authentically Malaysian modernity must be an Islamic culture of modernity.¹⁰⁴

The articulation of a policy-type language amenable to the shifting claims of the Malay, Chinese and Indian communities has also required the incorporation of academics as 'policy planners' in order to rationalise NEP redistribution and Vision 'liberalisation'. For example, in the switch from the NEP to the NDP in 1991, Mahathir encouraged the idea of 'consultative dialogue' between academics and policy-makers to help ensure a smooth transition. Vision ideology had, thus, at least before the crisis, become the main subtext of mainstream policy literature; an agenda-setting discourse consistent with the 'new' ideas of economic development, post-ethnic nationalism and social modernity. This has involved an intensive politics of intellectual incorporation and assimilation to help institutionalise such ideas within academic discourse and other parts of the UMNO network.

4. Intellectual agencies: the media as filtering process

As a populist outlet for dominant ideas, the key intellectual agency in Malaysia, as elsewhere, is the mass-media. Linking state and corporate elites, Malaysian media institutions represent an increasingly vital part of the UMNO network, helping to filter information, entertainment and civil values. Again, this requires us to think about the hegemonic context of state-class power, intellectual enterprise and the cultivation of legitimacy by consent. In 'democratic' polities, the key axiom of that task for Chomsky is the production of 'necessary illusions':

In the democratic system, the necessary illusions cannot be imposed by force. Rather, they must be instilled in the public mind by more subtle means. A totalitarian regime can be satisfied with lesser

degrees of allegiance to required truths. It is sufficient that people obey; what they think is a secondary concern. But in a democratic political order, there is always the danger that independent thought might be translated into political action, so it is important to eliminate the threat at its root. Debate cannot be stilled, and indeed, in a properly functioning system of propaganda, it should not be, because it has a system-reinforcing character if constrained within proper bounds. What is essential is to set the bounds firmly. Controversy may rage as long as it adheres to the presuppositions that define the consensus of elites, and it should furthermore be encouraged within these bounds, thus helping to establish these doctrines as the very condition of thinkable thought while reinforcing the belief that freedom reigns. *In short, what is essential is the power to set the agenda.*¹⁰⁵

As noted, part of this ideology in the West involves the routine diffusion of 'self-representations' and 'us' images. Thus, the 'free-West', derived in relation to the 'non-free' *other*, forms part of a reproductive imagery; a set of necessary illusions and frameworks of meaning within which dominant ideas can be filtered, played-out and received, notably through the agenda-setting norms and values of the 'free-media'. For Chomsky:

....the media and other ideological institutions will generally reflect the perspectives and interests of established powers...According to this 'propaganda model'...the media serve the interests of state and corporate power, which are closely interlinked, framing their reporting and analysis in a manner supportive of established privilege and limiting debate and discussion accordingly.¹⁰⁶

It is important to recognise the non-reductive context of Chomsky's claim here:

The propaganda model does not assert that the media parrot the line of the current state managers in the manner of a totalitarian regime; rather, that the media reflect the consensus of power elites of the state-corporate nexus generally, including those who object to some aspect of government policy, typically on tactical grounds. The model argues, from its foundations, that the media will protect the interests of the powerful, not that it will protect state managers from their criticisms; the persistent failure to see this point may reflect more general illusions about our democratic systems.¹⁰⁷

This theme of corporate-media-power and its implications for social control is specified in a more Gramscian context by Kellner in *Television and the Crisis of Democracy*. Kellner broadly aligns himself with the Chomsky/Herman view of the media as a site controlled by corporate elites engaged in the filtering/organisation of news,

information and popular culture. However, taking critical theory as a guide, he sees *hegemony*, rather than *propaganda*, as the more appropriate model of analysis here. The distinction is not overly significant, Kellner's (questionable) view of Chomsky as veering close to an 'instrumentalist' position being one of emphasis rather than substance. More importantly, both accounts offer complementary perspectives on the structure and output of the Western media. Nonetheless, For Kellner:

The hegemony model of culture and the media reveals dominant ideological formations and discourses as a shifting terrain of consensus, struggle, and compromise...Television is best conceptualized...as the terrain of an ever-shifting and evolving hegemony in which consensus is forged around competing ruling-class positions, values and views of the world...According to this approach, different classes, sectors of capital, and social groups compete for social dominance and attempt to impose their visions, interests, and agendas on society as a whole. Hegemony is thus a shifting, complex, and open phenomenon, always subject to contestation and upheaval.¹⁰⁸

The key point here is that this is *always* a contested terrain, but that for both Chomsky and Kellner corporate and state elites have been able to control this space, allowing them predominant influence in media organisation and output. Thus, CNN or Murdoch media managers come to select and package 'generic representations' of events, conflicts, ideas and oppositions as simplified, sanitised information. Thus was the Gulf War 'imagined' as a 'clean war', a task accomplished through compliant reporting and a new lexicon of war reportage: 'the clean strike', 'minimum collateral damage', 'smart bombs' and so on.¹⁰⁹ As a tacit understanding emerges about what constitutes news and information, there is 'partisan political discussion', but little *mainstream* analysis of the actual power *structure* — hence the privileged coverage of 'constitutional events' and an articulation of 'the political' as the narrow realm of party politics, a liberal view of civil participation reproduced through the filter of 'public service broadcasting'.¹¹⁰ At the same time, what does not get reported can be as significant as what does.¹¹¹

In Malaysia, media representations of civil participation have become increasingly situated around the values and imagery of Vision 2020. Significant here is the way in which economic development, changes in class composition and consumer identity have given rise to new media forms and, notwithstanding the crisis, a more subtle filtering of news and information. This coincides with the deregulation and greater corporatisation

of the Malaysian media from the 1990s. In the rush for share of this lucrative market and advertising revenue, the Malaysian press and electronic media became more attentive to the nuances of market segmentation and the promotion of 'new-middle-classness', both as *lifestyle* imagery and as a medium of 'social commentary'. New-middle-class styles, aspirations, values and social concerns have thus become subsumed into a form of 'role-model' media discourse. When government ministers raise the 'problem' of *lepak* culture (loafing) or the threat of Western images being propagated via satellite TV, the appeal is to middle-class sensibilities and the need for 'responsible civil dialogue'. The promotion of this discourse can be seen as complementing the 'responsible development journalism' internalised by Malaysian media proprietors and managers. From 1997, the economic crisis, thus, became contextualised as a *collective problem* within middle-class 'media debate', including a certain level of criticism towards the government itself. However, the purpose of this was to keep 'dissent' firmly within the bounds of *passive* media discourse, safely distanced from any meaningful critique of the *power structure*.

5. Critical intellectuals: constraints, co-optation and opposition networks

What role then for intellectual *opposition*? Implicit in Gramsci's traditional intellectual is the idea of the critical intellectual whose task is to build a new type of organicity between intellectuals and the people. As Said has shown, this is particularly important given the new social context of Gramsci's organic intellectual. But, of course, intellectual activity is also a *subjective* process involving *conscious individual* action. Thus, for Said, critical intellectual *praxis* has an existentialist quality:

...the intellectual is an individual endowed with a faculty for representing, embodying, articulating a message, a view, an attitude, philosophy or opinion, to, as well as for, a public. And this role has an edge to it, and cannot be played without a sense of being someone whose place it is publicly to raise embarrassing questions, to confront orthodoxy and dogma (rather than to produce them), to be someone who cannot easily be co-opted by governments or corporations, and whose whole *raison d'être* is to represent all those people and issues that are routinely forgotten or swept under the rug.¹¹²

However, intellectual activity is always conditioned by institutional limitations:

...the question remains as to whether there is or can be anything like an independent, autonomously functioning intellectual, one who is not beholden to, and therefore constrained by, his or her affiliations with universities that pay salaries, political parties that demand loyalty to a party line, think tanks that while they offer freedom to do research perhaps more subtly compromise judgement and restrain the critical voice.¹¹³

Yet, for Said, the definitive idea of the critical intellectual is that of ‘the outsider’ — even (as in his own case) the exile. The critical faculty of the intellectual is *necessarily* outwith the mainstream; a conceptually specific space for addressing authority. This follows Rousseau’s *philosophe*,¹¹⁴ Sartre’s ideal of the ‘committed writer’ and the engaged activism of Gramsci himself. This is not the closeted professional or academic specialist — who Said indicts as having narrowed critical enquiry — but the proactive critic or vocational campaigner undeterred by the opprobrium of authority. Said’s intellectual:

...is neither a pacifier nor a consensus builder, but someone whose whole being is staked on a critical sense, a sense of being unwilling to accept easy formulas, or ready made *clichés*, or the smooth, ever so accommodating confirmations of what the powerful or conventional have to say, and what they do. Not just passively unwilling, but actively unwilling to say so in public.¹¹⁵

In Malaysia, there is limited space for the critical outsider. This, of course, is often the case elsewhere. But the process of intellectual incorporation in Malaysia has a number of ‘idiosyncratic’ features centred around what might be termed the ‘encouragement of insiderism’. As noted, this can be seen in a range of co-optive processes, such as the inclusion of academics onto ‘national advisory’ boards, the practice of ‘responsible journalism’ and the ‘collective problem-sharing’ discourse taken-up by ‘critical media intellectuals’ during the crisis. (See Chapter 6.) While Accuracy in Academia monitors ‘subversive’ intellectual activity on US campuses,¹¹⁶ potential dissent in Malaysian universities has been mediated and managed, at least before the crisis, through more subtle forms of ‘social incorporation’, including the characterisation of student radicalism as ‘socially deviant’. Thus, it is not only the co-optation itself which is significant here. It is the *culture of insiderism* which informs it. In Malaysia, to be on the outside is not only to be oppositional, it is to be dysfunctional. And this ideology permeates all parts of the social order. When the government talk of the need

for debate or consultation, they mean *within* the *Barisan*. When Mahathir denounces UMNO members for raising the issue of corruption, it is because they have done so in public, rather than within UMNO. And when academics and NGOs address social issues, they are encouraged to do so from *within* an internalised 'problem-solving' mode of analysis. In effect, the marginalisation of opposition is not only about the centralisation of executive functions and selective patronage, it is also about the fostering of insiderism as a 'national value'.

Insiderism informs not only the 'inclusive' messages of *Bangsa Malaysia* and Vision collectivism, but also, in more subtle ways, the *context* of opposition party politics. In a cautious game of 'proving patriotism', Lim Kit Siang, as leader of the opposition DAP has, for example, repeated his willingness to 'work with' the BN as well as opposition parties. More readily, the DAP have incorporated Vision ideals into its 'Malaysian Malaysia' agenda, a mirror discourse to *Bangsa Malaysia*. (See following chapters.) While criticising the government's handling of the economic crisis, and making political capital in the process, the DAP and PAS have carefully refrained from 'disloyal' language deemed to be against the 'collective recovery effort'. Indeed, at key stages of the crisis, both Lim Kit Siang and Nik Aziz gave outright backing to Mahathir, sentiments broadly replicated in the positions of trade unions and many NGOs. Thus, while still consistent in opposing the *Barisan*, the more nuanced point here is the sense in which insider values and Vision concepts have managed to acquire an *agenda-setting* status within mainstream political discourse.

Despite this, Malaysia has seen the steady growth of a critical 'intellectual community' based around established NGOs (such as *Aliran*, *Suaram*, *Tenaganita* and *Hakam*) and the emergent *reformasi* movement. (See Chapter 9.) Although still small, marginalised and susceptible to the above-noted processes, these groups have come to play an important role alongside the main opposition parties. Significantly, the common task being promoted here as the crisis unfolded was the need for greater 'networking'. The immediate question, thus, was whether this community could be moulded into an effective political opposition. In Gramscian terms, though, it raised the more meaningful question of whether it could provide the nucleus of an alternative *organic bloc*, with radical strategies and ideas for transcending the existing power *structure*.

The cohesion of the power bloc thus depends upon hegemonic control through the cultivation of consensual state-class relations, political alliances and cultural forms. Implicit at all these levels is the need for intellectual enterprise in organising the power bloc and articulating popular social meaning. In this way, the reproduction of dominant interests and ideas becomes, effectively, indivisible from the 'national interest' — as captured in Chomsky's axiom 'the manufacturing of consent'.¹¹⁷ It is through this set of perspectives that we may now consider, more fully, the evolving nature of Mahathirism, the Vision project and the crisis of hegemony from 1997.

¹ B. Smart (1983), p 75.

² See M. Foucault (1980); also M. Poster (1984), p 78.

³ C. Mouffe (1979), pp 201, 204

⁴ E. Morera (1990 a), p 191.

⁵ A notion rejected by, among others, A. Showstack Sassoon (1987). See, for example, pp 14, 116-119, 122

⁶ Gramsci (1971), p 161. All references to *Selections From the Prison Notebooks* are taken from Quentin Hoare and Geoffrey Nowell Smith, (eds) (1971). See also Showstack Sassoon (1987), p 116.

⁷ R. Cox (1986), p 216.

⁸ Mouffe (1979). See also J. Morera (1993 b).

⁹ 'Lorianism', denoting the Italian economist Achile Loria, represents, for Gramsci, the adoption by intellectuals within the social sciences of a crude positivist methodology. Together with his criticism of Bukharin's 'scientific materialism, this constitutes the essence of Gramsci's attack on positivist sociology. See, in this regard, J. Buttigieg (1975), pp 42-64, and (1994), pp 348-349.

¹⁰ An enterprise apparent in Sartre's attempt to integrate existentialism and historical materialism. See also Poster (1984), p 2.

¹¹ Gramsci (1971), p 350. Gramsci's arguments here are presented as part of his wider 'Study of Philosophy' (pp 323-377), in Part III of the *Prison Notebooks*, The Philosophy of Praxis.

¹² K. Harris (1992), p 29.

¹³ This essay, begun in 1926, formed the basis for Gramsci's further development of the idea of the historical bloc and the role of intellectuals. See Showstack Sassoon (1987), p 104. See also *Notes on Italian History*, pp 90-102, *Prison Notebooks*. Interrupted by Gramsci's imprisonment, it was published in Paris in 1930 in *Lo Stato operaio. The Southern Question* also forms part of Gramsci's *Notes on Italian History* in the *Prison Notebooks*.

¹⁴ With regard to the former aspect, notes Showstack Sassoon (1987), "Gramsci re-examines the terrain of the superstructures and most particularly the ideological area within Marx's problematic to argue against both distortions." (pp 120-121).

¹⁵ *Ibid.*

¹⁶ R. Holub (1992), p 159.

¹⁷ See Hoare and Nowell Smith (1971), Introduction to 'Americanism and Fordism', in *Selections from Prison Notebooks* pp 277-278. See also D. Forgacs (1988), pp 275-276.

¹⁸ R. Simon, (1982), p 48.

¹⁹ Showstack Sassoon (1987), p 121. See also S. Gill and D. Law (1989).

²⁰ Gill (1993). Gill (1995) offers a further, 'post-hegemonic' analysis of the evolving circumstances of global power bloc relationships. See also Muthiah Alagappa's *Political Legitimacy in Southeast Asia* (1995), an International Relations-based text which draws on Gramscian ideas of hegemonic legitimacy (pp 16-17).

²¹ R. Cox (1986), p 215.

²² For a very succinct, yet comprehensive, overview of the critical new power of informational capitalism over economies, society and culture, and the challenging ideas, analysis and arguments elucidated in this three-volume text, see 'Conclusion: Making Sense of our World', in Vol. 3, Castells (1998).

²³ Cox (1986), p 230.

²⁴ See J. Frieden (1988), pp 277-278.

²⁵ Cox (1986), p 228.

²⁶ The MAI was due to be signed by OECD ministers in Paris in April 1998, but was delayed due to a French boycott and global opposition by trade unions and NGOs. An extensive literature on the terms and conditions of the MAI can be found at various Internet sites. In particular, a network of NGO-based bodies (such as the Polaris Institute and the Common Front on the World Trade Organization) provide detailed insights into the far-reaching powers the Agreement will bestow on transnational corporations. See, for example, 'MAI-day! The Multilateral Agreement on Investment seeks to consolidate global corporate rule', by Tony Clarke <[http://www.nassist.com/mai/mai\(2\).html](http://www.nassist.com/mai/mai(2).html)>, and 'The MAI: The Plan to Replace Democratically Responsible Government', by John McMurty <<http://www.nassist.com/mai/replacex.html>>.

²⁷ See 'Call for rebirth of moribund MAI', *Guardian*, November 13th 1998.

²⁸ Cited in 'Meet the new world government', Analysis feature, *Guardian*, February 13th 1998.

²⁹ Much of this discussion was being conducted around, for example, the Transatlantic Business Dialogue, a powerful forum of US/European corporations and state ministers. Indicative of the issues being thrashed out here by late 1999 was a bid by the major bio-tech company Monsanto to ensure that development of its genetically modified organisms (GMOs) be accepted in one state if agreed to by another; in effect a charter to have major new corporate rights enshrined in law. Again, though, having shown considerable resources in resisting the MAI, it was notable that a wide-ranging coalition of global institutions and NGOs, such as the World Development Movement, were again mobilising to oppose the 'MAI 2' agenda being pushed at the WTO's Seattle gathering.

³⁰ See M. Yahuda, (1996), pp 5, 13.

³¹ Notwithstanding tensions within the UN Security Council, as evidenced during the 1998 Gulf and 1999 Kosovo crises, the US still directs the principal issues of foreign and security policy through the UN and NATO, with the 'international community' continuing to give tacit support to the US as 'global policeman'. It is worth noting here that while the UN-brokered peace deals with Saddam in February and November 1998 helped prevent US/UK military strikes, it was the US who set the agenda for Kofi Annan's negotiations with Baghdad. The Kosovo crisis of 1999 illustrated a sharper turn away from political hegemony to that of domination as the US/NATO 'alliance' found itself unable to realise UN, Russian and other states' consent for the bombing of Serbia. Again, the language of 'international community' was being invoked to help legitimise what was, effectively, an 'illegal' military action under 'international law'. Again, this reflects the ability of the US to maintain its own geopolitical interests, as in the Middle East. In this instance, the US — using Israel as an effective 'client state' — has assumed the role of key political intermediary in the various Middle-East peace talks. See also Cox (1986), pp 234, 253.

³² L. Sklair (1991), pp 76-77.

³³ R. Miliband (1989), pp 145, 147, 151. Italics added.

³⁴ For an extremely comprehensive and critical analysis of Gramsci's conceptual antinomies (East-West, state-civil society, coercion-consent, domination-hegemony, war of manoeuvre-war of position) see Perry Anderson, (1977).

³⁵ *Ibid*, pp 21-26. Showstack Sassoon (1987), p 112.

³⁶ See, for example, R. Gilpin (1987) and R. Keohane (1984).

³⁷ Cox (1986), pp 216-217.

³⁸ Hegemony, for Gramsci, is part of the very definition of the modern state and an actual manifestation of class rule. Showstack Sassoon (1987), pp 110, 113.

³⁹ Gramsci, *Prison Notebooks*, cited in C. Mouffe; (1979), p 179.

⁴⁰ Gramsci; cited *ibid*, p 181.

⁴¹ Alagappa (1995), p 17.

⁴² Mouffe (1979), pp 195-196.

⁴³ *Ibid*, p195.

⁴⁴ Showstack Sassoon (1987), p 118.

⁴⁵ Gramsci (1971), p 258.

⁴⁶ Tracing the contradictory features of state-class relations and the colonial structure under Rhodes, he notes how, in negotiating these legacies, the leading radical-nationalist figures and intellectuals under Mugabe were ultimately compromised, with the new political class embracing a project based around the interests and discourses of foreign capital. Moore, (1991).

⁴⁷ In this case, the ANC's Freedom Charter and redistributionist policies promised after 1994 have been conditioned by the imperatives of transnational capital. Here, Mandela and Ramaphosa granted 'historical compromises' to the major corporate institutions such as Anglo-American, who, alongside a small number of key corporate players, maintain significant control of the country's mineral wealth base. In effect, transnational capitalism and multilateral institutions like the World Bank were able to impose hegemonic conditions upon South Africa's re-entry into the global business order. Thus, while FDI flows create new wealth for a minority white elite and emerging black middle-class, the poorest in the shanty towns remain exposed to the vagaries of a new 'free-market apartheid'. See John Pilger's television documentary, 'Apartheid Did Not Die', ITV, April 21st 1998.

⁴⁸ R. Southall. (1997).

⁴⁹ See B. Jessop *et al* (1988) for the main series of exchanges between them and Hall on Thatcherism. Jessop *et al* later stressed the "marginal" disagreement, "common concern" and ultimate "convergence" in their own and Hall's accounts; pp 66-67.

⁵⁰ *Ibid*, p 162.

⁵¹ Hall, *ibid*, p 103.

⁵² For example, by people like Norman Stone, Ferdinand Mount, Andrew Neil and Roger Scruton.

⁵³ S. Frith and J. Savage, (1993), p 111.

⁵⁴ This can be seen as much more significant than any previous *quid pro quo* to stave-off capital flight. It signified the 'new deal' 'worked out' between Labour and dominant City institutions representing the prioritised interests of capital, in this case the Bank of England's anti-inflationary control of interest rate/monetary policy. In effect, it represented a new expression of state-class relations within the evolving power bloc.

⁵⁵ Following Blair's meetings with Murdoch on an island off the Australian coast, the *Sun* threw its considerable weight behind New Labour at the 1997 General Election, while Blair took a relaxed view on cross-media-ownership and predatory newspaper pricing. See also, 'Murdoch call raises questions over Blair link', *Financial Times*, March 26th 1998. This referred to Murdoch's personalised call to Blair seeking support for his bid to acquire the Italian television network, Mediaset.

⁵⁶ As Pilger, noting Blair's own personal regard for Thatcher, comments: "The gravity of Blair's 'project' is not universally recognised as yet, but I believe it will be, as the managed adulation recedes and the government's extremism reaches beyond Thatcherism. Theirs is a ruthlessness known only to the ideologically born again — as their attacks on even disabled people make clear. The Blairites have become the political wing of the City of London and the British multinational corporations and, in natural order, the trusted servitors of European 'central bankism' and American economic and military hegemony." Pilger (1998), pp 80-81.

⁵⁷ For example, in Britain, the resignations in December 1998 of key New Labour figure Peter Mandelson and Geoffrey Robinson, the Postmaster General and multi-millionaire from whom Mandelson had secured a 'preferential' mortgage-based loan. *Guardian*, December 21st 1999. By late-1999, ex Chancellor Kohl in Germany had also been exposed for having accepted large 'financial donations' while in government. One may also note the state-crony process at the supranational level with the damning report into corruption and resignation of the entire EU commission in March 1999

⁵⁸ See Munro- Kua (1996), 'Appendix: Theoretical Considerations' (pp 154-163) for a closer elaboration of these points on the meaning of pluralism, authoritarian populism, the state, class fractions and forms of capital accumulation.

⁵⁹ N. Bobbio, (1979), p 31.

⁶⁰ Morera, (1990 b), p28.

⁶¹ See Morera, *ibid*. See also S. Golding (1992) and E. Laclau and C. Mouffe (1985) for more expansive theoretical accounts.

⁶² See G. Rodan, (1996), p17.

⁶³ K. Hewison and G. Rodan (1996), p 43.

⁶⁴ See, for example, P. Bagguley (1993) for a critical account of how this type of political identification has come to transcend orthodox political expression, and the debate over the relationship between NSMs and the middle-classes.

⁶⁵ Gramsci, also citing here the similar role of Giustino Fortunato, discusses the critical influence of these figures within the context of the 'Southern Question'; reprinted in D. Forgacs (1988), pp 182-183.

⁶⁶ Gramsci (1971), p 6, italics added.

⁶⁷ *Ibid*, p 258.

⁶⁸ Showstack Sassoon (1987), p 254.

- ⁶⁹ Gramsci (1971), p 9.
- ⁷⁰ Holub, (1992), p 170.
- ⁷¹ Gramsci, (1971), p 5.
- ⁷² Gramsci, *Prison Notebooks*, cited in R. Bellamy, (1987), p 136. This text also provides an accessible summary of Gramsci's life and the principal ideas contained within the *Prison Notebooks*.
- ⁷³ In this regard, notes Showstack Sassoon, "Gramsci assigns as much an *organisational* function as an *ideological* one in any narrow sense to the intellectuals. Or, in other terms, he stresses the organisational aspect of ideology." (1987), p 139.
- ⁷⁴ G. Vacca (1982), p 63.
- ⁷⁵ Golding, (1992), p 111.
- ⁷⁶ *Ibid.*, p 112
- ⁷⁷ Gramsci (1971), p 10. See also Showstack Sassoon (1987), pp 140-141, 261.
- ⁷⁸ E. Said (1994), p 7. See also Showstack Sassoon (1987), p 255.
- ⁷⁹ Gramsci, (1971), pp 6-7.
- ⁸⁰ Gramsci (1971), p 7.
- ⁸¹ Following Gramsci, Kolakowski (1978), notes here how the Church "sought to prevent an excessive gap developing between the religion of the learned and that of the simple folk...in the struggle for mastery over men's consciousness." (p 240).
- ⁸² See Mouffe (1979), p 195. At the same time, Gramsci recognises the Church's perennial struggle to maintain this worldview (of a pyramidal feudal cosmos) and the threat of alternative traditional intellectual groups, such as the *noblesse de robe* elite in France.
- ⁸³ Showstack Sassoon (1987), pp 144-145, 270.
- ⁸⁴ Gramsci (1971), p 10 (italics added).
- ⁸⁵ *Ibid.*, p 15.
- ⁸⁶ Gill (1990 a), pp 159-160.
- ⁸⁷ *Ibid.*, p 160. See also Gill (1990 b).
- ⁸⁸ Holub (1992), pp 180-181.
- ⁸⁹ Khoo Boo Teik (1995), p 327.
- ⁹⁰ See Husin Mutalib (1993), p 31.
- ⁹¹ Syed Othman Alhabshi (1994).
- ⁹² *Ibid.*, pp 42, 46.
- ⁹³ See J. L. Esposito and J. O. Voll (1996), p 138.
- ⁹⁴ In response here to concerns over the erosion of the Malay language, Mahathir defended the increased use of English as a teaching medium in universities. *New Straits Times*, January 23rd 1994.
- ⁹⁵ M. Strine (1991), pp 197-198.
- ⁹⁶ *Foreign Affairs*, Summer ed., 1993.
- ⁹⁷ Distributed by *New York Times* Special Features; published in *The Guardian*, 23rd November 1996 as an extract from *The Clash of Civilisations* (1996), which Henry Kissinger has described as "the most important book since the cold war". Cited alongside article.
- ⁹⁸ See F. Fukuyama (1992).
- ⁹⁹ Similar in spirit to the anti-communist cold-war document NSC 68, which, notes Chomsky, had "the tone of an unusually simple-minded fairy-tale contrasting ultimate evil (them) with absolute perfection (us)." Chomsky, (1994), p 26.
- ¹⁰⁰ While renouncing the reactionary diatribes of Khomeini-type 'Islamism' as a threat to Muslims rather than the West, Halliday (1995), for example, offers a timely critique of alarmist and prejudiced views of Islam, noting both the heterogeneity and intellectual energy within Islamic discourse. Endorsing Esposito, he observes how: "...within a range of Islamic countries, political movements and social movements of religious revival have emerged in the modern age, in response to foreign domination and influence. Thinkers and politicians have tried to produce a model of an alternative society to the West, drawing on the resources of Islamic history, theology and idiom. If there is nothing uniquely Islamic about this — such have been the responses throughout the world dominated by the major Western powers — this phenomenon of revival and assertion is also extremely varied within the Muslim countries. There is no more one 'Islam' or 'Islamic movement', than there is one 'Christianity'..." (p 405).
- ¹⁰¹ Said, (1981).
- ¹⁰² See Akbar S. Ahmed, (1996) for an informative discussion of Huntington's and Fukuyama's reductionist views of Islam and of the need to understand both the complexity and historical role of

Islamic thinking as a civilizing force. Both Huntington's and Fukuyama's theses derive, in this regard, from Orientalist discourse, the former 're-creating' the monolithic Islamic 'threat', the latter "outrageously equat[ing] Islam to 'European fascism'." (p 214). Neither has the latter any indexed reference to Islam (only to 'Islamic Fundamentalism'), other religious fundamentalisms, or Islamic academics like Esposito, Said, Geertz and Piscatori. See also *Far Eastern Economic Review*, May 1st 1997, for a series of critical responses from Eastern-based academics and writers.

¹⁰³ See, for example, Ahmad Sarji (ed) (1993) *Malaysia's Vision 2020: Understanding the Concept, Implications and Challenges* (Pelanduk), Ahmad Sarji, (1996) *Civil Service Reforms: Towards Malaysia's Vision 2020* (Pelanduk), and Aziz Zariza (1997) *Mahathir's Paradigm Shift* (Firma).

¹⁰⁴ R. Ismail (1995), p 9. Original underline.

¹⁰⁵ N. Chomsky, (1989), p 48. Italics added.

¹⁰⁶ *Ibid.* p 10.

¹⁰⁷ *Ibid.* p 149.

¹⁰⁸ Kellner, (1990), p 16. See also pp 17-22 for an account of the link to Gramsci and critical theory.

¹⁰⁹ See, for example, Pilger (1992), Chapter 3, 'Mythmakers of the Gulf War'. See also Maggie O'Kane, 'Bloodless Words, Bloody War', in *The Guardian (Weekend)*, December 16th 1995.

¹¹⁰ For a critical account of 'public service broadcasting' and the mythology of BBC impartiality, see Pilger, 'Guardians of the Faith' in *Hidden Agendas* (1998), notably pp 521-525.

¹¹¹ As in, for example, the failure of the US media to offer any in-depth account of the Reagan/Bush involvement in the Contra affair in Nicaragua or US liaisons with Noriega in Panama. Kellner (1990) p 161. At the same time, privately-funded conservative bodies like Accuracy in Media (AIM), the Center for Media and Public Affairs, the Media Institute and Freedom House monitor media output for 'subversive' or liberal-leaning reporting. Herman and Chomsky, (1994), pp 27-28.

¹¹² Said (1994), p 9.

¹¹³ *Ibid.* p 51.

¹¹⁴ See J. Starobinski (1988), who, in discussing Rousseau's endeavour to " 'suffer for the truth' ", notes that "Rousseau's hostility is directed against social hypocrisy and the tyranny of opinion, not against society as such. He does not seek solitude for itself...: solitude is necessary because it opens the way to reason, to freedom and to nature" (p 44).

¹¹⁵ Said (1994), p 17.

¹¹⁶ Such institutions can be viewed as part of a gathering intellectual rationale for the neo-liberal 'right turn' to Reaganomics in the 1980s and beyond. See R. Salkie, (1990, pp 180-185) who in reviewing Chomsky's work, notes the absurdity and deliberate exaggerations of AIA's claims, while discussing the formal and conventional constraints on the expression of radical ideas in US universities.

¹¹⁷ Herman and Chomsky (1988).

Constructing the Vision: state-class relations, the power bloc and the origins of crisis

This section considers the economic-class basis of the power bloc from the early-1980s to the unfolding economic crisis of 1997. The main purpose is to illustrate the new configuration of state-class relations and the changing nature of the ‘reward structure’ at the social level. Here, Mahathir’s project is considered in relation to three main reference points: the ‘Malay dilemma’, NEP distribution and the spectre of privatisation. The contradictions and tensions noted here provide, in turn, a basis for addressing the emerging crisis and the Anwar affair.

The Malay dilemma and the challenge of modernity

The essence of the dilemma can be traced to Mahathir’s own portrayal of Malay political culture as a deep-rooted predicament. In *The Malay Dilemma*, Mahathir cited hereditary and environmental influences as key causal impediments to Malay development. Initially banned on publication in 1970, following the riots of 1969, this book came to crystallise *Bumiputera* grievances at a critical period, becoming, effectively, the intellectual rationale for the NEP.

But while highlighting disparities of wealth and opportunity, Mahathir sought to probe deeper, arguing that the Malays suffered, intergenerationally, from a subservient inner-psyche. In seeking reasons for the absence of bourgeois motivation — loosely akin to a Calvinist work ethic — Mahathir adopted an eclectic mix of genetic, psychological and socio-cultural argument to illustrate the inherent weaknesses of Malay codes. Certain Malay qualities were portrayed as obstacles to progress, most notably, a concern with *form*, and a tendency towards *fatalism*. Thus:

[The] adherence to form as prescribed by *adat* [custom/convention]...is so important that it is preferred to the actual substance. Thus, the formality of official status is regarded as more important than the authority which should go with it...[Then there is] the fatalism which characterises the Malay attitude to life...It makes acceptance of everything, whether good or bad, possible with unprotesting tolerance and resignation.¹

For Mahathir, such passivity, alongside a misconstrued understanding of Malay politeness, interpreted by foreigners as deference, precluded the development of a dynamic business culture. Symptomatic of this was the Malay conception of property:

For most Malays property and land are synonymous [and]...attachments to the land are deeply ingrained, ...[while] money is a convenience to the Malays. [It is this] inability to understand the potential capacity of money [which] makes the Malays poor businessmen.²

In short, Malay underachievement was rooted in an absent, or dysfunctional, business culture, stunting the development of a Malay bourgeoisie and Malay society. Here, in Mahathir's 'diagnosis', lay the essence of the Malay dilemma.

As noted, indigenous cultural, religious and social forms are vital factors in the formation of any historical bloc. In this respect, Mahathir's *Dilemma* does reveal some indication of cultural conditioning, though little explanation of the historical-class context within which this conditioning occurred. Alongside many speculative assertions about inherent racial traits, it relied on a discourse of cultural determinism to explain the Malays' subservient place within the capitalist order of the early-1970s and the measures needed to correct that imbalance. As regards the prognosis itself, Khoo observes that while claiming to highlight intrinsic Malay traits as impediments to development, though avoiding claims to scientific objectivity, "Mahathir plunged into a Social Darwinism all of his own."³

Yet, for all its intellectual shortcomings, the 'Malay dilemma' had become a potent narrative and source of reflection for Malays. And it provided Mahathir, in coming to office in 1981, with an immediate backdrop against which to launch a reformist project.

In seeking to usher-in this new agenda, Mahathir was aware of the need to balance the drive for prosperity with a sense of social consciousness. More specifically, any promotion of a materialist ethic had to be measured against Islamic social codes. For

Mahathir, this reflected the need for a reassertion of Malay/Islamic values. Here, Mahathir argued that the values of Malay community were being profaned by an obsessive individualism. Yet, invoking the tenets of the *Quran* and other sacred text, the indictment was not of accumulation and wealth generation *per se*, but of materialism. In his 1986 book *The Challenge*, a further exposition of Malaysian society, Mahathir considers the seductive influence of materialism and the need for a transcendent modernism:

In recent times, the ideology and logic of materialism have all too easily influenced human society. This is the direct result of the impact of Western thought and system of values, which fanatically focus on the material as the basis of life. Values based on the spiritual, on peace of mind, and on belief in feelings loftier than desire, have no place in the Western psyche...[I]n a situation where materialism holds sway, it is hardly surprising that materialist values are used to control the movements and activities of society.⁴

For the PAP in Singapore, the response to growing 'consumer consciousness' has involved calls for a reassertion of respect for traditional forms of authority.⁵ Concerned also by the threat of external cultural influences, Mahathir's conception of a redefined Malay/Islamic identity was posed as an intellectual counterpoint to Western individualism. At the same time, material acquisition was denounced by Mahathir as the basis of non-spiritual socialism, with its 'obsessive' redistributive ideologies, rather than a necessary product of capitalism. This was not to 'excuse' capitalism, which for Mahathir, involved not only wealth, but power and the capacity to corrupt society. Rather, the task was to harness its productive qualities:

Inevitably, a capitalist society experiences moral decadence since it is obsessed with materialism and corruption and rejects spirituality and religion...[But, where capitalist enterprise can be]...controlled or brought back to the right path, [its benefits to society are critical]...The more commerce and industry flourish the more job opportunities there will be for the jobless...⁶

Thus, while Mahathir equates socialism, communism and capitalism as devoid of spirituality, the latter's redemptive qualities lie in its capacity to generate economic well-being through wealth creation. The central message, thus, is that acquisition and inequality of wealth does not necessarily undermine individual spirituality, nor should

they be regarded as the main determinants of social values. This, for Mahathir, was the key problem in socialist doctrine. In its 'fixation' with issues of wealth, distribution and poverty, he argues, it fetishises materialism, and is inconsistent with Islam, which places a premium value on spirituality and recognises the legitimacy of hierarchy:

Based upon these materialistic concepts and values, a slogan has been concocted to influence the minds and hearts of the people: it goes: 'the poor are poorer, the rich richer'. Created by socialists in the West, the slogan has spread and infected the rest of the world. Among the communities caught in its trap are the Malays of Malaysia.⁷

Mahathir's view of socialism rather misses its deeper moral and humanist meaning. The more immediate question here, however, concerns the extent to which a modern Malay-Islamic value system could be reconciled with an evolving capitalist culture. For Mahathir the modernist challenge involved the need for measured assimilation:

The East is now going through a phase in which independence in the physical sense has been achieved, but the influence of Western imperialism is still pervasive...This makes it difficult to screen such influence so that *only the good aspects are assimilated*. [At the same time, there is] no reason why the influence of the ex-colonialists, or more accurately, Western influence, cannot be analysed and systematically and judiciously assimilated by a nation or group.⁸

Thus, Mahathir's treatise on imperialism and his criticisms of the West did not spring from any fundamental objection to, or radical critique of, capitalism itself. As Khoo notes:

At heart it was a condemnation of Western motives, machinations and manipulations...It was a language of disillusionment, disenchantment and indignation. But intemperate as the language sometimes sounded by diplomatic standards, it was not the anti-imperialist language of radical Asian, African, or Latin American nationalists. Mahathir would be unrecognizable among Ho Chi Minh, Frantz Fanon...or Fidel Castro...He was not an anti-capitalist, but a capitalist. He was only against 'imperialism' as protectionism but would have hardly conceived of imperialism in the form of 'foreign investments'.⁹

Here, Mahathir saw not only the unstoppable momentum of Western capitalist culture, but also the potent symbolism of modernity in crafting popular consciousness. *The Challenge*, thus, invoked the need for a new understanding of Malay development as a *specific issue* of Islamic modernity, providing, in the process, a new nationalist-popular direction for the Islamic resurgence in Malaysia:

To Mahathir's mind — that is to say, to the ideologue of Malay economic participation and the rehabilitation of the Malays — what Islam most urgently required of the Malays was for them to attain 'a balance between this world (*dunia*) and the next (*akhirat*)'..., or, what comes to the same thing, a balanced attitude towards the pursuit of 'worldly wealth' and 'worldly knowledge'...The Islamic resurgence in Malaysia compelled Mahathir to turn inward to the Islamic core of the Malay community to counter the 'retrogressive', 'narrow-minded', 'divisive', and 'destructive' interpretations of Islam advanced by some sections of the Malay community...[Mahathir]...had begun to offer a reading of Islam which came not from an Islamic theologian but a Malay nationalist. The result was that the Malay dilemma was recast as a Muslim dilemma.¹⁰

Hence, from the discourse of 'dilemma' in the 1970s to the 'challenge of modernity' in the 1980s, Mahathir had sought to promote a reformist, growth-driven agenda conducive to modern Islamic thinking; one which would give impetus to *Bumiputera* competitiveness and lift Malays out of their 'dependent' socio-economic condition.

The main vehicle for that aim from the early-1970s had been the NEP. Yet, out of one contradiction another had unfolded. Having institutionalised *Bumiputera* rewards, patronage and access to the state, the modernist vision of sustained economic growth was now being constrained by the reluctance of Malays and Malay capital to compete in a more open-market environment. As a framework for social redistribution *vis-à-vis* the Chinese and Indians, the NEP had given rise not only to new brooding ethnic resentments, but to a concentration of middle-class interests within the public sector, an entrenched bureaucracy and an increasingly inflexible relationship between the state and domestic capital.

The NEP: class formation and contradictions

The key outcome of the 1969 conflict had been the implementation of the NEP, precipitating a fundamental realignment of state-class relations. The dual aims of the NEP, contained within the Outline Perspective Plan (1971-90) (OPP1), were:

...to achieve national unity through the two-pronged objectives of eradicating poverty irrespective of race, and restructuring society to eliminate the identification of race with economic function.¹¹

Underlying this set of objectives, enshrined in the Second Malaysian Plan (1971-75), were positive discrimination policies designed to achieve a 30% target of *Bumiputera* commercial ownership by 1990. There followed a series of interventions to create the conditions for a new state-sponsored bourgeoisie, protected from the predatory impulses of international and other domestic (namely, Chinese) capital — a notable indication of intent being the Malaysian government's City of London 'raid' on British-owned Guthrie stock in 1971.¹² Accompanied by complementary forms of preferential treatment for Malays in education, jobs and other key areas, the state appeared set to resolve the contradiction of its own subordinate bourgeoisie.¹³

Under Mahathir, the imperatives of ethnic redistribution were to be linked more specifically to a drive for NIC status. Yet, limiting the heavy industrialisation strategy envisaged by Mahathir was his view that the Malay entrepreneurs created by the NEP were not yet able to function as an independent capitalist class. In response, domestic capital's weaknesses were being met with a heavy programme of state investment (through the Heavy Industries Corporation of Malaysia — HICOM) and protection of infant industries. But it also involved an easing of the state's relationship with non-Malay capital, though one in which Malay capital still played the decisive role, with Malaysia Inc. providing the framework for this hegemonic modification.¹⁴

This was still 'statist economic development',¹⁵ a top-down model of capitalist transformation which kept the domestic bourgeoisie politically dependent. Yet, while aware of its necessity as a keystone of the reward system, Mahathir was under no illusions about its long-term effects in harbouring complacency:

The core problem, as Mahathir saw it, was the unintended effect that the NEP had on the Malays themselves...The many forms and levels of state sponsorship and financial assistance given to the Malays under the political ambit of the NEP had not led the Malays from backwardness to economic independence. Instead, the NEP state had become the 'soft environment' owing to wrong 'perceptions' and abuses of the NEP.¹⁶

Although facilitating Malay entrepreneurship through the selective provision of business contracts, licences, financing and other forms of state assistance, the 30% NEP target proved an untenable aim. Nonetheless, between 1970 and 1990 Malay ownership of domestic corporate equity rose from 2.4% to an impressive 19.3%. The bulk of this (14.2%) was owned directly by individual *Bumiputeras* and institutions,¹⁷ the rest being controlled through state-based trusts such as *Permodalan Nasional Berhad* (PNB — National Equity Corporation), a structure designed to attract and utilise small-scale Malay investment. Reflecting the traditional presence of the Chinese diaspora and its capital networks in Southeast Asia, the 29% ethnic Chinese community in Malaysia continued to represent the largest share (44.5% in 1990).¹⁸

Table 3:1 Malaysia: Ownership of Share Capital (%)¹⁹

	1970	1990	1995
<i>Bumipitera</i>	2.4	19.3	20.6
Bumiputera individuals and institutions	1.6	14.2	18.6
Trust agencies	0.8	5.1	2.0
<i>Non-Bumiputera</i>	28.3	46.8	43.4
Chinese	27.2	45.5	40.9
Indians	1.1	1.0	1.5
Others	—	0.3	1.0
Nominee companies	6.0	8.5	8.3
Foreigners	63.4	25.5	27.7

Yet, it was clear that by 1990 the Malay state had secured control of the more significant corporate, industrial and financial sectors of the economy (notably in petroleum, plantations, mineral extraction and banking). Gomez, Jomo and others also note that the actual size of the *Bumiputera* share of corporate wealth has been considerably underestimated.²⁰ Coincident with the state's leading role in generating

corporate *Bumiputera* wealth, through equity investment agencies and state-based development corporations, was the flourishing of UMNO's own corporate empire in this period. And, alongside the more complex development of a political-corporate elite, there emerged a rapidly expanded Malay middle/service class. In the NEP years 1970-1990, the proportion of the Malay workforce employed in middle-class jobs rose from 12.9% to 27% (an increase from 33.6% to 48.1% of total share of the main middle-class occupational categories). In the same period, the number of Chinese and Indian middle-class jobs held (as a proportion of their respective workforces) also rose, from 28.6% to 43.2%, and from 23.4% to 27.3%.²¹ The key point here is that while continued growth provided more upward social mobility for all three ethnic groups, the Chinese and Indian share declined relative to Malay middle-class employment. In particular, *Bumiputeras* became predominant in government services.²²

Table 3:2 Occupation and Income by Ethnic Group (%) (1995/96)²³

Occupation (1995)	Bumiputera	Chinese	Indian	Other
Professional and technical	64.3	26.2	7.3	2.2
Teachers and nurses	72.3	20.5	6.6	0.6
Administrative and managerial	36.1	54.7	5.1	4.1
Clerical workers	57.2	34.4	7.7	0.7
Sale workers	36.2	51.9	6.5	5.4
Service workers	58.2	22.8	8.7	10.3
Agriculture workers	63.1	12.9	7.5	16.5
Production workers	44.8	35.0	10.3	9.9
Professionals (selected) (1996)				
Architects	28.1	70.3	1.4	0.2
Accountants	14.4	78.8	5.7	1.1
Engineers	36.5	56.6	6.8	0.1
Dentists	32.1	45.1	21.1	1.7
Doctors	34.4	31.6	31.1	2.9
Veterinary surgeons	40.2	24.2	33.2	2.4
Surveyors	46.3	48.9	3.9	0.9
Lawyers	28.8	46.6	23.2	1.2

Mean monthly gross household				
income (RM) (1995)	1600	2895	2153	1274

The importance of middle-class support must also be seen in relation to the ethnic divisions within the working-class and the control of labour power in Malaysia. Again, class-based ethnic ideology has featured prominently here, serving to fragment class alliances, thus allowing working-class political consciousness and dissent to remain communally-focused and channelled through the various MCA, MIC and UMNO party machineries.

Table 3:3 Employment by sector (%) (1997)²⁴

Manufacturing	27.7
Other sectors	21.0
Wholesale and retail trade, hotels and restaurants	16.5
Agriculture, forestry, livestock and fishing	15.2
Government services	10.5
Construction	9.1

Table 3:4 Total labour force (1998)²⁵

Employed	8,563,300
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Unemployment rate (%) ²⁶	1985	1992	1995	1996	1997	1998
	6.9	3.7	2.8	2.6	2.6	4.9

This, in turn has made it easier to marginalise labour power and implement anti-trade union legislation. From the early-1980s, Mahathir promoted Japanese-based employer-labour relations, principally through the encouragement of ‘in-house’ trade unions. By 1998, only 12% of the 8.5 million workforce in Malaysia was unionised.²⁷ The strategy here has been to marginalise national unions by promoting ‘enterprise union’ practices, where union leadership is specifically geared to the needs of the company, productivity and corporate investment:

The main targets of the new model seem to be the workers in the relatively recently established, large factories which have been set up in Malaysia since the 1970s. The main intended beneficiaries of enterprise unionism, in other words, are the big industrial employers, mainly transnational corporations (TNCs) and public enterprises.²⁸

The labour model being pursued here bears comparison with Singapore. Under the PAP, the Singaporean state-class sought a conspicuously international environment for capital accumulation. While projecting ideals of state paternalism, it did so within a context of social co-optation and pragmatic alliance with those sections of capital (foreign *and* domestic) most amenable to an open-door *entrépot* economy. This required a compliant, low-cost labour base as a stimulus to mass manufacturing and export-led growth.²⁹

Table 3:5 Malaysia: Export structure (%) (1970 - 98)³⁰

	1970*	1993	1998
Electrical and electronic products	—	45.5	54
Other manufactured goods	—	24.0	23.3
Palm oil	6.0	4.8	5.8
Other exports	—	3.4	4.8
Textiles, clothing and footwear	—	4.5	3.2
Liquefied natural gas (LNG)	—	0.4	2.9
Crude oil	—	6.6	2.6
Timber	5.9	6.2	1.5
Rubber	39.6	1.7	1.1
Tin	24.1	2.2	0.2
Other commodities	19.0	0.7	0.6

* (Selected 1970 figures are for West Malaysia)

The structural base of the Singaporean economy has largely shifted from industrial manufacturing to specialised technology and services, with much of its manual labour pool situated in the neighbouring Malaysian state of Johore. From the 1970s, Malaysia's shift from agriculture to services and manufacturing, high GDP output and positive balance of payments situation had placed it in a favourable position to follow

Singapore in the more capital-intensive and technology-based sectors.³¹ Steady growth rates of around 8% following the 1985 recession to 1996 had given further impetus to this process.³² However, in following the Singaporean model, concessions to international capital had left the Malaysian economy exposed to the insecurities of FDI and the volatility of world markets.

Accordingly, between 1980-1989 Malaysia's share of foreign investment fell from 2.3% - 0.7%, as a percentage of global FDI,³³ a situation exacerbated by the emergence of Laos, Vietnam, and, most notably, China as more lucrative accumulation sites in the region. Intensified by recession and budget crises, these new forms of dependency had become particularly evident by the mid 1980s.³⁴

Despite NEP nationalisation, the Malaysian state has always sought a close relationship with international capital. One reason for this was that the domestic-led industrialisation models of Taiwan and South Korea would have been undesirable for Malaysia since this might have allowed Chinese capital even more power over Malay capital. Rather, the argument went:

...it would be best for Malaysia to emulate Singapore instead...by allowing TNCs to determine the nature and progress of industrialisation, with Malaysians essentially piggybacking them while trying to make Malaysia as desirable an investment location for foreign capital as possible.³⁵

Mahathir's courting of Japanese TNCs in a bid to build a globally competitive electronics sector illustrates this underlying dependency. Outwith the OECD states, Malaysia and the other 'second-tier' Southeast Asian NICs (Thailand, Indonesia and the Philippines) became major recipients of Japanese FDI by the late-1980s, with the Southeast Asian region comprising Japan's largest investment area outside the US market.³⁶ Reflecting Japan's burgeoning trade surpluses and the appreciating yen (*endaka*), initiated under the Plaza Agreement of 1985, a new wave of investment saw the concentration of off-shore branch-assembly production and the utilisation of cheap labour. This restructuring — or 'global localisation' — of Japanese TNCs saw top companies such as Sony and Hitachi opt for new forms of off-shore activity based on the location needs of middle-range contractors.³⁷ Production of quality goods was controlled by foreign firms' own subcontractors located in the host country, with local companies confined to supplying basic materials.³⁸ With Japanese conglomerates

maintaining ownership of the production process, this allowed limited scope for technology transfer to Malaysian franchises.³⁹ Thus, Malaysia has been used as a low-cost production site, with hi-tech research and development (R&D) concentrated in Europe and North America.⁴⁰ Yet, despite these limitations, acquired technology and low-priced labour became the new orthodoxy of development for countries like Malaysia by the 1980s.⁴¹

This new dependence also saw the removal of investment controls, the provision of tax incentives and assurances over capital repatriation to foreign, particularly Japanese, investors, (measures beginning under the Fourth Malaysian Plan, 1981-85).⁴² At the same time, Malaysia's growing concentration on electronics exposed it to large-scale retrenchment of labour in the wake of the mid-1980s downturn in semiconductors,⁴³ a situation exacerbated by Malaysian/ASEAN export dependence on Japan and its longstanding failure to penetrate Japanese protectionist markets.⁴⁴

*Table 3:6 Gross Domestic Product by sector (1995-98)*⁴⁵

	1995	1997	1998
Growth	9.4%	7.7%	- 4.8%
Services	44.2%	44.9%	48.1%
Manufacturing	33.1%	35.7%	35.4%
Agriculture, forestry and fishing	13.6%	11.9%	11.8%
Mining	7.4%	6.7%	7.0%
Construction	4.4%	4.8%	4.1%
Less: imputed bank service charges	—	8.2%	9.2%
Plus: import duties	—	4.1%	2.8%
	100.0	100.0	100.0

An associated trend here was the widening regional disparities in manufacturing and growth between states in Malaysia itself, with concentrations of investment and wealth in the Free Trade Zones (FTZs) of Penang, Selangor (the Klang Valley) and Johore, contrasting with slower industrial development in, for example, Kelantan, Perlis and Terengganu.⁴⁶

Another key factor in NEP and subsequent capitalist arrangements has been the steady influx of foreign labour. The government claim that around 1.2 million workers in Malaysia are foreign migrants, though varying NGO estimates put the figure at 3 million, half of them undocumented.⁴⁷ The use of foreign workers has served the dual purpose of filling unskilled labour shortages, notably in the low-paid service and manufacturing sectors, while helping to control labour power by keeping unit labour costs low. This has been especially important in view of increasing competition within and between these sectors and with regard to Malaysia's regional competitiveness.

The traditional source of Malaysia's cheap labour pool has been Indonesian migrants — mostly concentrated in the domestic service, agricultural and transportation sectors.⁴⁸ However, many more form part of the black economy, notably in the construction sector. By the early-1990s, the pattern of foreign labour had come to comprise, more particularly, young Bangladeshi workers, many brought in by unscrupulous agents, to fill severe labour shortages in the low-paid textile industries and sweatshops, for example in and around the Penang FTZs.⁴⁹ This has further altered the ethnic composition of the labour force, though the low-paid sectors all still depend on Malaysian women from across the ethnic spectrum.

An important consequence of the growth in foreign labour has been the social isolation and victimisation of migrant workers, adding another tier of ethnic-class division and means of social control. As the crisis unfolded in 1997, the government carried out an extensive clampdown on illegal immigrants (raising wide concerns about their treatment in detention camps),⁵⁰ while announcing their intention to repatriate agency workers on completion of their contracts. This was both a political overture to fearful Malaysians, and an attempt to prop-up the currency by stemming the outflow of migrant earnings.

Shaping the NEP society: ethnicity, poverty and the new middle-class

While major disparities remain, there is little doubt that two decades of growth and NEP redistribution has given-rise to a new Malay middle-class. Reflecting the experience of black people and other socially marginalised groups in the United States, affirmative action in Malaysia can be defended as a progressive ideal. However, mainstream

discussion of the NEP tends to obscure the point that *Bumiputera* policies arose as crisis responses to the contradictions of capitalist development under the Alliance state.

But the NEP also bred a new sense of uncertainty amongst many Malays themselves. In an openly searching reference to the moral ambiguities of the NEP, the writer Rehman Rashid, in *A Malaysian Journey*, offers the following vignette:

In 1971 there was designed a new five part Code of Conduct called the *Rukunegara*, the 'National Credo', which was patterned after Indonesia's *Pancasila*. Belief in God, Loyalty to the King and Country, Good Behaviour and Morality, that sort of thing. There was a nationwide school essay competition to popularise the concept, and I won first prize in my age group. A reporter came to take my picture, and soon I received a cheque for RM 250...Later I was brought down to Kuala Lumpur with the other prize winners for the ceremony. We were given certificates [and] taken on a tour of the *New Straits Times* which had sponsored the competition. They made a fuss over us, calling us fine young Malaysians and the like. It was winning the *Rukunegara* Essay Competition that made me first think that under this New Economic Policy, no Bumiputra could ever be really sure that such 'victories' as came his way were fully deserved. Certainly, I hadn't thought that my essay...was markedly better than those that received the lesser prize. And the second prize winner had been a Chinese, and the third prize winner Indian! Happenstance? I didn't think so.⁵¹

As with the Alliance state, NEP class interests had given rise to new communal tensions. The affirmative benefits of the NEP had also stimulated a greater tendency towards Islam as a source of communal status among the newly-educated Malay middle-classes, primarily those in the public sector. With Islamic codes becoming more fully institutionalised in key areas like education, commerce and civil law,⁵² Chinese and Indian fears of cultural marginalisation intensified during the 1980s.

At the same time, the focus upon ethnic redistribution had led to an effective diminution of the other NEP policy objective, that of poverty eradication across the ethnic communities:

Of the two prongs of the NEP it has...become quite clear, especially in the 1980s, that for both Malays and non-Malays...the restructuring prong of the NEP has taken precedence over poverty reduction efforts.⁵³

Despite problems of reliability over the government's statistical calculations (and other sensitive data),⁵⁴ there is little doubt that poverty has been significantly reduced

across all ethnic groups. During the NEP period 1970-90, the poverty rate fell from 49.3% to 13.5%.⁵⁵ However, key disparities were still evident in the gaps between the urban and rural populations in Peninsular Malaysia (with respective sectoral poverty rates of 8.1% and 17.3% in 1987).⁵⁶ In the rural sector, the NEP also provided expanded opportunities, but this had benefited capital rather than low-paid workers. As Halim Salleh notes, the Federal Land Development Authority (FELDA) land schemes had created new indebtedness for the settlers, while providing new accumulation sites for Malay, Chinese and foreign investment, including “a secure avenue for the World Bank...to accumulate capital” through agrarian-aid-type loan arrangements.⁵⁷

The imbalance in NEP priorities and the sense in which the ‘issue of poverty’ became an issue of development, is evident in Fong Chan Onn’s *The Malaysian Economic Challenge*. Written as an academic work by the *Barisan* Deputy Education Minister, this policy-planner view of the ‘poverty problem’ makes its resolution dependent on NEP development and the creation of a Malay commercial class.⁵⁸

However, Mahathir’s attempts to pacify *Bumiputera* interests while pursuing a reformist agenda had become a new expression of the Malay dilemma: that is, how to introduce greater levels of socio-economic competition as a stimulus to growth while retaining the support of Malay bourgeois, bureaucrat and middle-class interests. The NEP had now created an interdependency between rewards and political power:

The ethnic underpinnings of the policy are most apparent in the way in which public institutions are geared towards the goal of incubating a Malay capitalist class. Non Malays are reacting to this with as much chauvinism by setting up their own ethnic outfits...So strong is this culture that it has now become the overwhelming reality in Malaysian society. As the drive towards wealth accumulation within the Malay capitalist class becomes more intense, the desire to acquire more and more political power becomes even greater.⁵⁹

Yet, the modernity project invoked by Mahathir had come to require precisely the opposite configuration of favoured Malay patronage, social dispensation and the ‘subsidy mentality’ encouraged for political reasons.⁶⁰ The problem also reflected fears of Malay disaffection emerging from the forthcoming New Development Policy (1991), modifications to the NEP which would offer relatively fewer guarantees to Malays in an effort to generate competition.⁶¹ Mahathir was also aware of the need to avoid alienating rural Malays dependent on NEP infrastructure. However, by the early-1990s,

a more assertive language was emerging, giving cautionary notice of a scaled-down system of Malay privileges. As Anwar, taking-up Mahathir's concerns, had warned:

If you flunk your exams, we won't keep passing you just because you are a Malay. If you cannot perform on a contract, you won't get another one.⁶²

And the significance of contracts and rewards can be seen as vital in this regard. For it was through the new opportunities of privatisation that Mahathir had sought, and found, a 'resolution' of the NEP dilemma.

Privatisation: the new hegemonic opportunity

Mahathir's 'endorsement' of the privatisation ideal in the early-1980s reflected the ascendant neo-liberal/monetarist orthodoxy which had taken a grip in the West. This had become evident in the United States under Carter by the late-1970s,⁶³ and then in Europe, most notably in Britain under Thatcher.

A more immediate question here, however, was how Mahathir would structure any domestic privatisation programme, and its attendant ideals of a 'hands-off' state, with Look East and Malaysia Inc., which required — Japanese style — a neo-corporatist 'hands-on' approach. Moreover, there was no clear explanation of how NEP interventionism and the security of Malay investment was to be balanced against the *laissez-faire* ideals of privatisation. The profile broadly adopted by Mahathir was to cast the state as 'facilitating' private sector development, while emphasising the values of mutual co-operation with the business community as a stimulus to growth.⁶⁴

It is, of course, the case that all modern capitalist economies involve some form of state-intervention. There is no fundamental contradiction, in this sense, between the NEP on the one hand, and privatisation on the other. Privatisation under Thatcher also allowed top Tory political elites greater access to the new corporate sector — 'crony capitalism' differentiated only by the veil of multi-directorships and respectable boardroom practices. What made privatisation so significant in Malaysia, though, was the fact that UMNO had become a key private sector player as a *party* through corporate ownership and holding companies (such as the Hatibudi Group, and Fleet Holdings.) Privatisation and financial deregulation were, in this sense, closely identified from the

mid-1980s with the expansion and modernisation of the Kuala Lumpur Stock Exchange (KLSE), a project directly overseen by Mahathir. Here, noted the *Economist*:

...the stockbrokers dealing in Kuala Lumpur's booming market have little doubt that politics and business are deeply interlocked in Malaysia. The brokers have noticed that the hottest properties are often 'UMNO stocks', meaning those thought to be tied to the political fortunes of rising stars within the party...Other companies become hot tips when they are taken over by politically well connected people who stand to benefit from public contracts.⁶⁵

The more critical point about privatisation, however, was that it offered a new means of reconfiguring the NEP state through the transfer of wealth and resources to selectively designated political-corporate elites. The 'contradiction' of privatisation in Malaysia, thus, lay in the particular use of deregulated state resources to strengthen UMNO/proxy corporate control. By shifting the dispensation of projects and services from the site of NEP sinecures to the Economic Planning Unit (EPU), part of the Prime Minister's Department, rentiers — *Bumiputeras* and non-*Bumiputeras* — became more closely dependent on the UMNO hierarchy, allowing Mahathir and Finance Minister Daim Zainuddin more effective control over the patronage process.⁶⁶ As a milestone policy of economic modernisation, privatisation thus offered a more flexible set of arrangements for altering the class base of the power bloc, checking elements hitherto protected by the state, while promising new forms of wealth and political access for large-scale capital:

Mahathir's 'Privatization' policy found its logical supporters among the captains of Malaysian industry and commerce who sensed the opening of new business opportunities in the impending transfer of state enterprises and services to private capital...'Privatization', however, had its detractors among the employees of statutory bodies and public enterprises whose unions or staff consultative councils were unsure about its implications for their terms of employment...Still others suspected that 'Privatization' within the existing Malaysian "political/bureaucratic/business complex" was "unlikely to be more than a rearrangement of economic and political power."⁶⁷

The new opportunities of privatisation can be identified, in particular, with the rise of Daim Zainuddin. From 1984, and with no prior experience of political office, Daim, close friend and *confidant* of Mahathir, used the Finance portfolio to distribute

privatised assets, while in the process enhancing his own personal wealth base.⁶⁸ Reflecting the ethos, if not the practice, of the Thatcherite 'enterprise culture', Daim's tenure coincided with the expansion of a *nouveau riche* political culture in Malaysia.⁶⁹ Yet, while this *parvenu* represented a challenge to 'old money' and traditional elites, privatisation itself was more carefully projected by Mahathir as a radical challenge; an opportunity to assert the new independent stature of a Malay business class.

The Mahathir-Daim endorsement of privatisation, however, must be seen in relation to the neo-liberal-monetarist ascendancy of the mid-1980s, a structural shift which had drawn Western Finance ministers into policy networks more amenable to transnational capital.⁷⁰ The demise of Keynesian corporatism in the West,⁷¹ coupled with the greater mobility and volatility of financial flows, notably through the new Eurocurrency markets, had created a sharper disjunction between national and transnational forms of capital, allowing the latter a more autonomous role in shaping the global business climate.⁷²

At the same time, a monetarist network had crystallised around the US Treasury, investment banks, Friedmanite academics and assorted political elites in the US Congress; a collective influence signifying "the triumph of the American banking complex and of monetarist ideas in the United States."⁷³ This emergent hegemony was illustrated by "the way in which monetarist ideas about the need to control inflation became widely accepted and embodied in deflationary policies in Western countries."⁷⁴ Related policy ideas — tight public spending, deregulated markets, and the privatisation of state assets — thus became standard doctrine.⁷⁵

In seeking FDI-led development, countries such as Malaysia became increasingly subject to this free-market agenda from the 1980s. But rather than greater productive investment in sectors like manufacturing, this allowed for the rapid emergence of shorter-term capital inflows and portfolio-type investment comprised mainly of stocks and shares. Indeed, as Jomo has argued, the ascendance of *finance* capital, neo-liberal reforms and the proliferation of portfolio-based FDI from the 1980s — rather than 'crony capitalism' — can be viewed as the critical structural factors explaining the emergent crisis in Malaysia by 1997 — see below. In this regard, financial liberalisation has been the "centre piece" of IMF stabilisation and World Bank Structural Adjustment Programmes (SAPs), with agencies such as the International Finance Corporation (IFC),

an arm of the latter, imposing “conformist behaviour” on the South.⁷⁶ As another commentator notes, in the context of IMF and World Bank debt and aid programmes:

...the role of these institutions cannot be reduced to their budgets. They help create and maintain *the rules* for the global economy. They sustain its momentum and make sure that any alternative vision proves impractical and unworkable.⁷⁷

And through this process of intellectual enterprise, the possible parameters of state action are, effectively, set out:

What may have been crucial in the adoption of monetarist policies was the growing acceptance of a policy outlook among political leaders, as well as central and private bankers, which prevented significant alternatives to market monetarism from being contemplated...Where such policies are adopted with little reflection on or, more realistically, belief in the credibility of possible alternatives, the power of capital attains hegemonic status.⁷⁸

It is against this neo-liberal shift that changes in the domestic power bloc may be understood. For Mahathir, it offered an opportune moment to initiate key policy adjustments and assuage foreign capital while redefining the nature of the state's relationship with those sections of domestic capital linked to the public sector. Although augmented by other brooding political factionalisms, it was this strategy which came to expose critical fissures within UMNO, culminating in the 1988 UMNO split. Just as Look East had been invoked to placate Japanese investors, so too did Mahathir use privatisation to send positive messages to foreign capital, while hoping that the policy would transform emerging Malay rentiers into an internationally competitive business group.⁷⁹

However, with government policy being conditioned by the ‘new rules’ of the liberal-monetarist agenda, this posed the considerable problem for Mahathir of how to allow a more open-market while preserving UMNO's political-corporate influence. Two fundamental situations remain inimical to foreign investment: one is political instability; the other is the over-entanglement of the state in market processes, particularly where this involves ‘narrow’ state control over key economic enterprises or/and selective monopolisation of rewards to state-sponsored groups. This relates, in part, to the perceived contradiction between NEP-based development and conditions for foreign

investment, an impediment cited in the World Bank's 1986 report on the Malaysian economy which called for the "unshackling" of state-sponsored market controls designed to serve *Bumiputera* interests.⁸⁰ Moreover, while the Malaysian media had pointed to the prevalence of 'political stability' as the top reason for continued foreign investment,⁸¹ what such representations concealed was the *qualitative* nature of that investment. International capital will do business with repressive regimes; risk, after all, is an intrinsic feature of the market, with fund managers thriving on market uncertainty — and often creating political instability. However, while Mahathir had attempted to provide greater guarantees to foreign capital, the international business community remained sensitive to UMNO's increased concentration of executive control. Hence, a special report on the Malaysian economy in 1988 by financial consultants Merrill Lynch expressed serious concern over these two issues, noting in the wake of the 1987-88 crisis that "political uncertainty is the single largest risk to sustained recovery", while pointing to "the government's over-extended and inefficient intervention in business."⁸²

At the same time, instability continued to be reflected in the social resentment of the non-Malays:

...the non Malays generally — especially the highly influential but discontented middle class who dominate the managerial and professional positions in the private sector — remain quite frustrated, contributing to a continuous brain drain and capital flight. Ironically, many influential members of the Malay elite seem quite pleased with this haemorrhage, believing that this will advance their share of wealth, lucrative positions and economic power, besides consolidating their political hegemony...Hence, this tremendously destabilising ethnic polarisation continues unfettered.⁸³

The Malaysian economy was also exposed to other problems by the mid-1980s: a massive increase in foreign debt; the halving of oil prices in 1982; the collapse of the tin market (caused, partly, by the Malaysian government's failed attempt to influence the price through cartel activity on the London Exchange); and the plummeting of rubber and palm oil prices in 1984.⁸⁴ On top of this, the state's NEP obligations had led to major fiscal overstretch.

With the new monetarist climate offering a rationale for reform, an effectively imposed set of policy adjustments from without could, thus, be presented as a new and dynamic set of political initiatives from within. Hence, between 1982-87, public

spending was drastically reduced, borrowing restrained, and other austerity measures such as job and wage freezes introduced. The budget deficit in this period fell from 20% - 7% of GNP, this being accompanied by a relaxation of NEP constraints on foreign investment and a change in the Industrial Co-ordination Act (ICA) which had set limitations on foreign participation and equity holdings.⁸⁵ Deflationary cuts, austerity measures and deregulatory initiatives had, thus, been used to keep the IMF at bay, placate the international money markets and maintain financial stability.⁸⁶ As Saravanamuttu notes, denationalisation offered an opportune moment for structural adjustment by the domestic state-class:

Denationalisation occurs in as far as the foreign bourgeoisie is able to dominate production decisions of the state, and there is evidence in past as in present developments that the World Bank and other transnational interests have been able to dictate terms to Malaysia against the grain of certain national policies. On the other hand, transnational interests are often harnessed to promote various national goals spelled out by the state.⁸⁷

Resumed growth following the mid-1980s recession showed that the government had managed to ride-out the storm. Indeed, such was the extent of national optimism by the early-1990s that Anwar, speaking on behalf of the Southeast Asia Group of developing countries at the 1994 IMF summit, felt confident enough to press for a selective issue of Special Drawing Rights (SDRs) for poor nations in order to avoid a growing rift with the G7 economies.⁸⁸ But such confidence also reflected the way in which Mahathir had used the doctrines of private enterprise and privatisation to reconfigure economic and political power. Underpinning this process was Daim's financial management.⁸⁹ While Mahathir proclaimed the virtues of privatisation as a new means of weaning *Bumiputeras* away from state dependency, Daim's transfer of resources to strategic elites helped secure a new corporate support base. Significantly, this involved not only the flow of wealth to UMNO patrons, but also to key clientele within the MCA and MIC. Indeed, in 1986, Samy Vellu, President of the MIC, revealed his tacit approval of these practices by publicly defending such political-corporate relationships.⁹⁰ By appearing to transfer the burden of state services to the private sector — a process facilitated by the absence of any open tender system — UMNO had brought all the key public sector assets under closer party control.⁹¹

Since the policy was first announced in 1983, patronage, wealth opportunities and the centralisation of UMNO power have increased interdependently. Between 1983-1990, 37 privatisation projects had been completed, with another 93 in preparation during 1992-93. The Privatisation Master Plan (1991) showed that various forms of privatisation had been utilised. The most notable were Sales of Equity, and Build-Operate Transfer (BOT) licences. The former was used, for example, in relation to Malaysia Airlines (1985), Sports Toto (M) Bhd Gaming (1985), *Syarikat Telekom (M) Bhd* (1990) and *Perusahaan Otomobil Nasional (Proton) Bhd* (1991). The latter involved the granting of privatised licences/contracts for the operating/building of *Sistem Televisyen (M) (TV3)* (1983), the Kuala Lumpur Interchange (1987) and the North-South Highway (1988).⁹² In addition, around 40 government-controlled administrative services were transferred to UMNO's PNB and other trust agencies, and another 120 companies hived-off to the private sector.⁹³ By 1990 equity sales had raised RM1.18 billion, RM8.2 billion had been saved through the BOT schemes, and RM7.45 billion of state debt had been off-loaded to the private sector. By 1992, the sale of state utilities, such as telephone, postal and electricity services, had saved the government RM3.2 billion in operating costs, with combined equity sales by 1992 amounting to RM6.7 billion in acquired revenue.⁹⁴ With further divestments, such as Petronas Gas Bhd (1995), completed by the mid-1990s, the government claimed that it had saved around RM40.6 billion in operating expenditure, with 92,700 jobs rationalised in the state bureaucracy.⁹⁵

This new arrangement for the distribution of patronage illustrates the ways in which hegemonic relationships are constructed through material concessions to strategic interests. For example, in granting the licence for a privatised broadcasting channel to TV3, the major shareholding interests emerged as UMNO's Fleet Holding Group, Daim Zainuddin himself and the MIC's Maika Holdings Group, thus bringing all the major broadcasting media and press in Malaysia under UMNO control.⁹⁶

Privatisation has also created a closer alignment between UMNO and large-scale domestic capital, notably well-connected Chinese business.⁹⁷ Reflecting UMNO's near-successful takeover of the MCA's principal investment arm Multi Purpose Holdings (MPH), the 1980s saw a new stream of Chinese capitalists moving away from the traditional MCA political-corporate nexus in an effort to establish closer links with

UMNO.⁹⁸ As Heng Pek Koon’s study of Chinese business elites notes, this reflects an increasingly sophisticated network of reciprocal ties and pragmatic alliances:

Accepting the fact of Malay political dominance and seeing the need to establish their own lines of communication with prominent UMNO leaders,... the successful Chinese businessmen have carefully chosen their Malay partners and allies...[Thus,] the orientation of the individual tycoons is away from the Chinese community in a quest for Malay patronage and overseas business opportunities. By distancing themselves from their communal roots, the group may become inclined to identify itself more closely with the interests and the needs of the Malay capitalist class...To the extent that these tycoons have also maintained their distance from the Chinese political leadership, they make it more difficult for parties such as the MCA to exercise influence at the political centre.⁹⁹

While small-medium Chinese businesses continue to utilise Malays as nominal directors under so-called ‘Ali-Baba’ arrangements — in order to circumvent NEP restrictions on the dispensation of licences and contracts — the interests of top Chinese capital are now patterned around access to state elites:

The one factor which most clearly unites the Chinese business leaders is their reliance on a relationship with Malays in state power...State governments, state run enterprises, and state supported savings and investment institutions are also courted vigorously as financial partners.¹⁰⁰

Table 3:7 State-class relations: key corporate elites closely linked to UMNO¹⁰¹

	Main holding company and selected corporate interests
<i>Bumiputeras</i>	
Wan Azmi Wan Hamzah	Land & General, R.J. Reynolds
Halim Saad	(Renong), United Engineers (M) Bhd
Samsudin Abu Hassan	Aokam Perdana Bhd, Landmarks Bhd
Tajudin Ramli	Technology Resources Ind., Malaysia Airlines (MAS)
Yahya Ahmad	(HICOM Holdings Bhd), Gadek Bhd.
Ahmad Sebi Abu Bakar	Advance Synergy Bhd
Azman Hashim	(Arab Malaysian Group)
Ibrahim Mohamed	(Unipheonix Corp. Bhd)
<i>Non-Bumiputeras</i>	
Vincent Tan Chee Yioun	(Berjaya Group), Sports Toto (M) Sdn Bhd,

T. Ananda Krishnan	(Pacific States Investments), MAI Holdings, Usaha Tegas, Tanjong
Dick Chan	Metroplex Bhd
T.K. Lim	Kamunting Bhd
Ting Pek Khiing	Ekran Bhd
Quek Leng Chan	(Hong Leong Group)
Loy Hean Heong	(Malayan Borneo Finance Bhd)

The new opportunities of privatisation have made these links with the UMNO elite increasingly valuable. Indicative of the shift was the awarding of 70% of Sports Toto, the state gaming concern, to Vincent Tan Chee Yioun, a sale directed by Daim through the Ministry of Finance Inc., a state-based holding company under his control. Tan and other key Chinese capitalists are understood to have developed close ties with the UMNO leadership, including the likelihood of having acted as nominal business proxies for top UMNO figures.¹⁰²

What must be appreciated here was the scale of such awards. For example, in relation to the Sports Toto sale, three gaming concerns formed part of Malaysia's ten largest companies, in terms of market capitalisation, with five major gaming groups accounting for over 10% of the KLSE listing in 1994.¹⁰³ The sale of other key public assets such as *Tenaga Nasional* Bhd (National Electricity) replaced state monopolies with private ones, offering vast opportunities for corporate elites.

However, while Mahathir could cite all this as evidence of state efficiency, there remained both the negative effects of profit-oriented services and the pervasive entrenchment of political-corporate corruption.¹⁰⁴ There is, perhaps, no more apposite symbol of this than the North-South Highway project. When Mahathir finally declared the road open in September 1994, the media, in congratulatory tones, sought to emphasise its early completion rather than mention the scandal associated with the contract itself. Awarded in 1988 to United Engineers Bhd (UEM), a low prestige subsidiary of UMNO's investment company Hatibudi,¹⁰⁵ Malaysia's biggest-ever public works project offered a RM3.4 billion bonanza for well-placed corporate elites. The legality of the contract was challenged in the courts by the DAP leader Lim Kit Siang, the litigation being stifled by his arrest under Operation Lalang. (See next chapter.)

The other key strand of the patronage network to emerge from the privatisation scenario was that associated with Anwar. Despite his longstanding criticisms of

political-business ties, a select cohort of (mainly *Bumiputera*) business elites with control over some of the newly-privatised public assets had established themselves around Anwar by the early 1990s, helping him to defeat Ghafar Baba for the post of UMNO Deputy President in 1993. Many of these were part of a younger, more ambitious corporate circle frustrated at Daim's control of the patronage apparatus.¹⁰⁶ Indeed, as we shall see, disputes over the dispensation of privatised contracts had been a key source of tension between Anwar and Daim.

By the early-1990s, privatisation had, thus, come to offer a vital new source of accumulation, with new alliances built upon the allocation of privatised rewards to corporate interests *across* the ethnic spectrum. Now the Vision was helping to nurture these accommodations. The period 1991-93, notes Jomo, had seen "the most rapid expansion and transformation in Malaysian history", with, for example, the balance of payments at a peak of RM16.7 billion in 1992 (RM5.3 billion in 1990) and exports and capital inflows at record levels.¹⁰⁷ With this surge in economic activity, Vision policy was now changing the class composition of the bloc:

The confirmation of the change in policy direction came with the adoption of Vision 2020, seen to favour growth, modernisation and industrialisation over the NEP's emphasis on inter-ethnic redistribution. While foreign investors continued to be courted, the government has also started to allow local Chinese capital more room to move. Chinese capital has also been encouraged by various other reforms, e.g. easier access to listing on the stock market, greater official encouragement of small and medium industries (SMIs) as well as other government efforts...¹⁰⁸

At the national-popular level, the Vision had also provided a system of rewards and incentives sufficient to realise a considerable degree of consensual legitimacy. Thus, at the high point of 'late-Mahathirism' (circa 1991-early 1997):

Most Malaysians could not remember a time of greater prosperity or lesser inter-ethnic recrimination...Economic indicators alone would not have captured the pride that Malaysians had discovered, perhaps for first time, in being Malaysian.¹⁰⁹

Yet, by mid-1997, the fragility of the Vision project had become all too evident.

1997: the emerging crisis

The economic implications of the crisis *following* Anwar's removal will be addressed in subsequent chapters. For the moment, let us consider the basis of the crisis and its more structural dimensions *vis-à-vis* the power bloc and state-class relations. Again, it is pertinent to see this as a *hegemonic* crisis in the sense outlined above.

The volatile fluctuations within the financial markets across the region by mid-1997 offered a stark illustration of how external forces could critically undermine domestic policy. But it also exposed a new crisis point in domestic state-class relations and the contradictions of Mahathir's deregulatory agenda.

The rout itself had started in Thailand, but spread rapidly through the region. Reminiscent of Mexico in the 1980s, fund managers had poured capital into Thailand, allowing domestic bankers easy-access to international money markets and the means with which to fuel a massive credit boom. When the international banks, fearful of overheating and burgeoning trade imbalances, took fright, the exposure of an economy built on services and lavish consumption became all too apparent. The knock-on-effect saw the calling-in of domestic loans, the freezing of credit to property developers, a collapse of the construction industry, the shedding of labour and major social dislocation. Intensifying the crisis, the value of the Thai *baht* came under severe fire from international speculators, leaving the government — and Treasury elites who had hidden the extent of the state's debt — effectively helpless to contain the mounting panic.¹¹⁰ And just as international capital had helped set the terms of the economic boom, so again did it determine the remedial agenda through the medicine of an enforced IMF austerity package.

Investors who had enjoyed years of rapid growth in Malaysia, while turning a blind-eye to the underlying structural problems of labour shortages, increasing wage costs, a widening trade gap and loss of export competitiveness in the electronic sector,¹¹¹ now began to express more serious concern. As the crisis gathered momentum, the value of the *ringgit* fell to its lowest point against the US dollar for 26 years, a signal of intensive downward pressure on the currency in the months to come.¹¹² Meanwhile, an environmental disaster of immense proportions was unfolding as the effects of slash and burn forest clearance in Kalimantan and Sumatra, exacerbated by the freak *El Niño*

weather phenomenon, began to spread a dense cocktail of poisonous smog fumes over the entire region. Together with the omnipotent influence of international capital, here in stark reality was the actual effects of globalisation and the virtual irrelevance of state borders and governments to control such processes.¹¹³

Denouncing the international speculators, and George Soros in particular, as “racists” for deliberately undermining Malaysia’s economy, Mahathir intervened with a RM60 billion rescue package designed to prevent short-term share trading in key blue-chip companies, while threatening other punitive measures, including arrest, for those helping foreign dealers to ‘sell-short’.¹¹⁴ With fund managers unable to sell their stock freely, the US Securities Exchange Commission stood poised to declare Malaysia a controlled market, obliging US pension funds to withdraw their investment interests in the country. The uncertainty within government circles and *ad hoc* announcement of the measures were interpreted as further signs of instability by edgy fund managers, leading to an increased state of panic. As the pressure mounted, Mahathir, realising the scale of the crisis and the negative signals from the markets, abandoned the curbs.¹¹⁵ The damage limitation exercise which followed also saw the postponement of key ‘mega projects’ such as the Bakun Dam and the proposed new international airport at Kedah, developments which would now be subject to higher external currency costs. Of more concern was the threat to Mahathir’s flagship Cyberjaya project. Having slated the IMF for its unhelpful intervention in Thailand, Mahathir condemned attempts by the Fund to “subvert” Malaysian growth by calling for the cancellation of such projects.¹¹⁶

As tensions rose, Mahathir and Soros engaged in an acrimonious exchange at the IMF/World Bank gathering in Hong Kong. Responding to Mahathir’s calls for an end to the unwarranted attacks on the Malaysian economy, Soros countered by urging Mahathir to look firstly at Malaysia’s own internal problems, labelling him “a menace to his country.”¹¹⁷ Mahathir’s moral objections to Soros’s speculation might have been reasonable if not for the inconvenient truth that the Bank *Negara* had itself been one of the most zealous players in the currency markets throughout the 1990s, including its attack upon sterling during the UK’s ERM crisis in 1992.¹¹⁸ Moreover, it was apparent that alongside many institutional bodies such as pension funds, other Southeast Asian speculators were themselves involved.

With the choking smog enveloping the whole country by September, a gloomy apocalyptic mood descended, intensifying the economic crisis. A further closeted truth here was that many Malaysian logging companies, with links to Mahathir, were also involved in the slash and burn disaster in Indonesia — hence Malaysia’s softly-softly dealings with Suharto over the problem. While Anwar’s measured interventions helped calm the rift at the IMF, enhancing his own standing in the process, deep unease over the continued viability of Malaysia’s banking and credit institutions began to emerge. The international credit rating agency Standard and Poor revised Malaysia’s rating from ‘stable’ to ‘negative’, while panic withdrawals by investors at the country’s biggest finance house Malaysia Borneo Finance Bhd (MBF) continued despite assurances from its senior managers and the *Bank Negara*.¹¹⁹

A key aspect of Malaysia’s exposure to the crisis lay in the particular type of foreign capital investment it was attracting by the 1990s. Throughout the 1980s, the major element of FDI was directed towards the industrial and manufacturing sectors. Despite an increasing level of foreign ownership and outflow of profits, this form of FDI had been relatively ‘rooted’ as physical capital investment, contributing to the rapid growth in industrial output during the 1980s. By the 1990s, however, the predominant basis of capital inflow had shifted to that of portfolio investment.

*Table 3:8 Kuala Lumpur Stock Exchange: selected indices (1990-98)*¹²⁰

	Composite Index	Number of listed companies	Market Capitalisation (RM billion)
1990	505.92	285	131.66
1996	1,237.96	621	806.77
1997	594.44	708	375.80
1998	389.08	734	255.00

Vigorously promoted by Mahathir, the KLSE’s market capitalisation had grown rapidly between 1990 and 1996 through a rush of short-term bonds, shares and other speculative instruments. Thus, the relatively easier process of capital withdrawal associated with portfolio investment had, unlike the mid-1980s downturn, led to a quicker, sharper and more debilitating shock to the Malaysian financial system, as noted in the figures for 1997.¹²¹

Another important factor here was that most of the Southeast Asian economies had sought to maintain a *de facto* currency peg against the US dollar — again, as Jomo notes, reflecting the priorities of finance capital in the region rather than domestic, particularly export-based, capital.¹²²

Meanwhile, the confidence of international fund managers continued to erode. Mahathir had championed the KLSE as the new dynamic financial centre to rival Singapore and Hong Kong. Within the proclaimed new era of deregulated, open trading, selective intervention on behalf of given companies would severely undermine such claims. Mahathir's belligerent interventions and measures to defend domestic stocks had already been interpreted as inept interference and a serious impediment to future market activity. As one analyst from the Political and Economic Risk Consultancy concluded, it had "damaged Malaysia's credibility" and "cast doubts on its ability to regulate and maintain the sophisticated financial system needed to make Malaysia into a regional financial centre."¹²³

As the crisis developed, threatening to wipe-out the wealth base of corporations tied to UMNO, the special emergency assistance granted to such companies revealed the contradiction of the deregulatory agenda. For example, by August 1997, the government had intervened to cover the additional RM300 million cost of a UEM contract for sports complex facilities being built for the 1998 Commonwealth Games.¹²⁴ In November 1997, the government took-over the Bakun Dam project from Ekran Bhd following contractual problems arising from the crisis.¹²⁵ By December 1997, the privatised *Tenaga Nasional*, Malaysia's second biggest company, was touting for assistance, warning of a fall in demand for electricity and impending RM2 billion losses in its forex-based loan repayments against the US dollar.¹²⁶

More crucial still was the selective bail-out of the giant Renong conglomerate, controlled by UMNO through top businessman Halim Saad. Renong had been at the forefront of Mahathir's Cyberjaya and Putrajaya projects. As concern over the company's viability in the wake of the crisis mounted, foreign investors began to voice serious misgivings about corporate transparency and the government's commitment to open financial practices. This followed Anwar's decision to allow a special waiver to Renong's subsidiary UEM in the rescue buy-out of its parent company. Malaysian stock market rules for takeovers specify that where the purchasing group acquires a holding of

over 33%, it must also make a general offer, at optimum rates, to the remaining minority shareholders, a process which would have proved extremely difficult for UEM to finance.¹²⁷

In effect, it was a critical test case of the government's new regulatory credentials, watched closely by the broader business community. Deeply suspicious of the circumstances surrounding the deal, investors dumped Renong and UEM stock, halving the share value of both companies and wiping almost 25% off the value of the KLSE in the process.¹²⁸ Although temporarily withdrawn due to the critical response of the markets and plunge in share prices,¹²⁹ the waiver was finally re-affirmed by Anwar in January 1998, a dispensation read by the markets as confirmation of special protection for politically-linked clients, producing a further collapse in market confidence and a run on the *ringgit*.¹³⁰ By mid-1998, favourable low-interest-based loans were being directed to struggling corporations from the national Employees Provident Fund (EPF) (investment assets in 1997: RM129 billion), including a deal to rescue the shipping operations and liquefied gas interests of Mahathir's son Mizran through a Petronas buy-out.¹³¹

The Renong bail-out and use of EPF assets was symptomatic of the government's attempts to hold the new political-corporate edifice together. But the adverse market reaction had exposed the deep-rooted contradictions of the post-NEP transition and created new tensions with foreign capital. Despite Mahathir's liberal overtures to foreign investors following the stock-market *debacle*, the premier had come to be seen as a serious liability by key sections of the foreign business class, a fear reflected in the editorial positions and content of key journals such as the *Economist*, *Asiaweek*, *Far Eastern Economic Review*, *Newsweek* and *Time*. The foreign media's view of the crisis will be dealt with more closely in subsequent chapters. However, it is worth noting here how these organs provided intellectual support for foreign capital at this point by 'advising' Mahathir to heed IMF help, undertake financial reforms, allow greater deregulation and refrain from using intemperate language.¹³²

And, perhaps for the first time, this reaction began to find serious resonance amongst the domestic business class. The underlying sentiment was that, despite recognised problems, the fundamentals of the Malaysian economy were good — in contrast to Thailand — and that neither the KLSE's rating nor the *ringgit*'s true value

merited the extent of the fall brought about by the speculative onslaught. Neither did they see Mahathir as unjustified in pointing this out. The deeper, if more quietly spoken, feeling, however, was that without Mahathir's acerbic interventions, both could have been prevented from sliding as far and as fast as they did.

Moreover, despite the public show of solidarity for Mahathir from big Chinese business and agencies like the Malaysian Chinese Chamber of Commerce, similar concerns were being privately expressed in these quarters over Mahathir's tirades. To some extent, this unease was dependent upon the relative exposure of different parts of Chinese business to the crisis. For example, those involved in rent-seeking such as property development could expect to be hit harder than the domestic export sector, the latter hoping for a boost in overseas markets due to the low value of the *ringgit*.¹³³

Anwar's interventions

As the crisis deepened, the broad business community looked to Anwar to produce a more comprehensive set of confidence-building measures. As noted, small business had not been averse to showing its displeasure at the power of big corporations, seeing the denial of bailouts as necessary to recovery.¹³⁴

The first main opportunity came in the October 1997 Budget. But while directed at business generally, the Budget also offered Anwar the space in which to address the concerns of particular components of capital. In the preface to the accompanying Economic Report 1997/98, Anwar noted that: "The immediate challenge we now face is to restore investors' confidence and stability in the markets."¹³⁵ Again, while generally applicable, this suggested an urgent need to send reassuring signals to *foreign* capital. At the same time, the government needed to correct the internal economic structure, and, thus, its relationship with domestic capital. The flawed calculation here seems to have been that by demonstrating a willingness to take hard decisions in relation to the latter, the former would read it as an appropriate signal of intent, paving the way for a return of foreign investor confidence. Hence, the principal Budget message to the domestic business class was that it must use the circumstances of the slowdown and the weak *ringgit* to restructure, improve productivity and help boost the country's export competitiveness.

However, small-medium industries (SMIs) had also been given a special Budget allocation of RM1 billion. Accounting for 84% of all manufacturing in Malaysia,¹³⁶ SMIs represent the mainstream area of Chinese business activity. Thus, Anwar's initiative also suggested the need to maintain the support of domestic Chinese capital. Indicating a certain juxtaposition of state-class relations 'in favour' of domestic capital, Anwar's measures were broadly welcomed by small business. The main elements included:

- * Measures to curb imports through increased duties on a range of capital and consumer goods, most notably luxury cars.
- * A 10%-15% range of tax incentives for high-performing exporters.
- * The removal of levies and raising of quotas on foreigners' property purchases.
- * A 2% reduction in corporate tax to 28%.
- * The deferment of more mega-projects.

Alongside a broad austerity package, a relative tightening of monetary policy and control on credit, the recovery strategy, thus, comprised incentives to assist lagging sectors of the economy, stimulate demand for domestic products (notably electronics and cars), boost exports, hold-up the construction industry and alleviate the threat of inflation.¹³⁷ Other emergency initiatives included the discouraging of foreign travel (including the doubling of passport costs), cutbacks on overseas study, and plans to repatriate foreign workers, notably Bangladeshi and Indonesian service sector employees.¹³⁸ Mahathir also announced the creation of a National Economic Action Council (NEAC), a body of 'independent' advisers charged with formulating recovery measures.¹³⁹

Viewed from the perspective of foreign capital, things looked less optimistic. The markets remained unimpressed by the Budget, anticipating many of the measures, expressing scepticism about the up-beat nature of the government's economic forecasts (notably, the projected GDP growth rate of 7%) and taking a lukewarm view of increased import duties.¹⁴⁰ As the *ringgit* and KLSE continued to fall, the more immediate message from foreign investors and fund managers was the need for much greater transparency and financial deregulation.¹⁴¹ And underlying this disenchantment lay a further implication: the need for political reform, even a change of leader.

For the UMNO leadership, the crisis had involved serious policy dilemmas, most notably whether to pursue a recovery programme tailored to the desires of foreign capital or an internally-driven one based on domestic restructuring and an enhanced role for domestic capital. Perhaps realising that, in any event, confidence would not return to the region for some time, Mahathir and Anwar still leaned towards the latter, seeking to demonstrate a capacity for tough economic management and hoping for a positive reaction from the financial markets. But as the negative responses of both foreign and domestic investors began to grow,¹⁴² the more immediate task became that of maintaining economic stability. It is also significant to note the emerging role played by Daim at this point in trying to discount rumours of a gathering crisis in the banking sector,¹⁴³ signalling his appointment by Mahathir as head of the NEAC. (See also Chapter 3.) Related measures were to include plans for the merger of big bank and finance companies such as Hong Leong Finance and Arab-Malaysian Finance.¹⁴⁴ Nonetheless, withdrawals of deposits from domestic banks intensified as investment funds continued to flow-out, putting pressure on the *Bank Negara* to hike-up interest rates, a move now being resisted by Mahathir through fears that this would stunt borrowing, investment and growth.¹⁴⁵ Again, highlighting the dependence of the Malaysian economy on short-term funds, a RM13.9 billion net outflow of 'hot-money' had contributed to the RM19 billion services account deficit and an overall balance of payments deficit of RM8.2 billion.¹⁴⁶

Thus, as capital flight and the *ringgit's* slide continued, Anwar was forced in December 1997 into a further set of emergency 'post-budget' measures. Recognising the markets' deep reservations over the government's Budget forecasts:

- * The growth projection for 1998 was revised downwards from 7% to 4%-5%.
- * A further 18% was to be trimmed from Federal expenditure.
- * The current account deficit was to be reduced from 5% to a new target of 3% of GNP.
- * Ministerial salaries were to be cut by 10%.
- * All proposed megaprojects were to be deferred.
- * Fuller corporate regulation and transparency (no more Renong-type bail-outs) was to be initiated.¹⁴⁷

As the markets reacted favourably to the revisions and perceptions that Anwar might be poised to check the privileges of UMNO business clients, Lim Kit Siang, who had called

for further measures, urged Anwar to convene a “third 1998 Budget” to develop the package and “show the world that the Malaysian Government and its people have completely purged the ‘denial syndrome’.”¹⁴⁸

Although Mahathir had chaired and approved the cabinet austerity plan, it was broadly seen as Anwar’s initiative, enhancing his position amongst the international financial community, even though it represented a tacit admission of the government’s own culpability and final acceptance of its share of the blame for the crisis. More importantly, it signalled the onset of policy differences between Anwar and his allies in the *Bank Negara* on the one hand and Mahathir and Daim on the other. Seeking to counterbalance this momentary loss of authority, Mahathir, had taken refuge in a joint ASEAN appeal to the US, the EC, Japan and the IMF to recognise the global context of the crisis and take action to stabilise the region’s currencies.¹⁴⁹

Herein lay the paradox of Mahathir’s ‘liberalisation’ agenda. Deregulation had been embraced by Mahathir and Daim as a Faustian process to help reconfigure domestic wealth. But the proliferation of portfolio-based FDI and the concessions granted to finance capital by Mahathir, alongside inadequate market transparency, had unleashed forces capable of pushing an already exposed economy with gathering structural problems to the brink of collapse. As the implications of the Asian crisis for the Western economies became more obvious,¹⁵⁰ so too did the ersatz nature of liberalisation in Malaysia. In turn, the IMF and US political-corporate axis now sought to ‘set the terms’ of recovery through demands for more transparent business conditions.

The ‘IMF debate’

At the same time, the crisis in Southeast Asia also sparked a more searching debate on the interventionist policies of the IMF.¹⁵¹ In particular, many observers asked whether its standard austerity package of public spending cuts and tighter monetary and fiscal policies were really appropriate to the region. Unlike the South American debt-crises of the 1980s and 1990s, these economies had been relatively stable. The generic remedial approach not only negated the diverse nature of each country’s particular problems, but, more critically, threatened to plunge them into deep recession by cutting off the stimulus

to investment. Thus, analysts began to warn of the serious knock-on effect for the West should financial confidence deteriorate in the region.

However, the issue of IMF intervention here misses the more critical point. The IMF acts in the *hegemonic* interests of free-market global capital. Thailand may have fallen due to an excessive frenzy of credit and out-of-control debt. But the debt itself was stimulated by Western banks and global finance capital in particular seeking a slice of this speculative activity. The key issue here is deregulation and free-access to financial markets, a principal which the IMF has consistently urged upon all countries. And when the inexorable cycle of boom gives way to bust, the belt-tightening remedy is presented with very little variation.

In South America, economies were now just emerging from this 'rehabilitation', though the ensuing crisis of the *real* in Brazil by 1998 was to reveal the ongoing nature of the boom-bust capitalist cycle and bailout process. Thus, in one sense, this was a form of old-fashioned capitalist shakeout and shedding of unproductive forces. However, the circumstances within which the cycle comes to crisis point was also being determined by the increasingly complex gyrations of speculative capital and non-productive accumulation. Thailand may have accumulated a mountain of bad debt, thus presaging a failure of confidence, but it was the collapse of the *baht* and the associated panic triggered by currency speculation in the region which helped spread and intensify the crisis. In Malaysia, fears of overheating were evident before 1997, for example, in the property price spiral and high levels of domestic bank lending towards consumer and other non-productive outlets. Yet, was it conceivable that foreign fund managers, with the most complex array of market indicators and analysts at their disposal, could have been so 'unaware' of the looming problems?¹⁵² Thus, the Asian crisis needed ready scapegoats:

In the wake of the crisis, what annoyed the free-marketeers, neoliberals, or bearers of the 'IMF-Washington consensus' was the hubris of a historical form of economic nationalism which, having achieved 'East Asian competitiveness', wanted globalization, but still wanted to 'govern the market'.¹⁵³

Those hailed by the IMF-Washington nexus were now chastised as errant and profligate offenders. Intrinsic to the Fund's approach here was to:

...promote the idea that the crisis represented the well-warranted punishment of Asian economies by international financial markets for the governments' gross mismanagement. As First Deputy Managing Director Stanley Fischer kept repeating, the crisis was due to homegrown causes that became, in the words of other commentators, 'Asian crony capitalism'. This was propounded by an organisation that, until September 1997, lavished praise on these countries' economic performance and attributed it in good part to their financial liberalization.¹⁵⁴

Yet, it also served the broad interests of capital to resolve the crisis. The world's stock managers had watched the panic sweep like a whirlwind through Thailand, Malaysia, Indonesia, Singapore, Hong Kong and Japan, fearing it would strike China and spread outwards to the West, plunging the global economy into a 1930s-type depression. The initial legs of the crisis had fed a voracious bout of speculation, particularly as the crisis hit Hong Kong — with the Malaysian authorities indulging in a spot of *schadenfreude* as George Soros himself took a US\$2 billion loss during the assault on the *Hang Seng*.¹⁵⁵ But as Wall Street and the other global bourses felt the downward impact of the Hong Kong wipe-out on their share indexes, a more concentrated agenda for regional assistance began to emerge.

Some signals of a *potential* recovery in Malaysia had become evident by January 1998. As noted, international investors had shown cautious optimism over Anwar's 'revised budget'. Bill Clinton had also sent a strong message of 'support' for continued investment in Malaysia.¹⁵⁶ By early February, the World Bank president James Wolfensohn had expressed confidence in Malaysia's recovery efforts, echoing a previous visit and assessment by the IMF managing director Michel Camdessus.¹⁵⁷ Alongside quieter 'advice' to tone-down the rhetoric, the main message from both was that while reduced spending and increased interest rates were needed to restrict credit growth, Malaysia's structural problems could be seen as distinct from Thailand, Indonesia and South Korea — in effect, not requiring an IMF bail-out. Responding to these developments and other bullish regional stock markets (buoyed by these three countries' 'positive reactions' to IMF aid), the KLSE rallied by an impressive 23% on the first day of trading following the five day Chinese New Year and *Aidil Fitri* holidays.¹⁵⁸ The KLSE had also fined UEM in an apparent effort to appear more even-handed to the foreign business community.¹⁵⁹

Managing the crisis: policy schism and the Anwar factor

While resisting IMF orthodoxy and the indignity of a direct bail-out, Mahathir still *appeared* to accept, for the moment, Anwar's reform agenda. Moreover, despite Mahathir's renewed offensive against the West, the case for fuller liberalisation being pushed by Camdessus from without and Anwar from within was still being endorsed as government policy. In seeking to project the importance of his initiatives, Anwar was to note at this point how the crisis had been a watershed for the country, concluding that it would emerge more confident and committed to greater openness:

The great lesson we have learned, which is actually a major transformation and a revolution by itself, is that it has called for greater transparency, greater accountability and for greater democracy.¹⁶⁰

However, by mid-1998, it was apparent that the country still faced the longer haul to recovery with economic output contracting by 1.8% (first yearly quarter) and currency and share values still in the doldrums.¹⁶¹ Neither had export competitiveness been enhanced by the falling *ringgit*, with the rising price of imported goods contributing to gathering inflation.¹⁶² Meanwhile, the 'ourselves alone' road to recovery was being invoked, with Mahathir now counselling Malaysian youth on the insidious dangers of 'emerging absolute capitalism'.¹⁶³ The government even ran a national public collection to help 'save the country' from economic ruin.¹⁶⁴ With little to show for the austerity package and countenancing global expansion of the crisis, Mahathir began easing-up on monetary policy in an attempt to offset looming recession, stimulate growth and save healthy companies — a snub to the high interest rate/tight credit strategy still suggested by the IMF and thought necessary by Anwar and the central bank to limit further attacks on the currency.¹⁶⁵ Other factors such as the worrying fall in the value of big *Bumiputera* trust funds run by some Malaysian states may also have contributed to Mahathir's reflationary efforts here.¹⁶⁶ With the austerity measures now beginning to bite and the economy heading for recession, Mahathir was also concerned about the impact on small business and the erosion of middle-class confidence. And there was also now the question of Anwar's own support base within UMNO and the 'IMF circle'. With Daim's restoration as chief financial guru, a key policy collision was now evident.

Anwar, the IMF circle and the UMNO network

The wider implications of Anwar's positions within the IMF circle and the UMNO network will be developed in subsequent chapters. For the moment, it is necessary to note here the particular *class* context of these relationships. It is notable, firstly, that the West by this point saw Anwar, Habibie and Estrada, three close intimates, as the 'new generation' for the region. Like Estrada in the Philippines, Habibie was the Indonesian 'reformer of choice' for the West, someone who, despite his role as co-architect of the *Golkar* regime and Suharto's cohort, could protect Western interests in the run-up to new elections. If Anwar's case was somewhat more 'respectable', it is, nonetheless, safe to say that he was being 'sponsored' by the IMF-Washington circle as the man to do business with; someone who, in the name of 'new civil reform', would, hopefully, lift restrictive barriers to capital and move business dealings beyond the caustic relationship with Mahathir. In this regard, Anwar had developed close associations with key Western figures such as James Wolfensohn at the World Bank, Madeleine Albright and Michel Camdessus at the IMF with whom he planned to co-author a book on Asian civil reform.

It is too simplistic to say that Anwar was being manipulated here or that he lacked reformist intentions. While the *Asian Renaissance* image he cultivated as a backdrop was questionable, Anwar did have his own agenda and ideas on economic and intellectual matters, including the development of Islam. Yet, he also had his own cronies within the UMNO machine.¹⁶⁷ After sixteen years playing the game of heir apparent to Mahathir, Anwar was not some naive politician unaware of the stakes. Similarly, business elites linked to Anwar were now caught-up in a complex scenario of financial bail-outs and judgements over who to back. As in the mid-1980s, competing corporate interests were seeking to manoeuvre themselves into positions of power. Some of 'Anwar's boys', an extensive political-corporate circle in its own right, appeared to believe, *because* of the crisis, that its own ascendancy was imminent. While the naivety of this view was to be revealed in the failure of Anwar ally Zahid Hamidi's (then UMNO Youth leader) anti-corruption platform at the June 1998 UMNO Assembly (see next chapter), Anwar himself had been more muted, realising that any perceived split within UMNO over the crisis might wreck their chances completely. Anwar was also trying to stabilise investor confidence while placating Mahathir and Daim. In the background, corporate elites feared that any practical show of transparency and shakeout

would mean a denial of bailouts. Anwar's ambivalence over rescue packages for Renong and Mahathir's son Mirzan, alongside fears that he was dropping 'big names' to the Anti Corruption Agency (ACA) can be seen as critical to these tensions within the UMNO-corporate network. While, seemingly, more prudent to keep Anwar *on the inside*, given what he now knew about internal corruption and nepotism, it was the emerging *policy* differences over crisis management and the *implications* of an IMF scenario *vis-à-vis* bailouts which may have tipped the balance, prompting Mahathir to use the sodomy allegations and corruption charges as part of a strategy to contain him. Again, the ubiquitous presence of Daim here was not coincidental.

This now signalled a policy crisis within UMNO and a decisive impasse in state-class relations. Mahathir was turning sharply away from a recovery agenda based on IMF adjustments and the appeasement of foreign investors to one built around more immediate domestic interests and the preservation of middle-class support. In practice, this meant selected bailouts and continued protection for top corporate elites. But it also pointed to a more fundamental movement of priorities, one with more serious implications for the domestic bloc's relationship with international capital.

Mahathir was now 'challenging' the 'free-market' axioms that he and Daim had used to 'reform' the economy from the 1980s. Not only did this call into question Malaysia's (already dubious) claim to be the region's new financial centre, it also brought Mahathir into direct confrontation with Western financial institutions, a clash of interests which, as we shall see, was to lead to a serious deterioration in Malaysian-US political relations. By late- 1998, this would be focused around Anwar's incarceration and international calls for liberal reform in Malaysia, a defining moment being Al Gore's speech in support of Anwar and the *reformasi* during the APEC gathering in Kuala Lumpur.¹⁶⁸ Again, though, the motives underlying US and other Western 'concerns' here were also connected with Anwar's prior efforts to bring about new liberalised business conditions. In this regard, notions of an actual external 'conspiracy' to remove Mahathir are not only unverifiable, but diversionary. Again, the central point was that Anwar had been courted as Mahathir's heir apparent by the West and foreign capital. (See following chapters for further discussion of this aspect in relation to Mahathir's domestic controls.)

Thus, hegemonic crises were being played-out at both levels, domestic and global. Although very different in scale, both situations shared a common problem: a crisis of consensus. At the global level, the legitimacy of the financial system was being called into question as finance ministers and bankers sought to stem the contagion. Most Southeast Asian currencies had been severely battered. In Indonesia, half the population were edging towards poverty. Now the collapse of the *rouble* and social dislocation in Russia was being followed by an onslaught on the Brazilian *real*, threatening to plunge Central America into recession. On Wall Street, the Federal Reserve and an inner cabal of international bankers had launched an emergency \$3.5 billion 'lifeboat' to rescue Long-Term Capital Management, a 250 times over-leveraged hedge fund. Without the bailout, they argued, the whole global system would have faced its worst shock in fifty years.¹⁶⁹

Nonetheless, as at the global level, crisis management and emergency measures could not conceal the fundamental contradictions now emerging within the domestic bloc. Even Mahathir's 'post-free-market' calls for a 'new financial order', now being played-up as a spirited denunciation of Western capitalist values, could not disguise the loss of international confidence in Malaysia as an investment location, the growing apprehension within UMNO and the spectre of popular unrest. It is at this point of internal *and* populist pressure that the power bloc may begin to unravel, setting in motion new state-class alignments from within and new social forces from below. For the hegemonic group, this becomes a key test of legitimacy; a measure of its ability to maintain control through consent rather than coercion.

Thus, from the early-1980s to the crisis, key shifts had occurred within the power bloc. Privatisation did not constitute a *volte face* on NEP intervention. Rather, it created a more subtly modified reward structure, removed from the immediate site of the state and repositioned around a new set of political-corporate accommodations. While fostering closer links to foreign capital, UMNO's wealth base, lack of corporate transparency and use of selected bailouts still constrained free-market activity, contradicting Mahathir's deregulation agenda. Mahathir had played to the domestic gallery by denouncing Soros and the IMF. But behind this rhetoric, a more fundamental contest was being waged over the case for fuller liberalisation, Anwar's part in this process being central to the

unfolding conspiracy against him. Again, as in 1987, it had been policy issues and the spark of economic crisis which had ignited these tensions. As the global implications of the crisis emerged, a more critical debate had opened-up over IMF policies. However, this discourse still focused on the slogan explanation of 'crony capitalism' rather than the problem of capitalist speculation and the social impact of financial retrenchment across the region. By proceeding with expansionist measures to keep domestic business and the middle-class on board, Mahathir was trying to steer a consensual course. However, there was still the considerable hazard of the Anwar situation and unknown undercurrents of popular dissent to navigate. Fearing not only Anwar's influence within the party, but his first-hand knowledge of corruption and nepotism within the cabinet and corporate circles, alarm bells had begun to sound at the highest levels of the power structure. It is at this point, with a decisive putsch unfolding against Anwar himself, that the economic crisis moved towards *political* crisis.

¹ Mahathir bin Mohamad (1970), p 158.

² *Ibid*, pp 166, 167. The basic conception and system of Malay land tenure was seen as the very expression of *adat*, forms of custom which became integrated into the Malay juridical-legal system. See M. B. Hooker (1972).

³ *Ibid*, p 31.

⁴ Mahathir (1986), p 4.

⁵ G. Rodan (1993), pp 103-104. See Fareed Zakaria's interview article (1994) concerning Lee Kuan Yew's thoughts on culture, modernism and the West. See also W. O'Malley (1988) for an account of post-Confucian culture in shaping East Asian development and its mixture with Islamic/Malay political culture.

⁶ Mahathir (1986), pp 57, 59.

⁷ *Ibid*, p 4.

⁸ *Ibid*, pp 54-55. Italics added.

⁹ Khoo Boo Teik (1995), p 64.

¹⁰ *Ibid*, p 41.

¹¹ C. Dixon (1991), p 183.

¹² The Malaysian government, through proxy corporate agents, had also sought to secure control of the tin market in Malaysia through strategic dealings on the London Metal Exchange. These moves led to an intensification of already brooding diplomatic relations between Malaysia and Britain, culminating in the latter's decision to increase university fees for overseas Malaysian students, and Mahathir's response through the Buy British Last policy. See Jomo (1994), pp 5-6.

¹³ One can find a parallel for this in the Prussian Junkers' state-bureaucratic control of a dependent bourgeoisie. See Barrington Moore (Jnr.) (1966).

¹⁴ Khoo Boo Teik (1998), p 4.

¹⁵ See Anek Laothamatas (1997), p 11.

¹⁶ Khoo Boo Teik (1995), p 127.

¹⁷ Gomez and Jomo (1997), pp 168, 179.

¹⁸ *Ibid*. See also H. Crouch (1993), pp 144-145, and 'Great Wave of China'; *The Australian*, March 12th 1994.

¹⁹ Third Malaysia Plan (1976-80), Seventh Malaysia Plan (1996-2000), cited at Gomez and Jomo (1997), p 168.

²⁰ Gomez and Jomo (1997), p 166.

²¹ Crouch (1993), pp 142-143.

²² Jomo (1999), p 98.

- ²³ Figures for occupation by ethnic group (1995), Gomez and Jomo (1997), p 167. Figures for Registered Professionals in 1996 (lawyers, 1994), and household income, Malaysia (1998) Department of Statistics, pp 215, 225.
- ²⁴ Malaysia (1998), Department of Statistics, p xxxvi.
- ²⁵ Malaysia (1998), Ministry of Finance, p 9. The total labour force here was 9,006,000
- ²⁶ *Ibid*, pp lx-lxi, and Moha Asri Abdullah (1999), p 214.
- ²⁷ As noted by Mr. Sivananthan of the Malaysian Trade Union Congress (MTUC) in a seminar on migrant workers and the effects of the crisis, *Tenaganita* (1998), p 15
- ²⁸ P. Wad and K.S. Jomo (1994), pp 217-218.
- ²⁹ Central to the PAP's strategy, notes Rodan, "...was the simultaneous development of social and economic policies intended to give substance to the notion that political curbs were part of a trade-off for material benefits." (1993), p 82.
- ³⁰ Malaysia (1998), Ministry of Finance, p 114. Figures for 1970, extracted from Wan Abdul Rahman Wan Abdul Latiff (1999) p 76.
- ³¹ Jomo (1999), pp 96-97.
- ³² Malaysian GDP grew at an average 7.8% between 1986-1995, with projections for 8% between 1996-2005; *Malaysia Industrial Digest*, October-December, 1996. See also *The Australian* (special APEC feature), November 14th 1994.
- ³³ OECD, 1992, p 259. C. Dixon (1991), p 222, also notes, in this regard, how "...in Malaysia foreign investment has declined, a reflection of investors concern over the prospects of economic and political instability. This has been reinforced, as in Indonesia, by the continuation of politics which may restrict the activities of international capital."
- ³⁴ See A. Munro-Kua (1996), p 106.
- ³⁵ K. S. Jomo (1990), pp 20-21. However, in pointing to the relations of dependency which this entails, Jomo himself insists that: "...while not rejecting transnational corporate investments, especially in so far as they may be necessary for access to technology and markets, Malaysia has to adopt a much more nationalist industrial strategy".
- ³⁶ J. Clad (1989), pp 10-11.
- ³⁷ P. Dicken (1991), p 35.
- ³⁸ OECD Report (1992), p 273.
- ³⁹ Anuar Ali (1994), p 116. This discussion offers a comprehensive account of what constitutes technology transfer between parent companies and local franchising firms, and the particular ways in which its acquisition is constrained. For example, given the uneven relationship here, the technology licensor can determine both the cost and operating conditions of the technology (or technological information) being sought by the local purchaser. In addition, the licensor/supplier can insist on 'tie-in' purchases of key inputs, allowing the licensor to monitor and control the activities of the local franchise; p 112. A further constraint lies in the considerable negotiating experience and resources of Japanese firms in the field of technology sales; p 119.
- ⁴⁰ R. Steven (1991), p 58.
- ⁴¹ See, for example, OECD (1992), pp 262-263.
- ⁴² Munro-Kua (1996), p 111; W. Nester (1990), pp 89-90.
- ⁴³ M. Ariff (1991), pp 88-89.
- ⁴⁴ Lee Poh Ping (1990), p 179. M. Taylor and M. Ward (1994), p 162.
- ⁴⁵ Malaysia (1998), Ministry of Finance, p 72.
- ⁴⁶ *Ibid*, pp 164, 166. In terms of the share of approvals for manufacturing projects across the states between 1984 - 1989, Selangor, Johore and Penang received 30%, 21.4%, and 11.5%, while Kelantan, Terengganu and Perlis received 1.6%, 1.5% and 0.7% respectively. Between 1970-1990, the share of electronics/electrical components as a percentage of overall manufactured exports rose from 3% - 57%; the closest other single manufacture was textiles at 8% in 1990; *ibid*, pp 163, 167.
- ⁴⁷ *Tenaganita* (1998), p 9.
- ⁴⁸ *Ibid*, p 14.
- ⁴⁹ For an informative study of foreign labour patterns in Malaysia and the abuse of Bangladeshi workers in the Penang textile industry, see A. Rudnick (1996).
- ⁵⁰ See *Tenaganita* (1998).
- ⁵¹ Rehman Rashid (1993), p 99.
- ⁵² Crouch (1990), p 189. See also *Far Eastern Economic Review*, May 26th 1994.
- ⁵³ Jomo (1989), p 100.

- ⁵⁴ For an insightful critique of the government's selective use of statistics and information see Kua Kia Soong (1992), p 26.
- ⁵⁵ Gomez and Jomo (1997), p 167. This figure is for Peninsular Malaysia.
- ⁵⁶ Jomo (1990), pp 6, 10, 26. Crouch (1994), p 29.
- Nurizan Yahaya (1991) notes that with the growing migration from the rural areas to the cities, the urban poverty rate has increased, while Malays remain the largest proportionate poverty group among the ethnic communities; pp 212, 220.
- ⁵⁷ Halim Salleh (1991), pp 312-314.
- ⁵⁸ Fong Chan Onn (1989).
- ⁵⁹ Chandra Muzaffar (1989a), pp 498-499.
- ⁶⁰ Jomo and Gomez (1997), pp 117-118.
- ⁶¹ M. Vatikiotis and D. Tsuruoka, 'Democracy Games', *Far Eastern Economic Review*, February 11th 1993.
- ⁶² *Economist*, November 6th 1993.
- ⁶³ See M. Davis (1986) who notes that Carter's "resort to monetarist management", accompanied by new forms of deregulation, can be viewed as "the first year of Reaganomics"; p 136.
- ⁶⁴ R. S. Milne and D. K. Mauzy (1986) note in this context that "...the government was basically pro free enterprise, and yet it performed many functions that, in other countries, were carried out by the private sector." (p 149). See Mohd Nor Abdul Ghani (ed.) (1984) for a Government-private sector set of perspectives on the benefits to be derived from privatisation, and how it was to fit in with Malaysia Incorporated. Mahathir himself here argued that privatisation should be seen as a complement to the Malaysia Inc. process, noting that greater private sector participation "will lessen the burden of the Government with regard to funds", will be for the benefit of all social strata and be "good for the nation, that is everyone"; p 5. Extolling the benefits which privatisation promises both business and the broader community, Ibrahim Mohamad, a top Malay industrialist, asserted (p 71) that "it offers dazzling rewards for success, it throws wide ranging challenges to all men [sic] of enterprise...Most vitally, it injects an exhilarating spirit of adventurism into all Malaysians, as a nation heading bravely towards the 21st century."
- ⁶⁵ *Economist*, November 6th 1993. Ozay Mehmet (1986), p 149, also discusses, in this regard, the way in which trusteeships, interlocking directorships and cross-ownership of stock helps link these elite networks: "These interlocks establish new cartels and monopolise corporate information. In turn, this access to information provides virtually unlimited opportunities for quasi-rents, self enrichment through capital gains resulting from insider stock trading, contract awards and other types of mutually profitable business deals."
- ⁶⁶ See Gomez and Jomo (1997), pp 98-99, 178.
- ⁶⁷ Khoo Boo Teik (1995), p 132. See also Gomez and Jomo (1997), p 81.
- ⁶⁸ See 'Case Study 1: Daim Zainuddin', Gomez and Jomo (1997), pp 53-56. Clad (1989), pp 49-50.
- ⁶⁹ *Aliran Monthly*, 1994: 14; 6, pp 5-6.
- ⁷⁰ Gill and Law (1989) thus note, p 484, that "...the emphasis, certainly with regard to economic policy, has shifted to a definition of questions and concepts which is more congruent with the interests of large scale, transnational capital." It is also important to recognise here how this formulation of policy occurs within the context of sectoral conflict between *competing* alignments of state agencies and fractions of capital. One contradictory implication of this is the way in which such coalitions *within* states may serve to undermine the *national* interests of the state itself as they endeavour to institutionalise an internationalist set of priorities. See Frieden (1988).
- ⁷¹ This being the culmination of what Cox (1987), in Gramscian terms, describes as an "organic crisis of hegemony" (pp 269-270). Building upon Cox's theorisation of the global historic bloc, Gill and Law (1989) discuss here the dialectical relationship between states and transnational capital, noting how the shift in the power bloc coincided with an accumulation of stress points within the advanced capitalist states, notably the US, by the late 1970s: the pressure on the dollar within the international monetary system; persistently high US balance of payments deficits; expansionary US monetary and fiscal policies and the importation of inflation by the other key OECD capitalist states; and the final collapse of Bretton Woods, prompted by the 'Nixon shocks' of 1971, giving rise to a new regime of floating exchange rates. The appointment of Paul Volcker to the Federal Reserve by Carter in 1979 (following the OPEC oil shocks and the fall of the Shah of Iran) represented a later attempt to check these problems through a tightening of domestic monetary and fiscal policy and measures to restore the dollar's credibility within

the international financial system. By the late 1970s, this period of change represented the end of what Ruggie (1982) terms the “embedded liberalism” of the post war consensus.

⁷² See S. Strange (1986) and (1990), M. Moran (1990) and G. R. D. Underhill (1991) for accounts of speculative market activity in the 1980s and state responses to anomic capital movements. The scale of new speculative instruments such as ‘derivatives’ can be seen in the collapse of Barings Bank in February 1995.

⁷³ Gill and Law (1988), p 178. This is not to suggest that debate and divergence on many associated issues is absent here. What is remarkable, however, is the way in which these ideas became integral to the policy strategies of all major political classes within the capitalist and aspirant capitalist nations, including those of a social democratic persuasion. It is notable also that monetarism, preceding Reagan and Thatcher in the US and UK, were already implicit in the policies of Carter and Callaghan by the late 1970s.

⁷⁴ Gill and Law (1989), p 481.

⁷⁵ As Gill and Law note: “Transnational financial networks are particularly well developed, and links between commercial banks, central banks, the International Monetary Fund and the World Bank are illustrated in a number of international forums — the Bank of International Settlements, for example...[Such agencies] are explicitly concerned to foster social interaction, networks, and a *shared outlook* among the international establishments of the major capitalist countries.” *Ibid*, p 483.

⁷⁶ See Jomo, ‘Tigers in Crisis’, Speech to the Asia-Pacific Solidarity Conference, Sydney, April 12th 1998, <<http://www.pactok.net/docs/singapore/jomo.htm>>. For a complementary view of the particular role of finance capital and the significance of portfolio-based FDI as a feature of the crisis in Malaysia, see also Syed Husin Ali, ‘Economic and Political Problems of Asia: with Reference to the ASEAN Situation’, <<http://www.pactok.net/docs/singapore/syed.htm>>.

⁷⁷ R. Swift, (1994). Italics added.

⁷⁸ Gill and Law (1989), p 486.

⁷⁹ Gomez and Jomo suggest “...that even without external prompting or the fiscal debt crisis of the mid-1980s, privatization may have been pursued by Mahathir as a policy tool for the promotion of Bumiputera capitalism.” (1997), p 80.

⁸⁰ C. Dixon (1991), p 190; see also *Far Eastern Economic Review*, August 7th 1986.

⁸¹ *New Straits Times*, October 26th-27th 1994.

⁸² Cited in Clad (1989), pp 68-69.

⁸³ Jomo (1989), p 65.

⁸⁴ Munro-Kua (1996), p 107.

⁸⁵ Khoo Kay Jin (1992), p 52. This involved, amongst other things, a rise in unemployment from under 5% - 8.6%, (1982-87); p 54.

⁸⁶ Jomo (1989), p 27. Crouch (1994), p 23, notes that the foreign debt level rose from a nominal amount in 1980 to US\$ 51 billion by 1987.

⁸⁷ Johan Saravanamuttu (1987), p 59.

⁸⁸ *New Straits Times*, October 4th 1994. The occasion was the IMF/World Bank 49th annual summit in Madrid.

⁸⁹ Reflecting the standing joke that Mahathir’s ability to walk on water - thus signifying his purity - was only possible because he was being carried on Daim’s shoulders (anon.)

⁹⁰ Jomo (1989), p 27.

⁹¹ As noted in *Aliran Monthly*, 1994: 14; 6: “Mahathir’s Privatisation programme, the ostensible objective of which was to improve efficiency and remove the burden of the bureaucracy [has] also smoothened the transfer of state assets and the award of lucrative contracts to private corporations and well connected businessmen.”

⁹² Privatisation Master Plan, cited in Gomez (1994), p16.

⁹³ Gomez (1994), p 17.

⁹⁴ *Ibid*, p 18.

⁹⁵ Gomez and Jomo (1997), p 86. The figures are for the period 1983-1994.

⁹⁶ Gomez (1994), p 17.

⁹⁷ Jomo (1990), p 20.

⁹⁸ See Gomez and Jomo (1997), pp 137-138

⁹⁹ Heng Pek Koon (1992), pp 132, 142. Heng discusses, in this respect, Robert Kuok (whose interests include among other things sugar production and ownership of the Shangri-La luxury hotel chain),

noting (p 132) that “the Kuok group, the most successful Chinese conglomerate in the country, exemplifies the way these tycoons have formed alliances with prominent Malay patrons.”

¹⁰⁰ Heng Pek Koon (1992), pp 132, 134.

¹⁰¹ Extracted from ‘The New Rich’, Gomez and Jomo (1997). The key figure here, in terms of direct or indirect business associations, was Daim, with others such as Ghafar Baba, Abdullah Badawi and Anwar playing relatively similar roles at a lesser level. Mahathir’s own influence here is critical, though more carefully structured in view of his position.

¹⁰² Gomez (1994), pp 17, 28, 39.

¹⁰³ *Far Eastern Economic Review*, September 8th 1994.

¹⁰⁴ Chandra Muzaffar (1989 b), p 147.

¹⁰⁵ *The Asian Wall Street Journal* described UEM as a “financially beleaguered company with scant experience in construction projects.” Cited in J. Clad (1989), p 44.

¹⁰⁶ Gomez and Jomo (1997), pp 124-129.

¹⁰⁷ Jomo (1999), p 98.

¹⁰⁸ *Ibid*, pp 97-98.

¹⁰⁹ Khoo Boo Teik (1998), p 9.

¹¹⁰ See *Financial Times*, January 12th 1998) for a detailed account of the origins of the crisis in Thailand and how the mounting turmoil in the financial markets prepared the way for domino-effect panic throughout the region.

¹¹¹ In June 1997 Malaysia registered a RM2.8 billion (US\$1billion) trade shortfall, triggering a 22 month low on the Kuala Lumpur share index and further pressure on the *ringgit*. Other ongoing problems included shortages of skilled labour, rising wage costs and the continued appreciation of the yen (driving-up the import cost of key Japanese capital goods). See James Kynge, ‘Malaysia’s economic frailties come into focus’, *Financial Times*, August 6th 1997.

¹¹² See ‘Tiger takes a bear’s mauling’, *Guardian*, August 30th 1997. At the end of March 1997, the *ringgit* was trading at RM2.4790 to the US dollar, with the emerging problems of currency outflows and speculative attacks on other regional currencies being noted by the Ministry of Finance. (Malaysia (1997), Ministry of Finance.) By September 4th, the *ringgit* stood at RM3.02 against the US dollar, a 24 year low. *Guardian*, September 5th 1997. By mid-January 1998, it was trading at around RM4.60 to the dollar. *Star*, January 13th 1998. In addition, the *ringgit* had fallen against most other hard currencies, notably sterling (from around RM3.86 - RM7.00 to the pound), within this period.

¹¹³ See ‘Globalization Theory Vaults into Reality’, *Herald Tribune*, September 26th 1997.

¹¹⁴ *Financial Times*, August 29th 1997.

¹¹⁵ *Guardian*, September 5th 1997.

¹¹⁶ *Ibid*. Mahathir had alleged that the IMF’s insistence on the shelving of the ‘mega-projects’ was intended to support its stated position on the need for a slowdown in the Malaysian economy, something that Mahathir has consistently resisted as part of the Vision strategy. Criticising the aid package to Thailand, Mahathir also noted that despite IMF intervention “...the Thai baht is still sliding and the Thai economy is in bad shape...So why do you borrow from the IMF which is not of any help?” *Financial Times*, September 1st 1997.

¹¹⁷ *The Independent*, September 22nd 1997. The exchange between Mahathir and Soros reflected an ongoing conflict over their opposing perceptions of ‘Asian values’. More specifically, Mahathir had accused Soros and other fund managers of deliberately working to an “agenda” by selling the *ringgit* and seeking to undermine the Malaysian stock market.

¹¹⁸ For a detailed critique of the role played by the *Bank Negara* in the currency markets, including its RM12 billion loss in 1992 (a loss equivalent to over one-third of Malaysia’s foreign exchange reserves at the time) see *Aliran Monthly*, 1997: 17: 6.

¹¹⁹ *Financial Times*, September 26th 1997.

¹²⁰ Malaysia: *Bank Negara* Report, February 1988, pp 68-69, 72. Malaysia (1998), Ministry of Finance, p 180. The figures for 1998 are for the period to September 15th. See also Khoo Boo Teik (1998) p 7.

¹²¹ See also, in this regard, Syed Husin Ali, ‘Economy in Crisis’, *Aliran Monthly* (1998: 18; 3), pp 13-18.

¹²² Jomo, ‘Tigers in Crisis’, Speech to the Asia-Pacific Solidarity Conference, Sydney (April 12th 1998), <<http://www.pactok.net/docs/singapore/jomo.htm>>.

¹²³ Bruce Gale, cited, *Far Eastern Economic Review*, September 18th 1997.

¹²⁴ *Ibid*.

¹²⁵ *Sun*, November 21st 1997.

¹²⁶ *Singapore Business Times*, December 30th 1997.

¹²⁷ See Shroff, *Far Eastern Economic Review*, December 11th 1997.

¹²⁸ In the trading week November 17th - 21st 1997, the Renong share price fell from RM 2.90 - RM1.49, effectively halving the value of UEM's own stake. In the same week, the KLSE fell "an astounding" 24.45%. See 'Bashing for UEM and Renong', *The Edge*, November 24th - 30th 1997. As one market analyst noted in this edition of *The Edge*: "From the performance of the market, it seems obvious what everyone thinks of the deal and the circumstances surrounding it." Another local investor stated: "There are some very good rules here, and they should be enforced to give everyone a level playing field."

¹²⁹ At this point, the government withdrew the waiver and censured UEM on the instructions of the Registrar of Companies who found the company to have contravened the Malaysian Code on Takeovers and Mergers by failing to disclose vital information on the deal. *Sun*, November 25th 1997.

¹³⁰ See *ibid* and *Financial Times*, January 12th 1998.

¹³¹ See Anil Netto, 'Hey, that's our money', and Lim Kit Siang, 'EPF funds used to save VIPs, tycoons and cronies', in *Aliran Monthly*, June 1998: 18, 5.

¹³² See, for example, the *Far Eastern Economic Review* editorials of September 11th and 18th 1997, *Asiaweek*, 'The Big Slump', October 3rd 1997, and the *Economist*, 'Mahathir's Roasting', September 27th 1997.

¹³³ Indeed, by September 1997, an increase of 21.7% in export revenue had been recorded, while the construction sector continued to contract. See 'Exports kick in', *The Edge*, November 24th - 30th 1997.

¹³⁴ See Khoo Boo Teik (1998), pp 13-14. In an aside to the 'Asian values' debate, Khoo (1999) notes, p 5, that this view also reflected a more 'indigenous' reaction against public funds being used to rescue conglomerates at the expense of public welfare.

¹³⁵ Malaysia (1997), Ministry of Finance, abstracted from special Budget report, *New Straits Times*, October 18th 1997.

¹³⁶ *New Straits Times*, October 18th 1997.

¹³⁷ See 'Business', *New Straits Times*, October 18th 1997.

¹³⁸ See *ibid*.

¹³⁹ See 'NEAC will have strong hands and clear mind', *New Sunday Times*, November 30th 1997.

¹⁴⁰ As noted in *Aliran Monthly*, 1997: 17; 9, the "dismal reaction" of the markets to the Budget reflected a sceptical view of the forecast laid out in the Budget Report. Questioned, for example, was the government's claim to have scaled-down spending on infrastructure given its projected annual rise from 12.2% in 1997 to 15.6% in 1998. Also questioned was the expected improvement in the current account deficit from RM13 billion to RM11 billion in the same period.

¹⁴¹ See 'Ringgit ends lower in a sceptical market despite tough Budget'; *ibid*. Dr. Mohamed Ariff of the Malaysian Institute of Economic Research also noted how "the budget should have steered away from import duties", noting their "redundant" effects and warning of the dangers involved in sending inconsistent trade policy signals to the international community. See 'Hike on import duties redundant, says MIER'; *ibid*.

¹⁴² Reflecting the concerns of domestic capital, *The Edge* noted in its Economic Review, January 26th 1998, that while encouraged by the beneficial effect on commodity prices due to the 40% fall in the *ringgit*, the overall picture was "gloomy." It foresaw for 1998 slower output in the manufacturing sector, inflationary and interest-rate pressures, more currency instability and even a fall in Malaysian exports due to a slowdown in global demand, particularly in the electronics sector. Domestic demand was also likely to be adversely affected due to cut-backs in spending power.

¹⁴³ 'Banking system is "solid", says Daim', *Sun*, November 26th 1997.

¹⁴⁴ *The Times*, December 31st 1997.

¹⁴⁵ By January 1998, Mahathir was appealing for people to resist putting their money in foreign banks, noting that local banks, facing a capital shortage due to such withdrawals, were being forced to borrow from foreign banks, with the higher interest rates imposed passed on, in turn, to the public. *Utusan Malaysia*, January 28th 1998.

¹⁴⁶ 'Budget Pains', *Aliran Monthly*, 1997: 17; 9. The figures refer to the 1997/98 Budget Report.

¹⁴⁷ See *Far Eastern Economic Review*, December 18th 1997. Further details of the cuts included an 80% reduction in government-sponsored students going abroad, while the Works Ministry and the Entrepreneur Development Ministry announced expenditure cutbacks of 25% and 20% respectively. *Sun*, December 8th 1997.

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- ¹⁴⁸ *Star*, December 19th 1997. While commending the measures, Lim Kit Siang also expressed regret that Anwar had not heeded some of his other proposals such as the cancellation of rises in driving license duties and travel documents.
- ¹⁴⁹ The appeal was made during ASEAN's 30th Anniversary Commemorative Summit in Kuala Lumpur. *Star*, December 16th 1997.
- ¹⁵⁰ See Larry Elliott, 'Sending out an SOS', *Guardian*, January 12th 1998.
- ¹⁵¹ See, for example, 'IMF to the rescue', *Time*, December 8th 1997. See also 'One size does not fit all', Analysis feature on the IMF, *Guardian*, July 3rd 1998, detailing criticism of IMF intervention from left, right and centre.
- ¹⁵² See Khoo Boo Teik (1998), p 11.
- ¹⁵³ *Ibid*, p 17.
- ¹⁵⁴ R. Wade and F. Veneroso (1998), p 18.
- ¹⁵⁵ Mahathir's response here was to ask where Soros had obtained the money in the first place, noting that the *Bank Negara* had lost RM30 billion of the nation's reserves attempting to support the currency against people like Soros. *New Straits Times*, October 30th 1997.
- ¹⁵⁶ The assurance was made to Anwar through Clinton's Deputy Treasury Secretary Lawrence Summers. *Utusan Malaysia*, January 14th 1998.
- ¹⁵⁷ *Star*, February 4th 1998.
- ¹⁵⁸ See 'Investors pour into Malaysia', *Financial Times*, February 4th 1998.
- ¹⁵⁹ UEM were fined RM100,000 for giving 'conflicting information' over the Renong deal. *Financial Times*, February 19th 1998.
- ¹⁶⁰ Anwar's statement was made during an interview with Greg Sheridan of the *Australian*. Cited *Utusan Malaysia*, January 28th 1998.
- ¹⁶¹ *Far Eastern Economic Review*, July 2nd 1998.
- ¹⁶² 'Can Anyone Save Malaysia?', *Asiaweek*, August 20th 1998.
- ¹⁶³ *Utusan Malaysia*, May 29th 1998.
- ¹⁶⁴ *Financial Times*, August 20th 1998.
- ¹⁶⁵ 'Easing the Squeeze', *Far Eastern Economic Review*, July 16th 1998.
- ¹⁶⁶ See 'In Units they Trust', *Far Eastern Economic Review*, June 11th 1998.
- ¹⁶⁷ A critical review and list of Anwar associates, such as Kamaruddin Jaafar, Anuar Othman, Nasaruddin Jalil, Latiff Misara, Ahmad Saad and Nazeri Abdullah, are noted in various articles at the Socialist Malaysia website, <members.tripod.com/~socialistmalaysia/index.html>, late-1998.
- ¹⁶⁸ See 'Gore backs Malaysia protesters', *Financial Times*, November 17th 1998; 'Gore speech raises fears of backlash', *Financial Times*, November 18th 1998.
- ¹⁶⁹ See Larry Elliot, 'A tale of two catastrophes', *Guardian*, November 7th 1998, contrasting the \$3.5 billion given to LTCM with the \$100 million rescue package put up by the West in response to the flood crisis in Central America, claiming over 11,000 lives.

Mahathirism and the politics of the power bloc

Having used the new business climate from the early-1980s to realise a shift in class relations, Mahathir needed to embed these changes more concretely within the *political* bloc. Throughout the early import-substitution and export-orientated phases of post-colonial development, the Alliance state had kept domestic class interests tied to those of international capital.¹ By the 1970s, these *laissez-faire* orientations had given way to state-corporate regulation of the economy, firmer control of labour and the anchoring of political rewards to the NEP. From the mid-1980s, Malaysia Inc. had been the *leitmotif* of 'corporatist consensus'. And by 1997, the project had seen a more conscious propagation of *Bangsa* Malaysia and neo-liberal nostrums in an attempt to 'consensualise' the Vision.

But while tri-partite arrangements between government, business and labour denotes corporatism, it is not *hegemony* in the Gramscian meaning of that term. For a hegemonic order must also be understood in terms of the ensemble of *ideas* which a ruling group is able to project as a basis for political legitimacy. In this sense, hegemonic rule transcends what Gramsci calls 'economic-corporate' consensus for one which strives for a 'universalisation' of consent within the bloc and civil society.² For Gramsci, this signified a convergence between economic, political and intellectual-moral objectives.³ Let us consider how Mahathir has sought to build consensus by managing tensions within the political bloc and crafting national-popular support, taking us to an analysis of the political crisis by 1997.

Politics, conflicts and institutions: building the new consensus

As Mahathir and Daim came to implement their own, attenuated, liberalisation during the 1980s, they needed to move beyond NEP corporatism, entrenched *Bumiputeraism* and old forms of technocratic statism towards a leaner use of capital and labour more

appropriate to the new competitive landscape of information-led global markets. As this transitional phase unfolded, throwing up new forms of social dislocation, the task of maintaining political consent became more complex. Thus, alongside an economic challenge, the Vision project came to invoke the need for new civil and cross-ethnic accommodations.

Despite the proclaimed ideals of consensus within the BN, the Mahathir style is not easily-given to political consultation. In assuming office in July 1981, it was clear that Mahathir's approach would not only be proactive and reformist, but highly individualised. Mahathir can be seen as a political motivator of the Thatcher type, his self-initiated assault on civil, administrative and elite institutions reflecting, in many ways, the 'rational populism' of the Thatcherite project. Indeed, an underlying social class parallel might be suggested here. Both figures emerged from non-elite, middle-class environments, unsocialised by, and not easily disposed to, traditional establishment codes, class closure and protocols. While Thatcher, the grocer's daughter, sought to wrest power from the Tory grandees and popularise 'enterprise culture',⁴ Mahathir, the first Malaysian leader not educated abroad, brought with him his own middle-class experience and reserved view of privileged institutions. Mahathir also epitomises the proclaimed Thatcherite 'qualities' of diligence, hard-work and self-improvement; the ethos of the self-made man inherited from his father, himself a model figure of the colonial *petite bourgeois* Malay schoolmaster.⁵ Here, one can observe in Mahathir's relationship to traditional elites a hybrid tone of qualified respect and latent *ressentiment*. Much of this stemmed from an admixture of disdain for the colonial administration and position of the Malay sultans, a privileged detachment which, in the struggle for independence, Mahathir saw as a betrayal of the Malay cause. Thus, in assuming power 'from below', such 'class prejudice' has never been far from the surface in Mahathir's challenge to elite institutions. Yet, it also helped set a rationale for the 'modernist project' in Mahathir's mind through its invocation of hard-work and diligent enterprise, qualities perceived as an antidote to Malay 'fatalism' and a stimulant to the new economic growth.

Mahathir was to serve notice of this approach in his early political initiatives. The formative stages of his premiership thus witnessed a systematic rationalisation of the civil service, the streamlining of public sector jobs and the appointment of a select

nomenclature, reflecting the interdependent sense in which ‘modernisation’ and the displacement of existing power bases was to be achieved.

Symbolising this process was Mahathir’s attempt to check the prerogative powers of the Malay royalty, leading to the first of a series of constitutional confrontations in 1983. In seeking to pass the Constitution (Amendment) Bill, Mahathir wanted to dispense entirely with the *Yang di-Pertuan Agong*’s powers of royal assent. Although no *Agong* had, in practice, ever refused assent, the proposed amendment (to Article 66) meant that removal of this power could, in theory, lead to the abolition of the monarchy by a Parliamentary Act after fifteen days, a prospect sufficiently alarming for the Royals to refuse assent to the Amendment itself. While the *Agong*’s supporters invoked deference and tradition, Mahathir, using the BN media, depicted the clash as a modernist challenge to feudal privilege.⁶ The subsequent compromise gave Mahathir the right to check royal assent, with the *Agong* retaining nominal emergency powers. In a further challenge, following the Sultan of Johor’s attack on a hockey team coach in 1992, Mahathir alleged that the legality of the Rulers’ immunity from prosecution was a colonial legacy, a “ ‘feudal principle’ inconsistent with modern development.”⁷ Assisted, again, by detailed press coverage of their ostentatious lifestyle,⁸ Mahathir was seeking to garner support for populist reform by invoking liberal themes of modern civic nationalism and the sovereign will of the *Dewan Rakyat* (people’s parliament).

In reality, the 1983 skirmish signified an emerging strategy to transfer more power to the centre. Another important, if less obvious, feature of the royal conflict was the attempt to acquire symbolic custodianship over national Islamic interests, traditionally the remit of the Sultans through the National Council for Islamic Affairs.⁹ In turn, the government proceeded to usher-through federal legislation giving it “the absolute right to interpret Islamic precepts, tenets and *shariah* law.”¹⁰ Backed by the Amendments to the Societies Act (1981), this allowed it overall power to proscribe ‘seditious’ organisations seeking to challenge the government, *Bumiputera* rights or Islamic doctrine — legislation used to ban *Al-Arqam* in August 1994.¹¹

But while these decrees indicated UMNO’s coercive side, Mahathir was also intent on fostering consent through reform of social ideas. An important consideration here was the global Islamic resurgence which had taken root in Malaysia from the early-1980s. Attempting to harness that shift to the project throughout the 1980s, Mahathir

had established the Malaysian Institute for Islamic Understanding by 1992. Promoting reappraisal of Islamic doctrine, Mahathir was seeking a balance “between spiritual attainment and material development.”¹² More specifically, such forums were now serving as an intellectual counterpoint to PAS in an attempt to keep Malays within UMNO’s political constituency.

Likewise, Mahathir was aware of the need to maintain UMNO’s support base in the rural environs. But this was not, and never has been, for Mahathir a surface gesture. A deep-rooted part of his own political socialisation lies in the rural experience. Mahathir’s own birthplace and parliamentary constituency lies in rural Alor Setar, Kedah. In his early writings (under the pseudonym C.H.E. Det), Mahathir had vented powerful criticism of the colonial *padi kunca* (rice land system) and its exploitative effects upon the Malay peasantry, a view (carried-over into his polemics on behalf of the South) which helps explain Mahathir’s own long-standing Malay-centred rural populism.¹³

In this regard, much of UMNO’s populist base has been built at the local level. Significant here has been the practical role played by Village Security and Development Committees, *Jawatankuasa Kemajuan dan Keselamatan Kampung* (JKKK), in filtering ideas and values.¹⁴ A vital, if low-key, part of the UMNO network, JKKKs provide an integrated system of localised political and social control across each Malaysian state. Appointed, rather than elected, (as are local district councillors) in a top-down process via the Chief Minister/*Menteri Besar* (CM/MB) and State Exco Council, local *Barisan* members control JKKK activities (no opposition parties are invited to participate), helping to collect village data, co-ordinate local development projects, advise on the allocation of local contracts and maintain local security by acting as intermediary and informer to the municipal state authority. Thus, within each *mukim* (district/ward — comprising lots, or streets) JKKKs cultivate local co-operation through, for example, the initiation of new *kampong* road works and local employment projects. Increasingly, JKKK activities have been absorbed into Vision development strategies directed by the Rural Development Ministry.¹⁵ In 1997, plans were announced to send village committee members on specially designed training courses to help boost growth.¹⁶ At the same time, they play an ‘on-the-ground’ role in identifying recalcitrant elements and ‘providing feedback’, thus acting, in (Penang CM) Dr. Koh’s words, as the “Government’s eyes and ears” at the state level.¹⁷ In seeking to extend the scope and

representation of JKKKs, Dr. Koh has also urged them to adopt a more socio-cultural role, while Sanusi Junid in Kedah has called for the involvement of more women.¹⁸ In these ways, JKKKs help project the *Barisan* as the main provider of community services and source of social stability.¹⁹

There has, nonetheless, been disquiet in the rural hinterlands over UMNO's urban identity and centralised network. Guinness's ethnographic account of social development in the *kampongs* and environs of Mukim Plentong, Johor, for example, demonstrates some of the latent hostility to-wards local UMNO cadres despite their provision of social welfare.²⁰ At the same time, clear patterns of rural-urban migration from the 1980s, typified by the large-scale movement of young single Malay women into low-wage employment in the new Free Trade Zones (FTZs) and industrial plants, has continued to erode the fabric of *kampong* life and its multi-layered system of village co-operation (*gotong royong*). These new social problems for rural migrants in the major industrial centres have caused a mood of displacement which one long-term demographic study describes as a state of "anomie."²¹

Rapid economic development in the 1980s had also given rise to a more fragmented set of urban middle-class identities as individualism and consumer sovereignty competed with the values of NEP collectivism. An expanding middle-class had experienced both the fruits of upward mobility and the insecurities of the mid-1980s recession, with competition for privatised wealth intensifying social-class identity. It is perhaps instructive that, to date, market researchers appear to have taken a keener interest than academics in the emerging patterns of middle-class identity in Malaysia.²² But what both perspectives reveal is the exponential growth of the 'new middle-classes' from the 1980s, increasingly segmented by socio-economic position, lifestyle and consumption patterns. It is here, in the new urban landscape of glossy KL and Penang shopping malls and other designer-modish outlets that 'new middle-classness', based on consumerism rather than ethnicity, has been forged. Yet, it is also amongst a professionalised Malay salariat and middle-class that the renewal of Islamic consciousness became most prominent by the mid-1980s, serving to re-politicise Islam as an increasingly potent symbol of ethnic identification. By the mid-1980s, this 'ethnic-class paradox' and more fluid set of middle-class identities was presenting new sectoral

divisions and challenges for the project. Heightened by the mid-1980s recession, privatisation and public sector reform, lingering tensions within UMNO now came to the

Internal conflict and the UMNO split

The turmoil and eventual split within UMNO by 1988 represented not just an internecine power struggle, but a hegemonic crisis. It signified the political showdown of contending class forces and sectoral interests thrown up by the 1980s deregulatory agenda, revealing, in its aftermath, a fundamental shift in the political basis of the bloc.

In broad terms, the source of the disaffection stemmed from ‘traditional’ or ‘conservative’ forces within UMNO. Its most decisive feature involved the failed challenge at the April 1987 UMNO Election by former Finance Minister Tengku Razaleigh Hamzah for the post of UMNO President, and Musa Hitam for the post of Deputy; positions providing effective accession to the Prime Ministership and Deputy Prime Ministership. Although Mahathir’s and Razaleigh’s support bases within the party (respectively, if not very imaginatively, dubbed ‘Team A’ and ‘Team B’) represented certain factional and personality-based cleavages, the more substantial source of the conflict can be traced to the broadly different set of policy perspectives held by each grouping in relation to economic development.

Invoking UMNO’s ‘founding values’, the Razaleigh team had campaigned on an anti-corruption platform within the context of UMNO and NEP patronage. However, the source of its grievance lay in its main support base comprising small-medium business fractions and civil servants unhappy at Mahathir’s deregulatory ideas. It is worth noting here how these elements had come to constitute the decisive proportion of UMNO delegates — notably at the expense of teachers, UMNO’s older base.²³ Thus, Team-B’s campaign lay in its disquiet over the re-distribution of privatisation resources, which, alongside the effects of the 1985-87 recession, had resulted in the more controlled flow of patronage and rewards to new elites.²⁴ Thus, the economic downturn can be seen as the catalyst for a split waiting to happen:

When Malaysia’s economic growth began to falter in the early to mid-1980s, mainstream Malay political and business opinion on the NEP’s impact on the economy and its impending end in 1990 started to split between pro-‘growth’ and pro-‘distribution’ positions...[The former] shared a wider

concern, traditionally held by non-Malay and foreign capital, that excessive state regulation had led or would lead to a contraction in investment in the Malaysian economy. [The latter] were committed to the retention of the NEP's restructuring objective.²⁵

Thus, while the Razaleigh camp's approach involved a more assertive defence of the NEP state,²⁶ this perspective conflicted with Mahathir's ambitions to shift the weight of political control away from the state bureaucracy.

Tensions over these policy perspectives had been evident since 1980 when, as Deputy Prime Minister, Mahathir had expressed 'disdain' for the Industrial Co-ordination Act and the Petroleum Development Act, the latter having been initiated by Razaleigh in 1974.²⁷ Under the NEP, a whole plethora of bureaucratic interests had become entrenched within state agencies such as the Treasury Department, the Economic and Planning Unit (EPU), the Ministry of Public Enterprises and the *Bank Negara*.²⁸ Mahathir's moves to streamline and control them — including the integration of the EPU into an expanded Prime Minister's Department²⁹ — now brought defenders of those interests, like Razaleigh, into direct confrontation. In turn, Mahathir's deregulatory agenda, a reflection of new state-class priorities, now had to be legitimised in political terms. Thus, policy sensitivities which had taken the form of discreet factional positioning within UMNO now took the form of open political conflict.

In defeating Razaleigh's bid, albeit with a marginal 51% of delegate votes, Mahathir had used the UMNO contest as a hegemonic opportunity to re-model the political basis of the party and the power bloc. Again, the modernity argument had been invoked to portray Team B as a repository of anachronistic values. However, Razaleigh, and his Team-B Ministers had proceeded to challenge the legality of the UMNO Election in the courts, a lawsuit being filed by the 'UMNO-11' in June 1987 seeking to nullify the Election. In an atmosphere of growing public unease, Mahathir needed to pre-empt any further haemorrhaging of support within UMNO and loss of public confidence in the BN. The party crisis had also coincided with a series of brooding communal tensions between Malay and Chinese institutions over the introduction of Malay-Islamic educational reforms, prompting protests from Chinese guild associations, the MCA, *Gerakan* and the DAP.³⁰ Thus, on 27th October 1987, using the spectre of past social and ethnic unrest as an authoritarian populist rationale,³¹ Mahathir deployed the ISA to arrest over one hundred opposition figures under Operation Lalang, the detention of academics and

intellectuals such as (then) *Aliran* President Chandra Muzaffar, K.S. Jomo, Kua Kia Soong and Dr. Mohd Nasir Hashim being defended as a necessary measure to prevent sedition and civil disorder.³² Despite warnings from Tunku Abdul Rahman, Malaysia's elder statesman, that the country was becoming a 'police state' Mahathir used the media to defend the suspension of civil liberties and denounce political dissent as an incentive to social chaos.³³

The High Court's ruling in February 1988 on the UMNO-11 suit was that illegal UMNO branches had been evident and that while the election itself could not be nullified, UMNO should be deregistered as a party under the Societies Act.³⁴ With the schism formalised and UMNO technically 'illegal', the Registrar had, thereafter, allowed Mahathir to reclaim the party title as UMNO *Baru* (new), with Razaleigh proceeding to found *Semangat '46* (S46). As statements of Malay identity, both assignments were instructive. *Semangat '46* (the Spirit of '46), referring to the year of UMNO's founding, invoked a 'back to basics' traditionalism; an attempt to re-politicise Malay political culture through an appeal to older values. The concept of *semangat* itself, roughly meaning 'soul' or 'vital substance', derives from the Malays' diverse religious and cultural inheritance, ranging from ancient forms of animism (still prevalent among the *Orang Asli* aboriginals) to Islam brought by Arab traders. The Malay understands *semangat* as a universal force within man and all other forms of nature.³⁵ Again, one needs to recognise the significance of Malay *adat* in shaping political consciousness. UMNO *Baru*, on the other hand, was hailed as a newly 'purified' political force with a revitalised modern vision.³⁶

However, the legal impasse now offered an expedient moment to confront the judiciary itself. This followed-on from a series of conflicts between the courts and the executive, including the High Court's decision in September 1987 to allow *Aliran* the right to publish a monthly magazine in the Malay language — overturning an earlier application rejected by the Ministry of Home Affairs.³⁷ Fearing judicial arbitration on the allocation of privatised contracts, the move to curb the judiciary's powers also came in response to Lim Kit Siang's lawsuit over the legality of the UEM North-South Highway contract. Following protracted legal manoeuvres, the Supreme Court President Tun Salleh Abbas was suspended in May 1988 (technically, on the instructions of the

Yang di-Pertuan Agong) with effect from August 8th 1988. The following day, the Supreme Court heard an appeal by the UMNO-11 and dismissed their case.³⁸

In the ensuing 1990 General Election, coinciding with an economic upturn, *Semangat*'s poor performance within Malaysia's first ever multi-racial electoral pact, the *Gagasan Rakyat Malaysia* (Malaysian People's Front) showed that, while the *Barisan* had lost ground (losing Sabah and Kelantan), UMNO's political hegemony was still intact. This was evidenced by the steady stream of party personnel returning to the UMNO fold, isolated by the lack of political patronage denied to political bodies outside the *Barisan*.³⁹ By late- 1996, following *Semangat*'s deteriorating political alliance with PAS in Kelantan, Razaleigh himself returned to UMNO.⁴⁰

By the early-1990s, the dynamics of the split had created a more centralised political bloc. While articulating various concerns, the Razaleigh-Musa camp had comprised a 'protectionist' element, while Mahathir had sought a concerted shift in state priorities. But the 1987 clampdown had also revealed the limitations of ISA repression as a political strategy.⁴¹ Thus, Mahathir required a return to consensus-building to help consolidate the BN's electoral base.

Consolidating the bloc after 1990

This section considers the attempted consolidation of the political bloc from the period of the split, culminating in the political fallout of the 1997 crisis. Four aspects are addressed here. Firstly, the nature of the political coalition *vis-à-vis* Chinese politics and the other BN parties. Secondly, the *realpolitik* of the 'Anwar succession'. Thirdly, the continuing issue of political corruption within UMNO. And, fourthly, Mahathir's role on the international political stage.

This takes us towards a closer analysis of how these elements fed into the crisis and Mahathir's emergency attempts to re-establish hegemonic consent.

Holding the coalition: Chinese politics and the wider party alliance

A full analysis of the *Barisan* parties and their roles within the coalition is beyond the remit of this work.⁴² Let us consider, however, some of the principal factors which have

continued to hold the coalition together and how Mahathir has sought to fashion a new political base through the Vision project.

Mahathir's charismatic appeal, political judgement and astute handling of the reward structure has been fused with the invocation to work together for growth, helping to keep the MCA, MIC and other junior *Barisan* partners contained within the political bloc. For the Chinese in particular, the *quid pro quo* for MCA and *Gerakan* (an offshoot of the MCA from the early-1960s) co-operation has been the consistent promise of material rewards. Indeed, there is an unstated understanding here that this compliant role will enhance the prospects for growth and accumulation for Chinese business.

Thus, the extent of the MCA's own political voice has revolved around a rational calculus of what level of business rewards and broader social goods can be secured from working within the *Barisan* system. As MCA President Ling Liong Sik asserts, the Chinese community:

...want a society where the rules are conducive to doing business, where they can educate their children. And they have it here. This is a land of tremendous opportunity.⁴³

From this perspective, one can see the connection between Ling's avid enthusiasm for the Vision project on the one hand and the compliant nature of MCA politics on the other.⁴⁴ At the same time, the party acts as a controlling mechanism within the coalition, helping to filter government objectives down to the broader Chinese community.

As noted, this compliance has its roots in the politics of decolonisation, the Emergency and Alliance consociationalism. Having supported British attempts to contain the MCP's base of Chinese workers, left-wing Malay nationalists and other rural elements,⁴⁵ conservative Chinese elites had formed the MCA as a bulwark to class-based ethnic demands from below. In the immediate post-*Merdeka* period, this allowed the MCA a relatively strategic position within the Alliance. Yet despite a more assertive and intellectual profile in the 1960s and 1970s, under leaders like Tan Siew Sin, party objectives have become rather parochial. Translated into the current politics of *Bangsa Malaysia*, the MCA's role within the political bloc is one of pragmatic co-operation, a trade-off for economic rewards which has diminished its status for many Chinese who see it as a passive appendage to UMNO. In response, the party has made some efforts to reassert its credibility — for example, through its promotion of the Thought Reform

Campaign, via *Hua Zong*, the lobby-based Federation of Chinese Associations. However, this agenda, coinciding with perceived attempts to water-down basic Chinese nostrums on democracy, culture and education has been strongly-resisted by *Dong Jiao Zong* (DJZ), the esteemed Chinese educationalist movement, and its radical director Kua Kia Soong.⁴⁶ Ling has also sought to rebuild the party by promoting its women's wing, *Wanita MCA*.⁴⁷ Yet, reflecting the difference between the latter and its Malay counterpart, *Wanita UMNO*, the MCA's political credentials remain all but subsidiary to UMNO.

Similarly, *Gerakan*'s influence has been mainly confined to the domestic issues of Penang politics. In defeating the Penang Alliance at the 1969 General Election, under the charismatic leadership of Lim Chong Eu (Penang Chief Minister 1969-90), the party could claim a significant multi-ethnic and social democratic support base. But by the mid-1980s, these had been sacrificed for a passive role within the BN.⁴⁸ As Loh Kok Wah concludes, Chinese political discourse has become, in essence, "the politics of developmentalism...[a means of] ensuring that the Chinese get a fair share of the cake."⁴⁹ Conversely, issues such as corruption and repressive acts and have become taboo subjects for political discussion among the Chinese BN.⁵⁰

Perhaps more worrying for the MCA and *Gerakan* is the apparent long-term diffusion of its support base. Neither party has ever been able to nullify the appeal of the DAP opposition within the Chinese community. And while recording their best-ever results in the 1995 General Election, much of this can be seen as an endorsement of Mahathirism rather than specific support for the MCA and *Gerakan*. Indeed, the BN's best election result since 1974 is a reflection of the increased Chinese support for the coalition and UMNO's record of economic liberalisation, growth and financial prosperity.⁵¹ In addition, Mahathir has sought to build Chinese consent by taking a more conciliatory view of Chinese education, culture and Confucian-Islamic dialogue.⁵²

Internal to the *Barisan*'s support base has been the 'political voice' of Chinese business agencies, most notably the Malaysian Chinese Chamber of Commerce (MCCC). Although the principal representative of small-medium Chinese business, this body can be seen as an important part of the UMNO network through its close connections with the MCA and in its efforts to maintain stable relations with local political elites. A good example of this is the role played by the Penang Chinese Chamber of Commerce

(PCCC), a particularly significant branch of the MCCC given Penang's large Chinese business community.⁵³ While a professed independent organisation, it acts as a key intermediary between the Penang business sector and the Penang State Assembly. The PCCC has also worked closely with *Gerakan*, the state's governing party, and its Chief Minister Dr Koh Tsu Koon.⁵⁴ Likewise, with other regional branches, it engages in more in-depth 'consultation exercises' with government through national AGMs. As intimated in the PCCC's own profile statement, this links it into the broader business-political network:

The Chamber has great rapport with the Government at regional as well as national level through its direct affiliation to the Associated Chinese Chambers of Commerce and Industry of Malaysia and indirect connection with the National Chamber of Commerce and Industry of Malaysia.⁵⁵

While such dialogue is not in itself unusual, it does signify the means by which the Chinese business class are absorbed into the political network. Another key factor in the PCCC's support for Mahathir had been the business benefits derived for the Penang business class through Anwar's political association with the state. The careful attention paid by Anwar to developing such relations could be seen in the MCCC's key pre-election endorsement of Mahathir and the Vision agenda in 1995.⁵⁶

This suggested an important shift in UMNO's electoral base by the mid-1990s. While still concerned with reversing PAS influence over the rural Malays, UMNO seemed prepared to risk concessions to the non-Malays and the forfeiture of some Malay support in order to build a broader multi-racial support base — a strategy, perhaps, consistent with the demographic realities of an increasingly urbanised, consumer-driven electorate. The poor response to the DAP's main 1995 electoral theme of greater democratisation also helped reinforce the suspicion that the Chinese electorate attach relatively greater importance to economic rather than political rights.⁵⁷ This does not imply any simple disregard for the latter. Rather, the distinction is more nuanced, with Chinese 'political consciousness' inclined towards a more rational assessment of how political rights help safeguard economic opportunities. This was also evident in Kelantan where, despite its Islamic agenda, PAS has consciously sought to protect the political and economic rights of the Chinese community. But, in the absence of any more mainstream political alternative, small-medium Chinese business has remained tied to the

MCA and *Gerakan*, while big Chinese capital has become linked more directly to UMNO itself. The Chinese BN has, thus, played a key role in locking these elements into the prevailing structure. By late-1998, Chinese business unease over Mahathir's handling of the crisis had made that support base more precarious, though still tempered by rational considerations.

Very similar parallels can be drawn in relation to the MIC under the leadership of Samy Vellu.⁵⁸ Indeed, the MIC's compliant role within the BN structure is in many ways even more pronounced than that of the Chinese BN parties. Much of this, however, can be traced to the historical vulnerability and marginalisation of the Indian working class, particularly its rural component, and its need to find a secure channel of political expression within the system.⁵⁹ Again, though, the relative increase of middle-class rewards and patronage, dispensed through the MIC, has served to neutralise potential dissent within the Indian community.

In the East Malaysian states of Sabah and Sarawak, a more complex set of political relationships prevail. In Sarawak, the main BN *Parti Besaka Bumiputera Bersatu*, (United Bumiputera Party) presiding over a diverse amalgam of ethnic groups (Chinese, Malays, *Melanaus* and *Dayaks* — including Christian *Iban*, *Orang Ulu* and *Bidayuh* peoples), pursues a more autonomous and distinct agenda suited to its particular configuration of ethnic politics. UMNO, thus, adopts a more restrained form of influence here. Yet, despite Sarawak's lower level of economic development relative to Peninsular Malaysia, the managed distribution of wealth across the ethnic strata, and acceptance of Mahathir's modernising endeavours at the national level, has helped the *Barisan* maintain control in the state.⁶⁰

In Sabah, relations between UMNO and the *Parti Bersatu Sabah* (PBS, United Sabah Party) have been more strained. Though based principally around the indigene *Kadazans*, the PBS, as a nominally multi-communal party, also draw significant support from the Chinese. In 1990, the PBS left the BN (which it had joined in 1986) to contest the 1990 General Election alongside the Razaleigh opposition grouping. However, by 1994, following the co-optation of key PBS figures, Mahathir had re-established control within Sabah through an UMNO-led state coalition government.⁶¹ Nonetheless, despite The BN's victory in Sabah in 1995, strong anti-federal sentiment remains, notably over central government control of development funds.⁶² By managing the flow of state

government resources, both directly and indirectly, Kuala Lumpur has been able to impose what Sabahans term 'political recessions' in order to delegitimise internal opposition, thus paving the way for federal intervention and UMNO control.⁶³ Consistently fearful of demands for independence, UMNO have used other various back-door strategies to keep the political class in Sabah and Sarawak divided and tied-into the coalition, such as the regular secondment of their state officials to federal posts and the award of scholarships to students for study in other states.⁶⁴ During the 1999 state elections in Sabah, the BN poured money in to fund major road projects and other infrastructural inducements. But while giving tacit support to Mahathir's economic agenda, perceptions of centralised interference and political bribery remain a source of ongoing resentment.

Beyond these state-federal conflicts, Mahathir's political acumen was also still needed to maintain control within UMNO and temper aspiring factions within the party hierarchy.

Consolidation and the succession issue

The stability of the power bloc by the mid-1990s had come to depend very largely upon the positioning of senior figures within the party, most notably that of Anwar Ibrahim. As Mahathir's 'heir apparent,' Anwar had made a long journey from radical Muslim activist and ABIM leader to a position of political accommodation within UMNO. In many regards, the conservatism and prestige of high office seem starkly at odds with Anwar's previous activism and ideas on civil reform. In *Two Faces*, a personal account of the PRM leader Syed Husin Ali's detention under the ISA (1974-1980), we get an insightful view of the young radical Anwar, jailed alongside Syed at Kamunting during Tun Abdul Razak's clampdown on social activists, academics and other 'communist agents.'⁶⁵ Here, as close friends and inmates, Syed talks admiringly of Anwar the Muslim and social idealist with a vision of society far removed from the oppression of the *Barisan* state. Yet, by 1981, Anwar had become absorbed into that very system.

In an illuminating article, Zafar Bangash tells how this "marriage of convenience" was set-up by Anwar's former teacher and mentor, the late Ismail Faruqi.⁶⁶ Acting as intermediary, Faruqi had managed to persuade Anwar that Mahathir was 'well-disposed

towards the Islamic Movement' and could work with Anwar in 'pursuing an Islamic goal'. However, Mahathir had insisted on three main preconditions for Anwar's entry into UMNO: that ABIM revoke all associations with PAS, including standing on PAS tickets at elections; that it discard its view of the NEP as un-Islamic and support the promotion of *Bumiputera* rights; and that it should not condemn the Malay Educational Policy. In presenting these terms of entry, Faruqi argued that the Islamic movement in Malaysia (and elsewhere) had to participate in the prevailing power structure in order to effect 'change from within,' a view subsequently endorsed by Anwar, paving the way for his and ABIM's co-optation. Again, both Faruqi's and Anwar's compliance here can be viewed as the practical application of insiderism and intellectual assimilation by the UMNO network.

Having, effectively, purged serious dissent within UMNO by the late-1980s, Mahathir appeared to be laying the groundwork for a smooth, if very gradual, succession. Despite other 'contenders', Anwar remained the clear favourite. The question was not if, but when. Yet, while supporting Anwar's eventual succession, Mahathir had refused to give a timetable for it, claiming that to do so would make him a "lame duck" leader.⁶⁷ Despite gathering speculation that he would use the 1999 UMNO presidential election as an uncontested event and valedictory for 'the handover', Mahathir, buoyed by an unprecedented level of popular support, had remained circumspect about relinquishing power. Meanwhile elements within the Anwar camp had begun to express open impatience at the process — though not Anwar himself who, recognising the dangers of an outright challenge, proceeded to develop his political profile as a trusted minister and a 'liberal intellectual' with evolving ideas on Islamic modernity and civil reform.

However, this studious persona could not disguise the emerging tensions between Mahathir and Anwar's camp. In a prelude to Mahathir's 1998 purge, Anwar had received a stark reminder of the Prime Minister's guile and resilience at the October 1996 (triennial) UMNO party elections, with Mahathir allies winning 80% of Supreme Council seats over Anwar's associates.⁶⁸ In a series of deft pre-election manoeuvres, Mahathir had also brought restless party elements in Sabah into line, overcome resistance from UMNO assemblymen in Kedah in his bid to replace *Menteri Besar* Osman Aroff with Mahathir loyalist Sanusi Janid, and, in a personal *coup de grâce*, had secured a

Supreme Council ruling that no contest should be held for the top two party posts until 1999.⁶⁹ In effect, Mahathir was blocking any possibility of UMNO divisional delegates nominating Anwar for President, the post traditionally associated with that of Prime Minister. Nonetheless, Anwar had still managed to maintain the support of a select cohort of rising party figures, notably UMNO Youth leader Zahid Hamidi and , ‘darkhorse’, Education Minister Najib Razak.⁷⁰

But despite careful endeavours not to provoke disunity, deep sensitivities remained between Anwar and key Mahathir loyalists like UMNO Treasurer Daim Zainuddin, Kedah *Menteri Besar* Sanusi Junid, and Foreign Minister Abdullah Badawi. Again, much of this has to be seen in the context of privatisation and the strategic placement of business elites by political figures. With lucrative resources becoming more scarce, the conflict for control of the remaining prime assets had intensified. In particular, there had been continuous acrimony between Anwar and Daim at the scale of privatised benefits handed-out by Daim to privileged business figures, including the Bakun Dam project in Sarawak (Malaysia’s biggest-ever privatisation) to Ting Pek Khiing and the contract for the second Malaysia-Singapore causeway to close business associate Halim Saad, head of Renong.⁷¹ Against this, Anwar had secured a considerable power base through his controlling interest in the *New Straits Times* Group and editorial influence within the daily *Utusan Malaysia*.⁷² Nonetheless, having shown consummate skill in counterbalancing these elements, Mahathir was still firmly in charge, his supporters asserting that Anwar would assume the leadership only when these tensions were resolved and he was seen to represent UMNO as a whole, rather than a faction within it.⁷³ It is significant, then, that as the 1997 crisis unfolded, an apparent *rapprochement* between Anwar and Daim could be observed (see below), with both ‘working closely’ to restore economic confidence.⁷⁴ At the same time, Mahathir, playing-down media speculation, dismissed serious differences between himself and Anwar, casting their relationship as akin to father and son.⁷⁵

Rather than the serious policy differences to follow, the more intriguing aspect to the relationship at this point was their different intellectual qualities. As a significant insight for the crisis to follow, Gomez had noted the particular relevance of Anwar’s leadership abilities with regard to moral politics and Islam:

...if the Islamic rhetoric propagated by PAS continues to gather momentum, UMNO will probably have to depend more on Anwar, rather than Mahathir to stem the tide. Unlike Mahathir, Anwar is still respected in Islamic circles for his knowledge of Islam and his attempts to inculcate more Islamic values within the government. Anwar's moderate stand on issues and his promotion of modernist Islamic views may also help him retain the support of the urban electorate, while curbing PAS's influence in the rural Malay heartland. If the need arises for a vision of politics that must be articulated on essentially moral positions, and if the question of spiritual values increasingly enters the public sphere, Anwar would appear to be one of the very few leaders in UMNO who can respond persuasively...⁷⁶

But alongside fears of Anwar's 'moral authority' within UMNO, a more malevolent campaign against his succession was emerging. The first serious indication of the crisis to come was the circulation of a *surat layang*, or poison pen letter, in August 1997 claiming that Anwar had been engaged in homosexual and adulterous liaisons.⁷⁷ Although subsequently dismissed by Mahathir, such smears signified the beginning of a concerted campaign to discredit him in the run-up to the 1999 UMNO elections.

A further element here had been Anwar's attempts to foster a more qualitative dialogue concerning the development of civil society in Malaysia. In many ways, it was Anwar's, rather than Mahathir's, engagement of 'democratic reform' and a more expansive conception of civil society which had informed the political and intellectual aspects of the Vision. Indeed, in the wake of the crisis, Anwar had come to pose this as a critical issue for the rehabilitation of the region as a whole. Thus, in a speech in June 1998, he argued that the crisis had "unleashed a gale of creative destruction" that would "cleanse society of collusion, cronyism and nepotism",⁷⁸ a theme adopted by Anwar allies to prepare a coded assault on Mahathir during the 1998 UMNO gathering. Anwar also used his close ties with Habibie here — who he had supported openly following Suharto's fall — to promote a redefinition of civil society 'appropriate to the region'. Alongside a tolerant interpretation of Islam, Anwar and Habibie had been instrumental in sponsoring such ideas through think tanks like the Institute for Policy Research in Malaysia and the Centre for Information and Development Studies in Indonesia.⁷⁹ In the short term, this did not presage any qualitative reform or 'opening-up' of civil society. But it did expose more seriously the underlying tensions between Mahathir's brand of 'restrained liberal development' and Anwar's more enthusiastic, if still-guarded, shift towards free-market liberal reforms. Thus, as in 1987, latent tensions within UMNO,

kept hitherto at bay by economic optimism, were once more ready to erupt as conflicting policy ideas and expressions of state-class interests.

Addressing corruption

While Mahathir's political dexterity had helped realise a sense of factional *détente* within UMNO, the integrity of the *Barisan* by the late-1990s was now deeply tainted by the association of corrupt practices. Despite much self-righteous use of the term by Western elites, 'crony capitalism' does exhibit certain features in the Malaysian system of money politics. In contrast to the familial and military-based structure under Suharto, UMNO patronage operates through a more party-based system of political-corporate closure.⁸⁰ Openly critical of UMNO's part in major financial scandals, Chandra Muzaffar has, for example, long-argued for a clearer separation between business and politics, claiming that Mahathir's consistent calls for greater 'moral values' cannot disguise the deeper malaise.⁸¹

Three basic factors lie at the heart of the corruption issue in Malaysia: institutionalisation, centralisation and privatisation. The first refers to the ways in which business and politics became enmeshed through the institutional circumstances of the NEP state, drawing not only *Bumiputeras*, Malay business elites and UMNO, but also the MCA, MIC and their political-corporate functionaries, into the network of state-based money politics. The second concerns the greater centralisation of executive power under Mahathir from the early-1980s, including closer control of the judicial process (through, for example, the 1988 legislation to make the judiciary subservient to Parliament and controls over bodies like the Electoral Commission) and the absence of fully independent investigative status for the Anti Corruption Agency. The third involves the massive opportunities of wealth which privatisation and the sale of public services (devoid of any open-tender system) came to offer, making what had gone before seem like a drop in the ocean. By the mid-1990s, this conjuncture of forces had given rise to a 'corruption epidemic.'⁸²

The legitimacy of the power bloc depends on the ability of its state managers to maintain political cohesion. Thus, in crisis scenarios, political-corporate networks will, ultimately, 'sacrifice' their senior executives (*pace* Nixon, Thatcher, Suharto), in order to

protect the bloc itself. In this regard, social unease was forcing Mahathir to 'address' the spectre of corruption within UMNO/BN.

A graphic, if somewhat theatrical, indication of such came during the 1996 Party Assembly. Here, Mahathir wept openly during his speech on the dangers of money politics, warning how it could "destroy" UMNO.⁸³ In April 1997, following a highly emotional Supreme Council meeting, Mahathir sent a definitive signal of intent by securing the resignation of Muhammad Taib, Chief Minister of Selangor, in connection with alleged currency irregularities and false declarations to customs officials at Brisbane airport.⁸⁴ As in the case of Kedah, the subsequent appointment of Abu Hassan to the Selangor post was instructive: a Mahathir loyalist, pledged to root-out corrupt practices, and in a vital location to administer the proposed MSC project in Putrajaya.⁸⁵

Alongside a more assertive role for the government's Anti-Corruption Agency,⁸⁶ the image portrayed here was of Anwar and Mahathir working closely on this issue — signifying a congenial atmosphere and a 'united resolve' within the party. In May 1997, Mahathir left Anwar in charge as acting Prime Minister before departing on a two month vacation to Europe — his longest official break in sixteen years. Within days, Anwar had signalled his own authority by calling to account two senior government officials over the questionable disbursement of public money.⁸⁷ By December 1997, Mahathir's appointee Abu Hassam was himself under suspicion, breaking-down as he tried to explain the circumstances of a RM5 million renovation plan for his official residence to the State Assembly.⁸⁸ Meanwhile, Abdul Rahman, a top official in the Prime Minister's Department and former Malacca state secretary, was charged over a RM260 million fraud involving false documents showing plans for a government award to two construction companies.⁸⁹

Against this backdrop, the corruption and nepotism issue was introduced at the 1998 UMNO Assembly by UMNO Youth chief Zahid Hamidi. While reflecting broader concerns within UMNO Youth, this suggested a concerted attempt by Anwar proxies to raise the temperature in the leadership issue. Again, though, Mahathir had shown political prowess in silencing his critics, firstly in an open rebuke to Zahid for raising the issue publicly, rather than within UMNO, and then, in an 'act of transparency', by

publishing for the first time a list of the many companies and individuals — including Zahid — who had benefited from privatisation and government awards.⁹⁰

While such acts only revealed the tip of the political-corporate iceberg, it now signified the political dangers of the corruption problem for key elements within UMNO, particularly with allegations of crisis bail-outs mounting.

Playing the international stage: politics and diplomacy

While Mahathir's attempts to build political consensus had been conducted against a background of domestic reforms, recessionary fears and party splits, the project also became more globally-focused by the early-1990s. Here, Mahathir has crafted a prestigious persona for the international stage, the main feature being his role as 'chief executive' of Malaysia Inc., leading business delegations around the world in pursuit of inward capital and new investment sites — Proton's penetration of the Western car market being emblematic of the new hi-tech confidence.⁹¹ Mahathir's key achievement, in this regard, has been his ability to portray Malaysia's foreign dependence in nationalist-economic terms. Thus, the proclaimed challenge of industrial maturity expressed in the Vision offers a populist *raison d'être* for growth while 'camouflaging' its fragile base. A second, interacting, aspect involves his role as 'emissary' for the South, offering a post-*Bandung* discourse of Malaysian-style 'economic nationalism' for peripheral states to follow. Fashioned around themes of political solidarity with poor and developing countries, this has seen, for example, emerging ties between Malaysia and South Africa, with Mandela, pre-crisis, endorsing Mahathir's growth-led strategy as a model of socio-economic development.⁹² Indeed, even as the Malaysian economy fell into critical recession by mid-1998, Mahathir's decision to 'break-ranks' and enforce capital controls (see following chapters) represented an alternative to Western orthodoxy for such countries.

A further measure of this confidence was Malaysia's determination to proceed with Burma's controversial admission to ASEAN.⁹³ Mahathir has been rigid in seeking to present sensitive regional issues such as trade with Rangoon, Indonesian repression in East Timor, or the various claims of ownership to the Spratley Islands, as *internal* ASEAN affairs, beyond the interference of Western diplomats. On top of other

diplomatic problems, the formal decision in May 1997 to grant admission to Burma had created some friction between ASEAN and the West.⁹⁴ A more sensitive factor for Mahathir here was that many Malaysian-based NGOs had opposed Burma's membership, notably ABIM who had criticised the harsh treatment of Muslims by the State Law and Order Restoration Council (SLORC). However, as sixth largest foreign investor to the regime, the Malaysian government's previous opposition had been scaled-down as it sought to promote bilateral and intra-regional trade.⁹⁵

Mahathir also continued to Look East for other political props. Most notable here was his vocal promotion of a regional East Asian Economic Caucus (EAEC) over the broader Asia-Pacific Economic Co-operation (APEC) countries. This included persistent attempts, most prominently at the APEC Jakarta summit in November 1994, to stall moves towards a more open trading regime with the US and other Pacific countries by the year 2020. Besides appropriating Mahathir's 2020 slogan, the fear expressed here was that any such trading order would allow the US unequal advantage in the region, thus compromising Malaysia's development schedule. Against this, Mahathir had played-upon the troubled US-Japan trade relationship as a way of encouraging a closer Japanese identification with the EAEC. Part of this discourse included Mahathir's co-authorship of *The Asia That Can Say No* with the controversial Japanese politician Shintaro Ishihara (an adaptation of the latter's now infamous *The Japan That Can Say No*), a strident appeal to Japanese sensitivities proclaiming "an anti-American front on the issue of values."⁹⁶

Behind this polemic, Malaysia has always maintained a practical foreign policy stance towards the US, both in bilateral terms and through ASEAN, formed in 1967 partly as a bulwark to communist Vietnam. While ASEAN member states have not always shared a common outlook *vis-à-vis* the superpowers, Malaysia's pragmatic support for US security arrangements in the region have been evident in, for example, the ASEAN Regional Forum (ARF), set up in 1993 in response to the rising power of China.⁹⁷ This essentially pro-US security position should be borne in mind when considering the circumstances of Mahathir's anti-Western rhetoric, particularly at the height of the Anwar crisis.

For some time, Western diplomats had been content to 'note' Mahathir's polemics. But as the 1997 crisis unfolded, the implications of his attacks on Western capitalist institutions were beginning to create more serious disquiet at home and abroad.

1997: political pressures and crisis management

The ways in which the UMNO network deployed its resources to manage public anxieties during the economic crisis and the Anwar situation will be dealt with in the following chapters. For the moment, let us focus here on the more immediate *political* implications of the crisis leading to the Anwar purge and the impact of this within the bloc.⁹⁸

As Mahathir's attack on Soros and the US reached its critical peak, the perennial question of its content was once again posed by Malaysia watchers: populist diatribe or Asian values? Perhaps in Mahathir's own mind it was a mixture of both. Although one can recognise the familiar accoutrements of gesture politics played-out for the domestic audience, this does not invalidate the sense of conviction or enigmatic purpose behind such discourse. Indeed, an intrinsic part of Mahathir's political style lies in this very ability to present himself *as* an enigma.

The more important aspect here, however, concerns its *hegemonic* content. While Anwar's budgetary interventions were being used to ameliorate market fears, the worry for BN elites was that the economic crisis would deteriorate into political and ideological crises — an organic crisis of hegemony. Conversely, the dominant group may use selective hegemonic strategies — economic, political or ideological — at expedient points to help sustain the bloc. In other words, while hegemony is always a three-fronted affair, a crisis at any one level may be offset through mobilisation of consent at another level. With the economic crisis deepening, Mahathir was, thus, seeking to shore-up the political bloc and use the ideological network (see next chapter) to build national-popular support.

At the centre of this confidence-building exercise lay two particularly sensitive issues. The first involved threats from within the US State Department to impose punitive measures on Malaysia over the activities of its national oil company Petronas. Following its Iran-Libya sanctions policy, the US wanted to 'investigate' Petronas

investments in Iran to evaluate the grounds for punitive action.⁹⁹ The second issue involved a draft resolution by 34 US Congressmen led by Robert Wexler calling on Mahathir to apologise, or else resign, for alleged anti-Semitic remarks directed at George Soros over his role in the financial crisis.¹⁰⁰ The resolution called upon Mahathir to repudiate his 'claim' that Soros's speculative activities formed part of a 'Jewish conspiracy' against Malaysia as a Muslim state.

Although ostensibly separate, it is not difficult to see how both issues became entangled in the political hubris of emerging events. With economic tension escalating, Mahathir insisted that his comments had been taken out of context and that he had merely noted the "coincidence" that Soros, a Jew, had been involved in speculative activity detrimental to a Muslim country.¹⁰¹ Despite other prejudices, there is little in Mahathir's make-up to cast him as a racist. Nonetheless, it is difficult to imagine that he could not have foreseen the political impact of such a sensitive remark. If there was an element of calculation in its delivery, it may have involved Mahathir's willingness to trade the wrath of the US 'Jewish political establishment' in order to galvanise political support at home. Moreover, with Clinton keeping a pragmatic distance from the resolution, Mahathir may have thought it possible to defy the Congressional grouping without damaging bilateral relations with Washington. Thus, what emerged as the focal issue was not the alleged anti-Semitic element but the heady politics of US aggrandizement and claims of an unwarranted intrusion in a sovereign country's affairs.

With the media reporting a nationwide upsurge in anti-US sentiment and the receipt of death threats to the US Embassy, Mahathir was compelled to reassure US citizens in Malaysia not to fear for their safety.¹⁰² Particularly evident at this point was the 'shocktroop' activities of UMNO Youth.¹⁰³ While Mahathir had sought to raise the political stakes by encouraging public shows of nationalist support, there was also the danger of too much anti-US provocation endangering the economic recovery. In a further attempt to calm emotions, the American Ambassador to Malaysia, John Mallot, intervened to describe the Wexler resignation demands as "inappropriate" and announce the imminent arrival of a key US State Department official to help "explain the law" over the sanctions issue.¹⁰⁴ Nonetheless, support for Mahathir had been a reminder to those within the BN, quietly anxious about the impact of the crisis, not to go against the grain of 'public feeling'. More importantly, it served to concentrate minds within UMNO of

the dangers of factionalism. Thus, an expression of solidarity for Mahathir was confirmed at a special Supreme Council meeting of the 14-member *Barisan* called in response to the Wexler resolution.¹⁰⁵

Having initiated the BN vote of confidence, Anwar proceeded to table a more substantive motion of support in the *Dewan Rakyat*. Anwar's enthusiasm at this point also suggested a pragmatic attempt to demonstrate loyalty as a counterbalance to his own rising status. The vote of confidence in Mahathir and, *ipso facto*, his handling of the economic crisis was included as an internal part of the motion rejecting the Wexler resolution and the US Petronas investigation. Denouncing foreign interference, the DAP leader had supported the Government on the Petronas and Wexler points, but wanted a separate motion, debate and vote on Mahathir's specific handling of the crisis,¹⁰⁶ a call rejected by the Speaker, Ong Tee Keat. Despite DAP and PAS opposition, the five-point motion of confidence in Mahathir was passed by the Speaker as a unanimous vote.¹⁰⁷

While the *Barisan* were never likely to refuse their support, Mahathir had displayed impressive judgement in cultivating political capital from economic adversity. Yet, while preventing factional splits, underlying tensions remained. An indication of this was the outcomes of two key by-elections at Sungai Bakap and Changkat Jering, held eleven days before the *Dewan Rakyat* motion of confidence. Although the *Barisan*, with the considerable support of the media, won both, it did so with substantially reduced majorities. Indeed, at Sungai Bakap, the *Gerakan*-BN candidate Lai Chew Hock could only muster 47% of the total vote, with the rest going to the DAP and the Independent candidate.¹⁰⁸ More significant, though, was the swing of Malay votes from the BN to the Independent Malay candidate Abu Harith, a shift acknowledged in Dr. Koh's admission that the BN needed to learn lessons from the result.¹⁰⁹ Allowing for by-election dissent in the midst of economic crisis, these results now pointed to new electoral fluidity and an erosion of UMNO's Malay support base.

The bloc was also vulnerable at this point to the fallout from other regional crises. The economic contagion had caused political turmoil and undermined the authority of powerful regimes. In South Korea, the damage to the once-mighty *chaebol* system, the IMF bail-out and severe retrenchment had sparked student and civilian riots. Amidst rising anger at the corrupt practices of Kim Young Sam's government, a

humbled political elite were forced to acknowledge their mistakes in customary public fashion as the country elected Kim Dae Jung, its first left-of-centre leader in fifty years.¹¹⁰ Facing harsher retrenchment and poverty, the Thai electorate placed their faith in the more humble figure of Chuan Leekpai after popular protest had secured the resignation of Chavalit Yongchaiyudh. In Indonesia, rampant inflation, including a 400% increase in staple food prices, had given rise to major civil unrest, intensive ethnic purges against small-scale Chinese traders, an emergency military crackdown and an unprecedented crisis for the Suharto family. Suharto had sought to link the collapsing *rupiah* to a \$US currency-board in a desperate effort to stave-off further financial crisis and insulate the regime from political attack, a strategy which had jeopardised the terms and conditions of the IMF's \$US33 billion bail-out, thus intensifying the crisis.¹¹¹ With the *rupiah*'s downward effect on the *ringgit*, the returning smog crisis over Borneo and the spectre of mass immigration into Malaysia (and Singapore) threatening to hold-back economic recovery at home, Mahathir had offered practical assistance to Suharto, including a promise not to repatriate thousands of Indonesian workers — even though this was likely to intensify labour problems and social tensions at home.¹¹²

This reflected a continued line in pragmatic foreign policy since the *Konfrontasi* (1963-66).¹¹³ In this regard, the Malaysian authorities have viewed internal cohesion in Indonesian politics and good bilateral relations with Jakarta as strategic to political stability in Malaysia itself. One aspect of this for Mahathir was the need to control the spread of Islamic-based politics, a force which, despite diverse groupings in Indonesia, had shown its ability to capitalise on the crisis and find counter-hegemonic accommodations within the opposition movement.¹¹⁴ More ominously, Suharto's fall and ongoing pressure on Habibie threatened to erode at least the *idea* of *Barisan* invulnerability in the mind of Malaysians.

Much of the crisis management now centred around the National Economic Action Council (NEAC). In its conception, it looked little more than token neo-corporatism drawing together political, business and public support. But as the scale of collapse and indebtedness, particularly within the banking sector, became more apparent, the NEAC looked set to undertake a more far-reaching appraisal of financial institutions.

It was exquisitely fitting that Mahathir should appoint the architect of Malaysia Inc. and privatisation Daim Zainuddin as an Executive Director. While Anwar, as

Finance Minister would 'oversee' the NEAC process, it was Daim and Mahathir, as Chairman, who came to make the key proposals. As Mahathir's closest confidant, suspicions were, not unreasonably, expressed that having overseen and benefited from, the new privatised wealth flows,¹¹⁵ Daim was precisely the wrong person for the job. Yet, while the immediate task for Daim was the bailing-out of favoured corporate figures and former protégés, the NEAC was also being used, as in the 1980s crisis, as a medium of hegemonic readjustment.

One of the most politically sensitive, issues to be addressed, in this regard, was that of *Bumiputera* equity rights. Here, the crisis had brought into focus the problem of financially unviable industries hitherto controlled through *Bumiputera* share trusts. The 'solution' was to allow Chinese capital greater access to struggling Malay businesses in order to save and rebuild them. By waiving certain equity rights and encouraging takeovers, firms within the major sectors such as banking, transport and telecommunications would emerge leaner and more competitive. All standard capitalist principles. Yet, even in the harsh landscape of economic crisis, the political dangers of such a strategy were considerable. Thus, as merger plans for the country's biggest finance companies and the splitting-up of government-backed conglomerates such as Renong began to emerge, so too did political tensions over the threat to *Bumiputera* business privileges.¹¹⁶ Symptomatic of this tension was the contrasting press responses of the UMNO Youth leader Zahid Hamidi ('Give priority to bumi firms') and MCA leader Ling Liong Sik ('Ling lauds move on bumi equity').¹¹⁷ Once again, it was Mahathir who had played the role of allaying Malay fears and arbitrating political tensions. In seeking to balance these interpretations, Mahathir argued that while such steps were necessary for the survival of many *Bumiputera* companies, this did not signify any specific threat since many *Bumiputeras* had themselves already bought-into non-*Bumiputera* firms, many of which were also facing problems: "So on an aggregate, the amount of *Bumiputera* [ownership in the economy] will not change."¹¹⁸

Even beyond this issue, the Chinese element of the bloc had been strengthened. For while the crisis had led to bankruptcy and losses for domestic Chinese capital, it had also given impetus to new policy ideas based-upon a further negation of *Bumiputeraism*. In its place lay the potential for a more level playing-field for Chinese business and its

political class, policy objectives linked more specifically to the framework of *Bangsa Malaysia*.

While Daim, as veteran fixer, appeared to have formed a 'new partnership' with Anwar,¹¹⁹ the tensions between them were becoming more apparent by mid-1998. Having dispensed with veiled political attacks on his leadership at the UMNO 1998 Assembly, Mahathir was now manoeuvring to focus attention on the economic recovery process. It was also evident that Mahathir had no intention of relinquishing overall control here. With some justification, Mahathir was by now arguing strongly that the domestic crisis (by this point registering a 6.8% contraction in GDP for the second quarter of 1998)¹²⁰ was part of a protracted global problem, as evidenced by the collapse of the *rouble* and political crisis in Russia by late August — an episode again, as in the Far East, featuring the predatory activities of Soros's Quantum Fund. Having followed tight monetary policy and IMF prescriptions, the country was no nearer recovery. Indeed, with the *ringgit* still falling and the country now in recession, this had intensified the problem. Mahathir's decision to 'break-ranks' and consequent turn to monetary expansion now saw Anwar's free-market position marginalised as a recovery strategy, a message confirmed by Daim's promotion to the Cabinet as Special Functions Minister and his launching of the National Economic Recovery Plan (NERP).¹²¹ With Mahathir reverting once more to the 'old partnership', Anwar's response was to adopt a more vocal line on currency speculators,¹²² though, this cannot simply be read as cynical manoeuvring on Anwar's part.

Nonetheless, despite Anwar's protestations of loyalty, the crisis had revealed essential policy differences with Mahathir, differences which under less critical circumstances may not have led Mahathir to the conclusion that Anwar was attempting to undermine him. Part of Mahathir's fears here can also be traced to Anwar's apparent reluctance to support some of the major corporate bail-outs, including that of Mahathir's son Mirzan. Yet, Mahathir was not clinging to power for reasons of mere nepotism. There was simply no parallel here between Mahathir and Suharto in terms of the latter's massive family stake in the economy. Nonetheless, with Mahathir's position under threat, there was the concern that an Anwar ascendancy might not provide the requisite guarantees of protection Mahathir was seeking.

But there may have been a much more fundamental issue at play here. Mahathir had given seventeen years of sustained effort to building economic prosperity, Vision modernity and UMNO hegemony, none of which he intended to see sacrificed ignominiously in a moment of domestic uncertainty, albeit a critical one. Not only was Anwar taking the economy in a direction which, for Mahathir, threatened to undo those achievements, his relationship with the IMF nexus suggested a wider strategy to replace him. As noted, while not a 'Trojan horse', it was apparent that Anwar was being groomed by Western interests as the most favoured free-market reformer within the government. Neither before nor after Anwar's dismissal was the significance of these liaisons adequately addressed in mainstream analyses. For Mahathir, the threat had become all too apparent.

The purge

The purge was, thus, underway. In a pre-emptive curb on Anwar's media base, Mahathir, already unhappy over 'negative' reporting of the crisis, had secured the resignations of key Anwar allies Johan Jaafar and Nazri Abdullah, respective editors of *Utusan Malaysia* and *Berita Harian*. The character attacks on Anwar had also gained momentum at the June 1998 Assembly with the circulation of a *surat layang*-type book entitled *50 Reasons Why Anwar Can't Become Prime Minister*. Mahathir's initial response to the book had, like the previous defamatory material, been dismissive. Nonetheless, despite the arrest of its author Khalid Jafri and a court injunction banning it,¹²³ the book's contents, including allegations of corruption, adultery, unnatural sex, complicity to murder and acting on behalf of foreign powers, had now become widespread.¹²⁴ With the Inspector General of Police (IGP) Rahim Noor investigating Anwar and others 'implicated' in the text, notably, Anwar's friend S. Nallakaruppin (Nalla),¹²⁵ a smear campaign at the higher level of the network was now apparent. At this point, it was unclear to what extent anti-Anwar elements had convinced Mahathir of the possible veracity of the allegations. Either way, Mahathir was now using it as a ready instrument for ruining Anwar.

With calculated timing, Mahathir made his critical move, beginning with Anwar's allies at the *Bank Negara*. On August 28th 1998, the Bank's Governor and Deputy

Ahmad Mohamed Don and Fong Weng Phak resigned their posts, citing 'policy differences' over the impending currency measures. On September 2nd, the Bank announced the immediate imposition of exchange controls, the adoption of a fixed exchange system for the *ringgit* (to be pegged at RM3.80 to the US dollar) and restrictions in Malaysian stock dealings on the KLSE. Later that day, Anwar was dismissed from his duties as Deputy Prime Minister, Finance Minister and Executive Director of the NEAC. On September 3rd, he was formally expelled from the party at a showdown meeting of the UMNO Supreme Council.

By initiating both Anwar's removal and the emergency currency measures, Mahathir had staked the political legitimacy of the bloc on saving the economy. While the IMF, foreign capital and other Western capitalist agencies moved swiftly to condemn the abandonment of free-market reforms, Mahathir's case was that the country, by now already devastated, mainly by external forces, had nothing to lose — a claim given some credence by the immediate strengthening of the *ringgit* and welcoming signs from domestic business.¹²⁶ Meanwhile, the UMNO and BN hierarchy closed ranks, defending Anwar's removal as a prerogative power of the Prime Minister and a necessary part of the recovery process.¹²⁷

As protesters took to the streets, Anwar, calling for calm, went public, reaffirming his loyalty to Mahathir, his patriotism and his readiness to tackle the economic, political and social turmoil now facing the country:

The time to launch a reformation has arrived...The reformation is demanded from within, not due to external pressure...Therefore let there not be groups who are accusing it of being an external conspiracy...Don't be fooled and deceived by those who are afraid of the wave of reformation. They are void of ideas, repeatedly playing old songs. They are afraid of the new generation...I trust in the wisdom of the UMNO members...They want stability and unity within the party. They want the party to always be strengthened and be given new strength through the replacement of old leaders with new ones.¹²⁸

Even at this point, Anwar's criticism of Mahathir remained relatively 'tempered.' Warning that the conspiracy to topple him would lead not only to his own arrest, but hundreds of others, Anwar claimed that Mahathir had become "paranoid" and fearful of suspected challengers, increasingly so, he had noted, since the fall of Suharto.¹²⁹ But

with the full extent of the purge and trial now confronting him, this language now gave way to a more detailed and ferocious denunciation of Mahathir and his acolytes.

As the trial got underway, Anwar's prison letter 'From the Halls of Power to the Labyrinths of Incarceration'¹³⁰ set out for the first time the 'inside story' of corruption, nepotism and abuse of power within the UMNO system. Mahathir, Anwar alleged, was now a "despised dictator." He, his family and his cronies had "siphoned off billions." He had turned politics into a "sordid occupation and politicians into a bunch of immoral sycophants." Struggling to conceal his "revulsion" at the level of corruption and abuse (a restraint advised by friends seeking to protect his political career), Anwar had attempted to strengthen the ACA and pursue key players in the Perwaja scandal, (such as corporate elites Eric Chia and V.K. Lingam), much to the discomfort of the Attorney General Mohtar Abdullah. More critically, Anwar had informed Mahathir of reports that Daim had taken between RM700 million and RM1 billion out of the country and had attempted "to abscond with RM800 million worth of UMNO shares." Mahathir, Anwar alleged, had concealed his alarm at this news, as he did his annoyance over Anwar's attempts to limit Ting Pek Khing's compensation for the stalled Bakun project. Less hidden was his displeasure at the RM1.7 billion (rather than RM2.2 billion) eventually paid by Petronas for his son Mirzan's Konsortium — Anwar (and Petronas) having argued for settlement through an international shipping valuer. While Anwar "promoted civil society" through *The Asian Renaissance* and other forums, Mahathir "disparaged it," showing "contempt for my relatively liberal ideas." Anwar also defends his position within the IMF as part of an attempt to introduce transparency. In "furious" response to Zahid Hamidi's corruption speech at the 1998 Assembly, Mahathir had used the privatisation list as a "cheap trick" to discredit Anwar and his family, none of whom, Anwar insists, had been issued "one share or awarded a single contract" in his six years as Finance Minister. Anwar also notes at this point the frequent visits of the IGP Rahim Noor to Mahathir's office, the targeting of Nalla and Anwar's adopted brother Sukma Darmawan and the close involvement of Daim in the whole affair. According to Anwar, the eventual showdown in Mahathir's office was deeply acrimonious. Anwar would not "resign or be sacked with grave consequences." Rejecting Mahathir's "perverted understanding of Asian values," where a subordinate goes quietly in deference to his leader, Anwar vowed to follow "the dictates of my conscience" and seek to expose the

conspiracy, even though the unfolding events would be “beyond my worst expectations.” Anwar goes on to talk about the manoeuvrings of Daim, his sycophants, such as “side-kick” Ahmad Sebi (a businessman and former journalist), the latter’s power over *New Straits Times* editor Kadir Jasin and the corruptibility of many High Court judges — though he tells the many morally upright judges to “be patient”. He berates those in UMNO who betrayed him, such as the Deputy Information Minister Tajol Rosli, who, at the UMNO Council meeting to dismiss Anwar, had remarked: “ ‘My philosophy in politics is, the boss is always right’.” Finally, invoking the *reformasi* (see following chapters), Anwar thanks his loyal friends in UMNO and acknowledges the support of NGOs, Muslim scholars, low-income groups and others. The last word, though, is for Mahathir: “Are the people expected to continue indefinitely to endure the ranting and raving of a senile, power-drunk tyrant?”

The Anwar affair is expanded in subsequent chapters. The main question here concerns Anwar’s own role within UMNO and how his ouster had affected party unity. Firstly, we have to ask precisely why Anwar had chosen to stay silent on the above during all his time in office? Even if he had decided to play the long-term game to secure eventual control, could this excuse him from complicity in the inner affairs of the UMNO hierarchy? For years Anwar’s refrain had been: ‘there is no policy difference between myself and Mahathir’; ‘I support the PM’; ‘he is like a father’. Now the ‘true picture’ had been revealed, was it not pertinent to ask why Anwar had, effectively, misled the Malaysian public? For example, in relation to Mahathir’s conflict with the Malay Rulers, Anwar notes:

Of course we supported him in the constitutional amendment issue, thinking rather naively that the powers taken from the Rulers would revert to the people and not go to him alone. How blind we were then not to see through his vile plan...¹³¹

But was such support for Mahathir’s centralisation of power mere naivety as Anwar claims? Again, this brings us back to the culture of insiderism within UMNO. Certainly, Anwar had understood the necessity of playing by Mahathir’s rules, even if, as noted, ‘Anwar’s boys’ had shown an ultimate failure of judgement in these matters. During his tenure, Anwar had taken a relatively strong stance on social policy, for example in his promotion of low-cost housing, and there were genuine indications that he

had been attempting to push a reform agenda from within. But this had made him neither an innocent bystander nor a champion of the poor. While Anwar did not enjoy the wealth and power of Daim and his corporate circle, neither did he lack cronies or seem averse to UMNO operating as a corporate entity.

On the other hand, Anwar had never been accepted into the political establishment. His previous radical Muslim/ABIM connections had not endeared him to many in the party. His imprisonment in support of such had placed him at a different 'moral level' from other party apparatchiks. For this and other reasons, Anwar's relations with Abdullah had never been easy, while Razaleigh saw Anwar as having usurped his position within UMNO. Najib, on the other hand, had been 'closer' to Anwar on policy matters and outlook. However, there was to be no show of sympathy as he too closed ranks behind Mahathir. Most of all, Anwar was feared by Daim.

In the aftermath of the Anwar purge, Mahathir had to decide on a Deputy and, in effect, successor from among these main contenders. His initial tactic had been to leave the position open, declaring that the post would be determined by UMNO members at the June 1999 Assembly. Part of the reason for this was to allow Mahathir free-reign in dealing with the crisis. Another was a reluctance to be seen endorsing a favoured candidate (probably at this point, Najib) for fear of 'tainting' him with the crisis. Yet another was a more basic uncertainty over who to trust. In particular, Mahathir feared giving it to someone who would strike a deal with Anwar or Anwarites within UMNO, thus endangering both his policy view and private interests. It is not without significance that Najib had himself started to appropriate some of the reformist themes in an attempt to court Anwar people within and beyond the party. In lieu of the 'Assembly poll', a special meeting of UMNO was convened in December 1998 to amend parts of the party's constitution in order to limit the pro-Anwar faction.¹³² Following this, Mahathir was quoted as saying that he wanted his next deputy to be an "exact replica of myself" (spawning a plethora of 'cloning' jokes among the opposition) with regard to policy direction: "The main thing is that the policies are followed...not so much the personalities."¹³³ Again, this emphasis was indicative of the policy issues, rather than personal nature, of Mahathir's dismissal of Anwar. However, alongside growing concerns over Mahathir's health, there were gathering fears that such prevarication would be read as signs of fumbling and disunity within UMNO. Mahathir had managed

to avoid an outright split. But deep down, the party had been riven by serious, if still contained, factionalism, particularly at the divisional levels.

In January 1999, Mahathir moved to ameliorate this situation by appointing Abdullah Badawi as his Deputy. However, while this helped ease short-term speculation about a 'timetable' for the 'handover', it was, in reality, a cosmetic move; part of an unfolding PR initiative by the UMNO network. (See Chapter 6.) Thus, there was no certainty that 'Mr. Clean', as he would come to be packaged by the media (inadvertently casting a stain over the rest), would ever succeed Mahathir. In seeking to stem dissent, around 400 known Anwar sympathisers had been expelled from UMNO by mid-1999.¹³⁴ However, this could not disguise the growing gulf among UMNO's 2.7 million members. Another worrying indicator for UMNO at this point was the by-election loss of the BN stronghold Arau seat (Perlis) to PAS.¹³⁵

In response, clampdowns on DAP and PAS *ceramahs* and police harassment of civil gatherings were now increasing. The police had also disrupted a civil rights convention of concerned Malaysian lawyers, the 'Gathering of Legal Eagles', in May 1998.¹³⁶ Another such dinner gathering in Negri Sembilan was permitted to take place on condition that no speeches were made, prompting a Media Statement from Lim Kit Siang entitled: "Is Mahathir's Vision 2020 nothing more than Vision 'Animal Farm' where the people can eat but cannot talk"?¹³⁷

In a sharper reminder of the network's coercive capacities, the Court of Appeal increased DAP MP Lim Kit Siang's RM15,000 fine to a three year jail sentence for 'criticising the judiciary' and 'spreading false news'. Lim, the DAP leader's son, had been found guilty in April 1997 of offences under 8A(1) of the Printing Presses and Publications Act (1984) and Section 4(1)(b) of the Sedition Act (1948) following his criticism of the decision not to prosecute UMNO politician and former Malacca Chief Minister Rahim Tamby Chik on under-age sex and statutory rape charges. Lim, who had supported the girl in question, had been fined for publishing a critical pamphlet (True Story Talk) and for making a critical speech on the issue at a Malacca hotel in 1995. Under Article 48 of the Federal Constitution, Lim was also disqualified from office as an MP.¹³⁸

While public concern was growing over these abuses of power, open dissent had been limited. However, the Anwar purge now provided a catalyst for the fuller

emergence of a new 'moral politics'. In particular, a mood was forming that Mahathir had now transgressed Malay cultural sensitivities by seeking to shame and humiliate Anwar, rather than just indict him on legal grounds. As one key *Aliran* piece put it by early-1999:

When Anwar Ibrahim was dismissed on moral grounds, the party president (being too much of a moderniser) was out of touch with the existence of an ancient Malay social covenant: a ruler should never resort to the ploy of shaming a subject (*memberi áib*)...Not once in the history of UMNO has any prominent dissident been so publicly humiliated...and removed on moral grounds...The removal of Anwar Ibrahim is the one single political event that has been responsible for unleashing the many facets of Malay resentment.¹³⁹

Here, in effect, was one 'Asian value' that Mahathir could not invoke to legitimise his actions. In this sense, the crisis had created new political uncertainties. For Mahathir, an ISA-style clampdown now appeared a less viable option given the severity of the crisis and the futility of that strategy in Indonesia. Thus, while still managing to hold the political bloc together through coercive and consensual controls, the more critical question was whether *national-popular* support could be maintained.

Thus, the political configuration of the power bloc had been re-shaped in significant ways by the time of the 1997 crisis. The shift from NEP priorities to the NDP, privatisation and the Vision had altered the basis of state-class relations. The 1987 split can be seen as the political expression of policy conflicts within this process. Anwar's ascendancy also saw a new power faction within UMNO and competition for control of key political offices and corporate sites. Despite this, a more effective consolidation of the political bloc was evident by the mid-1990s. Four main elements were evident here: firstly, Daim's re-distribution of rewards, allowing not only Malay, but big Chinese, capital a closer relationship to UMNO; secondly, Mahathir's efforts in checking *Bumiputeraism* by offering the Chinese community continued economic rewards — thus, securing an unprecedented level of non-Malay support at the 1995 Election; thirdly, Mahathir's political dexterity in fending-off internal challenges and managing the 'Anwar succession'; and fourthly, Mahathir's persona as moderniser and global statesman, a charismatic profile which had helped galvanise support across the ethnic spectrum. In all

of these regards, relations within the political bloc had assumed a new coherence by the mid-1990s.

Yet, behind the scenes, the political bloc had been severely tested by the crisis. Here, Mahathir had shown consummate skill in containing internal dissent, protecting his own position and holding the bloc together. While using the political process to divert attention *from* the economy in the early phase of the crisis, he had skilfully re-focused attention *towards* it during the emergency phase in order to rationalise the Anwar purge and rebuild consent. But while support *within* the political bloc had been consolidated, the appeal for populist support was now a more contingent affair. With a cross-ethnic middle-class badly hurt and a 'moral concern' emerging within the wider Malay community, UMNO was now seriously detached from its populist moorings. This takes us, more specifically, to the *ideological* dimension of the Vision project and the intellectual enterprise used to manage the crisis and the Anwar affair.

¹ E. Gomez and K. S. Jomo (1997), pp 16-17.

² D. Forgacs (1988), p 421.

³ C. Buci Glucksmann (1982), p 120.

⁴ See S. Hall (1989).

⁵ See Khoo Boo Teik (1995), pp 183-186.

⁶ G. Means (1991), pp 113-117.

⁷ M. Vatikiotis, 'The Die is Cast', *Far Eastern Economic Review*, January 28th 1993.

⁸ M. Vatikiotis, 'Tit for Tat', *Far Eastern Economic Review*, February 4th 1993. See also Khoo Boo Teik (1995), pp 202-209.

⁹ See A. Munro-Kua (1996), p 120.

¹⁰ *Ibid*, p 125.

¹¹ *New Straits Times*, August 26th 1994.

¹² M. Vatikiotis, 'Hearts and Minds: New Think Tank Seeks to Modernise Islam', *Far Eastern Economic Review*, May 20th 1993.

¹³ Khoo Boo Teik (1995), p 199. Mahathir wrote under the pseudonym C.H.E. Det from the late-1940s to the early-1950s. See pp 81-88 for titles and discussion of this output.

¹⁴ The following observations and notes derive from an assessment of interview information conveyed by Encik Talib Bin Ahmad, the Assistant District Officer of Penang Municipal Council (MPPP), other State officials, A.R Velu, Penang Municipal Councillor, and literature produced by Penang State Development Office (notably, *Manual Pentadbiran Jawatankuasa Kemajuan dan Keselamatan Kampung (JKKK) Negeri Pulau Pinang*). Any observations with regard to the ideological functions of JKKKs belong, of course, to the present writer.

¹⁵ See 'Masterplans for villages to check urban migration', *New Straits Times*, June 25th 1996.

¹⁶ 'Training for all village panels to boost growth', *Star*, January 1st 1997.

¹⁷ 'Koh: provide feedback', *Star*, March 29th 1996; 'Sanusi wants more women in JKKKs', *Sun*, July 9th 1996.

¹⁸ 'Role of JKKKs to be expanded in Penang: CM', *Star on Sunday*, March 10th 1996.

¹⁹ The main organisational aspects and functions of JKKKs are as follows: (a) There are a nominal 17 members of each JKKK, including 1 Chairman (though, after 1994, this has, on occasion, increased to 20). One woman is usually represented in each committee. (b) All must be appointed by the *Menteri Besar* (Chief Minister). Recommendations come via the District Selection Committee, chaired by District Officer and State Assembly members, in turn determined through State Exco meetings. (c) In principle, appointees must reflect the ethnic mix of each *mukim*. In reality, they will come from the main BN parties according to relative electoral position in the locale. (Thus, in Penang state, which has

a total of 134 JKKs, with 2219 members, the Tanjung Bungah *mukim* has 7 UMNO, 6 Gerakan, 2 MCA and 2 MIC members. Note also that the urban areas of Penang — notably the designated inner city areas of Georgetown — have a slightly different, smaller, JKK-type structure comprising 42 *Rukuntatanga*, or neighbourhood committees, who report to the *Jabatan Perpaduan* — Unity Department — within the Penang Municipal Council and are also closely associated with the Young Malaysian Movement, another ‘consensus-building’ organisation affiliated to this Department). (d) Selection criteria. JKK chairmen must: be over 30 years old; resident in the locale; have administrative skills; be locally respected; have no criminal record. Tenure is for 2 years, reviewable up to a maximum of 15 years and, as with other committee members, is paid on an expenses basis. (e) The responsibilities of JKKs are: to collect and update *kampung* administrative information (for example, numbers of residents etc); identify projects for consideration and *kampung* development priorities; to assist government departments in evaluating projects in their areas; to determine how such work can be done by local contractors and labour; to act as intermediary between the state level and local people and be able to convince the latter of the worthiness of given projects; to maintain local security and brief the state authority or relevant departments on issues of social order. (Note here that when any major new federal programme commences, or when difficult economic circumstances — such as the 1997 crisis — arise, JKK heads can be gathered together for instructive talks by departmental or other higher officials, with a view to fostering local co-operation and support). (f) JKK funding is approved by State Assemblymen (for example, 12 in Penang). In principle, funded projects must be for the ‘overall public benefit’. (In reality, directives issued by planning departments are approved by local councillors and *ex officio* members subject to state policy and broader federal influence, with no effective mechanism for public veto. The rapid proliferation of construction projects and other forms of unsustainable development in Penang over the 1990s suggests a more ‘intimate’ relationship between local/state authorities and business interests).

²⁰ P. Guinness (1992), pp 200-203.

²¹ Jamilah Ariffin (1995) discusses, in this Durkheimian analysis, how rapid economic development and social displacement has given rise to new and increased social problems, such as drug abuse, child abuse and assaults on women, within recent rural-urban migrant communities. Besides the growth of petty and juvenile crime, the study also notes some of the ‘negative aspects of globalised culture on the youth in Malaysia’ and the particular concern being expressed by the government over *lepak* culture (‘aimless loitering’ or ‘loafing’.) See also Zainal Kling (1995) for a related analysis of the Malay Family, in relation to demographic shifts, the higher pattern of divorce relative to other ethnic groups and the increasing concentration of women in the labour market, (ie, the increase from 28.1% to 46.4% of women employed in the manufacturing sector between 1970-1990; p 63.)

²² J. S. Kahn (1996), pp 12-13, neatly illustrates this point, while endeavouring to research the field in greater depth himself.

²³ In 1981, teachers accounted for 40% of UMNO delegates, falling to 32% by 1984; Khoo Kay Jin (1992), p 68.

²⁴ Khoo Boo Teik (1995), p 106.

²⁵ *Ibid*, p 63.

²⁶ Khoo Kay Jin (1992), pp 47, 48.

²⁷ Khoo Boo Teik (1995), p 137

²⁸ Khoo Kay Jin (1992), p 64.

²⁹ A. Munro-Kua (1996), p 113.

³⁰ Khoo Boo Teik (1995), pp 280-282.

³¹ For a further discussion of ‘authoritarian populism’, in relation to the Thatcher project, see Hall (1989).

³² Khoo Boo Teik (1995), p 284

³³ Munro-Kua (1996), p 134.

³⁴ Khoo Boo Teik (1995), pp 278-279, 290.

³⁵ Ghulam Sarwar Yousof (1991), p 1.

³⁶ Khoo Kay Jin (1992), p 46.

³⁷ Khoo Boo Teik (1995), p 277.

³⁸ *Ibid*, p 293. Munro-Kua (1996), pp 134, 139, notes that it was the Team-B suit which led most directly to judicial interference and the Lord President’s dismissal.

³⁹ Gomez (1994), p 64.

- ⁴⁰ A process which began in April 1996 following Mahathir's first meeting with Razaleigh in seven years. See *Far Eastern Economic Review*, May 9th 1996.
- ⁴¹ Munro-Kua (1996), p 105, notes in this respect that "...the ISA in particular may have seen its limits as a form of social control."
- ⁴² For a comprehensive account of the MCA's role in Malaysian politics and society see Heng Pek Koon (1988), *Chinese Politics in Malaysia: a History of the MCA*.
- ⁴³ Cited in 'Unwritten Rule': *Far Eastern Economic Review*, March 17th 1996.
- ⁴⁴ See Ling Liong Sik (1995).
- ⁴⁵ Khoo Boo Teik (1997a), pp 51-53.
- ⁴⁶ See Joceline Tan, 'MCA thought reform plan mired in controversy', *New Sunday Times*, November 9th 1997.
- ⁴⁷ See Joceline Tan, 'Chinese women heading for new heights in politics', *New Sunday Times*, November 30th 1997.
- ⁴⁸ Khoo Boo Teik (1997b), p 166.
- ⁴⁹ Loh Kok Wah, cited *Far Eastern Economic Review*, March 17th 1996.
- ⁵⁰ Kua Kia Soong (1992), p 69.
- ⁵¹ Gomez (1994), p35.
- ⁵² *Ibid*.
- ⁵³ The assessment here of the PCCC, and by extension the MCCC, is based upon interview information conveyed by Lee Kok Cheong the Executive Director (Press Secretary) of the PCCC, organisational reports/literature and discussions with academics.
- ⁵⁴ See, for example, details of 'Talk and Dialog [sic] With the Chief Minister', noted in Penang Chinese Chamber of Commerce, *Annual Report, 1996*, p 41.
- ⁵⁵ Penang Chinese Chamber of Commerce, *Directors Handbook 1996-1997*.
- ⁵⁶ Gomez (1994), p36.
- ⁵⁷ *Ibid*, p 37.
- ⁵⁸ Disparagingly referred to in some Malay political circles as 'semi-value' (anon.)
- ⁵⁹ H. Crouch (1996), p 49.
- ⁶⁰ Taib Mahmud, a *Melanau*, and Sarawak's Chief Minister, has been able to hold this political base together for over 15 years by accommodating key parts of the state's 29 separate ethnic communities. See 'Stand and Deliver', *Far Eastern Economic Review*, September 12th 1996.
- ⁶¹ See Crouch (1996), pp 51-52.
- ⁶² For an incisive analysis of state-federal tensions in Sabah, Sarawak and Kelantan, see J. Chin (1997).
- ⁶³ *Ibid*, pp 106, 118, note 30.
- ⁶⁴ *Ibid*, p 112.
- ⁶⁵ As a then lecturer at the University of Malaya, Syed Husin Ali's own detention followed on from his involvement in the Baling peasant protests in November 1974.
- ⁶⁶ See Zafar Bangash, 'America's kiss of death and some crucial issues in the Islamic movement', *Harakah* (Internet edition), December 7th 1998. The author is Director of the Institute for Contemporary Thought (ICIT), London. The article draws on correspondence between Professor Faruqi and Dr. Mahathir, published in *Harakah*, October 12th 1998.
- ⁶⁷ 'Tough Talk': interview with Mahathir, *Far Eastern Economic Review*, October 24th 1996.
- ⁶⁸ This included the defeat of Muhyiddin Yassin, one of Anwar's remaining loyalists amongst the 'new team' which had gained significant ground in the 1993 UMNO elections. The 1996 election, which included 25 posts for the Supreme Council, UMNO's main policy-making forum, did, however, see some progress for Anwar allies. Zahid Hamida beat Rahim Tamby Chik (previously implicated, though never charged, in an under-age sex and rape scandal and later 'rehabilitated' by Mahathir) for UMNO's Youth wing, and Siti Zaharah Sulaiman took the women's wing from Rafidah Aziz. 'Succession Saga', *Far Eastern Economic Review*, October 24th 1996.
- ⁶⁹ See 'Showing Who's Boss', *Far Eastern Economic Review*, May 16th 1996. The appointment of Sanusi Junid was significant in two respects. Firstly, because of his 'coolness' towards Anwar. Secondly, it allowed Mahathir, through Sanusi, to proceed with an industrial development strategy in Kedah, Mahathir's home state. See *Far Eastern Economic Review*, March 13th 1997.
- ⁷⁰ Zahid, the UMNO Youth chief, has himself become a significant figure within the party through the backing of Anwar and Najib. See *Far Eastern Economic Review*, April 17th 1997.
- ⁷¹ Gomez (1994), p 12.

- ⁷² The *New Straits Times* Group publishes the English *New Straits Times*, the Malay *Berita Harian* and the Chinese *Shin Min Daily News*. *Ibid*, p14, n. 18.
- ⁷³ *Far Eastern Economic Review*, April 17th 1997.
- ⁷⁴ *Far Eastern Economic Review*, December 18th 1997.
- ⁷⁵ Mahathir comments in this regard: "He sees me almost every morning if he is in the country. Even when I was in Harare, he sent me letters asking me about certain things, things which he couldn't decide for himself." 'Tough Talk': interview with Mahathir, *Far Eastern Economic Review*, October 24th 1996.
- ⁷⁶ Gomez (1994), p 56.
- ⁷⁷ *Far Eastern Economic Review*, September 11th 1997.
- ⁷⁸ 'Read the Signs', *Far Eastern Economic Review*, June 18th 1998.
- ⁷⁹ 'Helping Each Other', *Far Eastern Economic Review*, June 25th 1998.
- ⁸⁰ The structure of UMNO's corporate affairs are critically assessed by Gomez (1990).
- ⁸¹ Chandra Muzaffar, *Aliran* (compiled articles) (1988), pp 186-188, 272-273. See also 'The Way Forward', *Aliran Monthly*, 1997: 17, 5.
- ⁸² See Anil Netto; *ibid*.
- ⁸³ 'On the Spot', *Far Eastern Economic Review*, April 24th 1997.
- ⁸⁴ *Ibid*. The amount involved 2.4 million ringgit (\$950, 000) in cash.
- ⁸⁵ 'Selangor's Broom', *Far Eastern Economic Review*, May 15th 1997.
- ⁸⁶ The increased powers of this body derive from a new Parliamentary Act on corruption passed in 1997. Note also that each state in Malaysia has its own Anti-Corruption Agency, alongside a special section, based in Kuala Lumpur, engaged in more specific investigations into political-corporate corruption at the Federal and higher levels. Some of this information follows from a discussion with Roslan bin Ishak, Investigating Officer, Anti-Corruption Agency, Penang.
- ⁸⁷ *Financial Times*, July 3rd 1997.
- ⁸⁸ *Utusan Malaysia*, December 4th 1997; *New Straits Times*, December 5th 1997.
- ⁸⁹ *Sun*, December 4th 1997.
- ⁹⁰ *Far Eastern Economic Review*, July 2nd 1998.
- ⁹¹ To the extent that Proton, in October 1996, acquired the British Lotus sports car group in a 206 million ringgit takeover. *Far Eastern Economic Review*, December 12th 1996.
- ⁹² Southall (1997) has noted, in this regard, some of the respective problems faced by the African National Congress (ANC) and UMNO in seeking to redress black inequalities and *Bumiputera* rights. Mahathir and Mandela carried out reciprocal state visits in 1997.
- ⁹³ Burma, Laos and Cambodia were admitted at the 30th Anniversary meeting of ASEAN (May 1997) in Malaysia.
- ⁹⁴ *Financial Times*, July 2nd 1997.
- ⁹⁵ 'Seeing Red', *Far Eastern Economic Review*, August 12th 1996.
- ⁹⁶ Cited in *The Australian*, November 12th 1994.
- ⁹⁷ See M. Yahuda, (1996), pp 5, 13.
- ⁹⁸ The analysis here draws upon field-note observations, media articles and Internet resources, alongside discussions (noted elsewhere) with academics, opposition party figures, NGO activists, media personnel and other anonymous parties. It also draws upon formal (qualitative) interview information conveyed (November 1997) by Mahyiddin bin Wan Wawang, Secretary, UMNO Research/Information Dept., UMNO HQ, Putra World Trade Centre, Kuala Lumpur, and Mr. Azmi, Head of Penang UMNO, UMNO offices, Gelugor, Penang. Other informal information was obtained at the Penang State Assembly.
- ⁹⁹ Under the terms of the Iran-Libya Sanctions Act (1996), any company with total oil or gas investment assets of more than US\$40 million in either of these countries could have sanctions imposed upon them by the US.
- ¹⁰⁰ The remarks in question were made on 10th October 1997 at a rally of 15,000 people in Kuala Terengganu gathering to show their support for Mahathir. *New Straits Times*, October 11th 1997.
- ¹⁰¹ "I did not say it was a Jewish conspiracy. I said it was by coincidence that this person [currency speculator George Soros, who had caused the Malaysian currency to decline] is a Jew and that by coincidence we are Muslims." Mahathir, cited *New Straits Times*, October 12th 1997.
- ¹⁰² 'Mahathir reassures American citizens', *Sun*, November 14th 1997.
- ¹⁰³ Note, for example, how a 'friendly' rally held in support of Mahathir by *Malaysia Pos* (national post) employees (with a banner proclaiming 'Pos Malaysia supports our beloved Prime Minister')

contrasted with the more menacing imagery adopted at this point by UMNO Youth, for example during its protest outside the *Kapitan Keling* Mosque in Penang (with banners comprising 'Go to Hell America'). *Utusan Malaysia*, November 15th 1997.

¹⁰⁴ While defending the right of the Congressmen to pass opinion on such matters, he stated that their demands were "inappropriate" and was "willing to display this political courage in talking about the resolution because I believe it is the right thing to do and because I believe so strongly in the importance of our relationship." See 'Envoy: Enough' and 'Sanctions, if imposed, will apply within US only', *Sun*, November 18th 1997. Deputy Assistant Secretary of State for Energy Sanctions and Commodities, William Ramsay's subsequent briefing confirmed that any sanctions could be applied only in a unilateral context within the US. A Malaysian Government official, nonetheless, insisted that Petronas would continue its participation in a consortium to extract gas in the South Pars Field in Iran. *Sun*, November 21st 1997.

¹⁰⁵ *New Straits Times*, November 19th 1997. The Council, denouncing the Congressional resolution, pledged their continued support in Mahathir as Prime Minister and BN Chairman while rejecting allegations that he held ill-feeling towards any racial or religious group, including Jews.

¹⁰⁶ 'Kit Siang calls for amendments', *Sun*, November 20th 1997).

¹⁰⁷ The five-point motion involved: (1) A commitment to uphold and respect religious and multi-racial principles and a denial of any anti-racial or anti-Jewish policies. (2) A rejection of the Wexler resolution and statement on the right of sovereign nations to determine their own leadership and policies. (3) A rejection of the US Government's right to investigate Petronas, this being a violation of the spirit of international free-trade. (4) A commitment to work towards continued good relations with the US. (5) A reiteration of the House's full confidence in Mahathir as Prime Minister. *Ibid.* The Speaker, also ruled at the conclusion of the vote: "As there are no MPs here who stated they opposed the motion, it is then unanimously passed". Cited, 'The politics of the confidence motion', *Sunday*, November 30th 1997.

¹⁰⁸ The results of both elections were as follows. *Sungai Bakap* (Penang): Lai Chew Hock (Gerakan-BN) 5010; Goh Kheng Huat (DAP) 3570; Abu Harith Ahmad (Ind) 1758; K Ganesh (Ind) (still listed in poll despite having withdrawn) 26. Majority: 1440; turnout 10594, 63.87% (1995 General Election: 5327; turnout 12310, 71.91%). *Changkat Jering* (Perak): Mat Isa Ismail (UMNO-BN) 7221; Idris Ahmad (PAS) 3677. Majority: 3544; turnout 11056, 57.62%; (1995 General Election: 6402; turnout 12827, 66.25%). *New Sunday Times*, November 9th 1997.

¹⁰⁹ See 'Independent's good showing is food for thought', *Sun*, November 10th 1997. Malays comprised 47.9% of the Sungai Bakap constituency.

¹¹⁰ See 'Blown Away', *Far Eastern Economic Review*, December 25th 1997 & January 1st 1998. Despite his political leanings, Kim Dae Jung's first major act was to pledge that he would "faithfully implement" the IMF's \$US57 billion rescue package. See 'Now, rule', *Far Eastern Economic Review*, January 8th 1998. Kim was formally inaugurated on February 25th 1998.

¹¹¹ See 'Double or Nothing', *Far Eastern Economic Review*, February 26th 1998.

¹¹² Despite this, the Malaysian authorities started the process of repatriating Indonesian workers in March 1998, leading to riots at four main detention camps, with the deaths of three Indonesians and a guard at Kajang. In addition, it was announced that 200,000, mainly Indonesian and Bangladeshi, immigrant workers were to be returned on completion of their work contracts beginning in August 1998. *Star*, March 26th 1998. Indonesian labour accounts for around 75% of Malaysia's two million foreign workforce.

¹¹³ The *Konfrontasi* emerged as Indonesia's critical response to the formation of the Malaysian Federation in 1963, a development which the Sukarno leadership denounced as a neo-colonialist construction. See M. Yahuda (1996), pp 70-71.

¹¹⁴ For example the crisis had brought Amien Rais, leader of the Islamic Muhammadiyah group, with a following of 25 million middle and lower-middle class members, into a common political alliance with Megawati Sukarnoputri, head of the suppressed Indonesian Democratic Party. See 'Us' and 'Them', *Far Eastern Economic Review*, February 12th 1998.

¹¹⁵ See 'Consummate Insider', *Far Eastern Economic Review*, February 19th 1998.

¹¹⁶ This included Hong Leong Bank's proposed merger with Bolton Finance, while other suitors were being negotiated for an alliance with Mbf Finance. See 'Pull together', *Far Eastern Economic Review*, January 15th 1998.

¹¹⁷ *Star*, February 26th 1998.

¹¹⁸ *Ibid.*

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- ¹¹⁹ See 'Calling Doctor Daim', *Far Eastern Economic Review*, February 19th 1998.
- ¹²⁰ An announcement described by Lim Kit Siang as "the greatest shocker in the past 14 months of the economic crisis". DAP Homepage, August 28th 1998, <<http://www.malaysia.net/dap>>.
- ¹²¹ 'Easing the Squeeze', *Far Eastern Economic Review*, July 16th 1998.
- ¹²² See, for example, 'Anwar: market forces betrayed our trust', *Star*, August 25th 1998.
- ¹²³ Khalid Jafri was subsequently charged with 'spreading false news' over one of the allegations in the book that Anwar had fathered an illegitimate child.
- ¹²⁴ See 'Press Pressure' and 'Smear Campaign', *Far Eastern Economic Review*, July 30th 1998. With some understatement, Anwar noted: "I believe it is a conspiracy to smear my image and topple me."
- ¹²⁵ This involved Anwar's businessman friend S. Nallakaruppan ('Nalla'), who had, allegedly, organised sexual encounters on Anwar's behalf and had been caught with a stockpile of illegal bullets at his house.
- ¹²⁶ 'Ringgit pegged at RM3.80 to dollar', *Star*, September 3rd 1998.
- ¹²⁷ 'MBs back Mahathir action'; *ibid*.
- ¹²⁸ From Anwar's Text Statement, *Reuters*, September 3rd 1998.
- ¹²⁹ *BBC Online*, September 4th 1998.
- ¹³⁰ Anwar's extensive letter from jail, November 3rd 1998, was published at the *Anwar Online* site: <<http://members.xoom.com/anwar98/prometheus.htm>>.
- ¹³¹ *Ibid*.
- ¹³² Mahathir secured a ruling that candidates for the post of President and Deputy President achieve, respective, 30% and 20% thresholds for nomination, thus replacing the existing scheme of ten bonus points given to candidates for these posts nominated by any of UMNO's 165 divisions. The new arrangement would, in effect, minimise the voting power of any pro-Anwar grouping. See *Asiaweek*, December 4th 1998.
- ¹³³ *AFP*, December 13th 1998.
- ¹³⁴ *AFP*, July 6th 1999.
- ¹³⁵ PAS took the Arau seat on July 4th 1998 by 1,323 votes, overturning a 6,929 BN majority (over *Semangat* 46) at the 1995 General Election. *Utusan Malaysia*, July 5th 1998. Lim Kit Siang described the result as a "Richter 5 political earthquake". DAP Homepage, July, 5th 1998. This followed other by-election defeats for the BN at the hands of PAS at Bagan in 1995 and Teluk Intan in 1997.
- ¹³⁶ At the Federal Hotel, Kuala Lumpur, May 31st 1998.
- ¹³⁷ See DAP Homepage, July 14th 1998.
- ¹³⁸ Lim Guan Eng's appeal was rejected on August 24th 1998, his two concurrent 18 month jail sentences beginning, thereafter, in Kajang jail.
- ¹³⁹ Maznah Mohamad, 'Can UMNO survive?', *Aliran Monthly*, February 1999, 19:1. See also 'The Social Contract', *Aliran Monthly*, May 1999, 19:4, a reproduction of the ancient compact from *Sejarah Melayu* in which the subject affirms perpetual loyalty to the ruler provided that the latter "shall never put their subjects to shame, and that those subjects however gravely they offend shall never be bound or hanged or disgraced with evil words."

Organic intellectuals: ideological production and the UMNO network

We are living through a revolutionary period in the history of mass-communications, with profound implications for the organisation of states and societies. As political and social identities become less uniform, the medium of communications becomes more crucial. The more fluid the reward system, the more vigilant the state must be in managing the evolving social outcomes. Social control and ideological persuasion are, thus, being fashioned through a new complex of information sites and emerging technologies. Combining these developments with the view that hegemony is an ongoing enterprise, the production and dissemination of intellectual discourse, information, entertainment and populist iconography has come to represent an increasingly vital element of class control and political legitimation.

This invites consideration of the ways in which ideological production has helped sustain UMNO control and the sense in which a more nuanced form of persuasion was emerging through the language of Vision 2020 by the mid-1990s. Malaysia's 'passage to modernity' has created new social expectations, economic divisions and cultural uncertainties. The conflicting claims of Islam and consumer culture have further complicated popular consciousness. In response, Mahathir has sought to fashion hybrid forms of capitalist modernity, Islamic morality and ethnic collectivism as a basis for national-popular support. Let us now consider the nature of UMNO enterprise within this changing civil space and the particular projection of Vision discourse through the mass-media. This takes us, in the following chapter, to a more specific analysis of the media during the Anwar affair.

Civil society, organicity and the UMNO network

One of Gramsci's most prescient insights was his attempt to show the importance of cultural production as an evolving feature of capitalist society. Here, organic intellectuals

play a central role in the construction of ideas; the very organisation of hegemony. Gramsci's view of intellectual enterprise provides, in this regard, an advanced reading of 'base-superstructure' relations within marxist theory,¹ allowing a more qualitative shift from economistic conceptions of state-civil relations.

As a party apparatus, UMNO embodies this idea of organic integration between these spheres. The principal axis of the network is the UMNO/BN political alliance. But it extends outwards and beyond conventional party arrangements. These chains of influence range from corporate elites and party affiliates, such as *Wanita UMNO*,² to the BN controlled media, from Islamic forums and JKKKs to voluntary bodies and a panoply of small organisations. A small example of such would include institutions such as the Malaysian Women's Advancement Institute, whose activities include the publication of the 1995 biography *Mahathir: Epitome of a Statesman*.³ Reverential discourse such as this, launched by prominent political figures, endorsed through business patronage and covered in celebratory form by the popular media, captures the integrated sense in which 'party intellectuals' of all types come to articulate positive, populist images of the BN system.

This is not to suggest uniformity of thought or absence of discrete agendas. Rather, 'hegemonic networking' denotes fluidity, interaction and accommodation, wherein particular actors and institutions may have particular sectoral interests to protect or advance, but also hold to a 'shared perspective' on the maintenance of the broader power structure. Thus, such bodies perform a commonly-focused support-role, helping to reproduce dominant interests and ideas through diverse processes of political, corporate and ideological exchange. At the same time, there is always room for the incorporation of new interest groups and alliances, a complex internalisation of interests allowing participation across the state-civil spectrum.

It is not difficult to see liberal objections to such a view. Here, the state is viewed, *a priori*, as distinct from civil society, a potentially pluralist realm. State authoritarianism is the generic model of explanation here, with civil freedoms and democratic expression stunted by an all-encompassing central power. Understandably, liberal and left-leaning reformers in Malaysia are reluctant to move beyond this paradigm as they witness the continual deployment of the ISA and other repressive instruments. Yet, while recognising the specificity of this apparatus, it is also worth noting how state

instruments are wielded in Western societies as strategies of class control.⁴ The more particular point, though, is the sense in which social control in Malaysia, by the mid-1990s, was becoming organised around a more nuanced mix of state coercion *and* civil persuasion.

The importance of civil society as a contested political space is evident in the growing sense of civil awareness amongst Malaysians. Recent findings on rising levels of ‘civil consciousness’ in Malaysia would appear to corroborate this view. For example, the major national study *Caring Civil Society*, carried out by social researchers at *Universiti Sains Malaysia*,⁵ found high rates of civil awareness across a wide range of social, political and cultural issues. Noticeable here was the absence of any significant variation across the three sample states studied, Penang, Kedah and Kelantan. Measured against sampled questions to 5000 respondents, a Civil Consciousness Index (CCI) showed high levels of civil awareness on four out of five main indices:

- *Ethnic Tolerance* (Attitudinal orientation toward other ethnic groups including affinity to accept differences and interaction with other ethnic groups) 69.7%
- *Political Efficacy* (Willingness to use formal-institutional as well as non-formal processes to affect political outcomes) 76.5%
- *Civil Right Awareness* (Concern for basic human rights as well as awareness of these rights) 45%
- *Public Spiritedness* (Willingness to contribute to the public good through various responsible public acts) 78.3%
- *Ecological Awareness* (Concern for the preservation of the natural environment and willingness to act to preserve or not to destroy the natural environment) 79.9%

The main exception here, the low-level of civil-rights awareness, would seem to indicate the still rather conservative nature of the Malaysian electorate and a certain ambivalence over the exercising of political rights. For example, while 58% supported the decentralisation of local authorities, only 44% think these bodies should be elected rather than appointed.⁶ Other questions within these main indices also reveal concerns over the erosion of social institutions and ethical values. For example, 48% viewed ‘overconsumption’ as the reason for ‘society [being] very materialistic’ (around 24% seeing ‘corruption’ as the cause). 52% upheld ‘the family’ as ‘the agent most

responsible for cultivating moral and ethical values' (followed by 16.5% citing 'the individual'). 57% thought 'a caring society in Malaysia can be achieved' if people become more 'co-operative and less demanding' (followed by 29% who said 'if we become more religious'). The overwhelming majority (83% to 95%) believed that the state should maintain a central role in ensuring public welfare, law and order and other basic services. At the same time, there was strong support (around 85%) for the participation of non-state actors in these areas, such as NGOs, employers, individuals and the family. However, despite marginal support (between 53% and 59%) for privatised services (such as utilities and elderly care), this did not translate into support for business corporations taking a leading role in the provision of education or the main health services. With regard to the Vision, 80% expressed a 'need to participate in decisions about national development', with 60% having 'benefited from the development that has taken place over the years'. Yet, only 22% agreed that 'limiting individual rights in Malaysia was important in attaining our level of development.'

Alongside the impact of the crisis, such indices help illustrate the increasingly fluid nature of Malaysian civil society and shift in social identities. But they also suggest, for the UMNO network, the importance of controlling the civil space, a key feature of that process being the articulation of its ideas through the mass-media.

Networks of influence: the media in Malaysia

The main aim here is to identify the ways in which news, information and cultural output in Malaysia is structured and presented, not only as overt state propaganda, but as a more subtle vector of civil values. Again, this invites consideration of how civil persuasion and coercive interventions are being used as variable tools to maintain the ideas and interests of the leading group. In this regard, Loh Kok Wah and Mustafa K. Anuar have noted three main instruments of press control in Malaysia (each broadly applicable to the electronic media): "coercive legislations"; "ownership and control of the major publications"; and the practice of "responsible development journalism".⁷ Here, we are mainly concerned with the latter, as a conceptual indicator of Vision discourse. However, let us, firstly, note the significance of the other two elements as complementary to this process.

The foremost state mechanism of press control is the Printing Presses and Publications Act (1984). The main corresponding legislation for the electronic media is the Broadcasting Act (1988). With regard to the press, all publications are required to apply for an annual publishing permit, which can be revoked where the applicant has been deemed to have negated certain state-interpreted 'national interests'. This was the *Star*'s fate in 1987 during Operation *Lalang*. Since the return of its permit in March 1988, the *Star* has never regained its previous 'liberal flavour'. With similar intent, the Home Affairs Ministry has also imposed various restrictions on the *Rocket* and *Harakah*, respective papers of the DAP and PAS.⁸

At the same time, the proliferation of new media forms had created more sensitive problems over the control of public information and entertainment. Much of this stems from the deregulatory process and gathering corporatisation of the press and electronic media from the 1980s. Thus, while the Ministry of Information sought to promote competition by issuing more publishing permits for new daily newspapers such as *The Edge* (a business-based title "reflecting the higher demographic profile of the 'new Malay', who is increasingly urban, middle-class and professional"⁹) it also continued issuing cautious reminders. For example, the three Chinese language papers *China Press*, *Sin Chew Jit Poh* and *Nanyang Siang Pau* all received warnings that their licences would be revoked if they published articles undermining 'the government's efforts in creating a multiracial society'.¹⁰

Under the Broadcasting Act, similar stringent conditions and powers apply. The 1988 Act, notes Zaharom Nain, was introduced:

in anticipation of the further commercialisation of broadcasting, especially television. Indeed, in the midst of the supposed 'deregulation' of broadcasting [it] now gives the Minister of Information virtually total powers to determine who will, and who will not broadcast, and to determine the nature of the broadcast material...On paper, this means one individual has the power to decide.¹¹

Control of media output has also been used to contain the social consequences of economic development — robbery, domestic violence, drug abuse, divorce, the 'moral threat' of 'youth delinquency' and *lepak* culture (loafing). In 1995, the Information Minister, Mohamed Rahmat, directed the Film censorship board to enforce a clampdown on sex, violence and consumer imagery on TV, afraid that, among other things, it would

leave the government open to charges of moral relativism from PAS.¹² Further reactions such as an anti-vice crackdown on the entertainment industry and early-closing of fashionable Kuala Lumpur nightspots reflect the added concern that the disproportionate share of such activity involves Malays rather than other ethnic groups.¹³ The emergent crisis had intensified these concerns. In the first three months of 1998, overall crime figures, most notably armed robbery and property related crime, in Malaysia rose by 53%,¹⁴ indicating a direct correlation between economic instability and social dislocation. In this regard, coercive media control has been used as a reactive strategy to avert social breakdown, allowing the state, in turn, an expanded rationale for further censorship.

The second form of consolidation has been through media ownership. The central point to be noted here is the tight concentration of media control in Malaysia, whether through state ownership, political patronage or trustee proxies. Although comprising a complex web of interlocking companies, the bulk of media equity in Malaysia is, in essence, controlled by a minority circle of UMNO, MCA and MIC investment and holding companies alongside other business elites closely aligned to the *Barisan*. For example, through trustee companies tied to the UMNO investment arm *Fleet Holdings* and *Renong Bhd*, UMNO has been able to secure control over the two main publishing groups, *New Straits Times Press* (NSTP) and *Utusan Melayu*.¹⁵ In the field of electronic media, the state retains direct control over the two *Radio Televisyen Malaysia* (RTM) channels TV1 and TV2. However, with the shift towards privatised delivery of public services from the 1980s, new commercial media franchises signalled a corporate bonanza for well-placed business clients. Beginning with the launch of TV3 in 1984, *Sistem Televisyen Malaysia Bhd* (STMB), another holding company closely associated with UMNO, was awarded the first commercial contract by the government. In 1994, the *Utusan Group* became part of a four company consortium awarded the tender to operate the second new commercial TV station Metro Vision. *Sistem Television* also attained a majority 40% share of Mega TV, the country's first subscription channel launched in 1995, the other major shareholder being the Ministry of Finance with 30%.¹⁶ In March 1998, another commercial station Natseven (NTV7) began broadcasting. Owned by Effendi Norwawi, Vice President of the PBBB, part of

the BN coalition in Sarawak, it has sought to position itself as a main challenger to TV3, offering a more ‘feelgood’ and ‘risk-taking’ output. (See below.)

The *Utusan Group*, one of the two major national newspaper publishers, also produces one of the leading Malay dailies, *Utusan Malaysia*. Its main competitor, the New Straits Times Group, latterly controlled by business executives linked to Anwar, publishes the country’s two main English and Malay titles, the *New Straits Times* and *Berita Harian*.¹⁷ The major controlling stake in *Star Publications Sdn Bhd*, publisher of the English daily *Star* is held by *Huaren Holdings*, an investment arm of the MCA.

*Table 5: 1 Selected Peninsular Malaysia (daily) newspaper circulation figures*¹⁸

	July 96- June 97	July 97- June 98	July 98- Dec 98	Jan 99- June 99
Bahasa newspapers				
<i>Utusan Malaysia</i>	253,680	267,765	265,515	229,133
<i>Berita Harian</i>	272,615	249,756	245,445	208,559
<i>Harian Metro</i>	85,540	77,036	65,111	62,404
English newspapers				
<i>New Straits Times</i>	163,287	155,977	143,110	134,812
<i>The Star</i>	206,832	220,493	231,573	239,789
<i>The Sun</i>	77,328		82,247	82,705
<i>The Malay Mail</i>	54,234	48,569	44,406	38,376
<i>The Edge</i>		11,862	12,092	12,280
Chinese newspapers				
<i>Sin Chew Jit Poh</i>	237,604	264,283		
<i>Nanyang Siang Pau</i>	184,279	175,339		
<i>Guan Ming Daily</i>	91,602	100,475		
<i>China Press</i>	171,636			

The newest major English-speaking daily, the *Sun*, owned by Vincent Tan Chee Yioun, multi-millionaire head of the lucrative *Berjaya Group*, has positioned itself as a fresh contender, notably to the *Star*.¹⁹ Tan’s 70% acquisition of Sports Toto in 1985, a key privatisation facilitated by Daim, was the main impetus for the rapid expansion of the *Berjaya* empire, Tan’s wealth reflecting close relations with prominent UMNO elites.²⁰ However, ‘quiet warnings’ over content had been issued on occasion to the *Sun* by the Ministry of Information. In part, this reflected attempts to market the paper as a more innovative and ‘critical’ alternative to the other dailies. (See below.)

At a more general level, media ownership and editorial influence had become a vital part of the political manoeuvring for control within UMNO — as key Anwar people

within the *Utusan* Group and TV3 would soon discover to their cost. However, while these power games continued behind the scenes, mainstream press output continued, for the most part, to reflect the overall *Barisan* view rather than particular elements within UMNO. And yet, despite this entrenched compliance and failure to cover key issues,²¹ a nominally more ‘liberal’ press had emerged by the mid-1990s. This was because proprietors and journalists now understood, more fully, the *boundaries* of critical output.

The third feature of media control, ‘responsible development journalism’, offers a helpful gateway here. The promotion of such, through a populist ideology of growth, has helped cast UMNO as beneficent provider, while concealing the contradictions and weaknesses of the development process itself. Thus, the Malaysian media is constantly awash with photo opportunities, messages, slogans, soundbites, nationalist songs and jingles, editorials and corporate advertising all extolling the common challenge of onward industrial development. The messages are both overt and subliminal, whether it be Mahathir’s almost-daily appearances on the front page of the *New Straits Times*, *Star* or *Utusan Malaysia* opening another industrial plant, or the *Telefakta* information adverts (TV2) displaying (over catchy music) simplified statistics of improved industrial output. As we shall see, responsible development journalism is also implicit in the content of TV news and current affairs output. Thus, both mediums seek to limit critical analysis and adversarial commentary by utilising developmentalism as a routine context for the filtering of news and stories.²²

This agenda is particularly evident during general elections. Here, the media play a pivotal role in framing ideas and issues, camouflaging news, creating punchy political adverts, humanising coalition candidates, demonising others, and promoting a sense of ‘naturalised’ affinity between the *Barisan* and the electorate through the populist imagery of nation-building, ethnic harmony and Vision emotionalism.²³ During the 1995 General Election, the media frequently misrepresented opposition messages, lampooned opposition leaders and alleged underhand dealings between the DAP and PAS. For the first time, morning TV was used to provide a favourable platform for BN messages.²⁴

The effectiveness of the UMNO media was also evident during Mahathir’s bid to replace Kedah Chief Minister Osman Aroff with Sanusi Junid. Here, without openly supporting the PM, the media ran detrimental stories about Osman, criticised his leadership and speculated consistently on whether he would resign.²⁵

A further variation of responsible journalism could be seen in the media's self-imposed news blackout during the *Kampung Rawa* mosque-temple disturbances in March 1998.²⁶ This was followed by praising reports of Anwar's public arbitration between the contending parties, in contrast to the 'malevolent' reporting of the foreign media.²⁷ Despite the understandable vigilance over alarmist coverage, the incident characterised the way in which UMNO/BN seek to monopolise the moral high ground on ethnic relations. Here, for instance, Mahathir had 'appealed' to DAP and PAS not to make political capital from the incident, a statement carrying an overtone of moral authority and an undertone of suggested distrust, provoking Lim Kit Siang, in defence-like manner, to restate his own commitment to ethnic harmony.²⁸

This message is also evident in the coverage of the annual *Merdeka* Day. Here, the *Barisan* become synonymous with the 'hegemonic triangle' of moral harmony, economic achievement and political benevolence, a blended imagery captured at the height of 'Late Mahathirism' in the *New Straits Times* 1994 National Day Special. Here, the thematic headline 'Towards a Caring Society' is proclaimed along the page top. Below this is an attractively designed feature on the Malaysian car industry, with the upbeat heading: 'Proton car best symbol of growth'. Completing the page is the ebullient figure of Anwar pictured at the levers of a tractor and a detailed article announcing his plans for a major low-cost housing package. Other pages contain a similar array of pictures, graphics and features projecting messages of social cohesion, technological advancement and caring government. Such ideals are also reflected in the full-page corporate adverts, such as *Telekom* Malaysia's *Merdeka* Day message: 'As We Race To The Vision, Let's Not Leave Our Values Behind'.²⁹ Thus, both here and beyond the coverage of popular events, the 'national' becomes merged into the political. As Kua Kia Soong notes:

...the most serious aspect of the press is its failure to point out the clear line between the 'interests of the nation' and the interests of the government. ³⁰

The anodyne nature of mainstream media content can also be seen in the process of film and television production. Here, Nain notes how "the media as a whole in Malaysia dulls the senses of the audience, virtually never inviting us to question the status quo." Noting the profusion of locally-produced films and TV series which

“...unashamedly aim at legitimating the existence of the state apparatus”, and the reluctance to offer critical reviews of such output, the source of the malaise, he argues, lies in a passive acceptance of the social order. The problem expresses itself at the levels of cultural production *and* intellectual enquiry, creating an insularity of thought and a lack of stimuli to think the unconventional:

...the activity of film making...cannot divorce [itself] from the prevailing political, economic and cultural circumstances. Ours is an extraordinarily ‘sensitive’ society — or at least has been made to become that way by powerful social and political forces. It is a society where even a tender kissing scene between two consenting adults in a movie is deemed sufficient to corrupt us... Indeed...where it is an everyday occurrence for courting couples to be apprehended by the authorities for being together, with their clothes on...What we need to understand is that religion — in its narrowest sense — has become firmly entangled with our political and cultural circumstances.³¹

In the words of another critic, he notes how:

...we risk creating...‘a society emotionally lobotomised by the loss of its freedom to dream and fantasise on the dark, as well as the light, side of the imagination.’³²

But the Malaysian media was also being conditioned by the ‘Murdoch effect’ in the 1990s,³³ with the corporatisation and privatisation of the press and TV denoting new accommodations to transnational interests:

Since its inception until today, Malaysian television has forged links with the international media market. However, what may indeed initially have been a convenient and, perhaps, necessary compromise in terms of programming is becoming an unholy alliance between transnational media companies and the local media elites. In their seemingly relentless quest to get as much revenue as possible from television, the policy makers, consciously or otherwise, have aligned themselves with the transnational actors, leading Malaysian television even further into the international marketplace, not so much as a producer but as an insatiable consumer.³⁴

Despite Mahathir’s own warning that the profit motive was undermining the responsibility of local television stations to produce varied programmes, Malaysian television has continued to offer a diet of cheap imported soaps, movies and sport, with

locally-produced sit-coms, drama and current affairs formats appearing as essentially “sub-standard copies of mainly western genres.”³⁵

Of course, it would be facile to suggest that all such media representations are accepted universally or uncritically within Malaysian society. Indeed, beneath the veneer of conformity and ‘respect for authority’ there is also an underlying capacity for critical reflection, iconoclastic humour and political repartee.³⁶ Yet, this is still confined mainly to alternative publishing forms and quietly tolerated middle-class satire. For example, favoured within the convivial circle of Kuala Lumpur’s smart set, the comedy group Instant Cafe Theatre have engaged in a somewhat *risque* routine of underhand social commentary and political parody. Though tame by Western standards, their sharp jabs at UMNO authority and the party elite often touch sensitive political nerves. Yet, like other media forms, it has been a contained middle-class outlet, rarely subversive or capable of mainstream dissent. Indeed, having amused Mahathir and Anwar, the group became *de rigeur* at the big fashionable dinner parties of top corporate elites like Ananda Krishnan.³⁷ Thus, while offering a certain space for urbane dissent, it is in a managed form, rarely allowed to move beyond the parameters of ‘responsible’ political expression.

Middle-class perceptions of ‘press freedom’ and political dissent have, likewise, been qualified by this internalised view of authority, a view acknowledged and rationalised by the writer Rehman Rashid:

It’s not done in Malaysia, it’s not your fundamental right to stand up [as in] Hyde Park corner or London [sic] and say your piece. We don’t have that here. So...dissent is not encouraged in this country...it’s neither encouraged or discouraged. If you’ve got something to say, you can say it, but you have to think it through and you have to be prepared to be argued down very sternly, even maybe not argued down, maybe taken away and told to shut up. You know. But that’s the price. And, God bless us, Malaysians have not been cowed to the point of total silence.³⁸

This careful middle-class consciousness permeates Malaysian society. In turn, it has allowed the political elite, notably in times of economic boom, to adopt a relatively relaxed attitude towards ‘middle-class expression’, even the occasional lampooning of government policy. As such, one of the more significant features of changing press styles in Malaysia has been a growing propensity towards would-be middle-class issues, consumer concerns, identity and lifestyle. The *New Straits Times* can be seen as

something of a forerunner in this respect with its major revamp and introduction of a new *Lifestyle* — now *Life and Times* — section in 1991. This was followed by similar stylistic changes at *The Star*, *Utusan Malaysia*, *Berita Harian* (sister paper to the *New Straits Times*) and the main Chinese dailies *Sin Chew* and *Nanyang*. What energised all the mainstream press here was the realisation of how economic expansion had created vibrant new middle and service-class sectors, offering, in turn, new stimuli for consumer-style features, ‘middle-class social formats’ and, of course increased advertising revenue.

Few of these ‘bourgeois concerns’ have any immediate resonance in the poor rural *kampongs* or the impoverished working-class housing sprawls of Kuala Lumpur, Penang and Johor. Yet, ‘middle-classness’ in Malaysia has become not only a social identifier of the middle-classes, but a cultural reference point for an aspirational working-class. Here, a new blend of middle-class media discourse has emerged, acting, simultaneously, as a *cultural filter* and as an *arbiter of social values*.

At the first of these levels, stylised representations of upward mobility and consumer gratification are being projected as new forms of ‘cross-class’ consumer culture. Among the profusion of new retail sites in Malaysia, the fast-expanding Looking Good chain of grand shopping malls illustrates this semiotic *synthesis* of ‘new individualism’ and ‘Vision prosperity’ — though, with some concession to postmodern irony, things were looking not so good for Looking Good, the consumer or the Vision as the economic crisis unfolded. Nonetheless, the ‘crisis of consumption’ has not seriously weakened middle-classness as an influence over the wider cultural *milieu*.

At the second level, this new media discourse has also come to reflect a more specific middle-class *social* agenda. Indeed, middle-class response to the economic crisis has involved a relatively serious ‘re-examination’ of middle-class consumerist values. *Life and Times*-type features, in this sense, have encouraged a certain form of ‘responsible’ civil dialogue. Criticism is permitted. But only in the sense that it forms part of a collective, problem-solving agenda, akin to the received values of ‘responsible journalism’. Moral panic and economic fears prevail as ‘classic’ symptoms of middle-class insecurity. But the crisis has also given rise to a relatively more informed type of middle-class sociological debate within the mainstream press and other media,³⁹ encouraging intellectual analysis and observation to be expressed *from the inside*. Led

by selected academics and policy intellectuals, Malaysian editors, proprietors and political elites appear increasingly receptive to this type of internalised media debate.

Here, a certain synchronicity can be discerned between social and 'political' concerns. Take, for example, a *New Sunday Times* feature on affluence-related alcoholism ('Alcoholism, a hidden problem in Malaysia'⁴⁰) and a *New Straits Times* Letter of the Day from the President of CAP about the currency crisis ('Let's join forces to reform monetary system'⁴¹). In both articles, the message is underwritten by common themes of 'social responsibility' and 'collective problem solving'. While the former argues the need for unified social responses to the growing problem of alcohol abuse, the latter urges similar collective resistance to the international currency system and its permissive impact on Malaysian society. Although expressing laudable concerns, in neither instance is the government's role seriously questioned. Rather, both problems are addressed as general 'development issues'. In this way, 'social problems' and government 'political problems' become generalised 'us' problems.

Another example of such discourse can be seen in a letter by the opposition critic Chandra Muzaffar ('Global currency coalition can curb manipulation'⁴²), calling for a "global coalition" of governments to "remind the IMF of its responsibility" in creating "a just and equitable international financial system." Urging it to be led by ASEAN, Japan and Northeast Asia, Chandra argued that such a coalition might even accelerate Mahathir's case for an enhanced East Asia Economic Caucus. Leaving aside the part already being played by such states in the prevailing financial system, it is notable how such 'critical' contributions were being built around a tacit endorsement of Mahathir at this point in the crisis, thus serving to legitimate his position.

A more challenging example of the discourse can be seen in the *New Straits Times* Perforated Sheets article, 'The return of the Vision Squad', by Amir Muhammad. Here, in whimsical fashion, Mahathir is taken-to-task for the questionable reality of his much-vaunted Vision adjectives: "psychologically liberated, secure, self confident, mature, democratic, scientific, liberal and tolerant."⁴³ In this instance, the author feigns his right to critical comment by citing Mahathir's apparent defence of social critics (as necessary to national progress) made in the foreword to a book by his daughter Marina. Prompted by the gagging order restricting Malaysian academics from talking to the media about the prevailing haze crisis, the piece goes on, in mildly subversive tones, to

cast doubt on the actual scope for social criticism, the 'democratic' purpose of the ISA and the government's commitments to civil freedom. The Perforated Sheets column was, ultimately, thought too underhand, with Amir moving to online journalism.

The tenor of middle-class media discourse is, thus, guided by a 'permitted' subtext of 'reasoned liberalism', 'shared dialogue' and the need to solve social anomalies together *on our way to the Vision*. Here, Marina Mahathir has been projected as a more appropriate role-model of liberal Vision-speak, combining 'reasoned' criticism with a public-media profile on social issues such as AIDS.⁴⁴ The Anwar crisis would, of course, be the real test of Marina's liberalism. However, in her fortnightly *Star* column and elsewhere, the seriousness of the reform movement is played-down, while her criticism of the foreign media becomes an extension of Mahathir's own 'us-them' dichotomy.⁴⁵ At the heart of this, she argues, is a Western disdain for Asian culture, a patronising view of Malaysia's development efforts and an attempt by the foreign media to manipulate the reform process. Thus, what appears to be a legitimate statement of Malaysian sensitivities and defence of the South soon becomes an encoded apology for the prevailing system. As such, its purpose is to reinforce the very illusions more critical analysis might serve to reveal.

Of course, this is not to claim that there is always outright endorsement of such media messages at the *popular* level. As one past content analysis of the *Star* notes, the press have come to convey a particular view of social reality where:

...the *Barisan* is moderate while the opposition is extremist; the *Barisan* can guarantee harmony between ethnic groups while an opposition government would unleash the forces of ethnic conflict...Implicit [here] is the power of the *Barisan* as natural and wise as the power of a parent. This vision is rendered so often in the mainstream papers that its very redundancy seems to lessen its persuasiveness. Indeed, it is my impression that Malaysians react to press accounts less with conviction than cynicism. This response is hardly of concern to the government, however, since cynicism can be entirely as disempowering as mystification.⁴⁶

Yet, neither should the potency of national-popular media discourse be underestimated, particularly where it involves prolonged articulations of 'the other'. This is one of the main insights captured by Kershaw in analysing the Malaysian media's coverage of the Pergau Dam affair. Not only are the media themselves already primed

for anti-Western propaganda, so too is there a certain 'readiness' amongst intellectuals, part of which becomes distilled through the media at the populist level:

The opportunity to take advantage of a certain 'them/us' perception of the structure or the modern world is inherent not only in the presence of a media equal to the task, but also in the evolving cognitions of a Malaysian minor elite and the people generally. Eye-catching theorising of the Huntington kind quickly finds its way, in summary, to the more literate groups through international news agency features printed in the Malaysian press. This creates a certain expectancy of international conflict, especially among Muslim intelligentsia. Moreover, it is possible to assert after prolonged acquaintance with 'ordinary Malaysians' that when an anti-Western media campaign does take place, it fosters a popular receptiveness towards such actions — indeed an expectation of more of them as confirmation of Malaysia's 'international credibility' on the very terms defined by Mahathir himself.⁴⁷

Thus, in Kershaw's view, Malaysians do absorb, through the filter of 'them/us' media projections, a certain sense of 'national identification' with the *Barisan*. Indeed, this latter view is much closer to the present writer's own evaluation of how 'ordinary Malaysians' had come to interpret the message of 'Vision development'. These and other perceptions of the social order may also be informed by resignation, apathy or cynicism. Yet similar feelings prevail in the West. However, with the crisis now prompting a more serious examination of the media's role, this was creating new pressure for change within the media itself and the need for intellectual management of that process.

Thus, while key elites within the UMNO network have secured the power and resources to control the media and influence media output, it is still important to view this, following Kellner, as a *contested* space. That is, one in which political-corporate power is concentrated, but where intellectual enterprise is always required to confront economic crises, political pressure and social dislocation.

Hegemony is, thus, a managed affair. Legitimacy does not depend upon consistent adherence to a particular ruling party or open endorsement of partisan media representations. Rather it is about persuading people, more generally, of the 'moral authority' of the prevailing *system* — a more flexible mode of control which allows, and, indeed, encourages, the view that dissatisfaction can be expressed, so long as it can be contained within acceptable boundaries of 'democratic participation'. In the context of the media, the key point is to keep critical journalism within a peripheral, manageable

space. What matters, in particular, is effective control over *mainstream* media content. Here, intellectuals help fill designated spaces for problem-solving, social observation and ‘soft dissent’ through agenda-setting discourse. This does not mean uniformity of thought. Rather, it is part of a more subtle appeal to ‘insider reason’; a more refined process of co-optive persuasion where intellectuals, policy planners and media critics are encouraged to internalise the *terms of debate* and argue within acceptable parameters. This suggests a more expansive form of social, political and cultural assimilation, wherein people come to regard the existing order as somehow ‘natural’. Thus, while salient, the Boulanger view is too-narrowly focused on the ‘media-as-messenger’ rather than the ways in which the media, alongside other system-reinforcing agencies, help mould perceptions of social reality in the longer-term. At the same time, it understates the more nuanced forms of popular ideology emerging within the Malaysian mass-media, in particular, that of ‘role-model’ middle-class discourse and Vision-type problem-solving. The Malaysian media is, indeed, biased towards the *Barisan*. But it is important to see the more complex forms of consensus-building within that process.

Vision discourse and national culture

To contextualise this shift, it is helpful to note the gradual re-emphasis in ‘cultural policy’ by the late-1990s. Under the NEP, the control of social debate through the media had encouraged not only political quiescence, but a more profound sense of intellectual conformity. This frustration of critical expression can be identified with the National Cultural Policy (NCP) (1971). Framed by a select group of Malay policy intellectuals, it went beyond the ideals of the *Rukunegara* to embrace an assimilationist view of culture, education and vernacular language. Resisted in particular by the Chinese community, the NCP held to three main principles:

1. The National Culture must be based on the indigenous culture of the region.
2. Suitable elements from other cultures can be accepted as part of the NCP.
3. Islam is an important component of the National Culture.⁴⁸

In seeking to ‘fix’ culture to nascent *Bumiputeraism* and the NEP, the NCP was at odds with the diverse aesthetics of custom, religion and belief in Malaysia. These rich

cultural forms are resonant, for example, in the festival ambience of *Hari Raya*, *Deepavali* and Chinese New Year, the ceremonial mystique of *Mak Yong* dance, *Thaipusam* and the *datuk kong* spirits of *Hungry Ghost*, the rituals of *bomohs*, *kavadi* devotees and *feng shui* geomancy and the daily social significance of mosque and temple activity. While still recognising the right to ethnic expression, the NCP represented a politically motivated attempt to *legislate* what the culture should be — an artificial attempt to synchronise and incorporate their disparate cultural energies, rather than acknowledge their diversity, interaction and creative potential.

Mahathir had also been a key exponent of such cultural ordering. As part of his attack on archaic institutions, he sought to define the symbols of the present by invoking constructed images of the past. Following themes in *The Invention of Tradition*,⁴⁹ Kessler shows how this mystification of convention helps reinforce legitimacy, noting the significance of traditional political culture in the Malaysian case:

Legitimation is inevitably a cultural process since it is concerned with the moral grounds upon which people consider rule in general or some particular command as binding and valid. If power and its transmutation through a process of legitimation into authority is intrinsically a cultural phenomenon, then culture itself, and all particular cultures are inherently political. In most societies that political culture is explicit, recognised, conscious, and often ‘ideologised’ as both legitimate and legitimating, on grounds of ‘tradition’...[and the] authenticity of its ‘pastness’. Most societies, and certainly contemporary Malay society within Malaysia...have in this sense a distinctive political culture.⁵⁰

Symptomatic of this ‘need of a serviceable past’ was Mahathir’s commissioning of the party anthem *Lagua Setia* (‘The Loyalty Song’) in an attempt to turn *Bumiputera* loyalty from one of archaic deference for the traditional order to one of modern loyalty for UMNO. The song:

re-imagined and reinvented loyalty as something modern, subtle, low key...[Capturing the] quintessence of traditional Malay legitimacy...[it] modernised the traditional and archaised the modern.⁵¹

But cultural meaning is complex here. The *cachet* of Malay tradition, from consumer products to theme park culture, remains a general feature of middle-class lifestyle.⁵² Yet, as Tan Sooi Beng points out, government endeavours to influence this cultural field by the late-1980s — notably its attempts “to centralise and control the

performing arts” — were being met with increasing ‘resistance’ from a more independently-minded middle-class.⁵³ Thus, for Loh and Kahn, middle-class ‘cultural visions’ were becoming both “particularistic” *and* “fragmented”,⁵⁴ suggesting a more equivocal view of culture and the modernity process:

If one wishes to maintain, as we certainly do, that Malaysia is in the throes of a modernising process, then we shall have to re-think earlier attempts to characterise cultural modernisation as an inexorable dissolution of so-called primordial loyalties and the emergence of universalistic values.⁵⁵

Nonetheless, the NCP had allowed given ‘cultural priorities’ to become ‘defined’ and naturalised within the society through civil organisations, educational bodies and the prism of the mass-media. Throughout the 1970s, the Malaysian state sponsored an ethno-cultural ideology which viewed any criticism of the NEP, *Bumiputeraism* and ‘cultural assimilation’ as somehow deviant; a form of false consciousness. State controls and censorship were invoked to protect the special status of Malay rights and cultural expression. Mahathir had also ‘inherited’ and used this agenda to cultivate Malay support. In formal terms, the policy acknowledged the rights of other ethnic identities and cultural practices. Yet, it did not signify, in any meaningful sense, a climate of open cultural development. Thus, alongside the NEP, the idea of cultural uniformity remained inimical to a non-Malay community denied the same social and economic opportunities as Malays. Not only was this a source of ongoing ethnic resentment, it was also a growing obstruction to Mahathir’s hegemonic project. By the period of the NEP-NDP transition in 1991, the validity of *Bumiputeraism* and its cultural accoutrements were becoming increasingly tested. Thus, Mahathir needed a more consensual ideology to complement the post-NEP agenda.

Vision 2020: the new context of communication

From the early-1980s, the ideals of Malay economic development had become statements of political-nationalism, with Mahathir’s own charismatic leadership and unifying image providing the focal point for a rising mood of national euphoria.⁵⁶ However, the traditions, customs and conventions of ‘the nation’ — or “imagined communities”⁵⁷ — do not evolve in isolation from other cultural influences. By the early-1990s, Mahathir

was beginning to promote a less exclusive type of communal ideology from that of the NEP. In contrast to the *Malay Dilemma* and its attempt to re-assert an imagined Malay community, the Vision invoked a more inclusive concept of community, allowing greater cultural diversity in the process.

But this more expansive view of community was also consistent with the new realities of 'globalisation'. *Bumiputeraism* was becoming an anachronism in a country experiencing not only major social adjustment, but exposure to the dynamic forces of global capital and information technology. In turn, these forces required new intellectual responses from within. For Mahathir, the Vision offered a new-millennial context within which to address and manage these changes: a new type of nationalist project for a new international age.

The crystallisation of Vision ideology was coincident with the gathering deregulation of the media and the arrival of satellite technology by the early-1990s. Their emergence promised not only enhanced growth, but a vast source of wealth for corporate elites close to UMNO. In appealing for sensible censorship and controls, Mahathir saw that advanced technology was outpacing policies and laws to control global communications. But rather than resist these new technologies, Mahathir, recognising their inevitable momentum, has embraced the media revolution, seeking to promote it as an intrinsic part of the Vision project. Reflecting the pre-crisis prosperity, there were also indications of a more relaxed approach towards media output. But 'more-open' media still came with a reminder that broadcasters had to 'act responsibly.' State sanctions remained. Yet, Mahathir was also seeking to present these changes as part of a new consensual process, a maturing form of 'balanced' democratic expression and co-operation within the context of Vision collectivism.

As the government considered the potentialities of the new privatised channels and subscription networks,⁵⁸ there was a growing realisation of the need to control the allocation of licences. Mahathir was also anxious at this point to resist the encroaching influence of the Murdoch network, by now establishing itself in the region through pragmatic overtures to Singapore and Beijing.⁵⁹ In response, Mahathir had overseen the launching of the Malaysia East Asian Satellite (MEASAT), Malaysia's first satellite system, which, by 1996, was offering multi-channel TV and radio services to Malaysia and other countries in the region.⁶⁰ With the additional private stations (TV3 and

Metrovision) competing with TV1 and TV2, the government had also come to realise the massive market in airtime advertising space.⁶¹

Vision 2020 had also become identified, symbiotically, with the opportunities and ideologies of multimedia technology. By the late-1990s, the new media technologies were being closely linked to the integrative possibilities of 'cyber-vision' services such as tele-conferencing.⁶² However, in seeking to take advantage of these sites as generators of growth, Mahathir needed new media-populist ideology to give it meaning.

'...Oh IT...Guna IT...'

On the evening of Saturday 11th October 1997, the Prime Minister informed the nation that the integration and use of information technology (IT) was the single-most urgent task facing all Malaysians. For two-and-a-half hours, all the main TV stations in Malaysia were given-over to Mahathir's Live Telecast speech and forum on the challenge of IT for the Malaysian economy and society at large. Although a platform for the *Barisan*, the tone of the broadcast was seminarial and 'consultative', the technical content wide-ranging for mass-audience television. In essence, argued Mahathir, the widespread expansion of IT would be critical to the realisation of future economic development, national integration and enhanced prosperity for all sections of Malaysian society.

Launched by Mahathir during the Infotech Malaysia '96 Conference (December 19th) the National IT Agenda (NITA) calls on all sectors of the economy to work in an integrated effort towards technological innovation and ideas which will transform Malaysia into a global IT hub and information-rich society. Under the aegis of the National Information Technology Council (NITC), set up in 1993, it envisions the development of a National Information Infrastructure (NII). Broadly speaking, this would include rapid advancements in the fields of national telecommunications, computer networks, hardware systems, software services and database holdings, alongside new human resource training, educational packages and management applications — all helping to generate the technical skills and labour pool needed for such infrastructure.

At the centre of this Vision-based construct lies Mahathir's most grandiose development, the Multimedia Super Corridor (MSC). Despite the crisis and cancellation

of other mega-projects, Mahathir had managed to maintain the MSC, claiming that it would lift Malaysia beyond the conventional stage of industrial development into a new landscape of 'intelligent administration', electronic government and global production webs.⁶³ Stretching south from the existing business heartland of Kuala Lumpur City Centre through a 50 by 15 kilometre corridor to the new KL International Airport, the project involves the ongoing construction of Putrajaya, the new seat of electronic government, and Cyberjaya, an adjoining Smart City comprising multimedia industries, R&D facilities and other advanced infrastructure.⁶⁴ As the first part of a three-phased plan set-out by the Multimedia Development Corporation (MDC) over 20 years, the aim of the MSC is to offer multinationals a suitable cyber locale within which to expand their technological capacities, investment potential and broader global interests. By 1997, Mahathir had assembled, under his chairmanship, an MSC International Advisory Panel comprising forty-four of the world's multimedia corporate luminaries, most notably Bill Gates of Microsoft.⁶⁵ By late-1998, the Anwar affair and Mahathir's restrictions on foreign capital had created major uncertainties over the project's viability. Yet, with the formal opening of Cyberjaya by July 1999, the first phase of the MSC would be an enduring testament to Mahathir. In marking its completion and relocation of the Prime Minister's Office to Putrajaya, Mahathir was still extolling IT-led growth as the motor of middle-class prosperity.⁶⁶

Beyond its 'testimonial' status, the MSC suggests an ambitious attempt to circumvent conventional industrial development through the 'spin-off' benefits of information-led investment, as proclaimed in the new 'Vision-speak':

As a strategy to achieve the Vision, Malaysia has embarked on an ambitious plan to leapfrog into the Information Age by providing intellectual and strategic leadership...Malaysia upholds the virtues of the new world order, believing that the globe is collectively moving towards a "century of the world"...Malaysia has chosen to be open and pragmatic in dealing with change, and is committed to...creativity, innovation and entrepreneurship...As a first step, Malaysia has created the Multimedia Super Corridor — a world-first, world-class act — to help companies of the world test the limits of technology and prepare themselves for the future. The MSC will also accelerate Malaysia's entry into the Information Age, and through it, help actualise Vision 2020.⁶⁷

Through its delivery of special business and lifestyle features, the MSC will be:

A vehicle for attracting world-class technology-led companies to Malaysia.

A Multimedia Utopia offering a productive, intelligent environment within which a multimedia value chain of goods and services will be produced and delivered across the globe.

An island of excellence with multimedia-specific capabilities, technologies, infrastructure, legislation, policies and systems for competitive advantage.

A test bed for invention, research and other groundbreaking multimedia developments spearheaded by seven multimedia applications.

A global community living on the leading-edge of the Information Society.

A world of Smart Homes, Smart Cities, Smart Schools, Smart Cards and Smart Partnerships.⁶⁸

‘Smart Partnerships’ can be seen as a key term in the lexicon of Vision-speak, informing middle-class media discourse and MSC marketing language alike. In a message applicable to both, Mahathir’s basic claim is that “...in enriching the other, you enrich yourself.”⁶⁹ The term had also been adapted as an axiom of economic development for the South. Thus, as argued by Mahathir at the First Southern Africa International Dialogue in May 1997, Smart Partnership — between the civil service, private sector, political leaders and trade unionists — had helped Malaysia realise consistent growth rates and an alternative development strategy to the countries of the North.⁷⁰ Later that month, at a London gathering of European IT business figures, Mahathir offered similar partnership promises in the Ten Point Multimedia Bill of Guarantees to prospective MSC companies, including free capital movement, full company ownership, tax incentives, intellectual property rights, no internet censorship, competitive telecom tariffs, prioritised MSC contracts and a ‘high-powered’ agency to coordinate these needs.⁷¹

This, of course, suggests a number of critical questions. For example, why would cutting-edge IT corporations like Microsoft centre their key operations and R&D installations in Malaysia? Certainly, transnationals, by their very nature, are no longer confined to a ‘home-base’. Indeed, Bill Gates has been a keen advocate of global IT networks, exemplified by Microsoft’s rapid expansion into India with its abundant

reserves of trained software professionals. In contrast, Malaysia has an acute shortage of trained IT personnel.⁷² Thus, why should IT transnationals see Malaysia as anything more than an information version of branch-assembly production — a low-labour-cost ‘cyber-service-sector’? In these regards, Mahathir’s special MSC provisions may be regarded as an upgraded attempt to secure a niche role within an increasingly crowded sector of the global economy.

In pushing the DAP’s *IT for All* agenda, Lim Kit Siang has criticised the government’s specific promotion of the MSC as the jewel of its National IT Plan; a ‘project-centred’, rather than ‘people-centred’ strategy.⁷³ However, it is not only the ‘value’ of technological innovation, or its economic potential, which is significant here but the way in which IT has come to be used as a new dimensional means of production and ideological resource. Thus, missing from Lim’s analysis is any critique of who controls such capabilities, how its diffusion empowers capital, and to what extent this constrains, rather than enhances, social development. Here, ‘IT discourse’, serving private-sector ideas, has been reproduced for *agenda-setting* purposes, providing the MSC and National IT Agenda with a synonymous identity. In this regard, the NITA offers an ideological rationale for the MSC, allowing the government to promote its populist elements while the private-sector and UMNO proxies derive the key benefits.

Nonetheless, the DAP’s alternative *IT For All* has demonstrated an impressive grasp of potential IT applications, their extended use within education, commerce and government, problems of computer-illiteracy within the *Dewan Rakyat* and the technical issues underlying the new ‘cyberbills’, such as the Computer Crimes Bill and the Digital Signature Bill. Reflecting criticism that none of the country’s first cyberbills by 1997 were allowed proper legislative debate or public scrutiny, the DAP posted all four on their homepage.⁷⁴ Thus, while the government has idealised information technology, it remains highly circumspect about its actual use as an instrument for debating information technology itself.

In effect, *awareness of* IT has been promoted more vigorously than IT awareness. At the heart of this agenda has been a massive media campaign to ‘inform’ the public *about* IT and its imperative place within Vision development. The Ministry of Information’s IT Awareness Campaign has mass-produced leaflets and other literature

explaining the objectives of the NITA and IT programmes. Linking IT development with social development, it also proclaims:

The objective of NITA is to build a continuous learning culture on IT to enhance the quality of work of individuals, performance of organisations and quality of life towards the creation of a Civil Society.⁷⁵

The campaign has also seen the proliferation of stylish TV adverts extolling IT and the MSC. The frequent airing and close juxtaposition of these adverts is intended to distil their commonality in the public mind. Thus, invoking themes of cross-ethnic harmony and *Bangsa Malaysia*, a group of smiling Malaysians give happy-voice to the nation's catchy singalong: "...*Kenal IT...Suka IT...Pelajari setiam hari...IT terkini...Oh IT...Guna IT...Tingkaskan ilmu IT... Malaysia bistari...Terima IT...Belejar IT...Sayang IT...Guna IT... IT.*"⁷⁶ In more dynamic mood, another fast-moving collage of high-tech graphics and multimedia images conveys the IT message and its part in Malaysia's master development plan, with key features of the MSC flashing across interchanging images of computer technologies, KL tower blocs, and young 'on-line' Malaysians:

...With the realisation of Vision 2020, the Multimedia Super Corridor was born...In the era of the information age, multimedia will be used in every aspect of our everyday lives. With IT comes development to take us into the next millennium. Now we can stand tall with the rest of the world. Tomorrow's Technology for Today's Living.

A further version of this shows Dr. Mahathir at the computer-face, with the message: "Unlocking the Full Potential of the Information Age", imagery used in another variation of the 'singalong IT'. In a closely followed advert, a beautifully crafted landscape of swirling colours and alluring music draws the viewer into the exotic world of Putrajaya, the residential hub of the MSC, a new experiment in living and 'virtual' home for the new generation of environmentally-friendly, IT-aware middle-classes.

Like most clever adverts, the impact is subliminal, intended to naturalise an image, an impression, an association, a sense of what Malaysia and Malaysians might aspire to. Complemented by a plethora of other upbeat glossy ads enticing Malaysians into a consumerist dreamworld of smart homes, Mastercards, mobile phones, Sega City virtual reality theme parks and 'happy banking', the overall message is one of onward

development where the national and the personal become merged into one idealised vision of 'social mobility'. Yet with real economic prospects declining by the day, the relevance of this and all other mass-media output was becoming increasingly tested.

Managing the crisis: the UMNO network and media coverage

At the onset of the crisis, it was apparent that the language and terms employed by the press and electronic media to describe the unfolding events was being carefully controlled. Initially, the term 'crisis' itself had been routinely avoided, subsumed, instead, to 'the situation'. However, the selective use of language was not the only means of managing popular consciousness. People still recognised the situation *as* a crisis. More important was the attempt to contextualise it; that is, to make the crisis a 'collective problem'; a shared situation of national adversity. Yet, while the broad media adopted this agenda on behalf of the *Barisan*, there was also some significant variations in tone within mainstream newspaper output. Thus, while the following analysis is concerned to show the compliant role played by the media, it also seeks to highlight some of the more nuanced interpretations, meanings and undercurrent tensions within that reportage.⁷⁷

TV News and Current Affairs

Of all the main news media outlets in Malaysia, mainstream TV news can be seen as the most heavily sanitised. Its general purpose during the crisis appears to have been one of 'normalising' the situation by providing a 'calm exterior' in a situation of gathering economic and social uncertainty. Four main elements of TV news output were discernible here:

- To project positive headline images of Dr Mahathir and other *Barisan* figures
- To condense, simplify and talk-up government measures for dealing with the crisis
- To provide a rationale for the falling value of the *ringgit* and the KLSE — mainly by citing regional or global factors affecting the Malaysian markets
- To provide populist report slots and upbeat features on the crisis

Of course, the content and presentation of TV news output at this point was part of an already well-established format. Neither are there any substantive difference in content or style between the main English news (TV3 *News Hour*, *News on 2* and TV2 *News Scan*) and vernacular news (*Berita Perdana*, on TV1 and Metrovision, TV3's *Buletin Utama* and *Berita Mandarin* on TV2), each projecting positive impressions of the *Barisan*. The key subtext of TV news generally, though, masking any overt propagandist purpose, lay in the careful pronunciation of news as 'public-service information', thus providing a means of 'receiving' the crisis and rationalising the emerging social situation. This was integral to the way in which news items were prioritised, structured and delivered, as the following selections illustrate:

- **TV3 News Hour (11pm) (28/11/97)** *Main item*: expansive selection of Datuk Sri Dr. Mahathir's (hereafter Dr. M) deliberations on the crisis. *Dr. M making the case for an 'Asian Fund' as opposed to the more restrictive terms and conditions of IMF assistance. *Dr. M on the dangers of any IMF package leading to local bank closures. *Dr. M warning against the detrimental effects of higher interest rates and income tax resulting from IMF-type package. *Dr. M on the need for tighter banking regulations in order to curb speculators. *Dr. M criticising the WTO's apathy over speculators' attacks on poor nations. *Dr. M on reports of falling foreign investment, explaining that many of his statements have been "misunderstood or misinterpreted, in some cases, quite deliberately." *Anwar: interest rates need to be kept "firm", but not excessively high. *Upbeat film report on national publishers (DBP) decision not to increase price of school textbooks, despite feared paper shortages. *Similar report on Kentucky Fried Chicken (Malaysia Bhd) decision to hold prices, the announcement coming at a KFC scholarship award ceremony officiated by Education Minister Najib Abdul Razak. *Interview with chief medical official on the need for random health checks on foreign workers. *Feature on Malaysian designers' efforts to develop a cosmetics industry. *On the markets: the KLSE, "finished slightly mixed today when profit-taking erased much of the earlier gains." *Various stock indexes shown (to catchy music). *Upbeat report on the KLSE, citing Daim Zainuddin: "There's never been a better time to buy local stocks at bargain-basement prices." *On the FOREX markets: "The *ringgit* closed lower against the US dollar today. This is due to jitters over the regional currency turmoil that continues to depress sentiment on the local currency." *Report on TV3's 20% increased turnover for the year: TV3 will "continue to emphasise news-based and informative programming, particularly in-house productions." *Positive financial statements on other major corporations (played-over high-tech film sequences and developmentalist imagery). *Brief foreign news.

- **TV3 News Hour (29/11/97)** *Main item*: Dr. M announces policy allowing companies to use foreign workers provided they export their goods and services. *Dr. M on the problem of 'shady' foreign

investors engaged in “bump and dump” activities on the share market. *Dr. M’s assurance that the price of essential goods will not rise despite the *ringgit*’s fall. *Dr. M: NEAC will be transparent. *Deputy Home Minister Tajol Rosli on new plans to curb illegal immigrant workers. *Health Minister Chua Jui Ching on the decline of cholera cases in the Klang Valley. *Education Minister Najib Razak announcing that school textbooks will be cheaper next year. *Abdul Hamid Othman of the Prime Minister’s Department on new assistance for *haji* pilgrims, sponsored by *Telekom* Malaysia. *Defence Minister Syed Hamid Albar discounting rumours of food cutbacks for military personnel. *On the markets: regional “jitters” over Japanese bank failures; Renong-UEM deal helps Malaysian market “rebound.” *Feature on a one-day seminar by Dr. Deepak Chopra, the mind, body and soul healer. “Organisers...say...his inspirational words will help Malaysians regain confidence in these troubled times.”

- **News Scan** (12pm, 15 minutes) (TV2) (29/11/97) *Main item*: Dr. M dismissing foreign news report about an alleged approach to Taiwan for trade-based assistance. *(Similar account of Dr. M’s statements above.) *Pictures of Anwar, other Cabinet ministers and corporate leaders meeting Dr. M on his arrival back from Tokyo.⁷⁸ *Foreign news: implications of Opec plans to increase oil output. *Feature on bargain shopping in Hong Kong

- **News on 2** (8pm, 30 minutes) (TV2) (30/11/97) *Main item*: Dr M speaking about traders (notably, cooking oil manufacturers) raising the price of goods, comparing them to unpatriotic saboteurs, no better than the currency speculators. *Dr M filmed during his launching of Family Day. *Report on agenda for next day’s ASEAN meeting of Finance Ministers. Anwar speaking on the nature of a standby-fund and the need to work “in close collaboration” with the IMF. *Foreign Minister Abdullah Badawi on the need for Malaysians to become more knowledgeable about international politics in order to “overcome issues which are negative to the country.” (Pictures of Badawi addressing a Teachers Institute conference.) *More punitive measures announced by the government against errant employers defying labour court orders under the Employment Act. The purpose was to help improve labour productivity and flexi-labour recruitment. *Education Minister Najib (at a ‘meet the people’ session) reminding school authorities to avoid unnecessary expenditure. School-leavers, he said, should “not to be choosy about jobs” or over-dependent on parents, but “should enter the workforce to help reduce the country’s dependence on foreign workers.” *Deputy Minister of Education Fong Chan Onn (opening a kindergarten) on the government’s efforts to bring textbook prices down, while urging the private sector to help provide more pre-school centres. *Information Minister Mohamed Rahman (speaking at an Islamic forum) calling on all Muslim countries to co-operate on IT in order to portray “the true form of Islam.” He suggested the use of Malaysia’s MEASAT satellite system to transmit an ‘Islam Vision’ service to the world. *11 more cholera cases confirmed. *Business news: KLSE Securities Commission assurances that trading restrictions on five stockbroking houses do not signify default. *Stock indexes and Forex (to catchy music) *Foreign News (Australian bush fires; oil spill in Alaska; peace-keeping

forces in Haiti — obstructed by “greedy politicians” and police corruption; flood problems in Somalia; item on the longevity of the B52 bomber). *Weather and sport.

● **TV3 News Hour (2/12/97)** *Main item:* Extensive report on Dr. M’s address at the Langkawi Airshow (Lima ‘97). * Dr. M on the bright prospects for Malaysian aviation industry. *Dr M.: “We have no ambitions to make the 21st century the Asian Century. Malaysia has never subscribed to this fanciful dream. But we do believe the 21st century will be the global century...” *Presenter noting Dr. M’s comment that there had never been a better time for aviation investors to make lucrative deals within the ASEAN market. *Glossy film report of the military hardware on display. *Report on joint ASEAN statement delivered by Anwar urging the “rapid implementation of the Manila Framework” and better delivery of IMF assistance to ASEAN countries in receipt of IMF aid. *Pledge here to support measures to strengthen the resources and capabilities of the IMF, World Bank and Asian Development Bank. *Anwar’s call here (reflecting Dr. M’s view) that currency trading be placed under the jurisdiction of the WTO. *Press conference statements by Michel Camdessus on the need for internal “regional surveillance” rather than IMF bail-outs. *Primary Industries Minister Dr. Lim Keng Yaik on government plans to fix price of cooking oil. *Federation of Malaysian Consumers Association (FOMCA) President, Prof. Hamdan Adnan, welcomes the government’s new stabilisation scheme and ceiling price for cooking oil. *Filmed report on positive public reaction to the announcement. *President of Palm Oil Millers’ Association, Low Mong Hua, explains the industry’s problems in relation to the international currency situation, but gives notice that cooking oil manufacturers are co-operating with the Minister of Trade. *M. Mahalingam, Ministry Parliamentary Secretary, on the government’s efforts to inspect food outlets following the cholera outbreak in Kuala Lumpur — (42 cases, to date, in the Klang Valley). *On the markets: the KLSE “rebounded to close higher on late-buying support and bargain-hunting activity.” “The three-month Klibor futures on the Malaysian Monetary Exchange [MME] closed lower in quiet trading today due to uncertainties in the direction of the market.” “And at the currency market, the *ringgit* closed-off it’s low against the US dollar tracking the fluctuation of the yen to the greenback.” *Business News section: “The Malaysian Institute of Economic Research (MIER) expects Malaysia’s economy to snap-back to its robust growth rates within two years time. MIER Executive Director Dr. Director Mohammed Ariff said by the year 2000, Malaysia’s...GDP will once again expand by 7% to 8%.” Report on revised MIER forecasts: (growth for 1998 down from expected 6.8% to 5.8%; 6.1% for 1999; the *ringgit* to revert back to 2.80 against US dollar by 1999; inflation rate for 1998 revised upwards from 4.8% to 5.3%, stabilising at 4% in 1999). “Dr. Ariff said the current economic problems are really blessings in disguise...The cheaper *ringgit* has also accelerated the recovery of the electronics and electrical export industry. Dr. Mohamed Ariff said although the worst is over, recovery depends on the return of confidence. He also called for greater transparency in the financial sector to nip rumours at their source.” *Brief foreign news and sport.

● **News on 2 (TV2) (4/12/97)** *Main item:* Addressing a Maritime Conference in Langkawi, Dr. M assures investors that occasional reports of piracy on the high seas does not threaten regional security. *Dr. M commending the navy for its “smart ship” concept, noting that the private sector should incorporate more IT-based automation into the maritime industry, in line with the MSC project. *Dr M. reaffirming the government’s commitment to a land-bridge project linking the Malaysian peninsula at Langkawi island to southern Thailand and Kota Bharu. *Dr M. also cautioning the business community here against over- profiteering while the country suffers hardship. *Other pronouncements on maritime plans. (Film of Dr. M inspecting naval base). *Dr. Ling on government plans to privatise air traffic services. *Selangor *Menteri Besar* Abu Hassan Omar to give a full account of expenditure for refurbishment of his official residence to Dr. M and Finance Minister Anwar Ibrahim. A spokesman said: “the state government welcomes the request by certain quarters to have the matter investigated by the Anti Corruption Agency [in the interests of] transparency and accountable government.” *Government ‘hotline’ number given for consumers to report retailers who increase the price of cooking oil. *Human Resource Minister announcing tax exemptions for employers who set up saving incentive schemes for their employees. *Education Minister Najib announcing plans to promote over 11,000 teachers in order to improve the teaching profession. *Science, Technology and Environment Minister Law Hieng Ding announcing plans to sign a Memorandum of Understanding (MoU) between Malaysia and Mexico. *Business news: “Bargain hunting saw share prices surging across the board to close the day earlier on the [KLSE]...The *ringgit* recovered to close at 3.7050 against the dollar after an earlier low in the day.” *A US-based investment consultant reported as saying that the bond market will emerge as the major driving force to push the East Asia economy ahead. The claim was made at a conference on asset securitisation organised by the KLSE Securities Commission. *Foreign News (Multilateral signing in Quebec to abolish landmines; CNN film on a US teacher’s success in popularising technology in class). Weather and sport.

● **TV3 News (5/12/97)** *Headline item:* Dr. M launches a blueprint for the development of the Malaysian aerospace industry. Film report and pronouncements. *Main item:* Anwar’s announcement of new strategic measures to strengthen the country’s economic and financial system. At the press conference, Anwar (avoiding the word ‘crisis’) talked of an “unprecedented development” which required “tough”, “pre-emptive” measures to improve confidence, “painful” adjustments which would be “unpopular” but necessary. (IMF-type cutbacks on federal expenditure, tighter credit and other banking sector controls were detailed by the presenter.) Other specific steps to improve the banking system included: “No bail-outs or life support loans to companies or individuals when no longer prudent to do so.” (This can be seen as a significant statement in the light of Anwar’s dismissal and the issue of the Renong bailout.) To improve the corporate sector, there was a need for greater “transparency” and an “austerity drive to increase cash-flow [and] cut expenditure.” *Daim commenting that the proposed land-bridge project would require private-sector input from its sponsoring countries under the Indonesia, Malaysia, Thailand Growth Triangle (IMTGT) project. *ACA still considering possibility of corruption

inquiry into Abu Hassan. *On the markets: "The [KLSE] which had been reeling over the past weeks received a boost from [Anwar's measures]." *Filmed report on stock market's favourable reaction to Anwar's measures. Phu Lee Kerk, of Jupiter Research, said it would restore confidence of both local and foreign investors. "Meanwhile, Third World Network [a Malaysian-based NGO] Director Martin Khor said the announcement showed the government was serious about greater austerity and a more mature financial system," Khor: "...on the whole, I think [Anwar's] statement has been very timely and we hope this will be very well received by the market." On the FOREX: "the *ringgit* also climbed sharply following [Anwar's] announcement of belt-tightening measures..." *Business news: Anwar not ruling-out the possibility of aborting the proposed Renong-UEM buy-out plan. Malaysia Airlines (MAS): no plans for fare increases despite the country's problems. *Weather and sport.

Malaysian TV has a number of social, business and consumer affairs-based programmes, such as TV3's Face to Face and What's Right. Alongside other business discussion formats, these constitute the basis of 'current affairs'. Overall, the content and tone here was more expansive, though still ordered around 'positive' interpretations of the crisis, and opportunities arising from it, rather than any critical analysis of government policy. Here again, academics and other commentators were encouraged to partake in 'policy-planner'-type discussion on how to arrest the decline. The following synopsis of TV3's 'flagship' business affairs programme Money Matters is representative of such output:

- **Money Matters (TV3) (28/11/97)** Introducing the main item, 'Road ahead for local manufacturing industry', presenter Melissa Goh's film considered ways of adapting to the crisis. With the weaker *ringgit*, she noted, export oriented industries (EOIs) such as the semiconductor and textile sectors had the opportunity to enhance their market share despite intense global competition. Domestic oriented industries such as construction would also be hit, but could also grow moderately. Fears about high interest rates within the manufacturing sector were noted.

During the subsequent panel discussion with Paul Low, President of the Federation of Malaysian Manufacturers, and P. Arunasalam, Deputy Secretary-General of the Malaysian Trade Union Congress (MTUC), Goh asked the latter: "How do you think the trade unions will help [ensure] that these opportunities are tapped to the fullest?" Noting the MTUC's role in assisting development through good industrial relations, he replied, echoing Mr Low, that they would continue to work towards "increasing productivity in order to sustain competitiveness." This led-into a 'more partisan' discussion concerning the issue of non-unionisation of the electronics sector. However, Mr. Arunasalam's observations on the government's preference for non-union labour were not allowed to move beyond the main issue of productivity and union-management co-operation. Goh went on at this point to consider the

opportunities of 'linear programming', a productivity model for industry developed by mathematics Professor Letchmanan Naidu.

In the 'phone-in' component, it was obvious that 'constructive questions' were being encouraged, such as that addressed to Mr Low asking how domestic manufacturers could help develop the MSC, "the brainchild" of Dr. Mahathir." Mr. Low responded with an endorsement of the MSC and the need to develop IT and R&D clusters. Noting the low level of strikes, Mr. Arunasalam also commended the government's role in human resource development, while calling for more education in the workplace as a stimulus to 'responsible' industrial relations. Mr Low also noted the need for a further breakdown of "labour rigidity" and the inculcation of better "work values."

Preceded by an upbeat feature on a young pizza-chain entrepreneur, Goh moved to a discussion with R. V. Ravaratnam, Advisor to the Sungei Way Group. Asked for his comments on the points raised by the earlier speakers, he noted the need for unions and employers to "have the same objectives" based around Dr. Mahathir's "concept of smart partnership." Stressing the need for "confidence-building", he welcomed the NEAC, but warned that it must address macro-issues, be transparent and (acknowledging Chandra Muzaffar) help "eradicate" the "denial factor." While prudent management of currency markets was needed, a "shake-out" of weaker businesses was also necessary in order to enhance competitiveness. At this point, Goh asked: "What is your comment with regard to the so-called political bail-out that has been much talked about...?" Ravaratnam (smiling): "How do you mean political bail-out?" Goh: "For example...the issue of UEM..." Ravaratnam: "I think there were some mistakes made...however well intentioned...So I think the lesson to be learned from that episode is, well, recognise that the market is so sensitive that a little touch can cause a problem." He also noted the need "...to cultivate the foreign investors. Even if we disagree with them, we can disagree pleasantly. We can agree to disagree...[We need to] exclude the negative elements and...warmly welcome the positive elements. And then we can have a good smart partnership with foreign investors too." The programme ended on an upbeat story about the Malaysian music industry's efforts to promote itself on the export market.

● **Money Matters (5/12/97)** Another edition of the programme looks at measures Malaysians can take to adopt a prudent lifestyle in response to the economic situation. An important theme here was the promotion of family life and the practical, as well as moral, benefits to be derived from simpler home experiences. Although concern was expressed over creeping food price increases, the central message was 'opportunity in adversity'. Again, the middle-class families shown discussing their own ways of adjusting to the crisis neatly complemented the ideal of shared national responsiveness. The "fortitude" of consumers is also reflected in the subsequent comments of Chow Chee Ming, Chairman of the Malaysian Retailers Association, while the other main item on economic measures has Mohammed Ariff of the MIER restating the need for national sacrifices (such as pay-cuts) in order to keep inflation in

check. Likewise, Dr. Zainal Aznam, Deputy Director-General of the Institute of Strategic and International Studies (Malaysia) (ISIS) and Third World Network's Martin Khor both commend Anwar's economic package announced that day. However, like Ariff, reservations are expressed here over the wider issue of IMF-type intervention (reflecting an emerging ambivalence amongst many policy intellectuals by this point and an omen of the showdown to come between Mahathir and Anwar).

With growth-driven development curtailed, the crisis had also brought 'sustainable development' to 'closer attention' as a media issue. In Penang, for example, rapid growth, unchecked planning, hill-reclamation, road construction, high-rise development, a booming population (1.28 million) and increased pollution have all combined to threaten the quality of daily life and Penang's fragile eco-system. As one advertising hoarding next to a lone *kampong* at the now booming south of the island proclaimed: 'Watch this space and see how things develop'. The crisis had given added impetus to projects such as The Sustainable Penang Initiative, under the aegis of the Socio-Economic & Environmental Research Institute (SERI).⁷⁹ But while government and state officials appeared to be supportive of such projects, and sustainable planning generally, this could not disguise the deeper political-corporate interests underwriting the physical development process in Malaysia. This can be gleaned in the subtext of media output such as Property Watch, a relatively questioning format of concerned, but safe, middle-class discourse.

● **Property Watch (TV3) (30/11/97)** The feature reports, introduced by Karen Ho, combined consumer-based concerns with broader issues of social development. For example, the main report centred on the need for a 'total planning doctrine' to tackle the gathering problems of Western-style urban development in Malaysian cities. The perennial problem of traffic jams, air quality and lack of houses for the poor were among a number of policy issues raised. Professor of Environmental Design, Ismawi Zen noted that policy planners have been too-focused on building beautiful mega-cities rather than trying to understand "the complexity of the social problem." (Pictures of police questioning '*lepak*' youths at amusement arcade.) However, this promising line of enquiry gives way to the case for Putrajaya as the model solution, the presenter noting that "the 67,000 homes in Putrajaya will cater to all income groups." She also commends the new guidelines on balanced development noted by the Director General of Town and Country Planning. On a less sanguine note, questions are raised about the private-sector's willingness to follow this model, given that "landscaping, open-spaces and low cost housing mean a loss of revenue." However, private-sector 'acknowledgement' of the total planning concept is re-affirmed by Zaiton Md Noh, a Senior Development Manager who agrees that "we cannot think of profit

100%.” Following a feature on *feng shui*, a further report weighs-up the case for property rental as property prices fall.

Overall, the purpose of TV and current affairs output was to normalise, rationalise and, ultimately, depoliticise the crisis. Such coverage did not, indeed, could not, disguise the actual impact the crisis was beginning to have on ordinary Malaysians’ lives. Rather, its function was to provide an appropriate *context* and filter for receiving the crisis and measures to contain it. In this, the slavish regularity of pro-government TV news was slightly mitigated by the more ‘discursive’ approach of current affairs output. But while the former was a sanitised version of events offering no alternative viewpoint whatsoever, the latter was built more subtly around a ‘problem solving’ axiom, whether in its ‘policy planner’ play to academics, business figures and trade unionists or in its populist appeal to ‘the Malaysian as consumer.’ It is not coincidental here that two of the biggest NGOs in Malaysia are the consumer bodies FOMCA and CAP.

Turning more specifically to the domestic press, we find a variation of these approaches. That is, the ‘Dr. Mahathir says’ variety and the ‘encouraged dialogue’ version. Essentially, the objective is the same as that assumed by the electronic media: the normalisation of news and information and the neutralisation of dissent. However, the print media, generally, can still be regarded as a relatively more ‘expansive’ format in terms of critical commentary, popular polemic and nuanced reportage. At least, potentially so. As noted above, gathering competition, feature re-vamps, the play for middle-class readership and a certain liberalisation by the mid-1990s had increased the scope for a more expanded press product. To what extent, then, were any of the mainstream dailies attempting to move beyond the ‘standard text’ of responsible development journalism as the crisis unfolded? As an emerging daily with a ‘claim’ to this mantle, let us consider the particular output of the *Sun* at this point. An analysis of other Malaysian press output in relation to the Anwar issue follows below.

The *Sun*: pushing the boundaries?

From its launch in 1994, the *Sun* had sought to fill a significant niche market occupied by the *Star*. Part of the impetus for this had arisen from a certain disenchantment amongst

some *Star* journalists and others over the paper's passivity after 1987. More particularly, the *Sun's Berjaya* group owners appeared to have identified a promising new market for a younger, 'more discerning' readership seeking less 'staid' news, more foreign features and a better produced magazine section. The nature of the *Sun's* content and approach at this point may be measured against five main indicators relevant to the crisis and the issue of civil expression:

1. Headline coverage of Mahathir and the *Barisan*
2. Wexler and the anti-American issue
3. The November 1997 by-elections
4. Reporting opposition opinion and ISA detentions
5. Critical features on civil issues

Headline coverage of Mahathir and the Barisan

In general, the *Sun's* reporting of Mahathir's pronouncements and the *Barisan* message was consistent with the responsible journalism found elsewhere in the Malaysian press. What differentiated it, marginally, from other dailies was the relatively less slavish tone of its reporting. This corresponds, to some extent, with a view within the *Sun* that the paper was attempting to express its 'adversarial' voice in a more 'alternative' manner by *not* engaging in the type of hyped-up exposure so apparent at that point in the *Star*, *New Straits Times* and *Utusan Malaysia*. However, this supposed 'subtle criticism' can be seen more as a difference of style rather than substance. While the reports were somewhat less 'proclamatory' than, for example, the *New Straits Times's* 'BN pledges support for PM' (19/11/97), the opening 'Mahathir said' format was still employed in most lead stories, one distinction being the *Sun's* use of the less reverential 'Mahathir', rather than 'Dr. Mahathir' in its text — though still preceded by the convention of 'Datuk Seri' in the headline sentence. Similarly, while front-page headlines in the *New Straits Times* appeared as overt *Barisan* announcements, as in 'A confidence boosting national Budget for 1998' (18/10/97), the *Sun* used relatively more abbreviated headline forms, as in: 'Taking control' — noting the need for Malaysians to counter the speculators (12/11/97); 'All-round aye' — on the *Dewan Rakyat's* motion of confidence in Mahathir (20/11/97); and, 'Trust us: PM' — on Mahathir's resistance to an IMF package (2/12/97). On the

whole, though, this more restrained format did not detract from the essential content of the reports, which, alongside other Home coverage, was generally favourable to the *Barisan*.

Wexler and the anti-American issue

Throughout this 'confrontation', the press in general adopted a safely pro-Mahathir position. In essence: no foreign interference in Malaysian affairs. However, in its headline treatment of the issue, the *Sun*'s output was generally more moderate in tone, as in 'Envoy: Enough' — US Ambassador Mallot calling for an end to the bickering (18/11/97); and 'Right to speak' — Mahathir's appeal for conciliation (19/11/97). Though serious criticism of the *Dewan Rakyat*'s single motion of confidence was generally absent in the press, the *Sun* did offer nominal space for Lim Kit Siang's amendment proposal for the motion to be split (20/11/98). Its coverage of anti-American protests, such as 'BN Youth demonstrates at Embassy' (14/11/97), can also be contrasted with *Utusan Malaysia*'s more chauvinistic colour picture and caption '*Isyarat tegas*' (strong warning) (14/11/97). Other reports, such as the *New Straits Times*' piece 'Pos Malaysia employees pledge support for PM' and the *Sun*'s 'Pos Malaysia supports PM' (15/11/97), were similar in content. However, the *Sun*'s coverage of the proposed investigation into *Petronas*, 'Sanctions, if imposed, will apply within US only' (18/11/97) and 'Ramsay: I'm here to explain, not investigate' (21/11/97), was generally more informative than the *New Straits Times* output. Again, though, much of the *Sun*'s information fitted the PM's own agenda by this point, as in 'Mahathir reassures American citizens' (14/11/97), and was being reproduced by the *Sun* and other press as government information via the *Bernama* news agency. Nonetheless, it can be suggested that the *Sun*'s slightly more 'equivocal' view of Mahathir's anti-US posture and its implications for recovery reflected, perhaps, a deeper undercurrent of concern, particularly amongst the Chinese business class.

The November 1997 by-elections

Some of this ambivalence could be denoted in the coverage of the Sungai Bakup and Changkat Jering by-elections (November 8th 1997.) In the run-up to the polls,

mainstream press output had been broadly similar, the *Sun*'s coverage of other party views deviating only slightly from the pro-*Barisan* imbalance. Despite substantial reductions in the BN vote (see Chapter 3), the *New Sunday Times* ran with: 'Barisan sweeps to double victory', the *Star on Sunday* with the more restrained 'BN wins in Sg Bakup and Changkat Jering', while the *Sunday* had 'BN wins by-elections with ease' (9/11/97). Where the *New Straits Times* sought to disguise the reduced majorities by talking-up the BN 'promise to work harder for the people', the *Star* assumed a safe reportage of statistics and BN comments, as did the *Sunday* piece, though the latter two noted the PAS candidate's complaint in Changkat Jering that he had not been given fair coverage by the media. In its subsequent post-poll piece, 'Independent's good showing is food for thought' (10/11/97), the *Sun* looked more closely at the damage done to the BN and the changing voting pattern of Malays.

Reporting opposition opinion and ISA detentions

Opposition views are rarely aired as main stories in the press, except where they reflect support for the *Barisan*, a convention practiced also by the *Sun*, as in: 'Set aside differences, be united: Nik Aziz' (17/11/97). More obvious differences can be found between the *Sun* and the *New Straits Times* in their respective 'At the Dewan Rakyat yesterday' features. In general, the former offered more space for DAP opinion, as in 'Opposition men walk out to protest cut in debate time' (5/11/97) and 'People have right to foreign news: Lim' (27/11/97), in contrast to the latter's more typical, ' "PM has proven to the world he was right all along" ' (30/10/97).

More revealing, though, was the *Sun*'s coverage of restrictions on academics and ISA detentions at this point. In another civil curb, the government had slapped a gag order on academics discussing the haze problem. In response, the *Sun*'s front-page headline piece 'Dumbstruck' (7/11/97) led on the strong criticism of NGOs, the Bar Council's Cecil Rajendra and *Universiti Malaya* academics Chandra Muzaffar and Professor Adnan Nawang. The paper's Home page also had: 'Gag order adds insult to injury, says EPSM'⁸⁰ and 'Public have a right to know, says lawyer'. With regard to the ISA, the *Sun* report 'Eight held under ISA for deviationist activities' (7/11/97) carried the standard government line on the threat to national security from 'deviationist religious

groups'. But it also noted PRM president Syed Husin Ali's concerns that their actions be met with dialogue rather than ISA detention. Surprisingly, there were also a number of statement pieces, albeit small, from *Aliran* on this and other issues: 'Aliran: charge the 10 detained under ISA' (10/11/97); and 'Clean up own backyard before advertising: Aliran' (19/11/97) — in response to the Information Minister's moves to obtain advertising space on CNN and other foreign media. Further to the ISA issue, the *Sun* had also expressed tacit support for the government's purge on 'Shi'ite activism' and 'deviationist teaching' in the universities, as indicated in its main headline: 'Student targets — Deviant groups zero in on undergraduates' (*Sunday*, 9/11/97). In this regard, 'public fear' of 'deviant Islam' has been part of a long-standing media agenda aimed at both Chinese and Malay sensitivities. However, there appeared to be something of a line being drawn here between the Islamic issue and the wider issue of civil restrictions. In another (letter) article, 'Encourage students to be more conscious politically' (24/11/97), *Aliran* Exco member Dr. Mustafa Anuar was given space, albeit nominal, to rebut calls for government scholarships to be withdrawn from students supporting PAS.⁸¹ This complemented other small pieces, such as the paper's noting of a *HAKAM* civil forum, *The Role of NGOs in a Democracy*: 'Human rights talks' (30/11/97).⁸²

Critical features on civil issues

The main issue here was whether such space for alternative opinion could be translated into more expanded forms of critical commentary. We might note, in this regard, the propensity for 'wider' media expression in English, rather than Malay — even if still balanced somewhat by the more elliptical, less direct, style of critical address common to literary and media forms in Malaysia. Yet, whether in English or vernacular, the general dearth of critical features within the Malaysian press cannot be disguised. It was somewhat refreshing, thus, to observe the *Sun*'s output here. For while much of it was similar to the sort of middle-class 'lifestyle genre' noted above, one could also discern a more qualitative vein of critical features on a range of civil and intellectual concerns, as noted in the following sample:⁸³

* Rusdi Mustapha (*Megazine* Retrospect) 'Beware the propaganda campaign' (12/10/97)
This informed article makes legitimate criticisms about the covert roles of MI6, the CIA and other intelligence agencies' manipulation of the media for propagandist purposes. Is it too fanciful, he asks, to see a connection between current US interests in the region and foreign media attacks on Mahathir? The author also notes that Malaysians must be mature and harmonious in their responses if they want to be treated as a serious world player — sentiments which might have carried more weight had he also discussed *domestic* propaganda and media manipulation by the *Barisan*.

* Akbar Ali (Focus) 'Newsgroup delivers it piping hot' (22/10/97)
This full-page piece discusses in more depth the need for greater media freedom and civil awareness. While placing the need for Mahathir's IT vision in a wider social context, it leads on expressions of admiration for journalists like Bala Pillai, founder of *Sangkancil*, Malaysia's most "vibrant" and "dynamic" newsgroup. In contrast to the above piece, there is recognition of the malaise within the domestic press. In one prophetic passage, the author notes:

The newspapers in this country should pay close attention to *Sangkancil* newsgroup because the news and the news analysis plus the gossip that goes on in *Sangkancil* is light years ahead of what the newspapers print in the morning. With *Sangkancil* leading the way it is a matter of time before more newsgroups or Malaysian discussion groups appear on the Internet. And where will that place the bland reporting or lacklustre news analysis that goes on in most of our printed media?

* Nooraini Mydin (Focus) 'A long, long way from utopia' (27/10/97)
This (full-page) piece on civil society in Malaysia took as its departure point a recent seminar on the 'Media and Civil Society' organised by the faculty of Mass Communications at *Institut Teknologi Mara*. As the title suggests, the author, reflecting many of the academic contributions, felt that Malaysia had some distance to travel. Having gone some way to identifying what a civil society might look like, there was general consensus on the promotion of NGOs as a check on government and the private sector, greater freedom of speech within the media and an understanding of how uncontrolled capitalism was giving rise to corruption, greed and a loss of social values,

as well as the destruction of the natural environment — the haze issue being a graphic example. As the author noted:

A civil society includes the government, the people in their different roles as well as the public and corporate sectors, which in turn shape the environment we live in. It ties in very closely with the issue of civil liberties without which there can be no possibility of a civil society.

A further issue here was how any such civil development might encompass both an Islamic set of values and secular human rights. Responding to one Islamic interpretation from Awang Had that “[a] civil society is made up of people who believe in God,” — “atheists [having] a tendency towards anarchy” — the author argues the need for total involvement and a basic set of human rights, otherwise “civil society will only be another cliché.”

* W.G. Mansor (*Megazine* Special Issue) ‘A well-aimed shot at poverty’ (27/11/97)

This feature was fairly typical of the *Sun*’s coverage of acute social issues. Here, the ongoing problem of rural poverty is addressed, taking as its cue the work of the *kampong*-based ‘credit bank’ *Amanah Ikhtiar Malaysia* (AIM).⁸⁴ Run by villagers themselves, the scheme has been widely successful (covering 2659 villages) in providing manageable loans to poor rural people with no access to conventional banks, while helping to generate a sense of solidarity and something of an independent voice for women, the main recipients of AIM loans. Tracing the origins of the scheme (from Bangladesh) and the pioneering work of two policy academics in the field, the author notes how this type of NGO programme complements the government’s wider poverty-reducing efforts and provision of social infrastructure. A linked piece, ‘In business with the poor’, looks more closely at the problems of capacity faced by the organisation as it attempts to expand its operations. Together, the articles offered an informative set of insights and social commentary, though no serious critique of the government’s own role in poverty reduction policy was included.

* Samuel Jeyaraj (*Megazine* Special Issue) ‘Modern sickness’ (30/11/97)

In similar vein, this article takes up the more perennial issue of urbanisation, discussing the “flip side” to rapid growth and development. Much of the content here is similar to

the above-noted Property Watch (TV3) report, including the need for developers to adhere to new town planning standards (the Total Planning and Development Doctrine being noted) and the references to Putrajaya and Cyberjaya.

In more enquiring mood, three extensive features on the intellectual and the want of intellectual discourse in Malaysia denote a more basic set of concerns lurking as critical commentary within this populist space.

* Akbar Ali (Focus) 'Filling the intellectual vacuum' (3/10/97)

In this thought-provoking piece, the author laments the lack of any meaningful intellectual community as the country moves, tentatively, towards the Vision:

We are 23 years away from Vision 2020. But it is yet to be seen if we are successfully developing an intellectual society or even an intellectual tradition in our society. Looking at the lack of intellectual discourse in our country, one wonders if we will at all remember Vision 2020 when we finally get there...Whether it is academia, religion, social activism or writing books and articles, there is a dearth of intellectual discussion. Even the level of discourse on our TV talk shows is mild. There are rarely any probing questions about anything and the discussions are rarely to the point.

To criticise, he notes, is not, necessarily, to be intellectual. And yet:

...the lack of intellectual discussion has led us to establish a norm that to say anything intelligent or controversial means that one is anti-establishment...For example...some of the ulamak types have even said that to understand and interpret the *Quran* is a sin. The religious "authorities" or ulamak are therefore among the worst culprits.

This, essentially, liberal argument, echoed in the final remarks on the West's ability to tolerate diverse opinion, is a revealing indictment, even though it never makes the connection between the *prevailing* intellectual discourse and Vision ideology itself, notably via the media. However, the link is made more apparent in the following five page Special on intellectuals.

* W.G. Mansor (*Megazine* Special Issue) 'I think, therefore I am' (9/11/97)

In the first three-page section, Mansor reviews the thoughts and standing of some key intellectuals of the modern age, such as Bertrand Russell, Julien Benda and Noam Chomsky, before elaborating the crisis of the intellectual in Malaysia through critical voices like Jomo and Syed Hussein Alatas. In the first instance, though, he notes the formative contribution of Gramsci and the connection between media production and the intellectual:

Gramsci's own career exemplifies the role he ascribed to the intellectual. He was also a linguist who organised the Italian working class movement; as a journalist he was a consciously reflective social analyst whose purpose was to build an entire cultural formation associated with a social movement. [In contrast to Benda's notion of intellectuals as a select band of moral philosophers,] Gramsci's representation of the intellectual as a person who fulfils a particular set of functions in society is probably closer to present-day reality than Benda's narrow definition. Today, everyone who works in any field connected with the production or distribution of knowledge is an intellectual in the Gramscian sense.

The article goes on to explore some of the anti-establishment positions adopted by pre-*Merdeka* Malay intellectuals, the stance taken by Ungku Aziz on land reform, before helping to draft the NEP, and the determination of writers and poets such as Keris Mas, Usman Awang and Samad Ismail to reveal the plight of the lower classes through their work. However, this confrontation by artists and intellectuals against early capitalist materialism has much deeper roots in the Western tradition, notes Mansor. Invoking Alatas, Malay intellectuals had also been pacified by the smooth transfer of colonial power and the lack of an Indonesian-type struggle for independence. Today, he notes, the West has adversarial intellectuals like Chomsky, an "articulator of dissent" who "argues that the major newspapers and TV networks connive with the elites of government and big business to restrict the range of information and opinion available to ordinary citizens." In contrast, Malaysian intellectuals generally hold to a culture of passive pragmatism:

In fact, it would appear that only a handful of Malaysian intellectuals conceive their role to be that of the classical intelligentsia, critical of excesses and errors of whatever regime is in power...One can say that, with notable exceptions, the political ideas of Malaysian intellectuals are marked by run-of-the-millness

rather than extraordinariness. In the sense that their views mirror all the ambiguities of society at large, they are more Malaysian than 'intellectual'. On the whole, they do not constitute a vanguard community with a radically different image of the political future. Part romantic nationalist, part pragmatic realist, these are the intellectuals who say "democracy works very well here but it is a Malaysian version."

The result of this, notes Mansor, is a pervasive anti-intellectualism from above. This, he argues, citing Chandra and Jomo, has reified a culture of silence and an absence of intellectual enquiry:

We can judge this by the paucity of published materials, and the absence of a sustained collective discussion on vital issues. The intellectual output from our universities, the institutes and the press has not been that impressive. There has been little contribution towards a critical discussion of the real issues.

Completing the circle is a lack of public engagement. Without a market for in-depth books, few are published in *Bahasa*, critical discourse thus remaining the preserve of an Anglophone world. As the author concludes:

A government practising a policy of accommodation, it seems, can tolerate apathy but not ideology from its intellectuals. Thus, the government stands to gain most from a depoliticised intellectual stratum without binding ideological commitments. Observers who hope for a revolutionary transformation led by vanguard intellectuals will be disappointed.

* Yusoff Ahmad (*Megazine* Special Issue) 'Who's a clever boy now?' (9/11/97)

These themes are developed in a further two-page feature. Here, the author takes-up Syed Husin Ali's view that: "In order to think, write and be critical of society, the intellectual must be close to society." In effect, real intellectual engagement does not come from books alone, but from direct observation and involvement with people. Abdul Razak Abdullah Baginda of the Malaysian Strategic Research Centre (MSRC) acknowledges that intellectuals do operate outwith the university, but must also be respected in this domain. He also sees a more particular need for harnessing local intellectuals. More directly, Syed Husin Ali specifies a number of reasons for intellectual passivity in Malaysia, such as the lack of democratic space within the media, the inability

of intellectuals to escape their ethnic trap and the economic lifestyle enjoyed by Malaysian intellectuals in contrast to some of their regional counterparts.

It is not only what is being stated here that is important, but the fact that it is being expressed through the popular press. While idealising, somewhat, the 'Western intellectual', these articles suggest a wider potential for critical reflection and the need for greater intellectual engagement. However, discussion of the intellectual also needs to recognise the ideological context within which these things are being said. For the top-down 'anti-intellectualism' which does indeed pervade Malaysian society constitutes intellectual enterprise in itself. Thus, in the Gramscian sense noted, but not wholly applied, by Mansor, the political elite are not anti-intellectual, given the central role of intellectuals as producers and presenters of ideas. In this regard, intellectuals linked to the state and civil institutions like the media continue to draw other policy intellectuals, academics and influential individuals into the elite network.

In summary, the *Sun* had pushed the boundaries a little, partly because of a more-relaxed press by the mid-1990s, partly because of a market strategy to displace the *Star* and partly as an (apparently genuine) acknowledgement of a more discerning readership. But this in itself was only allowed because proprietors, editors and journalists had come to understand the rules of the game and the lessons of the 1980s. In the main, the *Sun's* editorial approach appeared to be one of pragmatic support for the status quo and the *Barisan*. At no time did its editorials or lead articles question the wider power *structure*. Nonetheless, the paper's output at this point could be regarded as more 'enquiring' than the other dailies, certainly the *New Straits Times* and *Utusan Malaysia*, even allowing for the *impression* of impartiality cultivated, a reportage presented as 'critical journalism' through selective coverage of opposition opinion. Again, much of the lifestyle features, letters and 'critical commentaries' played-up the same basic appeal to middle-class insiderism. Yet, in its cursory examination of the intellectual face of Malaysia, it also appeared cognisant of a deeper seam of civil concern, something which it felt able to excavate without undermining the elite structure above it. If this has been done in recognition of a more critically engaged public, it may indicate, at least, the *nucleus* of a more assertive press, something which might surface should Malaysians come to reject,

wholesale, routine media adherence to the *Barisan*. As the Anwar crisis unravelled, there were signs of such disenchantment. But it was also apparent that the *Sun*, like the rest of the press, had not diverged in any meaningful way from the practice of responsible development journalism.

¹ See J. Hoffman (1984), pp 2-4.

² For an account of the UMNO, MCA and MIC women's affiliate organisations see V. H. Dancz (1982).

³ *New Straits Times*, January 19th 1995. The organisation's President noted here that "...the Institute was proud to put on record the life journey of Dr. Mahathir [who as a] leader and visionary...has awoken Malaysia from its slumbers."

⁴ For example, in Britain, the orchestrated attempt to break the National Union of Mineworkers in 1984 through anti-union legislation, the courts and biased media images of the strike. See also S. Milne (1994) on how MI5 organised a media smear campaign against the union leadership.

⁵ Johan Saravanamutta *et al* (1996), pp 12-32.

⁶ The figures here have been stated as nearest percentage points.

⁷ Loh Kok Wah and Mustafa K. Anuar, (1996), p 100.

⁸ In 1991, the Home Ministry ruled that distribution of the *Rocket* and *Harakah* was to be limited to party members. A DAP High Court appeal against this decision was turned down. The authors note here that the "Act was amended in 1988 to disallow judicial review of the Home Minister's decision in revoking or suspending a permit if he considers it prejudicial to public order." *Ibid*, pp 100-101. Other such directives have included the barring of such organs from open display on news stands. Despite this, *Harakah* was widely available on many news stands across Malaysia.

⁹ *Far Eastern Economic Review*, Oct. 6th 1994.

¹⁰ Cited, *Far Eastern Economic Review*, March 2nd 1995.

¹¹ 'Commercialisation With a Conscience? Restoring the Credibility of the Malaysian Media', *Aliran Monthly*, 1996: 16; 2. Zaharom Nain is a lecturer in Mass Communications at *Universiti Sains Malaysia*, Penang.

¹² *Far Eastern Economic Review*, March 2nd 1995.

¹³ *Far Eastern Economic Review*, March 6th 1997.

¹⁴ *Straits Times*, April 18th 1998. The increase was said to have "astound[ed] even the police which had warned of a possible increase in crime in these difficult times."

¹⁵ Loh Kok Wah and Mustafa K. Anuar, (1996), pp 101-102.

¹⁶ Nain, 'Commercialisation With a Conscience? Restoring the Credibility of the Malaysian Media', *Aliran Monthly*, 1996: 16; 2.

¹⁷ The main publications of the NSTP and *Utusan Melayu* groups are as follows:

NSTP: (dailies) *New Straits Times*, *Berita Harian*, *Malay Mail*, *Business Times*, *Shin Min Daily News*, *Harian Metro*; (weeklies) *New Sunday Times*, *Berita Minggu*, *Sunday Mail*; (magazines) *Malaysia Business*, *Investors Digest*, *Her World*, *Jelita*.

Utusan Melayu: (dailies) *Utusan Malaysia*, *Utusan Melayu*, *Leader*; (weeklies) *Mingguan Malaysia*, *Utusan Zaman*; (magazines) *Dunia Sukan*, *Mastika*, *URTV*, *Utusan Pelajar*, *Wanita*, *Utusan Qiblat/Al Islam*. Cited, Nain, *Aliran Monthly*, 1996: 16; 2.

¹⁸ Audited circulation figures, *ABC News* (Audited Bureau of Circulation — Malaysia), June 1999, Vol. 16, No. 2; October 1999, Vol. 16, No. 3. The circulation figures for the main Sunday editions (July 1st 1997-June 30th 1998) were: *Mingguan Malaysia* (522,857); *Berita Minggu* (391,813); *The Sunday Star* (252,565); *New Sunday Times* (179,143). The respective readership (rather than circulation) figures for *Utusan Malaysia*, *New Straits Times*, *Berita Harian* and the *Star* for the year 1996 was: 1,449,000; 802,000; 1,710,000; and 894,000. The readership figures for 1997 were: 1,401,000; 628,000; 1,656,000; and 812,000 respectively. *SRM Media Index*, Malaysia, 1997.

¹⁹ Gomez and Jomo (1997), p 155.

²⁰ *Ibid*, p 158.

²¹ See 'Hard Pressed', by Spiked, *Aliran Monthly*, 1998: 18; 6.

²² See also here, Munro-Kua (1996), p 125.

²³ Mustafa K. Anuar's (1990) analysis of media content and presentation during the 1990 General Election illustrates the various ways in which the ruling coalition's interests were promoted and

naturalised. The *Semangat* leader Tengku Razaleigh was specifically targeted by the media during the campaign, notably through distorted representations of his Islamic credentials; Munro-Kua (1996), p 140.

²⁴ Gomez (1996), p 47.

²⁵ *Far Eastern Economic Review*, May 16th 1996.

²⁶ The fighting at Jalan Patani, Kampung Rawa, Penang on March 27th 1998 centred on plans to extend the site of the Indian Raja-Raja Maduraiveeran temple and objections from local Malays over its proximity to the local mosque. Police deployed 600 members of the Federal Reserve Unit (FRU) and General Operations Force (GOF) to control the rioters (mainly youths) and made 150 arrests. *Utusan Malaysia*, March 28th & 29th 1998.

²⁷ See 'Temple-next-to Mosque issue settled, says Anwar', pictured between mosque representative Ahmad Joharai Hamzah and temple official P Nyanasegaran shaking hands on an agreement to relocate the temple. *Utusan Malaysia*, March 28th 1998.

²⁸ See Media Statement by Lim Kit Siang, DAP Homepage, March 29th 1998, <<http://www.malaysia.net/dap>>.

²⁹ *New Straits Times* (thirty-two page colour edition), August 31st 1994.

³⁰ Kua Kia Soong (1990), pp 216-217. The point can be illustrated by the refusal of *Utusan Malaysia*, the *New Straits Times* and the three main TV channels to cover, in the run up to the April 1995 General Election, the story of Razaleigh's victory in Hong Kong's High Court, clearing him of any blame concerning the RM1.5 billion loss incurred by Bumiputra Malaysia Finance in 1983; *Far Eastern Economic Review*, April 13th 1995.

³¹ Zaharom Nain, 'Films and Malaysian Society', *Aliran Monthly*, 1993: 13;3.

³² Cited *ibid*. The words are those of *Financial Times* film critic Nigel Andrews.

³³ In Britain, the 'Murdoch effect' has seen a competitive 'dumbing-down' of the mainstream tabloids (notably, the *Mirror's* descent against the *Sun*), and a decline in serious journalism amongst the 'qualities'. With the *Times* now a compliant part of Murdoch's empire and the *Independent* struggling to survive takeovers and predatory pricing, most broadsheets, with the relative exception of the *Guardian*, have been exposed to the new 'downmarket philosophy'. As the BBC — which, contrary to its 'Reithian ethics', has always been a purveyor of safe liberal discourse — 'downsized' in the 1990s in pursuit of new digital capacity and a greater share of the global news field, the 'ideals' of public service broadcast journalism were also becoming subsumed by new corporatist imperatives. Pilger has this to say about the Murdoch effect: "Reiner Luyken, a prize-winning journalist on the respected German newspaper *Die Zeit*, has reported from Britain for almost twenty years. He is author of a series of perceptive articles about Murdoch's impact in Britain, entitled 'A Cultural Chernobyl'. 'The most striking effect of Murdoch is self-censorship', he wrote. 'Self-censorship is now so commonplace in the British media, that journalists admit to it without blushing'. We met outside the gates of Murdoch's headquarters at Wapping, which Luyken called a 'journalistic penitentiary' and a 'new brave new world'...Wapping is a factory for making money, yet it has become a kind of media model. Whether you read the *Daily Mirror* or the *Telegraph* or turn on the BBC, you get the feeling that the purpose of the enterprise of journalism has been turned on its head and the new ethic is that journalism is a commodity, purely to generate money. That is the Murdoch effect." Pilger (1998), p 452.

³⁴ Zaharom Nain, 'Commercialisation With a Conscience? Restoring the Credibility of the Malaysian Media', *Aliran Monthly*, 1996: 16; 2.

³⁵ *Ibid*.

³⁶ See, for example, R. Provenchar (1990).

³⁷ See 'National Lampoon', *Far Eastern Economic Review*, April 24th 1997, for a discussion of the satirical Instant Cafe Theatre.

³⁸ Quoted from Julian Pettifer's report on Malaysia, *Assignment*, BBC2, UK, November 18th 1995.

³⁹ See, for example, the *New Straits Times* special *Life and Times* articles, 'Social ills part of growing pains' by Rose Ismail, and 'The 'Malay Dilemma' revisited' by Hisham Harun, March 5th 1997

⁴⁰ Yong Tiam Kui, *New Sunday Times*, November 23rd 1997.

⁴¹ *New Straits Times*, October 20th 1997.

⁴² *Ibid*, October 29th 1997.

⁴³ *Ibid*, November 15th 1997.

⁴⁴ In an example of the latter, Marina appeared before a live studio audience on *Global* (TV2), 30th November 1997, in her role as President of the Malaysian Aids Council.

- ⁴⁵ See 'In Liberal Poses', a lengthy critique of Marina Mahathir's views and position, posted on the *Saksi* reform site <<http://www.saksi.com/sohsawlee.htm>>, 1998.
- ⁴⁶ C. Boulanger (1993), pp 54, 61.
- ⁴⁷ R. Kershaw (1997), p 4.
- ⁴⁸ Cited, Munro-Kua (1996), p 77.
- ⁴⁹ E. Hobsbawm and T. Ranger (1983). See, also Tom Nairn (1988) for an account of how the monarchy in Britain has been shaped and legitimised through processes of archaic tradition. See, in this respect, Tom Nairn (1988) for an incisive account of how the monarchy in Britain has been historically shaped and legitimised through these processes of archaic tradition.
- ⁵⁰ C. Kessler (1992), p 135.
- ⁵¹ *Ibid*, pp 149, 155.
- ⁵² J.S. Kahn (1992), pp 168, 173.
- ⁵³ Tan Sooi Beng (1992), p 303.
- ⁵⁴ Loh Kok Wah and J.S. Kahn (1992), pp 5, 11, 15.
- ⁵⁵ *Ibid*, p 6.
- ⁵⁶ See Chandra Jeshurun (1993), p 220. Khoo Boo Teik (1995) notes, in this regard, that, unlike his predecessors, Tunku Abdul Rahman, Tun Abdul Razak and Tun Hussein Onn, Mahathir has presented himself as a 'leader', rather than as a 'ruler'. In contrast to these figures, all with aristocratic connections, "...only Mahathir, a plebeian of anti-patrician bent, staked his claim to Malay support on the basis of his total identification with the Malay masses." This has been apparent throughout his political career in his enthusiasm for public rallies; pp 300-301. For a further discussion of the new generation of UMNO leadership at this point, notably Anwar, see Ho Khai Leong (1994).
- ⁵⁷ B. Anderson (1983).
- ⁵⁸ See *Malaysian Business*, August 16th 1994, on the perceived implications at this point for the domestic television network.
- ⁵⁹ Rupert Murdoch's Star TV, in an overture to Beijing, dropped the BBC World Service News from its output schedule as a 'condition' of market access.
- ⁶⁰ The channels are delivered through the All Asia Television and Radio Company (ASTRO), a subsidiary of Measat Broadcast Network System. *Malaysia Industrial Digest*, October-December 1996.
- ⁶¹ 'Selling to Salesmen': *FEER*, February 6th 1997.
- ⁶² 'Future Shock': *FEER*, February 27th 1997.
- ⁶³ See, for example, 'Super drive status for Cyberjaya development', *New Straits Times*, March 18th 1997. See also Martin Jacques, 'Where the Future is Outrageous', *Guardian*, March 22nd, 1997.
- ⁶⁴ Putrajaya, the proposed new seat of administrative government, will be the main residential area within the MSC. The first phase of Cyberjaya, a 750 hectare site at Bukit Damar, Sepang, Selangor, was officially launched by Mahathir on May 17th 1997, with a total completion date of 2005. See 'Cyberjaya, the Intelligent City', a speech by Dr. Mahathir at the ground breaking ceremony, Malaysian Information Department, June 1997.
- ⁶⁵ See the MSC webpage: <<http://www.mdc.com.my/msc/>>.
- ⁶⁶ 'Malaysia launches hub of multimedia super corridor', *AFP*, July 8th 1999. The launch was attended by Ministers, foreign dignitaries and a number of high-profile IT executives, including British Telecom's Peter Bonfield and the Hewlett Packard President Lewis Platt.
- ⁶⁷ MSC webpage: <<http://www.mdc.com.my/msc/>>.
- ⁶⁸ *Ibid*.
- ⁶⁹ 'PM: Smart Partnership must benefit all parties', *New Sunday Times*, November 16th 1997.
- ⁷⁰ See 'Smart Partnership. Towards Successful and Prosperous Nations', speech to the First Southern Africa International Dialogue, Kasne Botswana, May 5th 1997. *Jabatan Penerangan Malaysia*, July 1997.
- ⁷¹ 'MSC: A Global Bridge From Europe to Asia for the World Century', Dr. Mahathir's address to the Imperial College, London, May 20th 1997. *Jabatan Penerangan Malaysia*, August 1997.
- ⁷² As part of his argument for a better-trained IT workforce in Malaysia, Lim Kit Siang (1997), pp 12-13, notes how India became one of the top three countries for Microsoft investment in 1996-97.
- ⁷³ *Ibid*, op.cit.
- ⁷⁴ The other two were the Telemedicine Bill and the Copyright (Amendment) Bill. Lim Kit Siang (1997). Many of these criticisms were re-stated and developed by Lim in his address to the Infotech Malaysia '98 Conference. Note: the Digital Signature Bill refers to legislation designed to regulate and complement the proposed MSC-based 'paperless government' infrastructure within which online

administrative databases and repositories can be accessed, using computerised key-encryption technology, to view, send and sign legally-binding documents.

⁷⁵ From the IT Awareness Campaign leaflet produced by the Information Department, Ministry of Information, October 1997.

⁷⁶ Broadly translated: Know/recognise IT. Enjoy IT. Students every day...use/take advantage of IT...the science of IT. Malaysia skilled/accomplished. Embrace IT. Learn IT. Love/have affection for IT. Use/benefit from IT.

⁷⁷ The following is a selected content analysis of media output during the crisis period early-October to mid-December 1997. The main elements discussed here are the *New Straits Times*, *Star* and *Sun* newspapers and selections from RTM and TV3 news. Reference is also made to some TV current affairs programmes and other miscellaneous output. The observations and notes within this section also derive from interviews with the *Sun* Regional Editor (Penang) Jackson Ng Kee Seng, Mr Chiew, Assistant Editor for the *Star* in Penang, and other informal discussions with working journalists from the *New Straits Times* and *Malay Mail*. Analysis of these and other related issues here is also drawn from a lengthy discussion with Zaharom Nain at the School of Communications, *Universiti Sains Malaysia*.

⁷⁸ This practice of seeing the PM off at the airport and greeting him on return is seen as an important expression of loyalty and a way for aspiring business figures to get closer to Mahathir.

⁷⁹ The SPI is funded by the Institute on Governance (Canada), with other input from UN-based bodies. SERI, based in Penang, has also worked with the Penang state government on this issue, with Dr. Koh Tsu Koon, the Chief Minister, closely associated the SPI project. See SERI Homepage: <<http://www.geocities.com/RainForest/Vines/7288/index.htm>>.

⁸⁰ The article refers to statements by R. Senthirajah of the Environmental Protection Society of Malaysia (EPSM) condemning the government's intervention and appealing for greater transparency.

⁸¹ This was in response to veiled threats made to opposition student activists by Backbenchers Club president Ruhanie Ahmad.

⁸² This gathering of NGOs took place in Kuala Lumpur on 7th December 1997.

⁸³ Feature titles here are in brackets; 'Special Issue' features are taken from the *Sun* and *Sunday Megazine* (magazine) sections.

⁸⁴ AIM is based on the ideas of the Grameen Bank scheme in Bangladesh founded by Professor Mohamad Yunus. Its only main difference is the use of an administrative fee rather than credit, in accordance with Islamic law. The scheme was developed by Professor David Gibbons and Sukor Kasim of *Universiti Sains Malaysia's* Centre for Policy Research.

The Anwar crisis and the media

Anwar's removal from high office, the clampdown of pro-Anwar forces and the subsequent arrest, charging and character assassination of Mahathir's one-time heir apparent provides a graphic picture of the interacting powers of the UMNO network.

Such enterprise had already been evident in the run-up to Anwar's dismissal. This included, most notably, the initiation, funding, publishing and distribution of the *50 Reasons* book, the culmination of an orchestrated smear campaign directed at the highest level. Anwar was later to claim that the book "was funded by very senior people in the government and corporate sector. Tens of millions of dollars were spent on several print runs and it was distributed widely. I have a tape to substantiate that."¹ Another example of the network's response was the way in which affidavits issued against Nalla on the morning of Anwar's dismissal were allowed into the public domain without a full court hearing, their contents being made public on TV3 and in a Special Edition of the *Malay Mail* rushed-out that afternoon.²

With the order for his arrest forestalled by the Commonwealth Games, the 'Anwar roadshow' was building support across the country. Anwar's home had become the focal-point for mass protest gatherings and the launching of the *reformasi*. With Queen Elizabeth in Kuala Lumpur to close the Games, the international media were serving to highlight the crisis and the movement's ideals. Thirty-thousand demonstrators had marched from the National Mosque to *Merdeka* Square to hear Anwar's call for reform and Mahathir's resignation. Rioting, disturbances at UMNO HQ and pitched battles with the Federal Reserve Unit (FRU) outside Mahathir's home had followed.³ With tension increasing, the Inspector General of Police (IGP), Rahim Noor took the decision to send-in an elite snatch-squad to arrest Anwar (under the ISA) as he addressed a press conference, an open declaration that the authorities would not be cowed by the presence of the foreign media. Large-scale street protests continued, met forcefully by riot-police. Various pro-Anwar associates were arrested, including Siddiq

Baba and Kamaruddin Jaffar (of the Institute of Policy Research), Zahid Hamidi and the top four officials of ABIM,⁴ indicating an attempt to stifle intellectuals linked to the *reformasi* — an extension of the purge on Anwar people within the media.

While the *reformasi* lacked clear objectives at this point, Anwar's *Permatang Pauh Declaration* had received broad support,⁵ helping to bring about two new coalition forums: the Coalition for People's Democracy (GAGASAN), headed by Fadzil Noor of PAS, and the Malaysian People's Movement for Justice (GERAK), led by Tian Chua of SUARAM.⁶ While both bodies, comprising DAP, PAS, PRM and most reformist NGOs, remained distanced from the *reformasi* as a proto-party at this point,⁷ the movement had helped foster a new form of co-operation between the major opposition parties and a working relationship with Anwar's followers, symbolised by Anwar's now-open declaration of support for Lim Guan Eng. Meanwhile, Anwar's wife Wan Azizah Wan Ismail had taken-up Anwar's place as a rallying figure.⁸ By December 1998, she had formed the *Pergerakan Keadilan Sosial* (Movement for Social Justice), to be known as ADIL (with Chandra Muzaffar acting as Vice President) in an effort to give the *reformasi* a clearer organisational structure.⁹ In effect, ADIL and Wan Azizah, now acting in Anwar's name, was working alongside GERAK and GAGASAN in an effort to build a broad political alignment.¹⁰

Alongside the 'roadshow effect', fears were now growing over the sensitive information Anwar had become privy to through his party positions and corporate links. The release of two letters from Anwar to Mahathir, one preceding and one following his dismissal, suggested a more serious catalogue of corruption and nepotism than that alleged even by outside observers.¹¹ Anwar had also claimed not to have been instrumental in ordering 'unwarranted investigations' into key government departments, including the offices of the IGP. Anwar had also claimed not to have been instrumental in ordering 'unwarranted investigations' into key government departments, including the offices of the IGP. Appealing for recognition of his unease, he had noted to Mahathir:

Lately, some people have become uncomfortable with me because it seems I was the one who directed the Anti-Corruption Agency to investigate the Director-General of the Economic Planning Unit.¹²

It is difficult to accept Anwar's role here as that of 'innocent bystander.'¹³ Yet, whether one accepts his version of events or not, the more crucial issue was whether

Mahathir believed him at this stage. It is also possible that Daim would have been the first major ‘casualty’ of any such revelations had Anwar come to power. Again, what may have precipitated Anwar’s removal was his apparent reluctance to participate in the plan to bail-out the corporate giant Renong, understood to be the main conduit for UMNO funding.¹⁴ In a statement circulated prior to his arrest, Anwar, (fearing the possibility of being injected with drugs while in jail — even the AIDS virus to ‘prove’ his ‘illicit affairs’) specified the main reason for the campaign against him:

The reason they are so afraid of me is that I know too many of their secrets. I know how many billions of ringgit of UMNO money they have stolen to benefit a few people. I know how much money — one billion in October (1997?) [sic] — they took out of the country to deposit in bank [sic] in the vicinity of Zurich. I reported this to Dr. Mahathir, thinking I could trust him as leader. As it turns out he kept the information to himself, and I cannot but come to the conclusion that there is a secret pact between him and a few well-known people. I know how many projects were used to benefit a few friends and his relatives. They are terrified because I have this information.¹⁵

Thus, while Mahathir had begun to ‘address corruption’ as a legitimization problem, he appears to have become more concerned about the particular charges of nepotism at this point. As Jomo notes, in relation to the ‘anti-KKN’ challenge in Indonesia, it may have been the ‘Suharto factor’ in particular which proved the “last straw” for Mahathir: “I don’t think Dr. Mahathir minded attacking *korupse* and *kronisme*, but *nepotisme* came too close to the bone.”¹⁶

Yet despite concerns about the political fallout of nepotism and fears that an Anwar succession might not guarantee his private family interests, Mahathir also appears to have been motivated by a more fundamental belief in his sole ability to lead the country out of crisis. Allowing for the usual delusions of many long-serving leaders, this view was not without reasonable support amongst the Malaysian public, given Mahathir’s past successes in the face of adversity. For this and other reasons, notes Jomo, Mahathir, unlike Suharto, was more likely to “go with his boots on.”¹⁷

One of the most critical factors therefore was how this strategy would be played-out through the media. To what extent could Mahathir sell the Anwar purge and civil crackdown as a popular rationale for political order and economic recovery? At the outset, Mahathir had been under extreme pressure, even within UMNO, to provide a

convincing explanation for Anwar's removal, arrest and persecution. For not only did the case allege abuse of political office, but of sodomy, a gross violation of Islamic law. As the pressure increased, Rahim's own 'generalissimo' tone towards 'impertinent' members of the foreign media (see below) had only exacerbated the situation.¹⁸ On top of this, both Anwar's adopted brother Sukma Darmawan Sasmitaat and his former speech-writer Munawar Ahmad Anees had now withdrawn their (apparently forced) statements confessing to have been sodomised by Anwar. Both had received six month jail sentences after pleading guilty to charges of gross indecency. The problem became more acute when, after nine days incommunicado, Anwar finally appeared in court, showing a swollen eye and other injuries, to hear the corruption and sodomy charges against him.¹⁹ As the pictures and account of his alleged mistreatment in custody flashed around the world, Mahathir was now dealing with Anwar the martyr as well as Anwar the reformer.

Precisely how or why all this was allowed to happen, given the adverse reaction it was bound to evoke, domestically and internationally, remains unclear.²⁰ Mahathir, reported to have been "angry" about Anwar's treatment,²¹ had sought to ameliorate the situation by suggesting that the injuries may have been self-inflicted, a calculated play for public sympathy. However, a subsequent doctor's report, obtained and distributed by Reuters, concluded that Anwar had, indeed, been beaten and left unconscious — allegedly, claimed Anwar's Political Secretary (in a letter published on the Internet), by Rahim Noor himself.²² The IGP had also tried to suppress the medical report through the Malaysian news agency Bernama, which had sent out the immediate message:

URGENT NOTE TO EDITORS: The Bukit Aman federal police request the media not to use/publish the medical examination report dated Sept 30th 1998, on former Deputy Prime Minister Datuk Seri Anwar Ibrahim by Datuk Dr Haji Ahmad Shukir Mohamed of Shukri Hardeev eye specialists. A police spokesman said the medical report is only meant for the prosecution and defence in the Anwar case.²³

On the same day, Mahathir had called a 'consultative' meeting with Malaysian media editors after the local press had splashed the Anwar black-eye picture on their front pages. As a result, the medical report was duly suppressed, the injuries reported as a series of unsubstantiated allegations and the emphasis now placed more specifically on Mahathir's investigation into the complaint — as directed through the Attorney-General,

rather than the Special Branch, to ensure its 'independence.'²⁴ Despite assurances that the rule of law would be upheld, calls for the IGP's suspension for the duration of the inquiry went unheeded.

Meanwhile, messages of concern from notable international figures such as James Wolfensohn and Kofi Annan began to mount. Anwar's close relationships with Habibie and Estrada had also put a strain on regional relations, threatening the ASEAN convention of non-interference in each others affairs.²⁵ Paradoxically, while much of the Malaysian media had helped imply Anwar's guilt, it was Justice Augustine Paul's order prohibiting media discussion of the case, after fixing Anwar's trial date, which allowed Mahathir some respite from its adverse publicity at this point.²⁶

However, US and Western pressure on Mahathir here also reflected growing tensions at the *global* level. With the domestic economy already battered by free-market adjustments — a painful experiment now being attributed to Anwar — Mahathir was seeking to keep public attention focused on the new measures for domestic-led recovery — exchange controls, interest rate cuts, expanded credit and looser fiscal policy. But, like Mahathir, capitalist institutions were also engaged in their own version of the 'denial syndrome.' With key financial figures led by Alan Greenspan at the US Federal Reserve engaged in emergency measures to contain the Asian fallout and its contagion effect on Russia and South America, this had seen a crisis of neo-liberalism itself. Plans for reform of the global financial architecture ('historical innovations' likened to a new Bretton Woods, though greeted with little enthusiasm by the markets) included new regulatory codes to promote monetary transparency and allow a clearer surveillance role for the IMF,²⁷ a belated 'acknowledgement' of the Fund's failure to foresee the crisis. What could not be encouraged was the protectionist strategies now being adopted by Mahathir — domestic controls now finding favour in crisis-torn Russia. In effect, Mahathir and other countries now threatened to expose the fallacies of free-market capitalist development. As John Gray was to note at this point:

The global free-market is falling apart. In a move that is certain to be emulated by other developing countries, Malaysia has introduced old fashioned exchange controls. Hong Kong has torn-up the free-market rule-book and provided government support for the stock market. Above all, Russia has rejected the policies imposed on it by the western economic consensus. Russia's crisis is no longer primarily

economic. By now it is a crisis of the state [and] neoliberal economic policies demanded by the West...²⁸

Thus, perversely, Mahathir's decision to remove the *ringgit's* convertibility, given credibility by Russia's action over the *rouble*, had given him 'new standing' as a supposed champion of financial reform.

As the immediate furore of the Anwar issue subsided, Mahathir was using capital controls as a breathing-space to rebuild economic confidence²⁹ — a legitimate 'window of opportunity', as the US economic 'guru' Paul Krugman had put it in an open address to Mahathir, provided it was used for systematic financial reform rather than the bailing-out of more cronies.³⁰ It should be noted that Krugman was not speaking here as a Mahathir apologist or 'born-again Keynesian', but as a critic of the IMF's monitoring capacities.³¹ Nonetheless, Mahathir was now using Krugman's 'validation', the growing consensus against IMF intervention amongst Malaysian policy analysts and the permissive dangers of hedge-funds to re-launch himself as a leading crusader against IMF orthodoxy.

Behind the new ideology of protectionism, Mahathir was seeking to prop-up domestic business and middle-class support. Unlike the 1985 recession, the crisis had struck the middle-class quicker than lower-income groups temporarily 'cushioned' by prevailing labour shortages. Thus, a middle-class generation, gilded by prosperity, had seen their assets and spending power badly disrupted by the stock market crash, currency crisis and collapse of property prices.

On October 23rd 1998, in his role as Finance Minister (thereafter given to Daim), Mahathir unveiled an expansionary budget of wide-ranging tax and spend measures, signalling a clear break with IMF remedies and raising the ante with foreign capital. Besides a raft of fiscal measures to assist domestic business, notably the service sector, a number of more populist incentives were included, such as the waiving of income tax on earnings for the forthcoming year³² and attempts to stimulate local demand through new forms of assistance to SMIs. By early-1999, the provision and administration of funds to SMIs via *Bank Negara* was being pushed by the bank itself and various business organisations.³³ However, it is important to note here that Anwar had also instituted a number of such stimulus policies before being sacked, interventions not noted in the White Paper on the crisis presented to Parliament in April 1999.³⁴ Moreover, the

government ‘debt resolution’ agencies *Danaharta*, *Danamodal* and the Corporate Debt Restructuring Committee (CDRC), charged with recapitalising ailing banks/financial institutions and absorbing bad debt, were actually set up under Anwar’s direction in 1998.³⁵ While using these agencies, in effect, as a discreet means of organising bailouts, Daim was also trying to reassure concerned foreign fund managers that corporate transparency was being taken seriously and that the exit tax now levied on investments would not adversely affect their holdings.³⁶ Mahathir also used the Budget speech to connect Anwar with the damaging effect of IMF-type policies on the economy.³⁷

One year on from Anwar’s austerity package, Mahathir’s Budget, capital controls and case for a new trading order had helped placate domestic capital and a wavering middle-class. Mahathir’s anti-IMF doctrine had also found ‘support’ in Japanese Finance Minister Eisuke Sakakibara’s denunciation of the Fund as the “Washington consensus [of] free markets and sound money...[a] blind application of the universal model of emerging economies” — allowing the *Sun* headline: ‘IMF is US dominated says Mr Yen’.³⁸ By January 1999, Mahathir’s bravura calls for exchange controls were finding resonance at the World Economic Forum in Switzerland,³⁹ helping to restore some of his global prestige. Thus, for all its rhetorical content, Mahathir’s attacks on the IMF may be seen as an important point in the ‘renewal’ of neo-Keynesian ideas.

Yet, while Mahathir cultivated populist ‘recovery discourse’, there was still the populist backlash of the *reformasi* to contend with. Mahathir’s authoritarian crackdown had given rise to serious civil unrest, pressure which had been met head-on by the whole state apparatus. Brutality had been shown by riot police, though, in contrast to Indonesia, no one had been shot or killed. During the protests, Special Branch (SB) officers and *agent provocateurs* had been deployed to ‘isolate’ the organisers and ‘direct’ the more gullible protesters. More academics and activists associated with Anwar, ABIM, GERAK and other pro-*reformasi* agencies had been detained.⁴⁰ Some made formal complaints of being beaten in jail, including the GERAK leader Tian Chua, now twice arrested. Mass weekly gatherings continued, notably around the Jalan Tunku Abdul Rahman (Jalan TAR) area of Kuala Lumpur, with exuberant crowds (varying between 10,000 to 30,000) chanting ‘RE-FOR-MASI’ and waving pro-Anwar banners.⁴¹ While seeking to present a more restrained, even, by some accounts, friendly, profile during the early gatherings, it was evident that the FRU had adopted specialised chase

and dispersal tactics, using *ratans* and water cannons laced with chemicals. Many *reformasi* supporters had also been attacked and detained during the 17th October rally when a section of the crowd moved towards the Istana Negara to hand in a memorandum to the *Yang di-Pertuan Agong*.⁴² Similar treatment had been meted out around the Parliament building following the Budget speech. The following evening, over 250 arrests were made in and around the Malay Kampung Baru district of KL, the FRU's excessive force being condemned by Amnesty.⁴³ (Ironically, these concerns coincided with the release of a major Amnesty International report detailing the systematic abuse of prisoners in US jails.⁴⁴) Scene of the 1969 riots, Kampung Baru was to become a focal point for many such protests during the trial.

However, unlike the Indonesian crisis, these and other demonstrations never looked like bringing Mahathir down. Permits for opposition *ceramahs* were still being blocked, but so too were proposed UMNO gatherings in the interests of 'public order', giving some semblance to claims of 'even-handedness'. Meanwhile, having been quietly eased-out by the UMNO Youth leadership, Zahid was now planning to tour the country to 'help allay public fears' (UMNO-speak for co-optation). While street protests continued, much of daily life went on as normal.

The Malaysian press: 'let's work together'

Part of the reason for this lies in the nature of legitimacy which had come to prevail in Malaysia, in contrast to Indonesia. This reflected middle-class sensitivities and a general aversion to violence. But it can also be linked to the encouragement of 'insiderist' dialogue within the media. This is an important point missed by many external observers of the Anwar situation. Despite the irregularities of the electoral process, Mahathir was still an elected leader with a mandate to secure. The threat of state coercion remained — as it does in Western states, only in more attenuated forms. But social control was also being mediated through processes of popular persuasion. In this regard, one may note the particularised nature of press content:

There's a dichotomy in press coverage in Malaysia...On political issues, there is no critical reporting or open discussion of different sides. But in the non-political areas — such as society and the environment — there is very open debate.⁴⁵

This, notes Syed Husin Ali, was particularly so in the post-1995 election euphoria:

There was not much to worry about and the economy was doing well. With allegations that the press had been controlled and not fair, they wanted to show it was democratic.⁴⁶

Hence, while many Malaysians were now reacting to overt propaganda by boycotting *Utusan Malaysia* (the paper's 'reformist' ideas on the crisis having been stifled by Johan Jaaffar's removal), middle-class 'social debate' was still helping to distil a palliative language of middle-class moderation and support for national recovery, even where that included deep unease over the Anwar issue.

The role of the domestic press in the Anwar affair, thus, comprised two discrete, yet complementary, elements.⁴⁷ The first involved use of *Barisan* press statements as 'breaking news.' In effect, the *Barisan*'s version of unfolding events, unaccompanied by critical commentary, *became* the news in itself. This did not preclude statements from Anwar, opposition opinions or coverage of *reformasi ceramahs* across the country, giving the semblance of objective news gathering. But this was always treated as marginal in relation to the 'more authoritative' pronouncements of leading *Barisan* figures. The following headlines and (captioned) quotes are indicative of this biased form of 'they said' reportage:⁴⁸

MBs back Mahathir's action (Perak Mentri Besar Tan Sri Ramli Ngah Talib said he was confident that Dr Mahathir had "weighed and studied at length" [sic] before taking action against Anwar...His sentiments were shared by several mentris besar.)

Yusof Nor: UMNO Supreme council acted to safeguard party ("...the prime Minister was faced with statements and disclosures which he found difficult to ignore and to safeguard the image of the party, race and country, he had to act with great reluctance against his deputy whom he had trusted," he said.)

Anwar tried to interfere in police investigations (Asked about this, Anwar, who has described all the allegations against him as fabrications, said: "I wouldn't be surprised if they add 20 more...")

Anwar hopes capital control measures will work ("As a Malaysian and a former member of the cabinet, I really wish that the move announced on Sept 1 will work in the interests of our people," Anwar said.)

PM to give explanation on Anwar's expulsion soon (UMNO Secretary-General Datuk Sabbaruddin Chik said the explanation is necessary in order to remove the existing confusion among those who are directly affected by the decision taken.)

PM: Anwar 'arrested' by followers (...Dr Mahathir Mohamad said...Anwar is "being put under house arrest" by his own followers who are out to create problems.)

PM: Ceramahs show we are democratic (The nightly ceramahs at [Anwar's house] in Bukit Damansara will be allowed to go on because Malaysia is a democratic country...Dr Mahathir Mohamad said if the public speeches and gatherings were stopped, then the media, especially the foreign media, would brand the country as repressive..."It's something one has to submit to if one believes in democracy" [he] said yesterday.)

Anwar encouraged by show of support at talks [with opposition leaders] (...Anwar said a multiracial effort was needed to ensure the success of reformasi (reform) for the country. "It must be a multiracial effort. If not, we will not win," he said at a public gathering in conjunction with the Free Guan Eng Marathon fast at Sungai Chua.)

Greater sin if Mahathir had not exposed Anwar's sin - Mohamed (...Sept 27 - [BN Secretary-General] Datuk Seri Mohamed Rahmat today said the Prime Minister could not bear to harbour the greater sin of not exposing the sinful activities of...Anwar.)

UMNO Divisions used to topple Dr Mahathir - Mohamed Rahmat (Leaders at divisional levels had been paid monthly allowances...and some divisions had been allocated with RM1 million to RM2 million to carry out subversive activities in UMNO, he said. "We can identify the divisions involved.")

Anwar 'plotted to oust Dr M' (...Aziz Shamsudin, political-secretary to Dr Mahathir, claimed it was Anwar's plan to topple the [PM] by "killing off people surrounding Dr Mahathir first." "Anwar is the biggest conspirator. That is why he wanted to implicate me as a conspirator," he said...)

Malaysia on road to recovery, says ISIS Chief (...as the capital control measures are showing great success, the chairman of the Institute for Strategic and International Studies (ISIS), Tan Sri Dr Noordin Sopiee, said today..."I think the recession of 1998 will end in 1998 and that we will have positive growth for 1999," he said at a press conference to announce the National Congress on Economic Recovery entitled, "The Way Forward", which will be organised by ISIS and the ASEAN Strategic and Leadership Institute (ASLI)...)

Anwar attempted to initiate a revolution, not a reformation, says Najib (“...He has rejected everything...whether it be Umno, the government, the police force, the judiciary...everything,” he said...)

Court Fixes Nov 2-14 for Anwar's trial (...and ordered a gag on public discussion of the case. Justice [Augustine Paul]...said: “Justice must not only be done but seen to be done...”)

Of course, the pro-government bias did not cease with the Judge's prohibition. Indeed, as noted, the gag may even have been a welcome diversion for Mahathir and editors under daily pressure from the foreign media. This allowed attention to be turned again to more familiar forms of ‘they said’ reportage on the opposition, including, by now, GERAK — for example, in the *Star*'s ‘PAS out to exploit, says Ghafar’.⁴⁹ In an attempt to play the UMNO network at its own game, Anwar issued a RM100 million writ against the *Sun* for publishing statements by Mahathir in which he described Anwar's ‘sexual conduct’ as “despicable”.⁵⁰ However, as with the trial itself, there was little prospect of a fair hearing over the action.

The second element of press output here involved the amelioration of middle-class concerns. Encompassing the *lifestyle* genre noted above, this was more ‘consultative’ and ‘open-ended’ in tone and content. Very noticeable here was the extensive space given to ‘educating’ and ‘fostering understanding’ of the Anwar affair and the economic situation. An example of how such agenda-setting discourse permeates key civil and cultural institutions can be seen in a piece carried by *Utusan Malaysia* entitled ‘Najib urges teachers to attend briefings on Anwar's sacking’:

Education Minister [Najib] said today it is important for teachers to attend information sessions on the sacking of [Anwar] to erase confusion among them...The Education Ministry is briefing the teachers at every meeting, but then all 200,000 teachers nationwide cannot attend such meetings at the same time, he said. “Groups organising such information at state and district levels are asked to invite teachers to attend such sessions in view of their important function in society,” he told reporters after opening the inaugural meeting of the Congregation of National Language and Cultural Activists Malaysia...⁵¹

The significance of such ‘reports’ lay not so much in their ‘they said’ value, but in their attempt to set the Anwar issue within a prescribed context of national recovery through an appeal for reasoned middle-class debate. The ‘restrained polemic’ apparent in the talkback features, letters and columns at this point was also being ‘guided’ by

editorials and comment pieces appealing for balanced discussion. The *New Straits Times* editor Kadir Jasin's 'Other Thots' article, 'Treat Anwar's trial like any other', is a case in point, taking-to-task those "deliberately trying to politicise the matter":

Even if the [medical] report is true, the fact that Dr Mahathir had no prior knowledge of Anwar's injury shows that he does not interfere with the work of the police. Of course, it is not to the advantage of the critics to acknowledge that under section 73 of the [ISA] which is being used against Anwar, the police do not have to inform the Home Minister of every stage of the investigation nor of actions against detainees.⁵²

As noted, whether Mahathir was being informed about Anwar's treatment or not remains a matter of conjecture. Certainly, his public appearance in this condition served no purpose for Mahathir, as he himself had pointed out. Yet, allowing for this confusion, it is equally illogical to extrapolate from this Mahathir's non-involvement in the broader Anwar affair, as implied in Kadir's article.

This is not to say that such output lacked genuine concern for Anwar's own predicament. Some seditious tones were even being adopted to get the message across. Reflecting upon *Joseph K*, for example, Amir Muhammad's Perforated Sheets essay, 'The beginning of The Trial', used Kafakaesque allegory to suggest nightmarish processes of state victimisation and political mendacity against Anwar.⁵³ But while stimulating a certain reaction, most other 'political commentary' here had helped keep middle-class dissent ambivalent, contained and, for the most part, off the streets. Indeed, with the *reformasi* movement now gaining momentum through GERAK and other civil/political alignments, these media appeals for calm reflection pointed-up the real dilemma for the middle-class: whether to sit-tight in the hope of an economic upturn — and, perhaps, even some internal-led reform by an anguished elite — or risk further instability by embracing wholesale reform. Although still incensed by Anwar's treatment, the repeated TV scenes and press coverage of Anwar supporters clashing with riot police had only intensified middle-class fears, amplifying a conservative aversion to mob violence amongst the Malaysian public at large. However, hostility towards the domestic media was also growing, with the *reformasi* message finding new expression through a range of alternative organs, including the Malay-language publications *Eksklusif*, *Detik*, *Wasilah*, *Tamadun* and, more notably, *Harakah*. (See Chapter 8.)

While not, as yet, critical, the domestic press were now experiencing circulation problems, as well as increased publishing costs and a decline in advertising revenue. According to Azizi Meor Ngah, Executive Director of the *Utusan* group and Chairman of the Malaysian Newspaper Publishers Association (MNPA), circulation of Malaysia's 39 daily newspapers fell 11% in 1997 and a further 6% in the first half of 1998 (from a peak of 3.9 million in 1996). The bulk of this decline, he noted, had been recorded in the younger generation now accessing the net more frequently.⁵⁴ While he and others were still talking-up the prospects for the industry, this development was indicative of a slow, but worrying, trend for the authorities. In a subsequent re-launch, the *Sun*, for example, appeared to be adapting to this new public mood.⁵⁵ However, while recognising slanted editorial lines as a key reason for the decline, many editors remained unhappy at the accuracy of foreign reports.⁵⁶

Reporting the media: foreign coverage and competing ideologies

This brings us, more specifically, to the relationship between the domestic press and foreign media. Inevitably, much of the Anwar affair was being presented in the mainstream Western media as the final call for yet another autocratic Asian leader: the 'genie was out of the bottle', as Anwar, the adopted symbol of civil freedoms and democratic reform, lay beaten and bruised on 'Mahathir's prison floor.'⁵⁷ The foreign media had played a key role in highlighting Anwar's persecution, the use of the ISA and local media bias — all welcome publicity for the *reformasi*. Yet, there had also been sensationalist language and much simplification of the issues. As one commentator was to note at this point in an article posted on the *reformasi* site, *Saksi*:

A trawl through their offerings to the world illustrates not just bad journalism but distortion, caricature and a trivialisation of Malaysia's political crisis.⁵⁸

Examples of narrow reporting and common stereotypes noted were: the depiction of peaceful protests as riots and anarchic situations (BBC, *New York Times*, *Guardian*, *Bangkok Post*); the trivialisation of opposition gatherings (*South China Morning Post*, *Far Eastern Economic Review*); personalisation of the crisis, 'lionising of Anwar' and free use of caricatures — "Anwar the freedom lover and Dr M as the James Bond

villain” (*Telegraph, New York Times*); the lack of reports outside KL; the play on ‘PAS fundamentalism’ and implied ‘gulf’ between middle-class liberals and Muslims — as if a Muslim cannot be a liberal (*Reuters, Newsweek, Christian Science Monitor*); the intonation of Malaysia as a ‘backward’ country having failed its ‘coming-of-age’ — ‘we are modern, you are not’ (*Newsweek, Matt Frei for the BBC and Telegraph*); and the ‘fearless liberal hack’ performance — the ‘ego prize’ here going to the *Observer*’s John Sweeney for hamming-up his ‘threatening encounter’ with Rahim Noor.

Meanwhile, trivialised ‘reports’, more akin to ‘travel journalism’ than political analysis, continued to be churned out, as in Matt Frei’s BBC piece ‘Political benefits of sin’ on the spectre of ‘PAS fundamentalism’ in Kelantan. Here, rather than the vital significance of the Anwar affair on PAS politics and the Kelantanese electorate, we find a series of hackneyed phrases and images of the ‘Islamic threat’. For example, in Kelantan:

The genders have to stand in separate queues at the supermarket — just in case they should be overcome by passion while waiting to pay for their frozen peas.⁵⁹

More significant, though, was the lack of scrutiny given by the foreign media to Anwar’s own UMNO record, his close relationship with Camdessus *et al* or his adoption of IMF austerity measures, a high interest rate policy which had failed to halt the decline and may have tipped the country into recession. By October 1998, the inadequacy of these deflationary measures in Malaysia and elsewhere had given rise to G7 emergency talks on IMF/World Bank restructuring.⁶⁰ Yet, there was little discussion of these structural connections in mainstream foreign analysis of the Anwar affair. This was symptomatic of the way in which ‘standard liberal journalism’ works within accepted parameters of critical enquiry, and its hegemonic function in contextualising power relationships. Thus, while many of the political and social aspects of the crisis were being highlighted, it was being done through this liberal filter.⁶¹

Nonetheless, for many Malaysians, deeply angered by Anwar’s treatment and the casual disregard for legal processes, the unfolding situation, and foreign media coverage of it, offered new possibilities for serious political reform. Yet, the Anwar conflict also threatened further social, political and economic upheaval, a set of disruptions which still weighed heavily on the minds of the middle-classes, particularly within the Chinese

community. Reflecting these concerns, the *Far Eastern Economic Review* piece 'Prime Mover'⁶² noted how Malaysians were now confused and polarised in their attitude towards Mahathir. Citing surveys carried out for UMNO (there being no major independent opinion-poll agencies in Malaysia) and other 'anecdotal' evidence, it showed that while most Malays saw him as a nation-builder, a majority were now unhappy with Mahathir (seven out of ten according to an earlier *Review* article.)⁶³ 'Taking the pulse' in Kedah and Penang as well as KL, it also noted the higher level of support for Mahathir amongst the Chinese community, particularly business people alarmed at the impact of Anwar's high-interest rate policy. One Chinese journalist noted in the piece pointed to Anwar's own cronies and lack of reform while in office. With the Indian community also split, the key point drawn out by the article was that all Malaysians, rather than Malays, were now part of the debate, the key to that shift being Mahathir himself:

Ironically, it's Mahathir who is most responsible for this change. Over his 17 years at the helm, the prime minister has pushed, cajoled and browbeaten Malaysia's ethnic communities to think of themselves as Malaysians first...With that has come a feeling that they have a stake, and a say, in the political life of the country.

One indication of such was that 80% of letters to local newspapers supporting Mahathir at this point were from Chinese Malaysians.⁶⁴

However, it is also important to see the class basis of Chinese support here. Primarily, it reflected the concerns of established business and upper middle-class Chinese. Generally older and more conservative, this element saw Mahathir as the only means of averting instability and financial loss. The related question was whether the privatisation 'towkays', the MCA, *Gerakan* and Chinese business institutions could keep the other Chinese classes tied-into this support base for Mahathir and the prevailing structure.

Here, many foreign reports tended towards stereotypical reportage of the Chinese factor. For example, Michael Sheridan's piece 'Anwar in 'coward' gibe' (reproduced in *Harakah* from a *Sunday Times* article) had this simplified summation:

Anwar's cause has also attracted support from opposition politicians in the commercially powerful Chinese community. That is unusual in a country where tensions between the 27% of the population who are Chinese and the majority Muslim Malays have spilt over into race riots in the past.⁶⁵

One problem here is the reference to the Malay-Chinese 'conflict', as though it had happened recently rather than thirty years prior, giving the generalised and false impression that the situation was akin to Indonesia. Another problem is the author's blanket allusion to opposition Chinese politicians and Chinese business. Despite DAP support for the *reformasi* and Chinese business concern over Mahathir's early handling of the crisis, there had been no significant support for Anwar from within the Chinese business sector at this point.⁶⁶ There were two main reasons for this. The first, quite simply, was that Anwar was now unable to convey their concerns to the political hierarchy. Thus, in Penang, for example, many Chinese had abandoned Anwar, his replacement with Abdullah, another Penang-based figure, being, perhaps, significant. The second factor was the adverse impact of Anwar's IMF-type policies on domestic business. Here, mainstream coverage of the crisis had failed to capture domestic Chinese fears over this agenda.

On the other hand, lower-middle and working-class Chinese with less to lose had been more disposed towards the *reformasi*. Although still cautious of a 'PAS dividend', a scenario being talked-up by the BN, many ordinary Chinese now saw Anwarism as a way of shaking-off the last vestiges of the NEP system. Concern within the BN over this shift can be seen in *Gerakan's* attempts (notably in Penang) to incorporate elements of the reform agenda. But it had also been Mahathir's own 'Malaysian Malaysia' which had, inadvertently, galvanised the *reformasi* (see Chapter 9), leaving the ruling elite less able, though still attempting, to play the 'race card' as a control strategy. For the first time since *Merdeka*, cross-ethnic alignments and serious 'class politics' were now threatening traditional ethnic-class power arrangements within the *Barisan*.

In response, the government intensified their attack on the foreign media as purveyors of distorted news. For example, *Utusan Malaysia* carried the following message in the week after Anwar's arrest:

The local media should give a more accurate picture of the situation within and outside the country because the foreign media cannot be relied upon to do so, Information Minister Datuk Mohamed

Rahmat said today...“I call on the local media to play their role in explaining the true situation...”...he told reporters after attending a mass circumcision in Kampung Paya...Mohamed said the ministry will extend the Information Action Plan nationwide to explain the situation to the people...⁶⁷

While propagandist news reports were being used here to depict external news reports *as* propaganda, not all press coverage of the situation was couched in slavish monotones. Following the media’s ‘postmodern trend’ of reporting itself, the press even found itself covering both its own and the foreign media’s coverage of the encampment outside Anwar’s home. In ‘No let-up to political drama at Bt Damansara’, the *Star*’s Wong Chun Wai offers this rather acerbic view of the scene:

The garden at [Anwar’s] residence has become a field of mud as a result of heavy rain and the big crowd over the past few days...Inside, Anwar’s privacy is now confined to the kitchen and the bedroom upstairs...A few enterprising young men, selling mineral water and burgers, have defied City Hall’s order to leave. One has proclaimed his product as air reformasi, while cassettes of Anwar’s speeches are being sold at RM5 each...A university student, sporting gold-rimmed glasses and a goatee — trademarks of Anwarites — complained: “It’s all fabricated, where is the evidence?” His friends nod in agreement, telling the foreign reporters that “it is a big conspiracy...”...After more than a week, the strain [on Anwar] has begun to show...Fatigue has also set in among the local and foreign reporters...Still, no reporter is willing to miss Anwar’s arrest, should it happen. The job is particularly tough for the reporters of a private TV station. They have been heckled and criticised for purported biased coverage. Ironically, this same station was also attacked by Anwar’s political foes in Umno just a few months back. The station was then said to be controlled by Anwar’s allies and had supposedly blacked out his Umno rivals. ⁶⁸

To some extent, what was already being projected by the media as a ‘shared *national* experience’ was also now being filtered as a ‘shared *media* experience.’ Having turned the Anwar affair into a media event, the media itself were now subject to, and subjecting themselves to, almost as much attention as Anwar himself.

All of this might be viewed as just more postmodern irony were it not for the ideological power-play underlying it. Malaysian editors had played a central role in helping to fabricate populist conceptions of a ‘foreign agenda.’ Yet, it was not unreasonable to make the link between certain unfavourable reporting of Mahathir’s new policy measures and the free-market concerns of the IMF and other Western agencies. To a significant extent, what was being portrayed in *Time*, *Asiaweek*, *The Economist*,

CNN and other such outlets was a business media version of the intellectual ‘policy view’ within these bodies, even where that involved ‘critical’ debate about the shifting nature of multilateral responses to the crisis and the need for a more ‘social-developmental’ approach.⁶⁹

For example, much of the ‘crisis analysis’ by now appearing in World Bank/International Finance Corporation (IFC) literature pointed specifically to internally-created problems within Asian countries, such as “lack of international standards in regulation”, “directed credit and administered interest rates” and “poor and non-transparent supervision”,⁷⁰ an *agenda-setting* perspective offered by the business media on Mahathir’s policy measures. As one *Far Eastern Economic Review* article itself put it:

[Mahathir’s] decision to adopt currency controls to tackle Malaysia’s economic crisis has left him in the cold with many Western financial institutions. Privately, American diplomats around the region can barely contain their anger at the man they see as undermining adherence to the International Monetary Fund’s orthodoxy of high interest rates and open markets.⁷¹

In response, the domestic press had begun to target specific news agencies. On the day of Anwar’s trial-fixing court appearance, the *New Straits Times* carried an editorial calling for ‘errant’ foreign reporters to be detained under the ISA if found to be sensationalising the situation. In particular, it singled-out the Singapore-based CNBC network and the Hong Kong-based *Asian Wall Street Journal*, both part of the Dow Jones corporation in the US (which also owns the *Far Eastern Economic Review*). The editorial, carried as a ‘breaking news’ story by many of the foreign media services, urged them to “stop being prejudiced and be fair to Dr Mahathir”:

What Malaysians are basically saying to foreign media companies is this — be fair and truthful in your reporting...Why prejudge [Mahathir’s dismissal of Anwar]? As a matter of fact, you will discover that many Malaysians, who know more of the facts than the western media, think otherwise. They believe Dr. Mahathir has acted responsibly as a gentleman and a statesman...Local media of Asian countries do not have the circulation and audience to influence global opinion. Even so, the media in this country are generally careful and responsible in their commentaries on the affairs of our neighbours and their leaders...This is very much part of the Asian culture where we are sensitive, tolerant and respectful of the interests of others.⁷²

As the staunchest voice of government, the *New Straits Times* editorial may not have been representative of the domestic press, particularly the Chinese press which had been relatively more graphic in its portrayal of the *reformasi*, inviting possible curbs on their publishing permits. The editorial had also been attacked by other regional newspapers.⁷³ But the pronouncement was now symptomatic of the discredited status of journalism as a 'profession' in Malaysia. For Nain, structural controls and conservative socialisation within the media had now brought journalists into critical disrepute — unable and unwilling to confront the unfolding issues with any degree of integrity:

Journalism in Malaysia is no longer — if it ever was — a profession in its true sense, imbued with a mission to seek out truths and to convey them to the public. Instead, journalism, like any other job, is about *cari makan* [seeking a living]. Many journalists evidently believe that, like the *roti canai* [Malaysian 'street food'] maker who sells *roti canai* for a profit, theirs is a job of producing (and reproducing) news to be sold on the market, like any economic commodity.⁷⁴

Reflecting this passivity, it was fitting that the unease of even senior *Gerakan* and MCA figures at this point was being aired in the regional, rather than the local, press — as in a *South China Morning Post* report of Penang CM Koh Tsu Koon urging the government to consider the Bar Council's concerns over the justice system.⁷⁵

Although conspicuously few in number, some within the local press were, nonetheless, still trying to push the boundaries of 'critical reporting'. In an incisive piece, written on the *Saksi* site and reproduced in *Harakah*, a 'Local Journalist' offers some insight into the difficulties of their task. Deeply disillusioned by the emergency media clampdown in 1987, yet still part of the prevailing system, the writer chides those who, in blanket form, denounce all local journalists as 'prostitutes.' Noting the large number of 'critical' stories that *have* been aired over the years (such as the plight of the urban poor, the Bakun Dam issue and illegal land deals), the writer believes that:

The democratic space is always in a state of flux as far as the local media is concerned. Journalists with a conscience do not always take democracy for granted. *The space to express dissent has to be constantly negotiated...* Still there are those who are determined to believe that the foreign media is fair and the local media is biased. Can people accept the fact that both are equally biased in that they have their own agenda?...All said and done, there are editors and journalists who are constantly testing and

pushing the boundaries. We may be small in number but there is hope yet. And remember this: news and feature contents within the same paper may not necessarily have the same stand.⁷⁶

Acknowledging the discomfort of many journalists within the profession, the prominent local journalist and academic Rustam Sani points more specifically to the institutional bias within the domestic media. In one of many critical articles by now appearing in *Harakah* (see next chapter), he notes that while during elections and the Anwar crisis, “the conspiratorial nature of the local media could hardly be concealed”, media manipulation during periods of political calm is hardly discernible:

I have never accused the Malaysian government of exercising stark media censorship. But through a complex network of corporate control of media companies by political parties and through manipulate selection of editorial executives, the media has been subjected not so much to direct control but *more to self and subtle censorship*.⁷⁷

Sani had stopped writing for *Utusan* at election times, finding “being a participant in such an unacceptable form of journalism too revolting personally.”⁷⁸ Yet, despite this bias and his campaign for an extensive public boycott of the local media, the object of his criticism is the media as institution rather than the journalists inside it:

Indeed, I believe that a majority of journalists in the country are unhappy with the situation that their profession has to endure and consider themselves the victim rather than the promoter of the kind of media that has developed in this country.⁷⁹

Sani also sees a distinction here between foreign and local reporting of the crisis. Inaccuracies in foreign coverage were, he believes:

...not caused by a conscious effort to mislead or to conspire against anyone, but merely by the ignorance of the reporters [who were] totally unfamiliar with Malaysia and its political terrain...[In contrast,] the fault of the local media lies in their conscious participation in a conspiracy...[As part of this process, a] number of political has-beens, totally unsuitable for the task, were given exposure in the media to talk about subjects such as morality of leaders, the new global economic order and neo-colonialism. Suddenly there was an unexplained and unprecedented editorial interest in certain subjects such as homosexual behaviour.⁸⁰

While Sani rather glosses-over the 'understandable incompetence' aspect of the foreign media here, and apparent absence of any agenda, it is worth noting his view, as with the previous writer, that media production in Malaysia is of a more subtle nature than that generally allowed for. Such representations of a 'straightforwardly controlled' Malaysian media are, in this sense, part of an external media discourse in itself, as is the view of an openly-biased foreign media a domestic media construct. Again, this is not to negate the particular institutional controls within the Malaysian media, but to acknowledge the hegemonic interactions and conflicts at both these levels.

Dateline Malaysia: 'seizing the moment'

A good example of this interplay during the Anwar crisis could be seen in the NTV7 *Dateline Malaysia* programme. Launched in November 1998 by the newly-formed Asian News Broadcasting company, this new 'hard-hitting' current-affairs format had shown commercial initiative by producing shows about the crisis, using a new 'bolder' reporting style to allow opposition figures more than the usual space for 'dissent.' Another intention of the show, claimed one of its producers, was to "heal some divisions through open debate."⁸¹ As noted by Jomo and other participants, the taping, editing and rapid-style presentation of the show tended to limit, rather than allow, meaningful argument.⁸² However, its more immediate function was to satisfy the need for an *apparent* expansion of media discussion, civil participation and objective reporting.

In one notable edition on the domestic and foreign media,⁸³ *Dateline* presenter Khairy Jamaludin (a bright, precocious Oxford 'PPE') brought together the *Star* editor Wong Chun Wai and Ahmed Rejad Arbeel, Group Editor of *Berita Harian*, to voice allegations of foreign media bias against Associated Press (AP) correspondent Ranjan Roy, the BBC's David Willis and Chris Blackwell of CNBC. Here, it was apparent that while a frank exchange of views was taking place, giving the programme an air of 'controversial credibility', the theme promoted by Khairy was 'concerned Malaysians confront distorted foreign reporting of our country', as the following extracts indicate:

Asked by Khairy whether the *Star* ever took copy from AP, Ahmed admitted "Yes" it did, mainly because of the paper's limited global reach. Ranjan Roy insisted that AP always cross-check their sources. Following Ahmed's complaint that the foreign media saw themselves as "self-appointed

guardians of fair play”, Khairy asked David Willis whether their coverage had been too sensationalist. In a rather apologetic manner, Willis noted that he did “have some sympathy” for Dr. Mahathir. How, then, asked Khairy, could he defend the BBC’s website story, ‘Mahathir: strongman under siege’ and the stereotypical view of Malaysians as “uncivilised pygmies”? Willis, rather disingenuously, deferred comment here, noting that he had not seen the website item but would draw the BBC’s attention to it if it was offensive. Asked by Khairy if CNBC was guilty of “hit-and-run journalism”, Chris Blackwell replied “no”, denying also that CNBC were overly-influenced by their owners Dow Jones. However, he thought they had to be careful about over-use of library re-run pictures. Wong noted here that CNBC had been very “judgmental” and “speculative” in their coverage of the Anwar affair. Rejecting this, Blackwell insisted that they only wanted to get the other side of the story — there was “no agenda.” Ahmad countered that the foreign media only show an interest when things are bad. Blackwell accepted this as “valid” criticism, that the foreign media constantly had to police itself. Khairy asked Blackwell if he thought Malaysians were “too sensitive?” “No”, he thought, “Malaysians love their country”. In a further response to Ahmed’s claim that the domestic media were not speaking for the government, Blackwell asked, “are there not some stories you would not touch?” Both Wong and Ahmed noted that they would not cover stories deemed too sensitive with regard to race and religion. Khairy followed this up with the suggestion to Blackwell that the foreign media did not carry the responsibilities of the local press. Rejecting this, Blackwell noted that, “as a Black man” in America, he was well aware of the need to be careful about reporting racial issues.

Allan Friedman of the *International Herald Tribune* appeared at this point and was asked by Khairy if the foreign press “have a cultural agenda?” Noting that it was “hard to generalise these things”, he conceded that some of the right-wing press may have. In essence, there were three types of reporters, he thought: “local, old timers”, “global economic” (like himself) and “hit-and-run” types. Wong insisted here that “we are more straightforward”, placing “emphasis on the facts...We are not so judgmental.” Didn’t Wong take this line, asked Khairy, because “you are not allowed to say certain things?” Noting also that the most critical output at present is “Life and Times”, Khairy also asked him if this augured well for the press in Malaysia? Wong responded that it was “a tested formula that works well”. Ahmad followed this up by insisting that “the press is not the fourth estate. Why should it be so?” What, then, was the role of the press, and what of hit-and-run journalism, asked Khairy? Ranjan Roy concluded that, while avoiding hit-and-run journalism, the press should act as a watchdog. The main purpose was to give the news as accurately as possible.

While debate of this kind suggested a certain expansion of critical opinion, it also served a hegemonic purpose by stretching the boundaries at this point to help manage public sentiment. It offered open exchange, while keeping the ‘discussible’ issues within acceptable limits. Thus, the subtext here was to keep the issues focused on themes of

‘national concern’ and ‘false depictions’ of the country. As the Anwar trial progressed, *Dateline Malaysia* stopped producing. Although coinciding with re-launch plans at NTV7, there were suggestions that it had been ‘advised’ to take a lower profile.⁸⁴ Certainly, this was consistent with the return to a more anodyne media output by early-1999.

The media and the Net

For many Malaysians, notably the politically concerned middle-class, it was the Internet which helped fill this journalistic vacuum. The importance of the Net lay not in its immediate availability for most Malaysians (despite the professed IT policy), but in its use as a networked medium for accessing, exchanging and spreading information on the crisis. Prior to the crisis, the DAP had been the only major online opposition party — Lim Kit Siang’s page, in particular, being an effective focal point for media statements and speeches. By late-1997, a connecting network of sites and homepages had been created (notably around the *Aliran* homepage), linking all the major opposition parties, most reformist NGOs, opposition publications such as the PAS newspaper *Harakah* and cyber forums like *Sangkancil*. With the onset of the Anwar situation, a whole raft of *reformasi* sites (around sixty by the beginning of the trial) had become part of this ‘cybercommunity’ — including the newly-formed GERAK homepage.⁸⁵ Homepages for ADIL and its proto-party (see Chapter 9), were also under construction by early-1999. A new group of Internet journalists like Sabri Zain were sending first-hand reports of the protests across the net, providing news of further gatherings, information to remote *kampongs* and immediate updates for foreign observers.⁸⁶ Anwar Online was now the focal point for the main flow of information, allowing news and pictures to be downloaded, photocopied and distributed at large. It was here that Anwar’s letters to Mahathir and speeches detailing his refutation of the charges were published, including statements smuggled from jail. In addition, a range of videotapes, video compact discs and CD-ROMS with culled foreign and private footage of the street protests, Anwar’s speeches and arrest were being sold at street markets and other informal outlets, with a message to reproduce and pass on.⁸⁷ In turn, use of the net as an alternative news and information source for disenchanted Malaysians became a major story in itself for the

major news agencies and journals.⁸⁸ With cyber-cafes and net access in Malaysia spreading, the news government wanted withheld was now in the public domain.

Reacting to this expansion, the authorities had begun monitoring e-mail messages and tracking downloaded material. The main Malaysian Internet service provider MIMOS had intercepted 'suspect' messages, culminating in the arrest of four people under the ISA for spreading false rumours about impending race-riots in Kuala Lumpur.⁸⁹ Although condemned as a malicious practice by opposition groups, these security concerns were given extensive coverage by the domestic media, thus providing a pretext for the continued monitoring of Internet exchanges. Ironically, Kadir Jasin had raised fears here that the use of "a Cold War-era security law [the ISA] to punish a cyberspace perpetrator may not jell well with our quest to become a wired and kinder nation."⁹⁰ Nonetheless, as the Anwar affair intensified, Kadir and other editors continued to offer a ready platform for government threats. As Deputy Home Minister Tajol Rosli (commenting on downloaded pamphlets alleging unease amongst senior police officers and UMNO members) warned in the *Star*: "The police will check every bit of information and leaflet."⁹¹

One such net article in early-1999 offered insights from a Special Branch operative into the practices of the 'UMNO dirty tricks department' itself. Proudly claiming inheritance of British colonial expertise in this field and detailing a wide range of underhand strategies from organised buying of votes to stage-managed 'PAS demonstrations' and other black propaganda, the article notes how:

In every organisation we have our SB boys. We have them among the university students, in every government department, and in many of the private offices as well. Some are operators but many are informers. Informers are paid a monthly retainer and they get paid extra if they bring back any information. In fact, your neighbour or one of your family members could be a Special Branch informer and you would not know it...We trust no one, whether they are opposition members or UMNO members, or even Ministers for that matter. In fact, in light of the present Anwar crisis, we trust the UMNO members even less.⁹²

Intelligence and Internet surveillance were also creating doubts about the MSC and Mahathir's claim to be leading Malaysia towards a new age of open, information-led development. In his 'From the Halls of Power...' letter, Anwar had criticised Mahathir's

“delusions of grandeur” and obsession with mega-projects as a symptom of his gathering megalomania.⁹³ Now the multimedia guru Alvin Toffler, an admirer of the MSC and Mahathir’s “information age vision of the future”, denounced Anwar’s arrest, warning that companies like Netscape, Hewlett Packard and Compaq might now, along with other potential investors, withdraw their interest.⁹⁴

The crisis of containment

Prior to Anwar’s dismissal, it had been middle-class rationalisation of the crisis through the agenda-setting filters of the media which had helped maintain some form of consensus. However, with many Malaysians now abandoning the mainstream press altogether in search of alternative news sources, the ability to stem political dissent through conventional media controls and persuasion had been severely tested. The decision to take Anwar to court had also allowed the public new insights into Special Branch practices and crony-type relationships. Thus, as the trial got underway, a damage limitation exercise had begun in an attempt to restore Mahathir’s public image.⁹⁵ Alongside the appointment of Abdullah and other political moves, Mahathir began writing his own monthly opinion column in the Japanese newspaper *Mainichi Daily News*, this being reproduced in the *New Straits Times*.⁹⁶ In early-1999, the government announced that a new TV station was to be set-up to counter foreign media bias. To a similar end, the UMNO Information Chief Yusof Nor revealed plans to update the party’s website more often.⁹⁷

However, these PR efforts could not conceal the problems for the UMNO network. As receptors and mediators of the ‘public mood’, middle-class influence through the net, the press and the electronic media had been significant in shaping popular dissent. To some extent, the expression of such through these mediums may have helped keep middle-class protest *off* the streets, creating a surrogate form of dissent safely confined to the lifestyle columns and the ether. What was being played-out here, though, was not only a debate over civil freedoms; but a hegemonic confrontation of ideas. In essence, this was not only a media issue about liberal rights, but a *class* issue over competing policy agendas, a set of tensions which, having come to *political* crisis

with Anwar's dismissal, was now being reproduced as *ideological* discourse through the competing filters of the domestic and foreign medias.

Thus, while Mahathir was still in control, the Vision looked decidedly frayed as a project, while the public mood had been hardened by the Anwar purge and attack on civil freedoms. As the *reformasi* looked to form new coalitions, the gathering question was whether this signalled a meaningful challenge to the BN bloc.

¹ Cited in 'I never threatened the PM', interview with Anwar, *Asiaweek*, September 18th 1998.

² The affidavits were to be used to oppose Nalla's request for a transfer from the Bukit Aman lock-up to Sungai Buloh jail. Contrary to established practice, the judge had refused to 'embargo' their contents before a court adjournment, arguing that since they had been filed, rather than read, in court, they were now public documents. This and a series of other abuses relating to the Anwar case were raised in a joint statement by concerned lawyers and academics such as Raja Aziz Addruse of HAKAM, Param Cumaraswamy (also UN *rapporteur*) and Chandra Muzaffar. See 'The rule of law under threat', JUST Homepage, September 15th 1998, <<http://www.jaring.my/just/RuleofLaw.html>>.

³ See 'Troops guard Queen amid rioting' *Guardian*, September 21st 1998.

⁴ See *Aliran* Statement, September 22nd 1998, <<http://www.malaysia.net/aliran>>.

⁵ The seven-point Declaration (named after Anwar's Penang constituency where it was delivered) was endorsed by Lim Kit Siang during a 'Free Guan Eng' speech on September 13th 1998. See DAP Homepage, <<http://www.malaysia.net/dap>>.

⁶ The Coalition for People's Democracy was launched at the Federal Hotel, Kuala Lumpur, September 27th 1998. Although a cross party/NGO forum, its main 'sponsor' was the DAP. The Malaysian People's Movement for Justice, nominally headed by Fadzil Noor of PAS, was formed that same evening at PAS HQ in Kuala Lumpur. See Lim Kit Siang, 'Speech at Free Guan Eng Dinner', September 27th 1998, DAP Homepage <<http://www.malaysia.net/dap>>; see also *Harakah* (Online), September 28th 1998, <<http://www.pas.org.my/pas/harakah/>>.

⁷ This was due to perceived fears of being too closely associated with UMNO elements and Anwar's corporate supporters.

⁸ See 'First Lady of Reform', *Far Eastern Economic Review*, October 1st 1998.

⁹ See 'Declaration of ADIL' posted at <<http://members.tripod.com/~MGRNK/translate.htm>>.

¹⁰ See Nelson Graves, 'Malaysia opposition hungry for elections', *Reuters*, September 28th 1998. See also Lim Kit Siang's endorsement of ADIL as a complementary part of the broad reform movement. Media Statement, December 11th 1998, <<http://www.malaysia.net/dap>>.

¹¹ These letters to Mahathir indicate Anwar's inside knowledge of these affairs and why such a "calumnious campaign" was being waged against him. Although, ostensibly, a refutation of the allegations and reiteration of Anwar's loyalty to Mahathir, both letters reveal the extent to which Anwar's 'intended investigations' into corruption threatened to expose key elites within the government. The letters were published on the newly constructed Anwar homepage, <<http://Anwar.com.my>>, following his dismissal.

¹² *Ibid.* Cited, Anwar's 'first letter' to Mahathir, dated August 25th 1998.

¹³ As Khoo Boo Teik notes: "Let us not be naive. Anwar is not your innocent bystander...He is a seasoned political *gajah* [big player] who played for the highest stakes in the political game, and lost." See 'All Over? Or All Over Again?', *Aliran Monthly*, September 1998: 18; 8.

¹⁴ By early October 1998 a complex 10 billion *ringgit* plan, backed by the Malaysian state and prepared by investment bankers Credit Suisse First Boston, had been unveiled to restructure Renong. Under the plan, Renong, headed by Halim Saad, would assume control of a number of major government infrastructure projects. The move was defended by a proponent close to Renong on the grounds that it would help prevent a banking collapse and stimulate economic activity: "If the group collapses, banks will fall and the government will have to step in to take over these [infrastructure] projects." See 'Renong Hopes to Restructure With State Help to Settle Debt', *The Wall Street Journal*, October 9th 1998.

¹⁵ Taken from a transcript of Anwar's speech appearing at <<http://members.tripod.com/~Anwar-Ibrahim/main.htm>>.

¹⁶ Cited in 'Recent Developments in Malaysia', an interview text of Jomo's observations on the crisis, published on the *Suaram* homepage <<http://www.geocities.com/CapitolHill/1577/jomo.html>>, extracted October 2nd 1998.

¹⁷ *Ibid.*

¹⁸ See 'Don't act like that in Malaysia', the *Observer* reporter John Sweeney's "chilling" press-conference exchange with the IGP, *Guardian*, September 25th 1998.

¹⁹ Anwar was charged at the Sessions Court, Kuala Lumpur, September 29th 1998, on five counts of corruption and four counts of sodomy. He was charged with a further count of sodomy the following day at a court in Petaling Jaya.

²⁰ In a later interview with the *Far Eastern Economic Review*, 'I Was Shocked', June 24th 1999, Mahathir makes a convincing case for denying that he himself ordered Anwar's beating. As he notes: "A politician would be stupid to do that...In fact, I don't mind telling you, I told the police, no violence, no handcuffs...and I said to myself this is going to be a problem."

²¹ As reported in the *International Herald Tribune*, October 1st 1998.

²² Anwar's Political secretary Mohamad Ezam Mohd Nor, writing from Jakarta, claimed to have received information that the IGP had been personally responsible for Anwar's beating and was engaged in a cover up. *Anwar Online*: <<http://members.tripod.com/~Anwar-Ibrahim/main.htm>>.

²³ Cited, The Electric New Paper <<http://web3.asia1.com.sg/archive/tnp/4/pages/nplo02.html>>, October 1st 1998.

²⁴ See 'Full probe: Independent team to look into assault claim', *Star*, October 1st 1998; 'Mahathir assures full probe into Anwar's assault claim', *Utusan Malaysia*, October 1st 1998.

²⁵ See Nelson Graves, 'Global leaders worried over Malaysia's Anwar', *Reuters*, October 2nd 1998. Reflecting the tension within ASEAN, the *Jakarta Post*, October 2nd 1998, accused Mahathir of having "sown the seeds of his own downfall. He has created a martyr."

²⁶ Anwar, wearing a neck brace, appeared in the High Court, Kuala Lumpur, on October 5th to hear his trial date fixed for 2nd-14th November 1998. Only four of the five corruption charges were to be heard during these dates, the other and the five sodomy charges being scheduled for the 23rd November onwards. The adjournment conveniently coincided with the APEC summit in Kuala Lumpur.

²⁷ See 'Cool response to crisis code', *Guardian*, October 31st 1998.

²⁸ John Gray, 'Hanging together', *Guardian*, October 27th 1998.

²⁹ Mahathir had discussed the option of capital controls at length with the other five members of the NEAC (Daim, Anwar, Noordin Sopiee, Oh Siew Nam and Ali Abul Hassan) from January 1998. Here, Daim notes how Mahathir eventually overcame their list of 42 objections to capital controls, notably the fear that it would severely undermine foreign investor confidence. Mahathir's argument was, according to Daim, that the huge outflow of money, notably to Singapore, required immediate intervention, a strategy which Daim and the others, with the obvious exception of Anwar, came to support. See 'Doctor Knows Best', *Far Eastern Economic Review*, June 24th 1999.

³⁰ See 'An open letter to Prime Minister Mahathir', published at Paul Krugman's Homepage, September 1st 1998, <<http://web.mit.edu/krugman/www/mahathir.html>>. Krugman is Ford International Professor of Economics at MIT.

³¹ A 'validation' later clarified by Krugman in arguing that the capital controls were badly timed, should have been a more temporary expedient and should have been accompanied by real political reform. For a resume of these arguments contained in Krugman's 1999 book *The Return of Depression Economics* see 'Krugman on Malaysia', published at *freeMalaysia* <http://www.freemalaysia.com/krugman_book.htm>.

³² The 1999 Budget delivered by Mahathir on October 23rd 1998 to the *Dewan Rakyat* projected an overall deficit of 16.135 million *ringgit*, a budget shortfall 68% higher than the previous year. Officials claimed that much of this would be financed through the issuance of government bonds and foreign borrowing, alongside duty increases on tobacco, alcohol and gaming levies. See Malaysia (1998) *The 1999 Budget*, pp 12, 17, 30-31 and *AFP* report on the Budget, 23rd October 1998.

³³ See 'Bank Negara: be proactive in spreading information', and 'Malay chamber to help SMIs obtain loans', *New Straits Times*, February 13th 1999.

³⁴ See, in this regard, 'Laundering Lies' <http://www.freemalaysia.com/laundering_lies.htm>, a *freeMalaysia* website article, June 2nd 1999, noting how the White Paper presented to Parliament on the crisis (April 6th 1999) took no account of Anwar's recovery measures — for example, Anwar's cuts in bank statutory reserve ratios, easing of fiscal restraints and increases in social spending between

February and March 1998. Reference is also made here to how the White Paper exaggerated the tightness of Malaysia's monetary position at this point.

³⁵ *Ibid.* See also the *Danaharta* site <<http://danaharta.com.my/main/index.html>>.

³⁶ Much of this 'reassurance' was being projected as part of a broader public relations drive through the media. See, for example, 'Of privatisation, transparency and corporate governance', a summary of a question and answer session between Daim and foreign fund managers. *Sun*, February 9th 1999.

³⁷ See 'Malaysian leader hits out at IMF policies in budget speech' *AFP*, 23rd October 1998. For details of the new fiscal measures see Malaysia (1998), pp 44-45, 77.

³⁸ *Sun*, January 25th 1999.

³⁹ Mahathir's pronouncements from the Forum in Switzerland (January 28th-29th 1999) were given major headline coverage by the Malaysian press and TV in an apparent bid to capitalise on the wider anti-IMF feeling now evident and help rebuild Mahathir's global standing in the eyes of the Malaysian public.

⁴⁰ The Asian Human Rights Commission (AHRC) noted at this point the following ISA detentions: Mahinder Singh Randhawa, a civil engineer; Haji Saari Haji Sungub, President of the Islamic body *Jemaah Islah Malaysia* (JIM); Abdul Malek Hussein, Executive Secretary of PAS; Ruslan Kassim, Negri Sembilan UMNO Youth Chief; lawyer Zulkifli Nordin; S. Nallakarupan, Anwar's business associate; in addition, five traders had been detained in Ipoh for selling pro-Anwar books and tapes. Meanwhile Anwar had been moved to a standard jail after his ISA order was lifted, a move which he described in his first statement from jail as "a gimmick" in the approach to the APEC conference. Anwar also refuted here the implications of a picture published in *Utusan Malaysia*, October 15th, purporting to show him having a sumptuous meal inside Bukit Aman jail. The full text of this statement was published on the Anwar Homepage.

⁴¹ See Sabri Zain's two accounts ('I went shopping today' and 'When anger overcame fear') of the *reformasi* mass protests in Kuala Lumpur on October 10th and 17th 1998, published at *Anwar Online*, <http://members.tripod.com/Anwar_Ibrahim>.

⁴² At the 17th October gathering, 134 people were arrested. Many were badly beaten-up by the police, requiring hospital treatment.

⁴³ 'Malaysia defends handling of protests, Amnesty warns of more violence', *AFP*, October 27th 1998. The use of tear gas and petrol bombs around the mosque in the working class Kampung Baru area followed an apparent decision by police to start arresting people at random during the by now weekly Saturday afternoon protest in KL.

⁴⁴ See 'US in dock for prison cruelty', *Guardian*, October 6th 1998. This article notes: "In particular, Amnesty concentrated on the penal system, where, it claims, the breakdown in human rights has led to atrocities more commonly associated with authoritarian third world regimes."

⁴⁵ Cited in 'How the media have fared' *Asiaweek*, November 13th 1998.

⁴⁶ *Ibid.*

⁴⁷ This part of the analysis covers the period from Anwar's dismissal from office to his trial fixing court appearance on October 5th 1998.

⁴⁸ Headlines and quotes in order of citation (D/M/Y): *Star*, 3.9.98, *Utusan Malaysia*, 6.9.98, *Utusan Malaysia*, 6.9.98, *Utusan Malaysia*, 6.9.98, *Utusan Malaysia*, 7.9.98, *Star*, 11.9.98, *Star*, 11.9.98, *Star*, 18.9.98, *Utusan Malaysia*, 28.9.98, *Utusan Malaysia*, 29.9.98, *Star*, 29.9.98, *Utusan Malaysia*, 1.10.98, *Utusan Malaysia*, 5.10.98.

⁴⁹ *Star*, October 8th 1998.

⁵⁰ 'Report on sodomy and masturbation', *Sun*, January 28th 1999. The statements made by Mahathir had been reported in the *Sun* on September 23rd 1998.

⁵¹ *Utusan Malaysia*, September 29th 1998.

⁵² *New Sunday Times*, October 4th 1998.

⁵³ *New Straits Times*, September 30th 1998.

⁵⁴ See 'Print at the Crossroads', the views and calculations of Azizi Meor Ngah, *ABC News* (Audited Bureau of Circulations — Malaysia), November 1998, Vol. 15, No. 4. Given this admission and the ABC figures cited above, one might question the validity of an AC Nielsen Media Index survey of (10,000) respondents showing English, Bahasa and Chinese daily circulation up by 23%, 13% and 6.5% respectively. (Year ending June 1998.) Cited in *New Straits Times*, September 24th 1998).

⁵⁵ Re-launched on March 8th 1999, the *Sun*'s 'A New look, a stronger voice' statement noted, in an apparent effort to strike a 'new' middle-position between 'critical' and 'responsible' journalism: "We

will continue to take on issues that concern our daily lives, issues of accountability, fair play and good governance, even as we record the joys tragedies and successes of Malaysians and the nation.”

⁵⁶ My thanks here to Andy Ng, Editor of the *Sun*, for his personal comments on these matters, December 14th 1998.

⁵⁷ See, for example: Matt Frei’s report for *BBC Online*, September 30th 1998; Alice Donald, BBC East Asia analyst, ‘Opposition emboldened by Anwar saga’, *BBC Online*, September 30th 1998; Richard Lloyd-Parry, ‘Anwar ‘on great form’ for trial’, *Independent*, October 1st 1998.

⁵⁸ Tom Wingfield, ‘Inside Out’, *Saksi*, November 2nd 1998, <<http://www.saksi.com/wingfield.htm>>.

⁵⁹ *BBC Online*, February 8th 1999.

⁶⁰ The gathering of G7 ministers (October 3rd-4th 1998) coincided with the US Federal Reserve’s bail-out of the major corporate hedge-fund Long-Term Capital Management, the collapse of which, argued Federal Reserve Chairman Alan Greenspan, would have threatened the entire stability of the international financial system. *Guardian*, October 2nd 1998.

⁶¹ Having observed some of the practicalities of this process, one could see how information and opinion on the *reformasi* movement appeared to have been ‘fitted-into’ a liberal interpretation of events, much of the more nuanced reality being lost in the ‘translation.’ Thus, while the content of such discourse was informative, it was apparent that much of the information itself had been *contextualised* and filtered as standard liberal output.

⁶² *Far Eastern Economic Review*, November 12th 1998).

⁶³ ‘A Single Spark’, *Far Eastern Economic Review* (October 29th 1998.

⁶⁴ See ‘The Chinese Connection’, *Asiaweek*, December 4th 1998.

⁶⁵ *Harakah*, January 25th 1999.

⁶⁶ My thanks, in this regard, for the comments of a senior member of the Penang Chinese Chamber of Commerce (January 1999), a set of views also reflected in discussions with other Chinese business people.

⁶⁷ ‘Give accurate picture, local media told’, *Utusan Malaysia*, September 7th 1998.

⁶⁸ *Star*, September 11th 1998.

⁶⁹ To some extent, Wolfensohn had tried to alter the image of the World Bank since his appointment in 1995, partly in response to criticisms from many NGOs. Camdessus had also attempted to give the IMF a more ‘developmentalist’ profile by concentrating further on emerging economies.

⁷⁰ International Finance Corporation (1998), pp x - xi. The IFC is an affiliate of the World Bank. In the Preface to this report text, the “ultimate goal” of the IFC’s work is noted as being: “the growth of deep, articulated financial sectors, powered by private-sector players and regulated by well-functioning government institutions that concentrate on their unique regulatory role and view market development as a vital, ongoing part of the development process.”

⁷¹ ‘Friends Indeed’, *Far Eastern Economic Review*, October 8th 1998.

⁷² *New Straits Times*, October 5th 1998. See also the report of this story carried on *AFP*, October 6th 1998.

⁷³ See, for example, ‘Malaysian democracy fails in the fine print’, Editorial article in *The Nation* (Bangkok), October 12th 1998.

⁷⁴ ‘Pathetic Press’, *Aliran Monthly*, August 1998: 18; 7.

⁷⁵ ‘Penang CM urges KL to respond to discontent’, *South China Morning Post* (Hong Kong), October 13th 1998.

⁷⁶ ‘Pushing from Within’, *Harakah*, February 12th 1999. Emphasis added.

⁷⁷ ‘Journalists with integrity need not feel hurt by criticisms of the media’, *Harakah*, February 15th 1999. Emphasis added.

⁷⁸ *Ibid.*

⁷⁹ *Ibid.*

⁸⁰ *Ibid.*

⁸¹ James Gibbons, *Dateline Malaysia* producer, cited in ‘Breaking the News’, *FEER*, February 11th 1999.

⁸² *Ibid.*

⁸³ January 17th 1999.

⁸⁴ An interpretation intimated to this writer by a news and current affairs figure.

⁸⁵ The main Anwar sites were: <www.anwar.com.my>, <members.tripod.com/~Anwar_Ibrahim>, <anwar.caidmark.com.my> and <www.anwar.cjb.net>. These and many other pages, created both

inside and outside the country, were being closely scrutinised by the authorities, leading correspondents to use assumed names.

⁸⁶ See, for example, the notice 'Very Urgent Warning!!!!!! Note: print and distribute widely' published at <<http://members.tripod.com/~Anwarite/WARNING.html>>, October 15th 1998. This was intended to alert protesters to the likely use of provocative tactics at the gathering in Kuala Lumpur that weekend. Instructing people to be orderly and peaceful, it warned of FRU efforts "to create a situation that would lead to serious chaos", thus allowing Mahathir (on his return from a trip to Tokyo) to declare a state of emergency.

⁸⁷ See 'Malaysia unmuzzled Internet ensures information flow in turbulent times', an article by Bob Paquin for the *Ottawa Citizen*, May 19th 1999, published at the *Gerakan reformasi* site.

⁸⁸ See, for example, 'Sci/tech Malaysians take to Web with Anwar protest. Malaysian police can enmesh the traditional media but not the Net', by Internet Correspondent Chris Nuttall, *BBC Online* <<http://news.bbc.co.uk>>; and 'Alternative News' *Far Eastern Economic Review*, October 8th 1998. Channel 4 News (UK) (November 2nd 1998. This latter report, carried on the first day of Anwar's trial, noted that Anwar Online had now taken around 1.5 million 'hits'. One of its webmasters was filmed in a darkened room, fearing a swoop by the authorities.

⁸⁹ This followed widespread Internet reports and e-mail messages on August 7th 1998 claiming that Indonesian migrants, faced with repatriation, had attacked Chinese and Malays with machetes in Kuala Lumpur. The reports caused temporary alarm and panic buying of foodstuffs at supermarkets. Three computer workers and a bank manager were detained under the ISA. See *Far Eastern Economic Review*, August 27th 1998.

⁹⁰ Cited *ibid*.

⁹¹ *Star*, October 2nd 1998.

⁹² The article originates from an interview conducted by web journalist Raja Petra with an UMNO 'dirty tricks' agent. See Raja Petra homepage and *Harakah*, July 12th 1999.

⁹³ 'From the Halls of Power to the Labyrinths of Incarceration', posted at *Anwar Online*, November 3rd 1998, <<http://members.xoom.com/anwar98/prometheus.htm>>.

⁹⁴ Alvin Toffler. 'Bad News for High-Tech Malaysia' *International Herald Tribune*, October 29th 1998.

⁹⁵ See 'The Ringmaster', *Far Eastern Economic Review*, October 15th 1998.

⁹⁶ See 'Dr M: Let developing nations play a part in planning new world financial architecture', *New Straits Times*, March 2nd 1999.

⁹⁷ 'UMNO to update its website regularly', *Star*, January 30th 1999.

Traditional intellectuals: PAS, Islam and the countervision

We now turn more specifically to the issue of counter-hegemony and assess the Vision project in relation to alternative political forces, class relations and ideas. The first main area concerns the Islamic model of development proposed by PAS. This requires us to consider not only the immediate political tensions between UMNO and PAS, but, more specifically, the *intellectual* bases of their respective projects, an approach consistent with Gramsci's understanding of the *organic* and *traditional* intellectual. The aim is to show how the Vision has been used to harness Islamic consciousness through idealised forms of 'modern' Islamic identity, and to set this against the model of Islamic social collectivism being advanced by PAS. These issues are developed in relation to the Anwar affair in the next chapter.

In seeking to build its own project, PAS has faced two key tasks: how to construct a working relationship with other parties and civil institutions as the basis of an alternative bloc; and how to cultivate national-popular support for PAS-Islam, particularly amongst the Chinese. To help contextualise the PAS project, let us consider some of the historical tensions underlying its contestation of Vision-Islam.

Vision Islam and the management of traditional consciousness

Illumination of the present, requires appreciation of the past. In seeking to locate these contending projects, it is helpful to recognise their evolving nature. One of Gramsci's main contributions in this respect involves the recovery within Marxism of a 'voluntarist' dimension which acknowledges the role of subjective consciousness in the historical process. In the *Prison Notebooks*, Gramsci's historicism, situated around a critique (and some retention) of Crocean philosophy, helps redefine 'superstructural relations' and the

significance of the historical dialectic.¹ Intrinsic to this process is the sense in which human activity is shaped simultaneously by social structures and is itself a creative force for instrumental change. This allows for a more acute awareness of historical forms and traditions — a genealogical conception of power complementary to Foucault's. Thus, Gramsci offers an expansive view of historical development as a contest and mediation of ideas. As one Gramscian contributor notes:

Marxists who seek to establish universally valid systems of thought, who spend their time building neat, logically consistent formal models, ultimately mystify rather than illuminate history by ignoring the unique configurations that emerge through the variations in socio-political development. They also overlook the crucial fact that intellectual processes themselves — of whatever kind — are part of a complex and unique history that is shaped by particular cultural and political traditions...²

The intellectual conflict between Vision-Islam and PAS-Islam is a contemporary manifestation of this evolving process. Implicit in the colonial mindset was a view of Islam as a monolithic obstruction to modernism. But, in its search for a modern Malay identity, the anti-colonial movement also came to challenge the traditionalist impulses of Islam as a dogmatic impediment to nationalist development.

Diverging perceptions of Malay-Islamic consciousness crystallised around the *Kaum Tua* — *Kaum Muda* (Old Order - New Order) debate in late-nineteenth century Malaya. The former adhered to a traditionalist interpretation of Islamic *shariah* law (God's law), a conservative *adat* consistent with feudal hierarchy and a spiritual universalism of pan-Islamic salvation. The latter, reflecting progressive streams of Middle East/Ottoman intellectual thought, embraced a nationalist modernism based upon the ideals of rational secular knowledge, technology and education.³

This progressive stream was by no means a negation of Islam. In challenging the reactionary inclinations of the *ulama* (spiritual leaders) and their fatalistic worldview, the *Kaum Muda* sought to restore the humanitarian and socially progressive values of Islam and fuse them with a new Malay nationalism. By 1906, these modernist Islamic messages were finding populist resonance through the Malay periodical *Al-Imam* (*The Leader*). *Al-Imam* offered an intellectual context for the issue of Malay identity by linking it to the broader problem of orthodox Islamic doctrine. It called upon Malays to recognise the centrality of knowledge and the gift of intelligence as a source of spiritual

fulfilment; a realisation of the true teachings of the Prophet Muhammad. Inspired by modernist Islamic groups and publications in Cairo,⁴ *Al-Imam* argued for a new form of Islamic education and religious instruction which encouraged open thought, the teaching of Western subjects and the critical, independent study of Islamic ideas. Embracing the spirit of the *Kaum Muda*:

Al-Imam was a radical departure in the field of Malay publications, distinguished by its predecessors both in intellectual stature and intensity of purpose and in its attempts to formulate a coherent philosophy of action for a society faced with the need for rapid social and economic change.⁵

In contrast, the reproduction of traditional *ulama* scholarship by religious elites had helped sustain both a hierarchical social order and an effective system of colonial control. As divide and rule innovators, *par excellence*, the British had also used the racist stereotype of Malay indolence to reinforce this subservience.⁶ A more routine feature of the system, notably in Kelantan and Terengganu, was the integration of the local *kadi* (civil functionaries), appointed by the Sultans, and the juridical edicts of the *mufti* or *ulama*.⁷ Through its predominant influence within the *pondok* (schools) and village communities, this closely-linked network of religious-civil officials represented a vital medium of socialisation and social control. By endorsing ideas of fatalism and a conservative *adat* as integral parts of the socio-religious system, Malay elites, under the colonial order, helped propagate Malay-Islamic passivity and a disdain for rational enquiry:

...there are many Malay values and attributes which impeded the modernisation of the Malays in Southeast Asia, [including] the acceptance of arbitrary notions of power,...the downgrading of...rationalism and the encouragement of myths which serve the interests of those in power...As producers of ideas and those who condition the thinking of their society, it is the Malay elite who are responsible for the prevalence of these negative values in society.⁸

However, it is the ongoing contestation of these values within the Malay-Islam relationship which helps *contextualise* the way in which many social issues are addressed by intellectual communities in Malaysia. In this regard, questions of Malay-Islamic identity represent not only a socio-historical 'subject', but a form of intellectual perspectivism. Intellectuals have not only influenced the subject through discourse and

interpretation, the subject has conditioned the mode of intellectual enquiry itself. Representations of modernity, development and political culture are examined quintessentially against this background consciousness. In this sense, the 'Malay-Islam problem' is invoked, deconstructed and, ultimately, exploited as a key narrative in the projection of hegemony.

Recourse to the Malay-Islam identity problem has, thus, been central to the marginalisation of traditional Islamic forces, as in Mahathir's own intellectual reflections in *The Challenge*, a development of the claims expressed in the influential text *Revolusi Mental* which, in similar mode, sought to link perceived flaws in the Malay character with the need for a transcendent modernism.⁹

A further variation was Mahathir's attempt to associate the Malays' socio-historical predicament with the socio-psychological notion of *Amok*. The precise meaning and causes of *amok* are widely disputed. In essence, though, it refers to a culturally derived psychological condition amongst Malays in which emotions of inner repression give (apparent) rise to sudden outward expressions of uncontrolled violence. Deep-seated feelings of stress and angst arising from the internalisation of the Malays' cultural burdens — obedience, fatalism and adherence to form — are said to invoke potential inner crises, thus activating latent violent impulses as a form of cathartic release.¹⁰ For Mahathir, *amok* was a symptom of the Malay identity problem:

Amok represents the external physical expression of the conflict within the Malay which his perpetual observation of the rules and regulations of his life causes in him. It is a spilling over, an overflowing of his inner bitterness.¹¹

Yet, as Alatas argues, neither *amok* nor any other form of 'social pathology' attributed to the Malays was, or is, unique to the Malay community. Just as the colonial administrator Clifford had contrived to link the psycho-pathological state of *latah* to the Malays, so was *amok* a crafted distortion of the Malay character.¹² Against the backdrop of the May 13th riots, it was used to suggest a cultural malady, an emotive symptom of the 'Malay dilemma', out of which a 'new Malayness' could emerge as a complement to the NEP system. But the 'modern' Malay nationalism being spawned here had also come to reveal new political and intellectual tensions within the Malay-Islam relationship.

Islam and nationalism

While never, in practice, hostile to the aspirations of Malayan nationalism, 'traditional Islam' in Malaya/Malaysia has harboured a certain historical ambivalence towards the ideals of nationalist ideology. In the colonial context, this was not unconnected with the political conservatism of the Malayan *mullahs*. Of wider importance was the disjunction between Western conceptions of the nation-state, based on liberal, secular and positivist ideals, and that of the 'Islamic state', the *umma*, based on the ideal of a universal Islamic community.

Within traditional Islamic scholarship, sovereignty has a solely cosmological significance, wherein God is omnipotent and the Muslim's singular form of identity is that of Islam. A traditional Muslim has no sense of national or communal identification higher than this authority. The ideals of nationalism and nation-state are cosmetic artifices impeding the Muslim's true spiritual membership of the Islamic community, the *umma*.¹³ Under the tenets of *shariah* (literally 'path') Islamic law, the world is understood as a division between *dar al Islam* (the 'abode of peace'; Islamic territory), and *dar al-harb* (the 'abode of warfare'; non-Islamic territory.) While the faithful are enjoined to extend the former, the latter is synonymous with conflagration and the false ideologies of nationalism.

Historically, Islam's rejection of nationalism has been neither unequivocal, nor the only principle underlying Islamic 'anti-modernism'. Rather, Islamic perceptions of the nation-state formed part of a broader set of concerns within Islamic scholarship over the role of rational knowledge in Islamic thought. In antiquity, the flowering of a progressive Islamic consciousness, based-upon the sanctity of knowledge and learning, long preceded the age of European Renaissance, Enlightenment and reason. Evoking the teachings of the *Quran* and other *hadith* (sayings of the Prophet), it gave expression to a civilisation of scientific, philosophical and cultural enquiry. In no sense was this intellectual energy inconsistent with the ideal of an Islamic *umma*.

However, with the exigencies of war precipitating a conservative shift among the *ulama*, the suppression of rational scholarship saw the long-term decline of Islam as a progressive, dynamic religion. Symbolising this hiatus by the tenth century, the *ulama* 'closed the Gate of *Ijtihad*' (Gate of Knowledge), declaring the key tenets of Islam

‘authoritatively defined.’ Within the main centres of Islamic civilisation, a clerical establishment tied itself into political alliances with feudal rulers and promoted ideals of theological conformity.¹⁴ Thus, the *ulama* had, effectively, downgraded the values of the Islamic polity consecrated at Medina (following the Prophet’s *hijra* (migration) from Mecca in 622 AD); a religious community founded upon the dual concepts of political citizenship and Islamic faith.¹⁵ Under the various caliphs, sultans and other direct rulers, the *ulama*:

...contented themselves with the privileged position offered them by the ruler or dynasty as guardians of the word of God, as teachers, scholars and judges. Soon they accepted the separation between sanctity and power. Having produced their massive legal compendia according to their interpretation of the Koran, *sunna* (life, conduct) and *hadith* (sayings) of the Prophet, they formulated the proposition that obedience to the ruler, good or bad, was better than *fitna* (anarchy, disorder). In other words, they legitimised the status quo. This was tantamount to the formal consecration of quietism in Islam.¹⁶

The subsequent orthodoxy of received faith, *taqlid*, seen as the sole criterion of knowledge, had epochal implications for Islam as an intellectual force:

Closing the gates of rational knowledge and independent reasoning has had a disastrous effect on Islamic science and education. Secular science was replaced by theology and dogma, and public education, which had flourished in the first two centuries of the Abbasid dynasty, lost its dynamism and creativity. It became institutionalised around the dysfunctional *taqlid* system of learning by memorising and blind imitation. Gradually, the reactionary *mullahs* and *ulama* assumed a monopoly control of education, morality and opinion, and, in the process, advanced the cause of *jahiliyya* (mass ignorance), fatalism and underdevelopment as effectively as imperialism and colonial exploitation.¹⁷

Not until the nineteenth century did modernist Islamic figures such as Jamil al-Din-al-Afghani, Muhammad Iqbal and Muhammad Abduh (of Persian, Egyptian and Pakistani origin, respectively) challenge this traditional conformity through the call for a greater understanding of Western rationalism and scientific knowledge,¹⁸ with later like-minded reformists such as Sayyid Shaykh Al-hadi in the 1930s arguing for a re-integration of Western secular and Islamic education.¹⁹

Such forces represented a gathering progressive challenge to an entrenched *ulama* in Malaya. The modernist movement here was at once politically hostile to Western ideals of colonial ‘development’ and intellectually responsive to Western ideals

of rational learning. It sought to harmonise the benefits of science, technology and lateral thought with the egalitarian impulses of Islamic social justice as a model for Malay modernisation. And it is within this context that a Malay-Islamic nationalism became co-defined amongst progressive Islamic forces. Nationalism, in this sense, was understood as part of an integral intellectual problem, linking modernity, political independence and an Islamic social consciousness: in effect, nationalism was not only a reactive process, but also a proactive statement of the need to reawaken and advance the progressive ideals of the Islamic community, the *umma* itself.

PAS, nationalism and the Islamic resurgence

In the struggle for independence, this moral view of nationalist development, although not a specific guiding force, was implicit in the political ideology of PAS. As Malaysia's 'definitive' Islamic party, formed in 1951 in Penang, PAS has never deviated from its desire to create an Islamic state. However, in contrast to its "unequivocal rejection of nationalism" today,²⁰ PAS's identification with Malay nationalism from the 1950s to the 1970s was both explicit and partly motivated by this higher progressive idealism. As its President in the 1950s-1960s, Burhammudin Al-helmy (previously leader of the Malay Nationalist Party PKMM, and other leftist coalitions) asserted: "PAS and I are in content, character and orientation 'Malay nationalists' with 'Islamic aspirations'." ²¹

However, by 1977-78, PAS was undergoing a radical change in its view of nationalism. Following the move by former ABIM leaders Fadzil Noor, Nakhaie Ahmad and Abdul Hadi Awang into PAS and the crisis departure of PAS leader Mohammad Asri Muda after the PAS *Muktamar* (party Assembly) in 1982,²² the party's new guard, in alliance with the older *ulama* figures (notably Nik Aziz and Yusof Rawa), proceeded to abandon its Malay-nationalist position in pursuit of a more pure and pristine interpretation of Islam. Driven, in large part, by the charismatic religious teacher Hadi Awang in Terengganu, and in reaction to Anwar's co-optation in 1982, PAS had begun to rebuild its Islamic agenda in opposition to UMNO. By the mid-1980s, PAS had established new support bases in Kedah and Perlis while extending into the urban centres and universities by the mid-1980s.²³

In part, this reflected something of an atavistic return to the Islam projected by the Islamic revolution in Iran. But it was also, more specifically, a rejection of 'narrow nationalism', or, as PAS had come to define it, *assabiyah*, loosely translated as ethnic chauvinism. Synonymous with false or contrived sectarian loyalty, the term was extended, notably by Hadi Awang, to include a rejection of the NEP and *Bumiputeraism*. Indeed, Hadi Awang's assertion that a Chinese could, in principle, become Prime Minister if he was a pious Muslim, had helped foster new dialogue with the Chinese Consultative Committee (CCC) and other such groups in 1985 and 1986, PAS's first direct overture to explain Islam in depth to the Chinese community.²⁴

At the same time, PAS has sought to impose limits, where possible, on the expression of culture it considers inimical to an Islamic worldview. For example, in Kelantan and Kedah this has involved opposition to the performance of Western styles of music by Malaysian groups. In Kelantan it has also seen the (attempted) banning of the traditional Malay dance drama *mak yong* as it involves men and women performing together and is too focused upon Malay, rather than Islamic, elements.²⁵

Thus, from the early-1980s, the intricacies of domestic politics and the Islamic resurgence had sharpened the Malay-Islamic identity problem. But it also sponsored a more contemplative reaction within the wider intellectual community. The Islamic indictment of Western values has helped shape intellectual discourse more generally towards critical reflections on capitalism, the free-market and its social consequences — acquisitiveness, wealth disparities and social injustice. This, in turn, has created new tensions between UMNO and PAS as capitalist development in Malaysia proceeds. Likewise, PAS intellectuals have resisted Mahathir's attempts to entrench modern-nationalist ideas about Islamic development through state and civil institutions.

Emerging contradictions could, thus, be seen within the project by the early-1980s. The first was that, through the promotion of NEP nationalism, a more mobile and educated Malay middle-class had come to express an intensified Islamic awareness and reaction against *assabiyah*. Herein lay the dialectic of the NEP generation: in facilitating the socio-economic advancement of Malays through enhanced educational opportunities, NEP policies were creating a more politicised middle-class, much of it sympathetic to, and involved in, the spread of Islamic revivalism. This could be traced to the changes in tertiary education from the early-1970s and the exponential growth of

NEP-sponsored students at local and, more particularly, overseas universities. It was within this new environment of Malay assertiveness that many students came to understand the meaning of their 'nationalist identity' in Islamic terms and to study and engage Islam more seriously as a form of religious-political commitment. The campus experience thus formed the key source of recruitment for the *dakwah* movement — notably ABIM and the National Association of Muslim Students Malaysia, PKPIM. This was strengthened from the mid-to-late-1970s by the gradual return of Malay students from abroad, notably England, many of whom had been influenced by fundamentalist streams of Islamic thought and/or had found cultural security in Islam as a way of channelling their alienating exposure to Western values. Indeed, it was from English campuses that Malay students began to denounce government policies and to indict UMNO itself as "a secular, Malay nationalist party, thus unIslamic".²⁶

In response, UMNO had moved decisively to neutralise these forces. In 1979, under Tun Hussein Onn, *Al Arqam* had been forced, in the 'public interest', to relinquish many of its 'deviationist' views — a precedent for its charismatic leader Ashaari's public recantation in 1994.²⁷ As noted, ABIM was also brought under control by 1982 with Anwar's co-optation, leaving the group badly divided. At the same time, potential dissent among ABIM and other middle-class revivalists was being tempered by their material dependence on the public-sector and surveillance within the state bureaucracy.²⁸ However, this could not diminish the extreme rivalry which was growing between UMNO and PAS by this point. Indeed, the tension became a *cause* for many PAS followers after the deaths and violence resulting from the Memali incident in September 1985 when police tried to arrest the local cleric Ibrahim bin Mahmood in Kampung Memali, Kedah.²⁹

This suggests a second contradictory element of the project: that of the *ulama's* own intellectual leanings. Mahathir has sought to consecrate the idea that UMNO speaks not only for Malays, but for Islam. Thus, the enunciations of the *ulama* have an important bearing upon that process. Yet, the problem of winning and maintaining this support is complicated by the nature of *ulama* power. On the one hand, it remains an integral part of the political establishment. On the other, it derives its prestige and social influence as a *traditional intellectual* community (or 'status group', to borrow from Weber) according it a form of civil authority not immediately tied to party politics.

Nonetheless, while the *ulama* maintains a pragmatic distance from PAS as a party, it has remained intellectually sympathetic to PAS's pan-Islamic project and a *de facto* part of the intellectual opposition.³⁰

This affinity has seen political resistance to UMNO conveyed through PAS. Notable here was the party's consistent denunciation of the NEP as a wealth charter for middle-class privilege, rather than a solution to poverty, indicating a growing intellectual argument over Islam, nationalism and modernity by the early-1990s. In this context, notes Mehmet:

Islam may reinforce the Malay's sense of ethnicity, but it does not resolve their identity crisis. In fact it gives rise to a new set of challenges of reconciling Islam with nationalism and modernity, [one they have] yet to confront.³¹

Thus, with new forms of Malay-Islamic consciousness and an ambivalent nationalism now constraining the modernist project, Mahathir was not only signalling the Vision as an economic challenge, but as a new context for civil-Islamic development — hegemony being not just the reproduction of elite interests, but of elite ideas through moral leadership.³²

Contesting the Vision

One of the more intriguing features of hegemony in Malaysia has been the consistency with which traditional intellectuals have been pacified by the state. As organisers of hegemony, the UMNO network have sought to arbitrate and manage religio-cultural sensitivities by framing policy ideas and civil messages within a basic idiom of moderate Islam. Therefore, it is not, simply, for political expediency that the values of community are projected by UMNO. The attempt to forge consensus is also conditioned by more internalised moral and cultural imperatives, expressing alternative forms of social order from those of liberal individualism. That an 'ethics of community' informs intellectual questions in this way suggests the promotion of a particular type of national-popular ideology.

Within this discourse, coercion is presented as having a 'moral' rationale. Thus, when the state sanctions Islamic sects or courts the consent of dissident figures, this

appeal to moral consensus is frequently to the fore. For example, such 'intellectual assimilation' was evident in the purging of *Al Arqam* in October 1994, the 'voluntary' recanting of its leader Ashaari Muhammad on TV being rationalised in terms of this need to uphold an idealised social collectivism.³³ Here, and in other such cases, Mahathir has attempted to promote a civil-religious polity attuned to the ideals of nationalist modernity and the values of traditional Islamic community.

Mahathir's concern to manage Islamic elements is also connected with the rise of Islamic parties more generally. The emergence of Islamic parties in Indonesia during the Suharto crisis illustrated the dangers for long-standing dominant parties within Islamic countries where the elite are seen to be monopolising wealth and engaging in ostentatious displays of privilege — as in Tommy Suharto's wedding. One of Mahathir's (and the West's) main fears during the Indonesian crisis was that it would precipitate a wider surge of support for Islamic political forces. This heady cocktail of underclass resentment and Islamic party 'welfarism' has provided the social and political context for the rise of Islamic fundamentalism in Turkey, Algeria, Egypt and Sudan.

Thus, for Mahathir, the aim has been to control such tendencies by projecting UMNO's Islamic credentials. For example, in seeking to build an 'educational discourse' for Vision-Islam, the government announced in July 1997 that 'Islamic civilisation' was to be taught as a compulsory course in all Malaysian universities. Although coming during Anwar's two-month stint as acting Prime Minister, the decision, made through the Islamic Affairs Development Committee and the Islamic Consultative Body, both chaired by Anwar, was consistent with Mahathir's promotion of Islamic institutions.³⁴

At the same time, UMNO's Islamic agenda should be seen not *only* as a response to growing Islamic consciousness, but as part of a more complex, and often ambivalent, set of political and ideological positions. As Hussin Mutalib has noted:

...the UMNO government's attitude towards the Faith can perhaps be described as 'cautious support'...[UMNO's vigilance in] regulating...Islamic activities considered potentially dangerous to the country's political stability...[is] indicative of the stresses and strains that characterise the Malay-Islam dialectic...³⁵

Terengganu and Wawasan Sihat

Terengganu provides a good example of how material and Islamic elements have been blended into a model of development complementary to Mahathir's Vision agenda and used as an expedient bulwark to PAS-type Islamic development in Kelantan.

The BN model in Terengganu has assumed the title of *Wawasan Sihat* —literally, 'healthy vision'. However, there is also a deeper significance to the term:

...in its real meaning, letters in SIHAT embody the very philosophical underpinning of the Terengganu Islamic development vision. S stands for *sihat* (healthy physical and mental), IH for *ilmu yang dihayati* (practised knowledge) and T for *taqwa* (piety). In short, *Wawasan Sihat* carries a value-loaded model of development that aims at establishing the first *mujtama' madani* (*madani* society) in Malaysia, and, in fact, it claims, the first in the world. By *mujtama' madani* the state government of Terengganu means a society that possesses an Islamic lifestyle and cultural pattern, either at the level of the individual, family, organisations and administration. Individuals of *mujtama' madani*, according to the vision, would be Islamically religious, knowledgeable, educated, sharp, creative, independent, with integrity, convinced of his [sic] ability, respect others' view, dare to take responsibilities, and uphold their relationship with Allah (*hablum-minallah*) and with other human beings (*hablum-minannas*).³⁶

While the *sihat* element is based avowedly on the *Quran* and *Hadith*, the link to the *Wawasan* component is made by infusing it with the values of *mujtama' madani*. Thus:

On material and physical development, the state of *mujtama' madani*, according to the vision, would be characterised by a rapid industrial development, sustainable economy, low rate of poverty, emergence of local entrepreneurs and high productivity. It goes in line with the Balanced Development Policy of the state's Second Development Phase (1995-2010) that consists of three aspects: a balance between human and physical development, a balance between sectors and a balance of infrastructural development between areas.³⁷

In essence, launched in conjunction, *Wawasan Sihat* in Terengganu has been intrinsic to *Wawasan 2020*, operating within the 'mould' of Malay-Islamic tradition while remaining committed to 2020 development ideals. As BN Chief Minister and Islamic scholar, Wan Mokhtar Wan Ahmad has been a consistent advocate of this fusion of Islamic values and Vision-type development. It is also notable that *mujtama' madani* notions of civil society, linking ideas of Islamic family development with the application

of technology, was given impetus by Anwar's promotion of the concept from around 1996.³⁸

Leaving aside the ideology at play here, it is instructive to note how the Vision model in Terengganu has assumed a gradualist evolution towards an Islamic *civil society* rather than an Islamic *state*. Thus, *Wawasan Sihat* has been articulated as a practical model of civil Islamic development *BN-style*. Here, UMNO have sought to absorb traditional civil and cultural elements (Malay and Islamic) and graft them onto *Bangsa Malaysia*. From the BN's point of view, this has kept Terengganu from declaring any intention towards an Islamic state, even though the state leadership there have appeared more disposed towards something along those lines than Mahathir. In this sense, the BN state government have attempted to push particular Islamic policies in a top-down manner. Yet, as in Kelantan, this has been largely confined to incorporating things thought to be Islamic into the existing structure. So long as Islamic institutions and practices (such as Islamic Trust Fund Units and pawnshops) were being created as part of this civil process,³⁹ it allowed the state government to play a directive role in Islamic affairs, but one which was facilitative, helped contain pressures for 'formal' Islamic government and, above all, was in tune with Vision ideas at the Federal level. Here, the UMNO network have sought to manage the intellectual agenda in Terengganu by holding it up, contra Kelantan, as a model of Islamic development.⁴⁰

Against this, one might suggest a more intensive application of state-determined Islamic practices in the case of Kelantan. Yet, this too is questionable. Despite PAS ambitions, there has been a similar process of incremental *civil* Islamic development also unfolding in Kelantan. In this case, much of what passes for state-led Islamic development is in reality an attempt to introduce Islamic modifications to localised practice and culture. For example, revenue derived from *haram* sources, such as dog licences and pig-rearing, are separated from the *halal* ones and used for non-Muslims only. Gambling is banned, as it is elsewhere for Muslims. Though generally not available for non-Muslims, alcohol is not banned by the State government. *Mak yong* dance is actively discouraged, yet still practiced in the rural areas. Moreover, the attempted segregation of the sexes, for example in cinemas and hairdressers has proved difficult to enforce, and is routinely ignored in the case of separate supermarket queues. Concerned at the apparent disruption to family life now being caused by working

women, the *Tok Guru* has also introduced a five-day working week in the state. However, this type of intervention is being rationalised as part of a more generalised concern over industrialisation and its negative impact on the family. Here, Nik Aziz has argued that capitalist development and cheap factory labour is giving rise to greater exploitation of young female workers and social dislocation within the family and wider community. But his appeal for the preservation of women's dignity outwith the home has to be defended against liberal groups like Sisters in Islam who seek a more expansive role for Muslim women.⁴¹ In effect, the construction of Islamic practices in Kelantan, as in Terengganu, has been contested, negotiated and fashioned through variegated forms of *civil* exchange and adaptation rather than top-down state intervention.

Ironically, this gradualist evolution of Islamic practices at the civil level may be seen as having a more permeating effect. Here, as elsewhere in Malaysia, Islamic conventions, such as Muslim women wearing the *tudung* (headscarf), are becoming slowly absorbed as mainstream cultural habits. Again, though, even this is still being offset by deep-rooted *Malay*, rather than Islamic, customs and tradition. In this regard, Islamic ideas are being constantly prioritised and reasserted by PAS. Small examples of this would include Nik Aziz's reminders to observe separate shopping queues,⁴² and his instruction to prohibit the use of firecrackers during *Hari Raya* given its 'un-Islamic' connotations.⁴³ Other cultural practices for Malays are allowed so long as they are in accordance with Islamic principles. Yet, like Terengganu, Kelantan appears to be a place where, in practice, Islamic and non-Islamic cultures co-exist amicably. Again, though, it is the very fluidity of cultural expression here which makes its contestation so vital.

Contesting Kelantan: UMNO enterprise at work

For Mahathir and the UMNO network, Kelantan constitutes a key impediment to the Vision project. At the 1990 Elections, UMNO lost all 38 state seats, PAS winning 24 (the other 14 going to S46) and 6 of the 14 Parliamentary seats. Led by Nik Aziz, the party was now taking a new political and moral direction, quite distinct from the chaotic circumstances which had ended its only other period in office (1959-78).⁴⁴ Under the *Angkatan Perpaduan Ummah* — United Islamic Movement (APU) coalition in 1995, PAS and S46 took 36 of the 43 state seats (24 and 12 respectively) and 12 at the Federal level (6 each).⁴⁵

This strengthening mandate has seen ongoing attempts to delegitimise PAS, as in Mahathir's failed bid to have the party drop the word 'Islam' from its title,⁴⁶ and his accusation that "PAS does not struggle for Islam, but strives for political gain."⁴⁷ The problem for Mahathir here is that PAS populism in Kelantan derives not only from traditional Islamic values, but from the party's social-welfarist position, a set of ideas contained within its 1995 election manifesto, *Progress with Islam*, a counterpoint to the BN's *Vision, Justice, Efficiency*. Another problem for Mahathir was that APU's retention of power in Kelantan in 1995 was due less to the Malay-nationalism of *Semangat* — much of this linked to its leader Tengku Razaleigh's royal background — than to PAS's populist presentation of Islam. Razaleigh's status as a Kelantan prince, a legacy of the above-noted historical accommodation between the conservative Malay aristocracy and rural Islamic elites, had, to some extent, helped draw Malay and Islamic components together. Yet, it was the growing respect for PAS's welfare politics and the charisma of Nik Aziz which could be seen as the more important factors here.⁴⁸

It is instructive to recognise the three-fronted means by which the UMNO network has engaged this challenge. At the immediate *political* level, UMNO had worked diligently to exploit the post-1995 election rift between PAS and *Semangat* in Kelantan. Here, co-optive pre-election overtures had been made through the BN press to undermine Razaleigh's participation in the PAS-led APU coalition.⁴⁹ By late-1996 this cleavage had become critically apparent with the expulsion of Razaleigh assemblymen from the state executive by the PAS leadership, much to the displeasure of the state's Sultan, a nephew of Razaleigh.⁵⁰ By using his political dexterity to encourage the rift and open the way for Razaleigh's return to the UMNO family, Mahathir was seeking to establish the basis of a new political coalition to challenge PAS in Kelantan. In the recrimination over the PAS-*Semangat* split, the BN media were now playing consciously on PAS's political problems. Although unable to question Nik Aziz's probity or apply the term 'corruption', one *New Straits Times* feature had, for example, used PAS's exclusion of S46 members from municipal and religious posts to claim that: "for all its outward trappings of piety, something is rotten in the state of Kelantan."⁵¹ Meanwhile, Mahathir was also capitalising on the APU split by floating the idea of a possible coalition between UMNO and PAS, something which might have ameliorated PAS difficulties in the short-term, but would have undermined their political credibility in

the eyes of the Kelantanese electorate. However, given the ideological gulf between the parties, notably over Islamic matters, any such coalition was extremely unlikely.⁵² Disappointingly for UMNO, the first test of the post-APU alliance resulted in a PAS by-election victory (January 1997), indicating that it could still maintain power without Razaleigh. Nonetheless, at this point, Mahathir could take heart from the very narrow margin of the win.⁵³

The UMNO network has also deployed strategies of *economic* co-optation in Kelantan. A notable example could be seen in relation to Mahathir's visit to Kota Bharu in August 1997. Accompanied by thirty of Malaysia's main corporate figures, Mahathir's first-ever official meeting with Nik Aziz was calculated to foster a co-operative climate for UMNO-led investment projects. The principal initiative, subsequently announced by Mahathir, comprised plans for Kelantan's largest-ever industrial project, a petrochemical complex financed by the KUB conglomerate — a major holding controlled by UMNO — with a limited partnership role for the Kelantan-owned Keloil. Similarly, Mahathir had offered assistance to other potential investors, including Kelantanese companies with interests in Kuala Lumpur, provided they were seen to align themselves with UMNO rather than PAS.⁵⁴

With per capita income in Kelantan only a quarter that of the national average and foreign investment one tenth the size of adjoining Perlis,⁵⁵ economic co-optation in the state has also been directed through the selective allocation of development funds to *Barisan* assemblymen. The main vehicle for this disbursement in Kelantan is the *Jabatan Pembangunan Persekutuan* (JPP), or Federal Development Department. With substantial funds available from Kuala Lumpur, the JPP, in effect, operates as an oppositional development agency to the PAS state government's own development arm. JPP offices in Kelantan total 99 as opposed to 49 under the State Secretary's Office. Given their conflicting ideologies, a key purposes of the JPP is to check PAS-based forms of Islamic development.⁵⁶ While providing some all-round benefit, in practice most of its funds are targeted towards UMNO/BN groups, thus alienating others still dependent on the PAS state development agencies. One illustration of this was the provision of RM8 million to BN and S46 members (post APU split) by Rural Development Minister Annuar Musa for the implementation of rural projects in their respective constituencies.⁵⁷ Clearly, such initiatives have been devised to exclude PAS

by encouraging a view of UMNO/BN as the main provider of economic benefits, while promoting the select interests of the UMNO/BN business class.

On a third front, UMNO has continued to wage an *ideological* war of position in Kelantan with PAS-based Islamic clerics. Some analysts have noted that within UMNO, and perhaps amongst other Islamic countries, only Mahathir has had the charismatic standing and self-confidence to question the *ulama* and conservative Islamic *fiqh* (jurisprudence).⁵⁸ While a valid observation, it is also important to recognise the role of 'UMNO-friendly' institutions such as IKIM in helping to construct, present and reproduce these messages.⁵⁹ In another instance of the network's co-optive enterprise, ABIM had offered to 'mediate' between UMNO and PAS in order to 'bring them closer' on Islamic matters, an offer astutely rejected by Nik Aziz.⁶⁰ It may also be noted here that in seeking to build its own Islamic project, the PAS leadership had come to distance itself from *Arqam* by 1991. While *Arqam* was appearing to assist PAS by engaging in Islamic business enterprises and spreading Islamic practices at the *kampung* level, Ashaari had been critical of PAS's mode of struggle. Echoing PAS President Fadzil Noor's suspicions, Subky Latif, the party's Information chief, argued that *Arqam* had ulterior motives to compete with, undermine and 'confuse' PAS. Thus, its banning in 1994 was actively supported by Nik Aziz in Kelantan. For similar reasons, PAS has consciously resisted help from the Islamic group *Jemmah Islah Malaysia* (JIM), seeing it as an attempt to infiltrate the party.⁶¹

Confronting hudud

Mahathir has, thus, been seeking to re-centre Islam as a modern economic and political entity by contesting the integrity of traditional Islamic doctrine. The most symbolic aspect of the UMNO-PAS contest has been attempts by the political class and traditional elements in Kelantan to introduce *hudud* codes.⁶² Although passed in Kelantan as a State Act in 1993, the introduction of *hudud* law requires Federal approval to become constitutionally enshrined, something which Mahathir has fiercely resisted.⁶³ In the debate over its attempted implementation, Mahathir has sought to portray Nik Aziz and PAS as latter-day exponents of the *Kaum Tua*. Challenging Nik Aziz's 'benign' assurance that *hudud* does not apply to non-Muslims where conventional legal

punishments exist,⁶⁴ Mahathir has shown a remarkable ability to present the message in *his own* populist terms. The appeal to moderation here is not simply informed by liberal precepts, but by practical reference to the ideals of mercy, forgiveness and social justice contained in the *Quran*. Thus, in seeking to illustrate the injustice of *hudud*, Mahathir offers the following argument:

A woman who has been raped, and is unable to produce four witnesses, would not be able to have the rapist punished even if she knows who he is...On the other hand, if she were to have a child as a result, she would be guilty of *zina* [adultery] and could be punished by stoning to death. By no stretch of the imagination can this be considered justice.⁶⁵

While stressing the need for a moderate and innovative Islam, rather than a concern with form, attire and spiritual observance, Mahathir has walked a fine line in his relations with the *mufti* over the interpretation of Islamic teaching and civil-Islamic law. This was evident, for example, in Mahathir's brooding stand-off with the Islamic Religious Affairs Department (IRAD) following the Selangor beauty pageant incident in July 1997 where female contestants had been arrested for 'violating' Islamic dress codes. As a consequence, the head Selangor *mufti* Ishak Baharum found his position 'unrenewed', illustrating Mahathir's determination to push ahead with further reform of Islamic administration in the country and the role of the *mufti*.⁶⁶ Other such responses have included consideration of whether to invoke the specific *Sunni* form of Islam — the faith of 99% of the country's Muslims — into the Malaysian constitution as a way of marginalising *Shia* sects and militant Islamic teaching.⁶⁷ Implicit here was a vigilant warning to alleged militant Islamic intellectuals within the universities and other civil institutions.

However, the UMNO network has sought to manage the challenge from PAS, the IRAD and other Islamic agencies in more consensual ways. An important factor here was Anwar's populist appeal to Islamic moderation, casting him, largely through the media, as a vital part of Mahathir's containment strategy.⁶⁸ Another such feature, has been the considerable media space given to 'modernist Islamic' dialogue, such as the Sisters in Islam's critique of *hudud* and other aspects of *syariah* law.⁶⁹ The key point of this discourse is its *agenda-setting* purpose in helping to popularise Vision-Islam as the principal discussion site for checking Islamic extremism. This is not to deny the integrity

of such discourse or the illumination offered. For one thing, it served to dispel some of the more simplistic interpretations of the PAS/Islamic issue in the Western press (*viz* the 'dark threat of fundamentalism') as the crisis unfolded.⁷⁰ The more subtle point, however, is the way in which much of this discussion 'fits into' a discursive media argument about the value of Islamic modernity and, *ipso facto*, Vision-Islam, even where that involves meaningful criticism of Mahathir himself.

An example of such can be gleaned in the *Sun* piece, 'A new form of Islamic revival?'⁷¹ Here, Chandra Muzaffar and ABIM's Ahmad Azam Abdul Rahman both argue, rather convincingly, that what was broadly seen as 'aggressive' action by the IRAD officers in Selangor was in fact a reaction to perceived pressure on them to uphold Islamic codes. Azam even questions Mahathir's intemperate tone towards the *mufti*, in view of the "high esteem" in which they are still held by Malays. Yet, these and other critical qualifications still provide 'modernist' counterpoints to the version of Islam emerging from within the IRAD, an institution which both Azam and Chandra identify as the new source of the Islamic revival. A further variant of this discourse can be seen in Ghani Ismail's columns in the *Sun* pointing out the many injustices of *syariah* law, such as marital constraints.⁷² In another *Sun* piece,⁷³ Akbar Ali states the message more directly by suggesting that while there is a need to address what constitutes an 'Islamic deviant', this does not diminish the security threat posed by some of these elements, such as *Al Arqam* and other *shia* groups. Noting that *Pusat* Islam now have over one hundred groups listed as 'Islamic deviants', the case is made here for the necessary intervention of the Special Branch to help control this threat to 'democracy' and religious harmony. Thus, while debate and opinion range here, it is the 'concerned language' of Vision-Islam, *viz* the need for moderation, public vigilance and modernity, which provides the contextual framework for its elaboration.

In this regard, let us now consider the sense in which Vision-Islam has been received by the wider PAS-Islamic community and what alternative form of Islamic project PAS leaders and intellectuals have offered to displace it.

Visions of Islam, party politics and the crisis: the view from PAS (1)

This section explores some of these issues and their relevance to the crisis through the thoughts of some key PAS leaders. The first component considers aspects of the Kelantan situation and the PAS agenda by recounting selected views offered in discussion with Husam Musa, Political Secretary to Nik Aziz. This is complemented by consideration of responses from Nik Aziz himself during a subsequent discussion.⁷⁴ While still exploring PAS's Islamic 'countervision', the second component looks more closely at party politics and the problems faced by PAS in developing: (a) a working relationship with other political groupings; (b) a meaningful base of *national-popular* support amongst the broad Malaysian electorate. Noted in this case are the views of PAS President Fadzil Noor and Supreme Council members/high-ranking figures Azizan Abdul Razak, Mohamad Muslim Osman, Mohamad Taulan Rasul and Abdul Halim Aishad.⁷⁵ The responses garnered here help illustrate PAS's evaluation of the crisis at this point and its view of Anwar prior to his fall.

Husam Musa

In the discussion with Husam Musa, it was apparent that he was speaking not just as a party official, but as someone with deep intellectual convictions about an Islamic community. In this regard, he spoke of Islam as an historical entity, emphasising its ideas of a just society.

Given the rapid rate of development and wide support for the BN elsewhere in Malaysia, why have the people of Kelantan maintained support for PAS?

There is a need for a model of Islamic community which reflects the ideals of morality, social collectivism and civil justice, a set of principles which the people of Kelantan have come to subscribe to through their support for PAS. The Kelantanese genuinely desire an agenda which is distinct from the Vision model offered by Mahathir. This is not to dismiss the current development process. However, PAS can bring a more spiritual element to it by stressing Islamic values of community. There are practical ways in which

ideas of social collectivism and redistribution could be realised through Islamic practices, such as alms to the poor and the prohibition of interest.

Were these principles implicit in PAS's 1995 election manifesto Progress With Islam?

Yes, they were not only implicit but recognised as such by the people of Kelantan who understand the type of community PAS are trying to construct. This is also significant in view of UMNO's still considerable influence at the local *kampong* (JKKK) level, contradicting some claims that PAS has an effective control over village affairs. In this regard, the power of the BN media is very difficult to overcome, making it all the more remarkable that PAS have been able to sustain its mandate in Kelantan.

Is that political base in danger of breaking down now that Razaleigh and his supporters have left the ruling coalition in Kelantan and returned to the UMNO fold?

This defection was a piece of political opportunism given that parties outside the BN are constantly disconnected from political patronage. Moreover, Razaleigh's move was greeted with cynicism by the Kelantanese, thus enhancing PAS in the longer-run rather than the BN.

Mahathir appears to have been operating on three fronts in relation to PAS in Kelantan: the economic, through promotion of government-led development and UMNO business patronage; the political, through the courting of Razaleigh; and the ideological, through his engagement of the hudud issue. How do you see this scenario?

Mahathir is, indeed, an astute political operator and charismatic figure. It is also possible that Mahathir's economic interventions might prove difficult for the Kelantanese to resist if the crisis worsened and the BN were seen as a last resort in holding things together. Mahathir has also been successful in promoting his view of Islam to Malaysians as a [hybrid] model of capitalist development and Islamic principles. However [leading on from the latter aspect], *hudud* law has to be defended as a concept which, contrary to the false stereotypes of 'fundamentalism' foisted by the West, is a protective Islamic convention designed to maintain the integrity and security of all in society. One should remember that *hudud* punishment itself only applies to Muslims and that there are around fifteen stages of censure before the removal of limbs. While Mahathir has gained much

mileage in portraying PAS efforts to introduce *hudud* in Kelantan as ‘backward-thinking’, a survey shows 70% of all Malaysians in Kelantan supporting its introduction.

As a complex set of ideas and practices, Islam has, indeed, been distorted for selective purposes in the West (viz, Huntington’s ‘clash of civilization’ thesis and alarmist NATO reports) and used selectively by UMNO itself. But do you really believe that other ethnic communities in Malaysia, notably the Chinese, can ever accept such a form of Islamic society?

The Chinese community would be better accommodated under PAS. For example, while the BN in Kelantan once rejected proposals for Chinese cultural projects, PAS have been prepared to approve them on coming to office. Another example of PAS efforts to disprove its ‘fundamentalist’ image is the state government’s assertive promotion of tourism — notably that which expresses the real Kelantanese heritage.

What are your thoughts, in this respect, on the suppression of Malay culture to that of Islam, for example with regard to the banning of Malay dance in Kelantan.

There is a need to recognise here the dangers of *assabiyah* and chauvinistic practices which promote ethnic identity over Islamic identity. Much of what is thought of as Malay culture is in fact derived from other cultural forms, including animism. Consequently, there is a requirement to develop a more creative culture infused with Islamic ideals — hence the ‘relegation’ of Malay cultural forms. As an example, *Dikir Barat* music [the popular ethnic sound particular to Kelantan] has been modified to reflect this new awareness.

Isn’t there a contradiction in this argument? If Chinese culture is to be allowed free expression and development, as argued by PAS, why, effectively, suppress it in the Malay form? After all, Malay dance is part of Malay cultural heritage.

There is also an issue of *haya* (modesty). [Some of the above argument was reiterated here to support this.⁷⁶]

Can you or PAS defend, in this regard, the actions of the muftis during the Selangor beauty pageant incident?

Once women reveal themselves in this way, they not only demean themselves, but are forced to assume all the other accoutrements of Western identity, such as make-up and short clothes. Mahathir has handled this situation badly by showing his displeasure with the *muftis*. Their actions did not signify 'Islamic intolerance', but the need to protect Islamic convention.

(This led into the issue of the ISA and Mahathir's crackdown on Islamic groups.)

PAS has also been consistent in denouncing the ISA as a form of detention. [Acknowledged here was *Aliran's* stance in defending free expression to all Islamic groups.] The recent arrest of '*shia* activists' was a political diversion, a way of re-focusing public attention. However, [upholding the *sunni* model of Islam practiced in Malaysia and echoing Nik Aziz], PAS does not endorse *shia* teachings and is not subversive in these matters.

*Why does PAS appear to be so concerned about denying any shia links if it believes in the free expression of other Islamic streams?*⁷⁷

Again, because PAS needs to emphasise that it has not been engaged in any form of supposed *shia* conspiracy to undermine the government. [This response indicates the fine line PAS walks in promoting its own Islamic agenda while avoiding implied suggestions that it is helping to import 'fundamentalist' teachings.] The irony here is that it is the BN's own view of Islam which is intolerant and narrow-minded in that it does not allow expression of the rich complexity of Islamic ideas, as represented by diverse Islamic elements.

(This led into the practical implications of Islamic ideas in relation to the economic crisis.) Given the number of articles in Harakah critical of Soros and the prevailing international financial system, what alternative form of 'Islamic financial arrangements' do you envisage for a country like Malaysia?

While such speculators have afflicted Malaysia, Soros *et al* cannot be blamed solely for the crisis. Myself and others forecast this situation two years ago. One of the central causes is the extent to which the *ringgit* has been tied into the existing global capitalist trading order.

The implication of this claim is that Malaysia could somehow find a way of disengaging from the global financial order. Isn't this somewhat utopian given the integrated nature of Malaysia's economy within the capitalist system?

While problematic, there is an urgent need to return to some version of a gold standard in order to control the trade in money, something which is both antithetical to Islamic practice and detrimental to economic development. [It is instructive to note that within a year of this statement, Mahathir had halted the *ringgit's* convertibility, effectively removing Malaysia from the global exchange system. In making the case for an Islamic financial system, specific reference was also made here to the contents of *Islamic Trading: A New World Order*, an Islamic policy-type document by Umar Ibrahim Vadillo. In line with Husam's argument, this text posits the need for an *open* Islamic Market in order to end monopolies and the practice of financial speculation propagated by Western Economics, itself a structural pretext for the practice of money trading and usury. The Islamic Market proposes an end to the use of paper money — the choice of the modern state — something which, it is argued, has come to limit any free medium of exchange, the flourishing of a *real* marketplace and processes of open production and entrepreneurship. The case for a return to gold as a more stable and less corruptible form of exchange, through 'trading' of the Islamic Dinar in Islamic countries,⁷⁸ is complemented by the promotion of other Islamic business practices such as *qirad* (Islamic business loan) and the *waqf* system in preference to conventional taxation. Also integral to the *waqf* is the renewal of guild associations and *imarets*, a civic arrangement with the mosque and market at its centre. At the heart of such practices lies a belief in free and just access to the market, both as a right and as a form of communal service to others.]⁷⁹ PAS has also consistently opposed Mahathir's privatisation process, which I and, I believe, the Kelantanese people associate with clientalism and corruption. [Note also, in this regard, how PAS has denounced the use of the NEP for similar reasons.] While not wholly opposing privatisation in principle, there is a need to return the utilities to common ownership and resist the lurch towards corporatisation within the universities. [Again, these and other views were seen in idealistic terms, reflected, for example, in further observations on Nik Aziz's own wish to live a moderate lifestyle.] While materialism is valid, it must be fused with ideals of spirituality. [Amplifying the earlier-noted concern], social development must be based on concepts of compassion

and social collectivism. [This took us to some final exchanges on false representations of Islam.]

While retaining a critical view towards some of these perspectives, the views here helps delineate the nature of the 'Islamic countervision' in Kelantan, suggesting what an expanded PAS agenda might look like in practice. Also implicit here is the view that what has been projected by Mahathir as 'Islamic banking' is, in reality, not Islamic at all, but (as expressed by Islamic writers like Umar Vadillo and Mahamad Hakimi Ibrahim) a convenient pretext for 'secular' capitalist accumulation.⁸⁰ At another level, such ideas illustrate the essence of the traditional intellectual in seeking to advance the PAS project, not only as a party political exercise but as an alternative model of the moral society.⁸¹

Nik Aziz Nik Mat

In Nik Aziz we find the very model of the engaged traditional intellectual. Evoking a serene demeanour, it is immediately apparent to the observer why he is regarded as *Tok Guru*. Yet, Nik Aziz exudes not only charisma and the aura of a revered Islamic figurehead, but considerable acumen as a political leader.

What is it in particular that motivated you in your endeavours to develop Kelantan as an Islamic-based state?

It was my own personal experiences in Pakistan and the Indian subcontinent that led me to a way of thinking about Islam and the ways in which a model of Islamic community could be realised in Kelantan. [The impression conveyed here was that he had undergone a long spiritual journey.]

What might the main elements of such an Islamic community look like and how might they be reconciled as a model of political society for all Malaysians?

There is, most importantly, the need to convey a tolerant image of Islam as the main element of such a community, notably to the Chinese. It is notable that there was no racial conflict in Kelantan in 1969. In this regard, the Chinese community in the state

have come to acknowledge PAS efforts in allowing other races to express their cultural identity.

Yes, I see this, but do you believe Chinese Malaysians, more generally, could ever fully accept the PAS model, given Mahathir's 'success' to date in promoting a Vision 2020 agenda which appears more inclusive than the NEP.

Agreed, there are difficulties in overcoming such perceptions. However, in time, the Chinese and other ethnic groups in Malaysia could come to accept Islam in a spirit of co-operation and understanding. In this regard, many Chinese people have visited me in the course of the crisis to offer assurances of support. What is needed here is a closer understanding of Islamic principles. [As above, some similar points were offered concerning the distortion of Islamic practices, both in Kelantan and more generally.]

While there are evident tendencies towards distortion of Islam through certain, mainly Western discourses, I still wonder whether in Malaysia itself the Chinese can, in reality, reconcile their own wider fear of a PAS-Islamic agenda.

PAS in Kelantan can provide a *practical* example of a tolerant community founded on Islamic teachings conducive to other races. [The point was then developed in a rather more coded way.] The Chinese must be free to come and articulate any concerns over such an Islamic community, but they would also have to show, specifically, what was wrong with such a community in terms of undermining their economic, political or cultural rights. Again, to emphasise, PAS must not be seen as a coercive force. A Muslim who persecutes another person is not acting in accordance with true Islamic teaching. Rather, the PAS way has to be more 'missionary' in approach, thus allowing people to recognise the validity and practicality of Islamic ideas within their own lives.

Widely acknowledged by all political elements in Malaysia to be untainted by cronyism or corrupt practices, there can be little doubt about Nik Aziz's moral convictions in seeking to build an Islamic community in Kelantan. Indeed, much of the populist support for PAS in Kelantan comes from an acknowledgement of his own personal and political practices: he lives in a simple house, gives almost half his monthly allowance to PAS and the State Treasury (40% and 5% respectively), refuses his RM3000 monthly housing

allowance, places similar obligations on State Exco members, disallows them any gratuities and insists on their availability for mosque and teaching activities.⁸² What remains problematic here for PAS is non-Malay endorsement of that agenda, particularly in relation to *hudud*. Certainly, Nik Aziz and PAS understand the need to promote consensual relations with the Chinese. Yet, even if PAS *has* provided, to date, a practical model of economic security and political/cultural assurance to non-Malays in Kelantan, the question remains as to how it might extend that message at the national level to make the breakthrough as a mainstream party.

Fadzil Noor and other PAS figures

Discussions with the PAS leadership in Kedah concentrated more specifically on the PAS-Islamic model in relation to party issues. Again, it was apparent that the participants here were intellectually engaged figures keen to present their account of politics and society to interested observers, while also showing receptiveness to outside views of PAS and the crisis.

Could Fadzil Noor (through the group) explain PAS's basic view of Vision 2020 and offer comments on it as a development process?

PAS are not opposed to development and the broad growth agenda. What needs to be stressed, though, is a much more moral dimension, a view of development which embraces spiritual values. [Again, the problem of false nationalism, or *assabiyah*, within the Vision message was noted here, something which contradicted the idea of a higher Islamic community.] Nonetheless, it is still the case that Malays are often discriminated against in many sectors of society.

Does this and other such factors mean continued Malay support for the Barisan?

Not necessarily. Support for the BN is now very fluid, as indicated by the reduced majorities of the two BN candidates at the recent by-elections, a significant indication of growing unease across the country.

Given Mahathir's growing overtures to the Chinese and Chinese support for the BN at the 1995 election, why would they ever come to support a PAS agenda?

Two factors are important here: the economic interests of the Chinese and Chinese political rights. Under Islamic codes, other races/peoples must be protected. In this regard, the Chinese may come to see their economic interests as being *more* secure under PAS than the BN. This also involves the need for greater political security to ensure that property rights are duly protected. In the final analysis, the Chinese will act rationally in backing the party which best serves Chinese interests, particularly in times of economic crisis.

(This led us more specifically to the issue of Mahathir's influence and the power of the BN network.) Mahathir has been rather successful in projecting the PAS model in Kelantan as 'backward' by posing it as a simple choice: 'if you want to follow this road rather than our modernist one, you will be left behind'. Given that this view is presented and reproduced so efficiently through the BN media and institutions like IKIM, how could PAS even begin to counter it?

Yes, we agree that there is a problem here. However, while UMNO/BN have this considerable monopoly over the media and other civil institutions, PAS believes that, quietly and studiously, it can influence the younger generation, notably in the schools and universities. [Interestingly, the group appeared to be well informed about cultural trends and the impact of the media, notably on the young.] This is indicative of a new sense of fluidity in younger people's thinking. We regard this generation as the key players in effecting social change and believe that their influence over this group is spreading, evidenced by the increasing level of younger PAS members.

What, in this regard, are your views on the use of the ISA against 'deviationist' Islamic groups and the crackdown on Shia teachings in the universities.

This 'fear factor' does not signify paranoia on Mahathir's part, but concerted propaganda in order to distract attention from the current crisis. In reality, Malays can distinguish between the UMNO version of Islam and that of 'true Islam'. In effect, they support UMNO for pragmatic economic reasons, while implicitly recognising the authenticity of the PAS model of Islam.

(Taking this up, I raised the question of Mahathir's recent visit to Kelantan, noting, again, the three-fronted strategy being used to undermine PAS, namely: the economic control of development funds and promotion of UMNO corporate sponsorship; the political courting of Razaleigh/S46; and the ideological attack on hudud law/'PAS fundamentalism'.) What are PAS's impressions of Mahathir's strategy in Kelantan and how might the party respond?

[Here, the responses were more specifically directed by the PAS President.] As regards the economic aspect, UMNO have failed. PAS has lasted much longer in Kelantan than anyone predicted. Moreover, every time Mahathir changes his stance on economic issues, the people of Kelantan feel more alienated from UMNO/BN. In relation to the political aspect, the courting of Razaleigh has also failed. There are two elements here. The first is Razaleigh's betrayal, which has led to more popular support for PAS, not less, and more party defections from S46 to PAS rather than the other way round. Secondly, Razaleigh's defection to UMNO has not only undermined his own credibility, but has helped cause disruptions and increased factionalism within UMNO itself. With regard to the ideological aspect, when Mahathir attacked PAS over *hudud*, people believed he was bluffing. The reality is that most people in Kelantan want *hudud* law.

But what about the rest of the Malays and other Malaysians in the country?

Yes, we agree [very openly], there is no clear cut evidence to suggest *national* support for *hudud*. However, PAS can demonstrate the case for *hudud* through example in Kelantan, as well as in the case for its introduction in the state of Terengganu.

Yes, but hudud law hasn't been introduced in Kelantan, so doesn't this prove Mahathir's success in engaging PAS and controlling this agenda?

In the short term, yes. But in the longer term he will not succeed, basically because the people do not oppose it. The main problem facing PAS here is the constitutional one [in reference to the necessary approval of Federal legislation for *hudud* to become statutory law.] But, longer term, and more generally in Malaysia, people will come to see the benefits of *hudud* as a set of social and moral codes. The key point about *hudud* is not simply its use as a form of public retribution, but as an instrument of *protection* for people within society. Indeed, *hudud* is needed more than ever to help address the

spread of social problems [such as drugs, violence, sexual indiscretion and so on] now associated with the development process in Malaysia.

Aside from Chinese and Malay reservations over hudud and the broader PAS model, do you believe that this would suit the international business community, who, whatever their concerns about Mahathir, might not welcome an Islamic state?

This does not appear to have discouraged investment in Saudi Arabia. Moreover, PAS is not opposed to foreign investment in principle.

While one can see how Huntingtonian-type discourse in the West serves to distort Islamic ideas and practices, I still wonder how PAS can make the idea of PAS-Islam a populist one in the way that Mahathir has projected 'Vision Islam'?

[Here, the group offered a number of critical judgements on the PM's own Islamic credentials, the thrust of this being the expedient promotion of a false Islam]. Mahathir has consciously used Islam for his own political purposes. Assisted by UMNO/BN's control of the media, Mahathir's purge on Islamic 'deviationists' has been used as a diversionary strategy and a way of implicating PAS by false association. In similar ways, the PR campaign throughout the crisis has also been used to distract attention, even to the extent of paying people to attend supporting rallies.

With Mahathir's denunciation of Soros sending the markets plummeting, how can PAS itself make political capital from the crisis?

We recognise that the party has limited access to the popular media. However, the message is getting across through *ceramahs* and other popular gatherings, all of which have seen increased turnouts since the crisis began. The other significant development here has been the cross-political nature of such gatherings, as illustrated by Jomo's address to one recent *ceramah*.

(Pursuing this aspect, I noted an article by the PRM leader Syed Husin Ali in a current edition of Harakah defending human rights in Malaysia.) With this in mind, what is the relationship between PAS and, what may be termed, parties of 'the left'? Also, can PAS work with the DAP?

With regard to the general question, yes, PAS do share sufficient 'left-of-centre' ideas and social collectivist principles to be able to work with other 'left-leaning' parties, notably the PRM. However [still at a point prior to the *reformasi*], the answer to the latter question is no. While there can be genuine co-operation, DAP policy cannot be reconciled with PAS's own specific role as an Islamic party.

How, then, can any comprehensive coalition come together — doesn't this necessarily require major compromises?

[Again, there was an emphatic no to the possibility of an alliance with the DAP.] PAS as a party must uphold its Islamic principles. [While this response was unambiguous, it can be seen, in retrospect, as a basic insistence on retaining an Islamic profile rather than an unwillingness, in practice, to work together, as the subsequent *rapprochement* between Fadzil Noor and Lim Kit Siang through GERAK, GAGASAN and the *Barisan Alternatif* was to show.]

(This brought us, finally, to a longer discussion on PAS's electoral prospects if, and when, Anwar came to power. At this point, Mahathir was still, apparently, 'backing' Anwar as his successor and supporting his IMF-type recovery strategy.) Do you think an Anwar succession would mean a stabilisation of the economic crisis and a strengthening of UMNO?

[Here Fadzil Noor and the group expressed a clear, and apparently long-held, belief that Anwar would not succeed Mahathir.] All of Mahathir's deputies have fallen by the wayside. In Anwar's case, Mahathir has been engaged in a long-term game-plan to keep his deputy in position, but never allow him to assume office. Someone else is waiting in the wings. Moreover, unlike Mahathir, Anwar lacks the political acumen to hold together the factions within UMNO and the *Barisan* coalition itself.

But there are three mitigating factors here: firstly, Anwar's subsidiary position in relation to Mahathir, making it difficult for him to develop a populist base; secondly, despite this, his support amongst the Chinese, notably in Penang; and, thirdly, that notwithstanding his compromises, he, alone, has the necessary Islamic credentials to

appeal to the Malays. Given these factors, who else in UMNO is able to hold this broad base together and maintain UMNO's Islamic profile?

The point about Anwar's Chinese support base is valid. However, this does not mean he has the political prowess to hold the wider alignment together. With regard to Islam, neither Anwar, nor UMNO generally, any longer enjoys the overall confidence of the Malays. [It was intimated here that while Fadzil Noor had been close to Anwar during their 'early days' as Islamic activists, he now regarded him as having lost much of his Islamic awareness.] There has also been a serious deterioration of UMNO's claim to be the voice of the Malays. Once they were genuine upholders of Malay interests, motivated by a higher set of principles. Now they are nothing more than career individuals. In the rural areas in particular, Malays are no longer impressed by UMNO, and have only supported them in the absence of any other credible alternative. However, that is now changing as people see in PAS a party better able to articulate Malay feelings. PAS, unlike UMNO, are now being seen as the true repository of Islamic-Malay identity.

Again, alongside the political impressions conveyed, the noteworthy feature of the PAS participants here was their intellectual energy and keen interest in the outsider's view. While the argument for *hudud* was still problematic to this observer, one could see more clearly the wider context within which the case for its introduction was being made. Also apparent was PAS's own close understanding of how the BN media and wider UMNO network works to monitor and control the exposure of PAS-Islam as a contender to Vision-Islam. Another significant element was the receptiveness of PAS to 'left discourse' *vis-à-vis* collectivist views of social and economic development, suggesting an emerging basis for meaningful co-operation and political realignment with other parties and NGOs.

At another level, though, PAS's specific Islamic commitment still distinguishes it from the other mainstream parties in Malaysia. One can denote this in the sentiments of any active PAS member. For example, in a casual lunchtime conversation with a young party worker in Alor Setar (prior to the above meeting), I learned of how he combined his role as a religious teacher in the local school with long hours and minimal pay working for PAS. Without a trace of hostility, this was, as he saw it, an expression of his

dedication not only to PAS, but to the wider Islamic struggle against Western ideas. Again, it is easy to misinterpret this *jihad* as a belligerent threat rather than a statement of belief. And herein lies the tension and complexity within the PAS-Islamic model. That is, one can be impressed by many of PAS's basic ideas of ethnic tolerance, compassion, political transparency, fair distribution and social justice, while remaining circumspect about whether a PAS-Islamic society would be either acceptable or desirable to a wider Malaysian community. However, in advancing an intellectual alternative to the Vision, PAS also appear to be sincere in building broad ethnic consent for its project at the national-popular level. Whatever other impressions of PAS derived above, the image of the coercive Islamic zealot was not one of them.

PAS, Anwar and the *reformasi*: setting the scenario

Before coming to the Anwar crisis and its implications for PAS, let us note at this point some of the scenarios thought possible for the emergence of an Islamic polity in Malaysia. In *Islam in Malaysia — From Revivalism to Islamic State?* Husin Mutalib outlines four main scenarios for the emergence of Islam as a political force. Although written before the crisis, it provides a useful basis upon which to develop our analysis of the PAS countervision and the Anwar issue.

In Hussein's first scenario, an Islamic polity could emerge if PAS were able to capture more states, such as Kedah, Perlis and Terengganu. For PAS to develop in this regard, two conditions would have to be met: (a) PAS would have to reveal itself as a more tolerant/progressive party; and (b) the internal tensions within UMNO would have to degenerate further.

With regard to the first of these conditions, Hussin sees a basis for development, given PAS's record of political integrity in Kelantan and the apparent confidence of the Chinese constituency there. Confirming the above, the author cites assurances given to Lim Kit Siang and a survey in *Berita Harian* showing eight out of nine Chinese in the state happy with PAS, in terms of economic and political security. With regard to the second aspect, Hussin notes that, despite UMNO's apparent control, competition

between UMNO and PAS for Malay support remains highly fluid — a situation which could unravel further.

The second scenario posits a possible UMNO-PAS *rapprochement* (there being a precedent for this in PAS's previous membership of the BN). In this scenario, UMNO may also have to find other ways of bringing the Chinese on board, given the increasing liability of the MCA in electoral terms. A merger between UMNO and DAP is not ruled out within this scenario.

The third scenario considers the possibility of an Islamic coup led by Malay generals, concerned that Malay-Islamic interests were being dangerously eroded. Although unlikely, the author retains the view that there is no guarantee that the military would not intervene in circumstances of extreme instability.

The fourth scenario, and the one seen most likely by the author, is an Anwar succession. The basic argument here (again, note, pre-crisis) is that with Anwar still committed to the Islamisation process, PAS could rejoin the BN if Anwar became PM. (Extending this scenario, somewhat, one might include here a possible future coalition between Anwar and PAS itself in some post-crisis arrangement). Hussin backs this view through reference to Anwar's long-standing 'relationship' with some of the PAS leadership (going back, notably, to Anwar's ABIM days). There is the suggestion here of a PAS/Anwar/ABIM triumvirate.

Hussin also considers the nature of an 'Islamic state' in this scenario. If defined as a doctrinal state, reflective of an older traditional order, then this would not happen. If defined in terms of the permeation of Islamic values, then, yes, there could be such a state, including an amended form of *hudud*. However, the author also sees a number of counterposing elements here, most notably the complex dynamics of Malay culture (*adat*) and identity, as a still resilient set of forces holding Islamic identity in check.

Using some of the above-noted thoughts of the PAS leadership (and the benefit of hindsight) let us consider some of the main propositions contained within these scenarios. The third scenario of a military option remains unlikely, as acknowledged by Hussin, though extended forms of policing and surveillance appear probable. As regards the second scenario, while any future UMNO-PAS merger cannot be discounted, it

appears from the above PAS responses, and the increasingly anti-UMNO sentiment now permeating PAS, that this possibility is also highly unlikely.

Let us turn, immediately, then, to Hussin's last scenario, the Anwar factor. Leaving aside for the moment the circumstances of Anwar's ouster, two related features of Hussin's scenario need to be qualified: firstly, Anwar's supposed (pre-crisis) closeness to the PAS leadership; and secondly, his suitability in carrying forward an Islamisation process suitable to PAS. Although Anwar had maintained a strong Islamic profile and may have been held in some regard by PAS members, his role in pushing Mahathir's Islamic agenda had undermined his Islamic credentials for the PAS leadership. Thus, in the aftermath of his dismissal, a certain *schadenfreude* could be denoted, with Fadzil Noor's own, quieter, 'I told you so' echoing a long-held distrust of the Anwar view that meaningful Islamisation could be effected from *within* the BN.⁸³ Moreover, while PAS had defended Anwar immediately after his sacking, this did not simply translate into outright support for him at this point. Not only was Anwar required to explain his conduct while in office, including his support for the repressive acts now being used against him, he also had to renew his Islamic values and acknowledge the fallacy of trying to work within the 'secular' system.⁸⁴

As will be discussed below, PAS support for Anwar was to strengthen considerably as the trial continued, with the party linking itself more closely to the *reformasi* (viz GERAK and ADIL). However, this did not mean that PAS considered Anwar an eventual Islamic leader in waiting. As was intimated to this writer by various PAS people, PAS had been pushing both Islamic values *and* the demand for civil justice long before the Anwar crisis. One can only speculate as to the shape of any Islamic programme initiated by Anwar in any 'post-detention situation'. However, even this extended Anwar scenario seems problematic given the adverse impact of the whole *debacle* on Anwar's political career.

So this brings us back to Hussin's first scenario, one which, due to the unforeseen circumstances of the Anwar crisis, and his conviction by mid-1999, had come to look the more likely. In particular, we can say that the two conditions noted as prerequisites for PAS to emerge as a stronger contender had been partially met. Firstly, there were growing indications of a new progressive, tolerant thinking within PAS in relation to the wider opposition community. Secondly, despite Mahathir's nominally

successful attempts in holding UMNO/BN together, the whole Anwar imbroglio had caused a serious degeneration both within UMNO and its popular support base. This could be seen across the class spectrum from rural to urban middle-class Malays. On this basis, let us now look more closely at how PAS has been affected as a party by the Anwar crisis and what this signalled by late-1999 in terms of political contestation and the PAS-Islamic countervision.

¹ For a comprehensive textual analysis of Gramsci's critique of Croce in the *Prison Notebooks*, see M. Finacchiaro (1988).

² C. Boggs (1976), pp 28-29.

³ Ozay Mehmet (1991), p 103.

⁴ Most notably, the Egyptian publication *Al-Manar*. See W. Roff (1967), pp 57-59.

⁵ *Ibid*, p 59.

⁶ Syed Hussein Alatas (1977 a), pp 44, 215.

⁷ See J. M. Gullick (1987), pp 286-290.

⁸ Shaharuddin Maaruf (1992), p 260.

⁹ This text, published by UMNO in 1971, was the product of fourteen, mostly academic, contributions compiled by the Party Secretary General Senu bin Abdul Rahman. Alatas provides a damning critique of the book's stated aim, which seeks: " 'to change the way of thought, view and attitude of society's members in order to adjust the requirements of the age and drive them towards further effort to acquire progress in all fields of life'." Pointing to the book's "inaccuracies... its lack of intellectual depth [and] its ridiculous conclusions", Alatas notes that: "While many British colonial writers stressed the laziness of the Malays, they did not strip the Malays of so many other qualities [as the] *Revolusi Mental* did. No colonial British book had ever recorded so many negative qualities relating to the Malays or considered them to be the dominant influence in the formation of the Malay character." Alatas (1977 a), pp 147, 150.

¹⁰ For an informative historical account of *amok* as a social, cultural and psychological phenomenon, including its place within colonial ideology, see Robert Winzeler (1990). In reporting many violent incidents, the Malaysian media similarly refer to '*amok* attacks' and the assailant as 'the *amok*'. See, for example, *New Straits Times*, October 10th 1994.

¹¹ Mahathir bin Mohamad (1970), p 118.

¹² Alatas (1977a), pp 174-177. *Latah* refers to a supposed disorder in which: "...elicited by any sudden noise, shock, or a surprising command, the subject appears unable to realize his own identity, or to do anything but imitate, often accompanied by the use of vulgar language...The condition can last for hours until the subject drops down in exhaustion, after which recovery to normal consciousness takes place. Only adults are known to have such a disorder. According to Clifford, any Malay is capable of developing into a typical case of *latah* if he is sufficiently persecuted, teased, and harassed"; p 48. As Alatas notes, while there is no empirical basis for Clifford's claim, it served to reinforce another distorted aspect of the Malay character, as did Mahathir's claims regarding *amok*: "What Mahathir did was to use *amok* instead of *latah* as an element in the Malay community's psychological make-up; the suggestion has a colonial ring about it"; p 177.

¹³ See Ozay Mehmet (1990), p 57.

¹⁴ Chandra Muzaffar (1987), p 75.

¹⁵ J. L. Esposito (1991), p 11.

¹⁶ P. J. Vatikiotis (1987), pp 58-59.

¹⁷ *Ibid*, p 61; Ozay Mehmet (1990), pp 60-61.

¹⁸ Ozay Mehmet, *ibid*, p 61.

¹⁹ Chandra Muzaffar (1987), p 8.

²⁰ *Ibid*, p 9.

²¹ Cited *ibid*.

²² Following their entry into PAS in 1978, Fadzil Noor became Vice President, Nakhaie Ahmad Secretary General and Abdul Hadi Awang State Liaison head in Terengganu. Nakhaie later resigned in

- 1988 (as Vice President) to join UMNO. Fadzil Noor's leadership was confirmed at the PAS Muktamar in 1989. K. S. Jomo and A. S. Cheek (1992), pp 95, 96, 102.
- ²³ Khoo Boo Teik (1995), pp 224, 225.
- ²⁴ *Ibid*, p 226. Jomo and Cheek (1992), p 98.
- ²⁵ See *Asiaweek*, August 24th 1994.
- ²⁶ Zainah Anwar (1987), p 30. In tracing the rise of Islamic influences and the *dakwah* movement, this account notes how Malay students in England came to embrace some of the more fundamentalist Islamic teachings of the Egyptian *Ikhwan Muslimin* and Pakistani *Jamaati-i-Islami* movements, the latter influenced by the scholarship of Javed Ansari at Sussex University; pp 24, 27.
- ²⁷ See *Time*, August 22nd 1994.
- ²⁸ Syed Ahmad Hussein, 1987, p 664.
- ²⁹ As a result of the stand-off and ensuing violence between police and Mahmood's followers, 18 people, including Mahmood and 4 policemen, died. The government responded by calling Mahmood an Islamic extremist, linking him to PAS. PAS, in turn, condemned the police and declared Mahmood, and the other villagers killed, Islamic martyrs. See Khoo Boo Teik (1995), pp 227-228. In an interesting aside here, Jomo and Ahmad Shabery Cheek note that it was Deputy Prime Minister Musa Hitam who, effectively, took the blame for this incident among many PAS and UMNO people rather than Mahathir and Anwar (1992), p 98.
- ³⁰ Chandra Muzaffar (1987), p 77.
- ³¹ Ozay Mehmet (1990), p 22.
- ³² See R. Bellamy and D. Schecter (1993), pp 130-131.
- ³³ The government spokesman Hamid Othman, stated that this represented the "biggest security threat" of the 1980s, *The Australian*, August 6th-7th 1994. See also Jomo and Cheek (1992) for a more detailed analysis of the disparate tendencies and splits within the Malaysian Islamic movement, as well as the problems it faces in developing its agenda within mainstream Malaysian society.
- ³⁴ *Far Eastern Economic Review*, July 17th 1997.
- ³⁵ Hussin Mutalib (1990), p 127.
- ³⁶ Muhammad Syukri Salleh (1999), pp 185-186.
- ³⁷ *Ibid*.
- ³⁸ *Ibid*, pp 186, 189.
- ³⁹ *Ibid*, p 199.
- ⁴⁰ It should also be noted here that Muhammad Syukri Salleh's own incisive account of these issues contains something of a sympathetic leaning towards the Terengganu model as being more appropriate for mainstream Islamic development in Malaysia.
- ⁴¹ See Salmah Osman, 'Tok Guru Nik Aziz: Pro-Woman, Pro-Family', *Harakah*, April 5th 1999.
- ⁴² See 'Warning on separate shopping queues', *Sun*, January 19th 1999.
- ⁴³ 'Firecrackers not Islamic', *Sun*, January 22nd 1999.
- ⁴⁴ See Muhammad Syukri Salleh (1999), p 178.
- ⁴⁵ Gomez (1996), p 26. This took PAS's total Parliamentary seats to seven, the other one being in Terengganu.
- ⁴⁶ See *New Straits Times*, December 11th 1994.
- ⁴⁷ *New Straits Times*, February 16th 1995.
- ⁴⁸ *Ibid*, p 40. Of the 14 Parliamentary seats in Kelantan at the 1995 General Election, PAS won all 6 that it contested, while *Semangat 46* lost 2 of the 8 seats it contested to the BN. While the BN's overall share of the vote in Kelantan was marginally increased from 1990, the significant trend was that the range of this increased support was higher in the seats contested against *Semangat 46* (between 9.1% - 15.1%) as opposed to the seats contested against PAS (2.3% - 12.9%). *Ibid*, pp 26, 43-44.
- ⁴⁹ *Ibid*, p 3.
- ⁵⁰ *Far Eastern Economic Review*, August 15th 1996.
- ⁵¹ 'Rumblings in the pious state', *New Straits Times*, May 20th 1997.
- ⁵² See 'Hurdles in the path to a coalition with Pas', *New Straits Times*, November 25th 1996.
- ⁵³ PAS won the Pulai Chondong seat for the state assembly by 118 votes, compared with *Semangat's* win by 1400 votes in 1995. *Far Eastern Economic Review*, January 16th 1997.
- ⁵⁴ See James Kynge, 'Mahathir sees attractions in opposition territory' *Financial Times*, September 4th 1997.

- ⁵⁵ As noted in 'Man of Faith', an article on Nik Aziz, *Far Eastern Economic Review*, July 1st 1999. The per capita income figure for Kelantan (1998) was RM4067. The foreign investment reference was for the period 1994 to 1999 (1st quarter).
- ⁵⁶ Muhammad Syukri Salleh (1999), pp 190-191.
- ⁵⁷ 'Annuar Reps to get RM8m for projects', *Business Times*, November 1st 1996.
- ⁵⁸ Referring to Mahathir's overt attacks on Islamic fundamentalism, Chandra Muzaffar notes: "I don't think a leader of a Muslim country anywhere would dare make that kind of speech." 'Blunt Message', *Far Eastern Economic Review*, August 8th 1996.
- ⁵⁹ One populist outlet for this has been the weekly IKIM column 'IKIM Views' in the *Star*. See also, for example, 'PM: reappraise Islamic rules', a piece on Dr. Mahathir opening an IKIM conference, *New Straits Times*, October 15th 1994.
- ⁶⁰ See 'Nik Aziz rejects Abim's offer to be mediator', *New Straits Times*, May 5th 1997.
- ⁶¹ Muhammad Syukri Salleh (1999), pp 194, 195, 207 note 39.
- ⁶² *Hudud* law involves public retribution for offences which violate Islamic codes, including standardised punishments and, in certain circumstances, execution. For a detailed reproduction of the Kelantan *Syariah* Criminal Code (II) Bill 1993, and the various levels of punishment, see Ismail (ed) (1995).
- ⁶³ See 'No hudud laws in UMNO states', *Star*, May 3rd 1992, and 'Govt. say no to PAS hudud', *Star*, May 17th 1994.
- ⁶⁴ 'Nik Aziz tells when Islamic laws apply to non-Muslims', *New Straits Times*, May 5th 1992.
- ⁶⁵ Cited, 'Blunt Message', *Far Eastern Economic Review*, August 8th 1996.
- ⁶⁶ The stated reason for the termination of Ishak's contract was that, at 70, he was too old. In the heat of the Selangor incident, Ishak had, allegedly, called Mahathir an "apostate". See 'Ripples of dissension over proposed Islamic reforms', *Star*, November 2nd 1997.
- ⁶⁷ The Prime Minister's Department claims to have identified 400 such *Shia* followers, including 40 leaders with close links to Iran, spreading deviationist teachings in the country's universities. *Far Eastern Economic Review*, July 11th 1996.
- ⁶⁸ See, for example, 'Anwar: enforce *Syariah* laws wisely', *New Straits Times*, July 6th 1997, and 'Anwar: authorities should be moderate in their actions — don't be overzealous', *New Straits Times*, July 29th 1997.
- ⁶⁹ See 'Hudud Laws in Perspective', *New Straits Times*, September 2nd 1995, and 'Organisation launches book on hudud laws', *New Straits Times*, August 28th 1995. See also 'For an in-depth view of hudud', a favourable review of the Rose Ismail/ SIS book *Hudud in Malaysia: the Issues at Stake*, *New Straits Times*, September 4th 1995.
- ⁷⁰ As a good example of the genre, see Matthew Chance's 'Islam's grip tightens as Malaysia's boom ends', *Independent*, September 22nd 1997.
- ⁷¹ *Sun*, October 25th 1997.
- ⁷² See, for example, 'Victims of an outdated system', *Sun*, August 16th 1996.
- ⁷³ 'When deviants become a security threat', *Sun*, November 19th 1997.
- ⁷⁴ This section is based on an extensive interview with Hj. Husam Musa, Political Secretary to the *Menteri Besar* of Kelantan and Chief of PAS Youth in Kelantan, at the *Komplek Kota Darulnam* (State Building, Kota Bharu), December 2nd 1997. The section also considers the views of Hj. Nik Abdul Aziz Bin Hj. Nik Mat, the *Menteri Besar* of Kelantan, expressed during a further meeting within the MB's official office, December 2nd 1997. Hj. Husam Musa translated during the latter. Both discussions are reproduced here in a recounted, non-verbatim format.
- ⁷⁵ This section is based on an extensive group interview with Hj. Fadzil Mohamad Noor, (President of PAS), Hj. Azizan Abdul Razak (Member of PAS Supreme Committee and PAS Secretary for Kedah), Dato Hj. Mohamad Muslim Osman (Member of PAS Supreme Committee), Atty Hj. Mohamad Taulan Rasul (Treasurer of PAS, Kedah) and Hj. Abdul Halim Aishad (PAS Secretary General). The discussion was conducted at the PAS office in Alor Setar, December 4th 1997. (Prior to the meeting, all present had been gathered to discuss the proposed setting-up of an Islamic educational centre in Alor Setar.) The format involved questions and observations put to Fadzil Noor whose responses were returned and developed by the group. Although speaking to the group as individuals, the views expressed were articulated as part of a consensual PAS viewpoint. Fadzil Noor spoke in Malay, translated by the others who all spoke in English. The questions, answers and other observations are reproduced in a non-verbatim format.
- ⁷⁶ See 'No *haya*- no life', *Harakah*, November 24th 1997.

⁷⁷ See, for example, 'Don't blame PAS for Shi'ite activities: Nik Aziz', *Sun*, November 8th 1997.

⁷⁸ Although having no practical exchange value on conventional currency markets, the Islamic Dinar, a gold coin, is being promoted in Islamic countries as a 'reserve currency' which will ultimately become a standard form of exchange for the world's Muslim population. Umar Ibrahim Vadillo has himself been actively engaged in this process. See <www.users.dircon.co.uk/~netking/murabitn.htm>.

⁷⁹ For a complementary treatise to Vadillo, see also Mahamad Hakimi Ibrahim (1999), 'The End of Capitalism and the Wafq Thesis'.

⁸⁰ *Ibid*, p 56. The latter's view denotes both the hypocrisy of the Islamic banking system and the amorality of the IMF's imposition of debt interest (usury) on impoverished countries like Indonesia during the crisis.

⁸¹ The attendant need to 'universalise' such ideas as part of that process was, perhaps, revealed in Husam's final observation, offered in kindly refrain: "One day you will be a Muslim."

⁸² See Muhammad Syukri Salleh (1999), p 179.

⁸³ See Zafar Bagash, 'Lessons for the Islamic movement from Anwar's episode in Malaysia', *Harakah*, October 15th 1998.

⁸⁴ *Ibid*.

PAS, the Anwar crisis and counterhegemony

As the Anwar trial settled into a long litany of sordid testimony, the UMNO network was now engaged in a new PR strategy to soften Mahathir's image and limit adverse public reaction. In January 1999, Mahathir finally announced Abdullah Ahmad Badawi as his new Deputy, overturning the plan to hold elections for the post and postponing the UMNO elections till after the general election. Despite the media's laudatory greetings, it was apparent to discerning observers that this was a stop-gap appointment to take the heat off Mahathir. Indeed, Abdullah's very 'dullness' may have served as a useful contrast to the still charismatic Mahathir in the public mind.

That same month, Mahathir ordered an 'independent' inquiry into Anwar's beating, led by the former Attorney-General, Abu Talib Othman and the former Chief Judge of Malaya, Anuar Zainal Abidin. Rahim Noor, the IGP at the centre of the allegations, had resigned, though had not been named as the culpable figure in the immediate police investigation. As acting IGP, Noriam Mai also announced a 'major reshuffle' of senior police figures as part of a confidence-restoring 'review' of the force.¹ In February 1999, Rahim finally admitted assaulting Anwar in the lock-up. The media reports here, predictably, played on Rahim's claim that he had been provoked by Anwar's alleged retort: "*Ni, bapa anjing*" (Here's the father of dogs), though there was some variation of this in the press.² Rahim's admission and the Inquiry's doubts over Anwar's alleged remark appeared to reveal some 'new transparency' within the system. In reality, it was apparent that efforts to conceal Rahim's guilt was now a lost cause. The Inquiry could, thus, be seen as a damage limitation exercise with the more particular purpose of showing that the ex-IGP had acted alone. What did not emerge in the testimony was any background information concerning senior figures such as the Attorney-General.

Around this time, plans were also being drawn-up by the authorities for an all news TV channel to help counter negative foreign reports. Illustrating the inner

workings of the UMNO network, the leading executive role was to be given to Nordin Sopiee, chairman of the 'independent' think-tank ISIS. Sopiee had previously taken-out a full-page advert in the *New Straits Times* castigating foreigners for criticising Mahathir.³

These public overtures were also being used to pave the way for a smooth and longer-term handover of power. Having given over the Finance Ministry to Daim and the Home Ministry to Abdullah, Mahathir could now offer 'assurances' of such to the public.⁴ Meanwhile, the friendly, low-key approach of 'Pak Lah' (Abdullah) was being projected by the media as a valuable asset, complementing his appointment as Deputy Chairman to the NEAC to work alongside Daim. Razaleigh and Najib were also now being seen to 'close ranks', though, with Mahathir continuing to send conflicting signals about the eventual 'suitability' of his new Deputy, both still harboured ambitions of an eventual succession.

PAS, the reformasi and Malay discontent

While these and other damage limitation efforts had helped neutralise the *reformasi*, they could not disguise brooding Malay resentment at the handling of the Anwar situation and the damage to UMNO's populist base. Though economic recovery still remained central for most Malaysians, other concerns were now emerging. One was an increasing disregard for the courts, the police and other law enforcement agencies. As central participants in the purging of Anwar, they had brought the judicial system into disrepute. Notwithstanding public support for the BN's 'foreign bias' line, many Malaysians felt aggrieved at the debasement of their legal system in the eyes of the world. The second concern involved a more culturally-rooted resentment at the 'un-Malay' treatment of Anwar and his family. More particular to Malay culture and Islamic convention, there was a growing feeling that Mahathir had overstepped the bounds of decent conduct. Whatever the substance of the sexual and corruption allegations, most of which had begun to look questionable, there had been, for many Malays, not only a failure of justice, but a lack of social decorum. Despite Anwar's social initiatives, such as low-cost housing, and concern for the poor, many rural Malays had come to see him as part of the UMNO machine, increasingly detached and urban-centred. However, this was being

offset by a distaste for the mercenary way in which he and his family had been persecuted, contrary to Malay social norms of how to treat 'one of their own'. Even many middle and low-ranking Malay policemen now felt a sense of shame at Anwar's treatment.⁵

As these feelings spread, PAS emerged as the main beneficiary of Malay discontent. Taking-up this new 'moral politics' and linking it to a more 'secular' language of justice, PAS were also now courting other political constituencies, Malay and non-Malay. Through GERAK, GAGASAN and ADIL an understanding almost unthinkable in previous years was now taking shape between PAS and DAP. Alongside stood a large body of displaced Anwarites and other UMNO dissidents looking for a political home. Indeed, notwithstanding his custodial problems, so too was Anwar. Weighing together these groupings, the sensitive issue of Malay rights and the constitutional importance of Islam, the balance still tipped towards a 'Malay agenda', with many Chinese still considering the Anwar crisis a 'Malay affair.' Yet, while still holding to an Islamic worldview, problematic to non-Malays, PAS had also revealed itself as an egalitarian 'left-of-centre' party, engaged in mainstream social issues and receptive to other opposition parties, NGOs and civil organisations.

In populist terms, the Anwar affair had helped re-position PAS as the 'natural' Malay/Islamic party. Yet, far from simply re-distributing electoral support across ethnic party lines, Malaysians of all races and persuasions now appeared more receptive to a new kind of non-racial politics. Despite the domestic media's depiction of inter-ethnic violence in Indonesia, the turmoil had not descended into racial scapegoating. In particular, the Chinese community had not been targeted. Even though Anwar had lost Chinese business support, he still appealed to other lower-middle and working-class Chinese, a complement to his main base of young Malay followers, notably within ABIM.

Although this more fluid situation had helped bring together varying opposition elements, it was PAS which stood to gain most from Mahathir's predicament. The reasons for this were, essentially, twofold: firstly because of PAS's existing resources and party machinery, something which gave them a greater ability than NGOs or other *ad hoc* bodies to organise and absorb dissent towards UMNO/BN; secondly, because of their strategic position *vis-à-vis* the Malays. An important factor here concerns the new

generation of highly committed members now emerging within PAS. Educated, professional and with extensive links to other Islamic groups, they have come to play a key role in influencing the leadership, explaining Islam's 'non-fundamentalist' side and organising party presentation.⁶

In seeking to redress this, the media were now making a more conscious effort to highlight Mahathir's Malay and Islamic profiles. For example, during the PM's *Hari Raya* open house in Kuala Lumpur, the larger than expected crowds were claimed to be an indication of resilient support for the government.⁷ Unfortunately, this impression was rather undermined by widespread TV news and press coverage criticising Malaysians for lack of manners and using *Raya* open houses for free food.⁸ There were also stories circulating that the finance group Mbf had encouraged many of its employees to attend the function. Similarly, TV news coverage of the PM's pre-*Hari Raya* visit to his home town of Kubang Pasu in Kedah made no mention that very few people had turned out to welcome him, indicating that support within UMNO's traditional *kampong* base was now at a dangerously low level.

Aware of rural disenchantment and the Islamic factor, the *Barisan* were now making political overtures and promises of new development to the Kelantanese electorate. This coincided with Mahathir's pre-*Hari Raya* visit to Kota Bharu and his first-ever meeting with Nik Aziz at the state office, Kota Darulnaim. With the limited prospect of winning back Kelantan, the visit and rallying call to the local party could be seen as an attempt to enhance UMNO's rural and Islamic image. However, this was part of an intensifying effort to drive a wedge between PAS and other parts of the *reformasi*. The *modus operandi* here can be gleaned from statements made in a press column at this point by Abdullah Ahmad, the government's Special Envoy to the UN. While reminding Malaysians of Mahathir's free-market development agenda which had given years of all-round prosperity and growth, he raises the spectre of PAS ambitions as a re-enactment of the 'communist threat' and its use of the *reformasi* as a convenient front:

The notion that *reformasi* is secular, liberal and democratic is troubling. *Reformasi* is PAS in thinly disguised form. The DAP and the others will have to work out for themselves how they can identify their policies with PAS's rigid *syariah*. Will they ride the "Islamic tiger" simply on account of their animosity towards Mahathir? The "Islamic tiger" is as dangerous as the once powerful "communist

tiger”...The nation continues to need a strong leader, otherwise our efforts to rescue the economy could be stymied by *reformasi* and the Islamists.⁹

Despite this alarmist language, confidence was growing within PAS. Through GERAK, it had raised its political profile significantly in the urban centres, notably Kuala Lumpur. In the Malay heartlands of Perlis, Kedah and Terengganu, anti-Mahathir sentiment was spreading, with well organised *ceramahs* bringing PAS and other *reformasi* figures onto common platforms. In this regard, there was some validity in the above claim in that PAS and *reformasi* were becoming synonymous in the public mind. What was driving it, though, was not some dark Islamic agenda, but a more grassroots disillusionment and concern for social justice.

Again, the PAS party machinery was critical here. For example, alongside the *ceramahs*, PAS and GERAK were distributing videos, cassette tapes, leaflets, pamphlets and downloaded material from Internet sites around local villages. Travelling through Kedah and Perlis in early-1999, the ‘flag war’ now in progress was also a colourful illustration of PAS support in these areas, the proliferation of green and white circled flags along the rural roadways indicative of the battle to come at the polls. Not to be outdone, the BN had launched a substantive campaign to get their own blue-backed scales of justice flag displayed, the BN in Kedah promising at one point to have 10,000 flags out in response. Excitement was also growing around the Kubang Pasu area, Mahathir’s Kedah constituency, where, having addressed a 20,000 crowd, Wan Azizah was considering appeals for her to stand against the PM. Signifying the growing collaboration between PAS and ADIL, Fadzil Noor had made it known that, wherever she stood, PAS would withhold its own candidate and support her campaign.

PAS, the *reformasi* and *Harakah*

Perhaps the most significant indication of PAS’s new surge was the rapid growth of *Harakah* (Movement), its bi-weekly publication.¹⁰ From the start of the Anwar crisis to the end of 1998, its circulation had grown from around 60,000 to around 300,000.¹¹ By early-1999, *Harakah* had established itself not only as a party organ, but as an open space for opposition opinion and a focal point for the *reformasi*. As the paper’s editor Zulkifli Sulong noted with candid satisfaction: “We try to be an alternative paper for

Malaysians, besides being a mouthpiece for the party.”¹² Reflecting this, the paper was allowing critical discourse against PAS itself within its pages. One such example included an expansive piece on the subordinate role of women in PAS, something which, as argued, was inconsistent with any true understanding of Islam.¹³ In an apparent attempt to reach-out to non-Malays, one could also denote in *Harakah* new open discussion of Muslim codes and their place within a multi-ethnic society.¹⁴ In this vein, other pieces were enjoining PAS to expand its English Section and build a moderate support base. As one wide-ranging Letter to the Editor put it:

Judging by the number of non-Muslims who have managed to get their letters and articles published shows that *Harakah* is being widely accepted by people outside the PAS, Malay and Muslim circles. Therefore, *Harakah* is said to have achieved one of its major objectives and in order to keep more readers coming it must maintain its existing stand of being moderate and remain sensitive to...other races and religions...it is imperative for all of us to realise that non-Muslim and non-Malay votes are crucial [in deciding] the next government...First of all, we have to realise that a big majority of non-Muslims in this country does not have the faintest idea of what Islam is all about...However, PAS can still be in the government if non-Muslim based political parties are willing to cooperate and support our common cause of toppling the BN...PAS members must accept the hard fact that this is the only avenue left for us if we are going to get anywhere in the next general elections. PAS through its mouthpiece *Harakah* must remain moderate in its views both in the English and Bahasa Malaysia sections so that its views can gain acceptance by all non-Muslims of this country...

Moderate Muslim, Ipoh, Perak.¹⁵

In taking up this task, both PAS and *Harakah* were providing a vital medium of cross-political exchange. To some extent, the appearance of DAP, PRM, JUST and other party/NGO output was part of a reciprocal networking of articles and commentaries between opposition organs and websites. However, as a well established Malay newspaper with an expanding English section, *Harakah* was in a more significant position to bring together an amalgam of opposition viewpoints. As one *Harakah* editorial comment put it, PAS:

...is an Islamic movement whose lifeblood in this information age is correct information on all aspects of our environment, political and religious, not just propaganda spewed out by the official media. This is good reason for *Harakah* to allow space for the oppressed of other communities and sections of the people. The role of media to break down the barriers between peoples cannot be overstated. *Harakah*

being the only alternate news media for PAS members must serve as an open window to the outside world. A one track mind is the most dangerous thing for anyone who aspires to influence people and fight for justice.¹⁶

The pages of *Harakah* were by this point also a fair reflection of growing PAS support for Anwar. While questions remained, the broad attitude had now shifted significantly from that of UMNO foe to '*Saudara* (brother) Anwar', as shown in the following sentiments in a piece by the regular *Harakah* columnist Sadirah K.:

Having followed closely the events of the last six months, there is increasing disbelief that Saudara Anwar Ibrahim is the man the ruling elite paints him to be. If anything stands against Saudara Anwar it is that he was party to several questionable events which took place during his sixteen years tenure in Government. This he has to seriously reflect upon. One prays that he would be open about collective decisions which have had a negative impact both upon institutions and individuals in the country...[However, is it] too difficult to accept the view that there were concerted hands behind the scenes? Had Saudara Anwar become a serious threat to people in the higher echelons of power? The economic issues of mid 1997 did cast a shadow on relationships. He was beginning to hold his own and differed from the PM on economic strategies. He took a stance on bailouts hence attracting corporate pressure. Would this not be the best time for anti-Anwar factions to move in, especially at a time when Dr Mahathir was also vulnerable?¹⁷

The sentiments at the end of this piece are also a telling commentary on Malay resentment at this point:

As a father with daughters myself, I find the allegations an affront to the family. Innocent people are being hurt. Saudara Anwar's innocence is best championed by his wife and children. Many enjoin in their cause 'Justice for Papa'. When political intrigues descend to levels of indecency then people must act, for not to act will be a contradiction to our faith.¹⁸

As other *Harakah* output showed, the crisis was also exposing the moral and intellectual claims of Vision 2020:

So we end up as a nation with fine slogans and great characters like the *Rukunegara*, Vision 2020 and a host of others preached annually on the occasion of our Independence Day. We see the tremendous chasm between such noble aspirations and the state of our institutions, be it the Police, the Judiciary or the Banking sector. We have the vision, but no examples of how to work it. This breeds cynicism. It is all preaching with no involvement to instil experience. We want development, but not the climate of

thinking that is integral to this. We are drugged by praise but not interested in correction...The Youth, the flower of our nation are stunted by the University and University Colleges Act. They can neither say nor act but have to be eternally grateful.¹⁹

As a consequence of all this, PAS now claimed to have increased its membership applications by tenfold in the six months leading up to the Anwar crisis, with a record 15,000 applications in October 1998 alone.²⁰ Pointing to the growing number of PAS members in Kubang Pasu in the wake of Anwar's persecution, Fadzil Noor now asserted that "...the people hate Mahathir. UMNO members who have an independent mind are leaving the party and joining PAS."²¹ The PAS MP Hashim Josin, who, in July 1998, had captured Arau from the BN for the first time, also noted that many civil servants in Perlis were now joining the party and forming new branches.²²

Despite the partisan claims here, the PAS leadership had largely refrained from over-confident language. Its approach had been more cautious, using the Anwar issue to highlight the iniquities of the BN system and draw Malay intellectuals closer to the PAS project. Admiring Nik Aziz's model of a corrupt-free administration, many middle-class Muslims now saw the PAS alternative as the only way of cleansing the government.²³ Indeed, many key UMNO figures had also quietly conceded PAS's appeal here. Thus, the BN/media stereotype of PAS as a backward, fundamentalist party with little 'secular' support was being eroded, notably by the new intellectual and popular appeal of *Harakah*. At the same time, though, this was being mediated by an ongoing affirmation of Islamic values in the paper, for example through Nik Aziz's regular *Tazkirah* column.

Again, it is necessary to distinguish between party propaganda and the more meaningful subtext of PAS discourse. Much of *Harakah*'s own output certainly belongs to the former — as skilfully directed by Subky Latif, the party's Information Chief. Yet, the party has also been engaged in a more nuanced dialogue with non-Muslim intellectuals and political forces in an effort to bring them into a PAS-Islamic orbit of thought, while seeking a more mainstream political and civil position consistent with its own Islamic base. Here, PAS is, at once, appealing to other ethnic and religious streams to recognise its ideas, while 'subjecting itself' (dialectically, one might say) to internal reappraisal. This does not suggest compromise *per se*. Rather, it denotes, *viz* war of position, a more mature attempt to confront the realities, strategic and intellectual, of building an alternative project to Mahathirism.

In response, the UMNO network, using the communal card and the BN media, was seeking to project the fear factor in two ways. The first was by warning the Chinese, notably via the MCA and *Gerakan*, not to support PAS for fear of being relegated as second-class citizens. (The irony of this claim *vis-à-vis* Chinese status under the NEP should not be lost here.) In January 1999, with reports now emerging of a possible electoral pact between PAS and DAP, MCA spokesman Lim Si Cheng urged the DAP to state its position on PAS plans for an Islamic state: "Malaysians, especially the Chinese community, also have a right to know whether DAP supports the policies carried out by the Kelantan PAS government."²⁴ The second aspect of the communal message involved warnings that, under PAS, Malays risked losing their existing political rights, the implication here being that PAS's refutation of false-nationalism would mean, in practice, a denial of the Malays' special constitutional position.

We need not detain ourselves with the implicit contradiction in this dual message. In a sense, it has its own quintessential 'logic' within Malaysian politics. More significant is PAS's own response to the BN's communal agenda. Allowing for PAS's continued goal of an Islamic state, one may denote a certain rational candour in its appeals to the Chinese. Firstly, taking basic tenets of faith, PAS argue that Islam and racism cannot co-exist — *ergo* PAS cannot be a racist party. One illustration of this is PAS's insistence that it has no problem in sharing top political or cabinet posts with other ethnic party figures or allowing non-Muslim institutions to function both within and outwith government. Secondly, in the context of the NEP/NDP, PAS's rejection of *Bumiputeraism* as a framework for socio-economic distribution assumes, at least in principle, a more level-playing-field for the Chinese. While this still includes a commitment to 'special assistance' for Malays (notably, in the poorer rural locations), it also, as claimed above, offers the Chinese more economic rights than under UMNO/BN. PAS are also attentive to the tension between Malay and Islamic identities — two forms which, although socially integral, cannot always be conjoined. But, in claiming to 'represent' all these ethnic-religious currents, the party has sought to extend its presence within the 'secular' political arena without compromising its Islamic agenda.

As the Anwar trial commenced, a *Harakah* Comment piece signalled how the party was intent on making it a particular issue of public morality, as captured in the headline 'Are liars and slanderers qualified to lead a Muslim nation?'²⁵ Here, PAS was

focusing on the immediate issue of justice for Anwar (and others such as Lim Guan Eng) rather than dwelling on the 'merits' of the sodomy charges, the alleged details of which represented an affront to Islamic codes. It should be noted here that this was not mere political pragmatism on PAS's part. In the first instance, it reflected a strong feeling amongst Malays that the Islamic *syariah* court, rather than the conventional court, was the appropriate place to hear these allegations — a sentiment quietly expressed at the time by many within and around UMNO itself. Secondly, it was in keeping with the party's long-standing denunciation of the ISA and other repressive instruments, a position which could now be linked into the Anwar affair as a PAS call for wholesale reform of the legal and judicial system.

PAS's careful negotiation of a 'secularised' moral discourse via *Harakah* and the *reformasi* had, thus, given it both a mainstream electoral profile and a leading role in renewing the body politic. This did not mean that Malays and non-Malays were blinkered to PAS's Islamic aims. But it did show that PAS could find common ground within the wider anti-BN community. This was evident in the many joint statements given at this point by Fadzil Noor (for GERAK) and Tian Chua (for GAGASAN) on the Anwar situation.²⁶ Many other networked pieces, such as articles on the Renong bail-out, were also being co-published in *Harakah* and at various *reformasi* sites, providing a vital channel of communication for *reformasi* activity and detailed insights into the specifics of BN money politics.

Against this background, the critical Malaysian journalist MGG Pillai advanced the view that a new type of social/class cleavage was now evident. Noting also the open secret of Cabinet figures' own sexual peccadilloes, one could see the emergence of:

two distinct camps...that of the amoral corporate bigwigs on the one hand and the moral fundamentalist Muslim on the other. If this hardens, then everyone in between will be neutralised, and the situation set, in the future, for a clash between the two extreme groups.²⁷

In this scenario, Mahathir was himself being egged-on by big corporate cronies who stood to lose much under Anwar. As this sector pressed for a more repressive use of state instruments to protect their interests, the moral vacuum created was being filled by a new Islamic-centred politics.

In the main, this power cleavage looked a little too neat. It understated the tensions within domestic capital at this point as well as the concerns of foreign capital, while omitting to mention that the 'moral camp' was both Islamic *and* secular. Nonetheless, there was an interesting point to be extrapolated in that PAS were, indeed, now centring themselves as the 'vanguard' of that 'new moral order', with support for PAS reflecting not only Malay dissent towards Mahathir, but a more fundamental antipathy towards the BN *system*.

PAS, the opposition bloc and national-popular support

In perhaps the most critical impasse since *Merdeka*, the question for PAS now was how to negotiate this new political fluidity and assume responsibility for building a coherent popular alliance. As one Opinion piece in *Harakah* put it:

If PAS does not read the mood of the people correctly, it will amount to a betrayal of the people.²⁸

Here, PAS had to brook the inevitable question of its relationship with the opposition, and the DAP in particular. As this debate unfolded, one could discern how short-term priorities were now being linked with longer term aims. As one view in *Harakah* put it, PAS should:

...focus on leading a government in coalition with other groups to give Malaysia a clean government, all the time emphasising that such clean government is the result of their being Islamic. They should talk more about a Moral Order which is acceptable to all...[They should also] open a dialogue with non-Muslim base parties, such as the DAP, as a potential partner in a future clean government. DAP also claims to be a multi-racial party but in the people's mind, like its Malay counterpart PAS, it is a Chinese party. For this reason, any alliance with DAP will give PAS a minus vote and this is what PAS is afraid of. This can be overcome once DAP realises that without PAS, they too cannot dream of ruling the Centre [sic] unless they join the corrupt Barisan. DAP too has to climb down on many provocative issues which it used in the past as communal bait aiming at Chinese votes. It is also necessary to re-negotiate with the DAP and other secular groups a definition for 'state religion' and what it exactly means to them...This has to be debated openly and convincingly in the interests of stability just as we have done in the case of Malay privileges to bring about an economic parity between the races. In our opinion this is more important in the long run so that we can take the country out of the communal cul

de sac which must be the first step on the long march to an Islamic moral order based on Justice for All.²⁹

But while there appeared strong and growing support for a PAS-DAP coalition, both parties remained circumspect about its nature and timing. Of the two, PAS now looked the more positive, its 'needs time' approach indicating a patient game plan, with a decision being held back for the full party assembly in May 1999.³⁰ This 'needs time' approach by the PAS leadership indicated a patient and strategic game plan, an understanding of the scale and resilience of the UMNO network. From the DAP side, Lim Kit Siang was also playing a prudent game. The DAP had also been consistent in its co-operation with GERAK and the other *reformasi* bodies. However, behind the scenes, the DAP leadership were engaged in a more detailed debate over the implications of a coalition with PAS, the issue of Islam and the potential loss of Chinese support. Another concern here was that with PAS likely to dominate any contest in the Northern states, DAP had little to gain from a formal pact. On the other hand, any refusal to enter a coalition would be seen as narrow sectarianism, provoking popular rejection and internal crisis in any event.

By January 1999, these tensions were more evident. One indication of such was Nik Aziz's statement in a *Star* article noting that PAS would be prepared to form a pact with the DAP, "even Satan", to oust the BN, though he later clarified this by insisting that he did not intend to make the equation.³¹ While acknowledging this, Lim, nonetheless, suggested that as a political leader in a multi-cultural society, Nik Aziz had to be "more careful...in his public statements..."³² However, alongside the rebuke was Lim's message that, despite their "great political differences", the DAP would be "prepared to work with PAS and other political parties, including those in the Barisan Nasional, on common objectives..."³³

While the 'satan' remark was ably exploited by the BN media,³⁴ a less obvious, if still biased, reportage posing as liberal polemic could be seen in Akbar Ali's *Sun* column, 'Premature for opposition parties to fly flags'.³⁵ Remarking on the proliferation of PAS flags in Kedah, the article asserted that the PAS-DAP relationship was a marriage of convenience flawed by ideological differences: "turbans, robes and liberal socialist principles do not mix very well." More important, he thought, was the need to concentrate on "the more important goal of restoring the economy and maintaining the

peace.” Thus, again, we see a perennial discourse of insiderism at play, with ‘critical’ opinion speaking through a self-restrained, ‘national problem-solving’ idiom.

By the end of *Hari Raya* and the anticipated announcement of the Sabah state elections, the case for an accommodation with the DAP was becoming more urgent. With Mahathir’s rural support base now badly damaged, PAS saw the real prospect of taking the four Northern states of Kelantan, Terengganu, Kedah and Perlis. Under Wan Azizah, ADIL was also now building steady support across the country, despite the refusal of the authorities to allow it formal registration. The sacking of Chandra, ADIL’s now active chairman, from his academic position at University of Malaya had helped galvanise student reaction, a boldness that was beginning to grow with Rahim Noor’s admission of guilt over the Anwar beating. The idea of breaking the BN’s two-thirds majority was now finding popular resonance, though more sober evaluations prevailed among PAS and DAP leaders. Yet even if this psychological barrier could not be broken, a sizeable show of seats would create the basis for a *working* opposition and a viable alternative to the BN in the public mind. Thus, a new set of realities were emerging for the PAS leadership. As Narni Saila put it in four key question themes for a *Harakah* Opinion piece:

1. How prepared is PAS to govern the country? Will they find several more clones of ‘Tok Guru’ [Nik Aziz] so that the MBs in the other states will match the stature and integrity of the MB in Kelantan?
2. Assuming Fadhil Noor, President of PAS, will be the next PM, who will be in his cabinet? Will his cabinet have quality and earn confidence and respect from the people? Will Fadhil’s government also attract its own cronies? Will PAS meet the hopes and aspirations of the young while attracting the trust of the rest?
3. Will PAS have the wisdom to invite talents from other political parties?
4. As PAS moves with gusto on certain issues, will it exercise deliberate restraint on other issues and out of respect for the sensitivity of a multi-racial citizenry?

What bothers many of us is most simply whether the PAS elite have quietly addressed these issues — and more — among themselves...Although there are signs of a new teamwork, there is also a perceived silence on many issues.³⁶

Responding to the above pointers, and illustrating the new populist tone of debate within *Harakah*, a subsequent piece, rejecting the view that PAS lacked competent people, addressed the crisis of confidence within UMNO:

They have seen what has happened to Anwar as proof of UMNO's extreme secularism...Ordinary Muslims who have no need to rely on UMNO handouts are definitely choosing PAS as the only alternative for the cause of Islam in this country...Consider this scenario. UMNO is declining, yet UMNO is the main component of the ruling BN. If UMNO doesn't obtain sufficient support from the Malay Muslims, how can it claim leadership of the BN? And how can the BN survive, or for that matter any other coalition, if it is led by a non-Malay, non-Muslim party? MCA cannot take the lead. This is *realpolitik*. What follows is that BN will cease to exist unless there is another Malay based party ready to fill in UMNO's shoes. In the Malaysian context, one must accept the reality that the Malays cannot accept another alternative besides PAS.³⁷

Yet, while support for a PAS-DAP alignment was growing, it remained stalled by restraining voices, notably within DAP. Some of the tension had come to focus on a 'resurrected' remark by the Penang DAP Chairman and lawyer Karpal Singh that there would be an Islamic state only "over my dead body". Made in an off-the-cuff manner during the 1990 Election, and given a 'new airing' by the BN media, the remark was, nonetheless, symptomatic of the PAS-DAP dilemma. To some extent, the acrimony over this statement was to have something of a cathartic effect on PAS-DAP relations. However, before a more contemplative language could emerge, Karpal's view had been subject to critical rebuke, as in this *Harakah* editorial:

It is a pity that [Karpal] knows very little about Islamic state [sic] and must be swallowing all the garbage spewed out by the media about Islam...Election or no election, it is the religious duty of every Muslim to establish an Islamic state in every land...But what is an Islamic state? I do not blame Karpal Singh for misunderstanding the concept...Islam recognises the rights of other religious groups not because Karpal or other human rights activists demand it. It is because the Muslims are bound by a revealed paradigm which enshrines the rights to freedom of religion to all peoples.³⁸

In a further example of PAS's adherence to *Quranic* principles of religious tolerance, the Comment also notes how, in Kelantan, Nik Aziz:

...refused to ban the sale of liquor to the non-Muslims for he could not find sanctions (even if we can argue that it will be in the interest of non-Muslims themselves) under the *Shariah*. Is this not enough guarantee to Karpal Singh that in an Islamic state the Rule of Law will be supreme and justice will be the cornerstone of every move it makes vis-à-vis a non-Muslim community?³⁹

By the same token, argued PAS, the *Quranic* principle can be applied to the constitution and power sharing:

PAS has already committed itself to power sharing with non-Muslims, not as a political expediency, but [as] sanctioned by the *Shariah*. Since PAS has also committed to democratic means in the struggle for an Islamic state, the issue is actually a non-issue as PAS would never be able to change the constitution as it stands now on its own without the support of its partners in government.⁴⁰

In its inability to manage BN provocation and contain this tension, the 'Karpal affair' showed-up a certain naivety among the main opposition. On the other hand, by allowing the issue into the open, a qualitative exchange of views had taken place, signalling a new, if still cautious, understanding. In the spirit of tolerance, both Lim's and Karpal Singh's views were being allowed free and respectful expression in *Harakah*.⁴¹ Karpal was also given critical space to remind PAS of the country's constitutional guarantees with regard to other religions, and asking it to "carefully consider Article 3 and not persist in what is clearly unconstitutional."⁴² Yet, while reflecting many non-Malay (and Malay) concerns, much of this debate could be seen as academic, given the reality that PAS would need either its own two-thirds parliamentary majority or considerable coalition support to initiate an Islamic state, neither scenario seeming likely.

However, it was the growing desire for a new type of non-partisan politics that was now driving the PAS-DAP issue. Alongside Malay disenchantment at the un-Malay treatment of Anwar was a considerable undercurrent of distaste for Mahathir among non-Malays. While Chinese business and older Chinese remained, for the most part, behind Mahathir and the BN, one could discern from casual conversations a growing ambivalence amongst professional and middle-class Chinese and Indians, notably within academia. Among lower middle-class Chinese (such as Penang and KL taxi drivers), one could also hear political sensitivities ranging from moderate concern to outright condemnation. Building on this non-Malay empathy with Anwar, Wan Azizah and ADIL

were giving impetus to a new, if still gradual, non-racial politics.⁴³ The more important nuance, however, was the message that many Chinese were holding back their verdict on the BN for election time. Moreover, while sharing common cause with non-Malays, a growing stream of PAS members and supporters now saw very clearly the more immediate value of a PAS-DAP alignment as a necessary stepping-stone to meaningful political power, and thereafter to some form of Islamic state.

A number of these tensions had come to the surface at a keynote DAP 'Justice For All' forum in Penang.⁴⁴ The event was especially significant, being the first time, as an ADIL figure, that Wan Azizah had addressed the more varied ethnic gathering of a Penang crowd. Notably, UMNO Youth had called on all Malays not to attend the gathering — for fear of “break[ing] Malay unity in the nation and the state [sic].”⁴⁵ In the event, over 4000 people packed the main auditorium and an overflow hall to hear Wan Azizah, Karpal Singh, Lim Kit Siang, the lawyer Cecil Rajendra and the journalist Rustan Sani.⁴⁶ Opening the forum, Karpal criticised the boycott call as a symptom of the *Barisan*'s racial politics, calling, like the other speakers, for closer co-operation between opposition parties and NGOs. In her entrance and speech, Wan Azizah was given an emotional reception by cheering Malays and non-Malays (roughly equal in number) chanting the *reformasi* slogan. Yet, while she and others spoke eloquently of the need for unity, at no point was the DAP-PAS issue addressed directly. It was only following the speeches, from within a now more tense audience, that a self-declared PAS member and Islamic teacher finally raised the matter, challenging Karpal, with courteous argument, to substantiate his 'over my dead body' statement. This prompted another such question from a Malay, unconnected to PAS, but motivated by Islamic ideas of justice, to ask why DAP could not join with PAS to break the BN. Following other such statements (and cheering) from Malays — Chinese comments from the floor being noticeably absent — Karpal, in a principled statement, reiterated (as a Sikh) his belief in free and equal expression for all religions and their progressive capacities. However, insisting that DAP was not anti-Muslim, he also apologised if he had given any false impression of his regard for Islam (a sentiment warmly applauded by all), but, in the final analysis, all faiths had to be protected under the constitution.⁴⁷

While Karpal's apology and the gathering itself illustrated the potential for Malays and non-Malays to work together for reform, it also revealed some of the deep-

lying sensitivities of religion within Malaysian politics. In another brief, but telling, moment, one Muslim speaking from the floor advised Wan Azizah not to shake hands with males, given its un-Islamic association and the fear that it might be used by the media to cast aspersions on her own morality. In a tactful, and well-received, response, she had noted that her duties as a doctor required her to touch the human body —though it was noticeable that Wan Azizah did come to ‘follow this advice’, to some extent, by covering her palm when shaking hands.⁴⁸ At the same time, other small gestures of good faith were helping to build trust. Karpal, for example, had offered (to wide applause) legal help to an old Muslim man who had never received compensation for being assaulted during the Memali incident. Wan Azizah had expressed empathy with Lim, whose son Lim Guan Eng had been unjustly incarcerated like her husband; recognition of a Chinese sacrificing his liberty to help a defenceless Muslim girl and her family. Wan Azizah’s use of Chinese greetings (as taught by Anwar) was also well received.

In another such gesture, with more chilling implications, Lim Guan Eng had sent Anwar a letter of reply, wishing him well, but regretting to inform him that:

...the prison authorities here in Kajang are making feverish preparations for your cell even though your trial is still continuing. One is curious how they can be so certain of your impending conviction.⁴⁹

Consistent with growing public perceptions, and the present writer’s own observations in court during Anwar’s testimony,⁵⁰ this gave credence to claims that the trial was, indeed, being ‘prejudged.’

As the hearing neared its inevitable conclusion, ADIL’s promotion of a non-racial front was helping to draw the opposition together. However, while working closely with the DAP, ADIL were now finding voice as a proto-party and alternative option to the DAP for non-Malays. At the same time, Wan Azizah was moving closer to PAS, as reflected in the latter’s ongoing support of her candidacy.⁵¹

This had also helped bring about a new relationship between PAS and ABIM. Although having been ‘brought in’ by the BN, ABIM was being closely monitored at this point.⁵² In particular, the BN feared not only that element supportive of Anwar within ABIM, but of more mainstream members and associates now going over to PAS or ADIL, a rapport evident, for example, in Wan Azizah’s address to a 10,000 crowd at an

ABIM *Hari Raya* gathering in Perak.⁵³ There was also a growing appeal from PAS to ABIM to realise the futility of their ‘courtship’ with UMNO. In seeking to build its Islamic base, PAS argued that they should “close ranks with other Muslims with humility and determination to continue the struggle under the true Islamic leadership.”⁵⁴ As PAS pointed out, Anwar’s predicament now proved the folly of trying to bring about Islamic transformation through UMNO, this having served to neutralise, rather than give voice to, Islam.⁵⁵ So, while PAS, DAP, PRM, ADIL, GERAK, GAGASAN and the various NGO groupings continued to build a *de facto* alliance based on broad political goals, another, more particularised, realignment was occurring as Malay and Islamic elements now de-linked from UMNO and drew closer to PAS.

The PAS leadership view (2): the thoughts of Fadzil Noor

As a further set of pointers to PAS’s political collaborations and the Anwar affair by early-1999, let us note here some of the observations offered in a follow-up discussion with the PAS President Fadzil Noor.⁵⁶

The last time we discussed Anwar prior to his removal and arrest, you intimated: (a) that he would never be PM and (b) that he lacked the ability to hold UMNO together. Do you now feel vindicated in that set of views?

It was always going to be difficult for Anwar to become PM. Anwar will be convicted and jailed, perhaps for two-four years. Barred from office, he will be kept out of the way, his political career conveniently curtailed, possibly for ten years. [It was apparent here that Fadzil Noor did not want to push the ‘I told you so’ line, concentrating, rather, on the reasons for Anwar’s removal.]

Do you see any chance of an acquittal?

No. The judiciary is under the control of the executive. There is no effective separation of power. Mahathir and the executive have encroached over every section of the state, with the police also now under the direct control of Mahathir. The PM has now come to see Anwar as a direct challenge. Allied to this has been the clique around Mahathir, who, more ‘secular-minded’ than Anwar, came to see him as a threat, particularly after

1993 as Anwar's profile increased. This is when the conspiracy to stop him really began to develop.

You also spoke last time about how Anwar had moderated his Islamic values. Had Anwar lost his Islamic values to 'UMNO secularism' and if so was this part of his downfall?

When Anwar joined UMNO, he changed to moderate Islam — became more secular in outlook. Because of his Islamic background and his popularity, he had been specifically needed by UMNO to oppose PAS. In fact, because of this, he still has many supporters within UMNO.

So, what was the main basis of Anwar's threat to the clique within UMNO?

In the main, it was his differing economic policy agenda with Mahathir. This ties into the *korupse, kronisme, nepotisme* (KKN) issue and the challenge posed on Anwar's behalf by a section of UMNO Youth. Mahathir also fears Anwar's popularity amongst the lower-income groups. Mahathir himself has no such regard for these groups, seeking only to protect his own personal family interests and cronies.

So Mahathir had a secret agenda all along never to let Anwar become PM?

Yes.

Given that Anwar may never again be part of UMNO, is there a place for him within PAS?

[The PAS President avoided a direct answer here, but the inference was that this was unlikely.] PAS have gained a lot of new members since the crisis began — from 400,000 to 600,000. Anwar may set up a new party altogether. In such an event, we could work together.

Could this include a formal coalition?

Perhaps, depending on the prevailing situation.

(This brought us to the PAS-DAP issue and the PAS member's statement from the floor of the recent DAP forum.) How literally does PAS take Karpal Singh's statement? In sum, will there be a PAS-DAP coalition?

[Fadzil Noor's main line here was that this relationship 'needs time' to develop. He also recognised that DAP has its own views.] What is important here is the need to explain more fully the principles of Islam to non-Muslims. Much of this is now being done through the pages of *Harakah*. But, alongside this, there is an ongoing need to forge ever closer ties with other opposition parties, NGOs and the newly formed *reformasi* groups. The Chinese, as well as the Malays, also want change. More and more people of all races are coming to focus on the common issue of justice.

Yes, but how does PAS overcome that remaining resistance within the DAP?

[Here, I was asked for my own impressions of Karpal's statements. Fadzil Noor appeared to accept the sincerity of his position and his apology.] It is not unusual for Karpal and others like him to oppose an Islamic state — a position also apparent within UMNO. Again, PAS need to explain Islamic ideas more fully, something they are trying to do through GERAK, GAGASAN and ADIL. What UMNO *really* fear here is that more Muslims will now support PAS. At the same time, what is holding DAP back is its fear of losing its Chinese support base.

Yes, but isn't the crux of the matter here that in order to challenge BN hegemony, most parties must come together? How is PAS preparing itself for that challenge and what is the current thinking within the party about possible power sharing?

DAP has moderated its tone on this issue while still having a legitimate agenda. There is a need on both sides to appear less chauvinistic. PAS also has to present itself as less fundamentalist in image. This has been difficult with the media presenting a negative picture, particularly in Kelantan. Yet, Lim Kit Siang himself declared his own satisfaction with Chinese feeling there after the General Election in 1990. As regards a formal coalition, it is still too early to decide. More important is the need to prepare people generally for the contest against BN. [An implicit concern here was that the BN media would use any pre-electoral pact as a divisive tactic by claiming a PAS-DAP sellout of their principles.]

So, the key basis of the present PAS-DAP relationship remains one of 'close understanding'?

Yes, exactly so.

Realistically, how well can PAS do at the General Election? Do you envisage a North-South split?

People are now rejecting the BN all over. PAS will promote Anwar's cause as a main issue of justice for the country and link it to other issues of corruption, cronyism and nepotism. Kelantan provides a model of how to present the Islamic message, so if people see a number of such states working together, it will enhance PAS's overall case. [The PAS President was non-committal on whether he thought PAS would actually take more of the Northern seats.]

In any post-electoral scenario where PAS and the other opposition had a strong showing, what would Fadzil Noor's own role be?

[Too cautious, and perhaps humble, to discuss his own position, he talked, again, of the need for co-operation, while making a specific remark about foreign relations in any such scenario.] Foreign governments and external forces must be prepared to trust any new government and not interfere in its running of the country — just as it would not interfere in their affairs.

(At this point, Fadzil Noor asked for my own view on Western coverage of the Anwar affair. In relating this, I suggested that parts of the Western media had rather failed to note Anwar's own role within the 'IMF circle' and his IMF-type recovery policy.)

Yes, there has been general antipathy in the country towards this type of policy associated with Anwar. However, this remains a separate issue from the wider concern for justice in Anwar's case. With the strategy to control and silence Anwar now evident, it is imperative that co-operation be developed in the run-up to the election.

Planting the seed: party co-operation and PAS influence by mid-1999

This more gradual view could also be discerned in comments made by Nik Aziz at this point. Asked in a newspaper interview about a possible coalition, he stressed that groups like GERAK were an important “first step”:

...GERAK is the seed which unites DAP and PAS...Maybe one day, the seed sown will grow and bring about co-operation. Our condition is that whoever wants to co-operate with us, if they don't want to embrace Islam, should at least accept the Islamic concept. It is not impossible that one day, DAP with its concept, and PAS with its concept, will find a common meeting point.⁵⁷

However, it was significant that, here again, Nik Aziz was extending this message to UMNO, or, at least, a disenchanted element within UMNO:

There is no reason for the rivals to fight PAS...I use PAS as a bridge to promote Islam. I would like to repeat my statement, if UMNO can act to strengthen Islam in terms of faith, guidance, morals and practice, there is no reason for PAS to fight UMNO.⁵⁸

Yet, Nik Aziz also sees in his religious beliefs a political duty to remove UMNO:

...I cannot retire from politics. Muslims cannot retire from politics. Islam came to the world to correct man's being. To correct man's condition is political work. Political work does not mean to find money to put into a politician's pocket. That's wrong. That's why the people hate UMNO.⁵⁹

This required a restatement of Vision-Islam. In preparing for a main tour of the states before leaving for the *Haj*, Mahathir signalled his intent by attacking Nik Aziz's assertion that UMNO was a 'secular party'.⁶⁰ Commencing the tour in his home town of Alor Setar, Mahathir then launched into one of his most scathing denunciations to date of the PAS leadership, its view of women (in reference to the *Tok Guru's* statement), its 'enticement' to students to riot and its willingness to “collaborate with satan”. Condemning Wan Azizah, ADIL and Al Gore, Mahathir also gave descriptive examples of 'nauseating' homosexual liaisons (noting a marriage between a Dutch Minister and his male partner), an allusion, of course, to Anwar's alleged conduct. Thus, in seeking to

‘explain’ the current situation to the people, one could see that the use of inference and smear tactics would be a key part of UMNO/BN’s forthcoming electoral strategy.⁶¹

Yet, this old politics of fear was becoming increasingly redundant. The ‘Islamic issue’ had, indeed, now been raised to a new level of political sensitivity. From within the UMNO network, this was still being presented as a straight choice between an imposed Islamic state or a moderate, Vision-led, version of Islamic development. But the issue of political morality and Anwar’s persecution was now serving to dismantle this modernist-fundamentalist construct. The artifice of Vision-Islam as a basis for managing traditional Islam had been called into question, principally because UMNO had lost much of its ‘moral authority’ to speak on behalf of Islam.

By the time of its 45th Annual *Muktamar* (General Assembly) in May 1999, PAS had effectively agreed on some, as yet to be finalised, form of party co-operation. Debating this and other issues of development, education, social policy and the role of IT, Fadzil Noor’s keynote speech ‘Standing Together for Justice’ had sought to blend traditional concepts of Islamic collectivism with ‘modernist’ ideas on electoral partnership, economic reform and social justice.⁶² The DAP also now signalled its assent to a pact and form of electoral understanding. As Lim was to note shortly after the *Muktamar*: “The [only remaining] question to be decided is the final shape and form of such an Opposition...”⁶³

So, from these observations of the unfolding situation, we can make the following summary of the ‘PAS project’ by late-1999:

In political terms, PAS had emerged as a more mature political outfit, increasingly aware of how the power game with UMNO/BN had to be conducted. Using the crisis and the Anwar affair, it had embraced both Islamic and non-Islamic energies in an attempt to build a new political bloc. While this process had revealed key tensions between PAS and DAP over the Islamic issue, PAS, could now, as the principal Malay alternative to UMNO, assume a leading role within the opposition alignment. In particular, the cultivation of a new ‘moral politics’ had seen a major expansion of its *national-popular* base. However, the political cohesion of this arrangement still depended on meaningful accommodations with the other parties and the wider *reformasi*.

In class/economic terms, the PAS project was focused on a renewal of the state, greater political-corporate transparency and a set of Islamic alternatives for development, financial practices and social planning. Based mainly on localised forms of development in Kelantan, the PAS model here does not constitute a major structural blueprint. But it does suggest a tentative challenge to the 'hybrid' version of 'Islamic economics', viz 'Islamic banking', promoted by Mahathir in pursuit of Vision-led capitalism. While this was unlikely to gain mainstream support or threaten existing capitalist institutions, it had served, in the wake of the financial crisis, to highlight the abuses of economic power within the BN system.

In ideological terms, the party was now contesting Vision ideas more ably through a range of civil institutions. This reflects the role now being played by a new generation of committed professional party members through political education, media presentation, linkages with wider Islamic groupings and other forms of populist organisation. Again, while PAS-Islam was not acceptable to many Malaysians, its principles were being fused with broader secular concerns about justice, transparency and good-governance. As a proto-project involving wider cross-ethnic support and intellectual streams, this still had to find direction. But it did illustrate the contextual space within which the arguments and ideas for such a project were now located, thus laying the foundations for an alternative bloc.

Yet, while the PAS project was evidence of an 'integration' of Islamic, non-Islamic and *reformasi* oppositions, it suggested other questions about the status of 'left' politics and ideas within that process, a set of issues to which we now, finally, turn.

¹ 'Reshuffle in police force will involve top brass', *Sun*, January 31st 1999.

² See the more direct *Sun* headline 'Rahim did it', in contrast to the more equivocal *New Straits Times* (front-page-bottom line) 'Rahim admits hitting Anwar after grave provocation', both March 1st 1999.

³ See 'Police bans Anwar's wife from speaking in Sabah', *Harakah*, February 22nd 1999.

⁴ 'Transfer of power will be smooth: PM', *Sun*, January 15th 1999.

⁵ See Raja Petra Kamarudin, 'The Aftermath of the Reformation Movement', *Harakah*, October 5th 1998.

⁶ My thanks here to Dr. Syed Azman Syed Ahmad, PAS Secretary of International Affairs/Director of R&D and lecturer in Politics at University of Malaya for his comments on party organisation, policy and the wider prevailing issues. The extensive discussion took place at PAS's head office, Batu Caves, near Kuala Lumpur, March 8th 1999. Dr Syed may be seen to epitomise the new generation of PAS leaders/activists noted.

⁷ See '20,000 attend PM's Raya open house' and 'Mahathir gets a huge vote of support', *Sun*, January 19th 1999.

- ⁸ See 'Give me more' and 'More food than manners at Raya open houses', *Sun*, January 22nd 1999. A similar story was carried by TV3 News, January 19th 1999.
- ⁹ 'UMNO in the new Millennium', *Sun*, January 10th 1999.
- ¹⁰ *Harakah* was launched in 1987.
- ¹¹ Details of *Harakah*'s circulation figures (not included in the Audit Bureau of Circulations or other indexes for Malaysia) are given by the PAS office. The figure of 300,000 has been generally accepted as valid and is consistent with the surge in PAS support during the crisis. See, for example, 'Pas Time', *Far Eastern Economic Review*, March 18th 1999.
- ¹² 'Anti-Mahathir campaign reaches Malay heartland', *Harakah*, December 14th 1998.
- ¹³ 'Why can't Muslim women be *wakil rakyat*?', *Harakah*, February 22nd 1999.
- ¹⁴ See, for example, 'Can a Chinese Muslim celebrate the Chinese New Year?', *Harakah*, February 19th 1999. The answer to this, basically, was yes, provided any celebration was confined to an ethnic/cultural level of identification rather than any endorsement of Chinese religious aspects.
- ¹⁵ 'Some realities that PAS members should know', *Harakah*, March 8th 1999.
- ¹⁶ *Harakah*, September 7th 1998.
- ¹⁷ 'Gratitude - a privilege', *Harakah*, March 1st 1999.
- ¹⁸ *Ibid.*
- ¹⁹ Sadirah K. 'Ruling elite fear a 'thinking public'', *Harakah*, March 8th 1999.
- ²⁰ See 'The exodus begins' *Harakah*, December 14th 1998.
- ²¹ 'Malaysian Moslem opposition strikes deep into Mahathir's rural bastion', *AFP*, December 6th 1998.
- ²² *Ibid.*
- ²³ See 'Comment: Winds of Change', *Harakah*, November 9th 1998.
- ²⁴ 'State stand on PAS, DAP told', *Sunday Star*, January 24th 1999.
- ²⁵ *Harakah*, September 14th 1998.
- ²⁶ Note, for example, the statement entitled 'Anwar Ibrahim and the crisis in Malaysia', published at many *reformasi* websites, circa September/October 1998.
- ²⁷ Published at 'Malaysia. Net' site, September 11th 1998.
- ²⁸ 'PAS cannot afford to miss this chance to lead Malaysia to a new era', *Harakah*, October 5th 1999.
- ²⁹ *Ibid.*
- ³⁰ 'Nik Aziz: PAS assembly will discuss poll pacts', *Sun*, January 23rd 1999.
- ³¹ *Star*, January 25th 1999.
- ³² Lim Kit Siang, Media Statement, January 25th 1999, DAP Homepage.
- ³³ *Ibid.*
- ³⁴ See, for example, 'PAS-DAP link nothing new, says Yusof' (Yusof Noor, the UMNO Information Chief), *Sunday Star*, January 24th 1999.
- ³⁵ *Sun*, January 27th 1999.
- ³⁶ Narma Saila, 'Has PAS done its homework?...we need to know', *Harakah*, January 25th 1999.
- ³⁷ Ibnu Ibrahim, 'Discard the captive mentality, go for Islam', *Harakah*, February 8th 1999.
- ³⁸ *Harakah*, February 1st 1999.
- ³⁹ *Ibid.*
- ⁴⁰ *Ibid.*
- ⁴¹ See, for example, 'DAP prepared to work with all parties, asks PAS to 'carefully consider' Islamic state', *Harakah*, February 1st 1999.
- ⁴² *Ibid.*
- ⁴³ See 'Rise of an Icon', *Far Eastern Economic Review*, March 18th 1999.
- ⁴⁴ February 1st 1999.
- ⁴⁵ 'Don't attend Justice for All forum, Malays urged', *Sunday*, January 31st 1999.
- ⁴⁶ The event was reported in a small *Sun* article (on page 12), 'Large crowd gathers for forum', February 3rd 1999.
- ⁴⁷ After the meeting had ended, Karpal Singh told this writer that his 'over my dead body' remark had been taken out of context and used in a manipulative fashion by the media. On the question of a DAP-PAS coalition, he remained open-minded. In the following Friday edition of *Harakah*, February 2nd 1999, the front-page headline had 'Karpal Minta Maaf' (Karpal apologises).
- ⁴⁸ A small point noted during the present writer's own brief exchange with Wan Azizah inside the courtroom during Anwar's first trial.
- ⁴⁹ Cited at 'Guan Eng replies to Anwar', Media Statement by Lim Kit Siang', DAP Homepage, February 3rd 1999. Guan Eng's actual letter to Anwar was dated January 28th 1999. See also 'Sel

Anwar siap di penjara Kajang - Guan Eng' (Anwar's cell being prepared — Guan Eng, *Harakah*, February 8th 1999. This information was also conveyed to the present writer by another authoritative source.

⁵⁰ This is based on impressions of the Judge's rulings on that day, February 10th 1999, the substantive constraints on the defence, the petty interruptions and the favourable allowances to the prosecution.

⁵¹ See 'Azizah to take on Mahathir in Kubang Pasu?' *Harakah*, February 12th 1999, and 'The secret of PAS's strength in Kelantan', *Sun*, February 11th 1999.

⁵² A claim related in discussion with ABIM members and close observers.

⁵³ 'Massive turnout' *Harakah*, February 22nd 1999.

⁵⁴ Comment: 'The obvious choice for ABIM', *Harakah*, September 7th 1998.

⁵⁵ *Ibid.*

⁵⁶ The following is drawn from a lengthy discussion with the PAS President and PAS Supreme Council Member Mohamad Taulan bin Mat Rasul at PAS's Head Office, Alor Setar, February 4th 1999. The questions and responses were directed through Mohamad Taulan and given as a collective PAS view. As with the above interviews, the account is given in a recounted, non-verbatim format.

⁵⁷ 'The secret of PAS's strength in Kelantan', *Sun*, February 11th 1999. This interview with Nik Aziz was reproduced from a two-part article by Baharom Mahsun in *Mingguan Malaysia*.

⁵⁸ 'Kelantan Menteri Besar speaks his mind', *Sun*, February 12th 1999, from part 2 of above.

⁵⁹ 'Nik Aziz on life, religion and the future', from linked article, *ibid.*

⁶⁰ See 'Nik Aziz tidak faham' (Nik Aziz wrong understanding), *Utusan Malaysia*, February 17th 1999.

⁶¹ The rally took place at Alor Setar's football stadium, March 21st 1999. See 'Fighting Words', *Asiaweek*, April 2nd 1999, and 'Lies my PM tells me', *Harakah*, March 29th 1999.

⁶² See 'Standing Together for Justice', *Harakah*, June 4th 1999, giving excerpts from Fadzil Noor's speech, and 'Bracing for the General Elections', *Harakah*, June 7th 1999.

⁶³ Media Statement published at Lim Kit Siang Homepage, June 6th 1999.

**Counterhegemony:
reformasi, left politics and
the conditions of dissent**

This final chapter makes some assessment of the emerging opposition alignment as it approached the 1999 General Election. With a new set of political and intellectual forces coming together under the aegis of the *reformasi*, it also considers the extent to which 'left ideas' were now part of this alternative bloc. Invoking Gramsci's view of intellectual development as *historically* specific and Said's reflections on the intellectual *as outsider*, this requires us to note four key senses in which a 'left community' has been 'conditioned': firstly, with regard to its own definition of what 'left' means; secondly in relation to its 'negotiation' of the 'Islamic factor'; thirdly, with respect to cultural-ethnic cleavages; and, fourthly, through the co-optive efforts of the UMNO network. However, we are also concerned to show here how left ideas were finding possible new direction through the language and *praxes* of *reformasi* politics.

The emerging bloc and Anwar's *dénouement*

On April 4th 1999, ten days before the Anwar verdict, and following mounting signals of intent, Wan Azizah and the ADIL leadership announced the formation of *Parti Keadilan Nasional* (PKN) (National Justice Party). A cross-ethnic party open to all Malaysians, the PKN had 'circumvented' government restrictions by assuming the credentials of a dormant party previously registered in 1900.¹ Held at the appropriately named Renaissance Hotel in Kuala Lumpur, the launch had been a tumultuous affair, with the PAS, DAP and PRM leaders given special invitations to join other *reformasi* activists within the packed 3000 crowd, while many more exuberant supporters celebrated outside.² In her first speech as party leader, Wan Azizah spoke of an historical moment, allaying fears of splits and emphasising the need for all the opposition to work together:

PKN will not split the Opposition. We will work with all parties that have justice as the foundation of their struggle. Our party is prepared to sacrifice its own interests in order to achieve the larger goal of forging a credible alternative to the Barisan Nasional, an alternative government that will be accepted by the people.³

Coinciding with his return from exile in Indonesia, Anwar's former political secretary Mohamad Ezam Noor read out a prepared statement on Anwar's behalf noting his endorsement of the party. Significantly, though, Anwar would not be joining the PKN in a formal capacity, the strategic view, at this point, being that he should act as a unifying figure for all the opposition parties.

Yet, while resolving to work with other parties, the PKN's arrival now altered the basic configuration of opposition politics. In the first place, it now undercut the DAP's nominal role as the main opposition party.⁴ By mid-1999, there was also some tension over the movement of some DAP members to the PKN,⁵ though the extent of this was being played-up by the BN media while the opposition parties met to mend the damage. Secondly, the PKN's emergence offered a meaningful alternative for mainstream Malaysians uncomfortable with the perceived religio-ethnic options of PAS and DAP. Ezam had noted in an earlier interview that while the *reformasi* would still work with PAS and DAP, "I sense that certain sectors are more comfortable with having a new party that is more moderate and captures the middle ground."⁶ Of the two parties, this was of lesser concern to PAS, who, as noted by Fadzil Noor, had 'foresaw' this development, adjusting its strategy accordingly to concentrate on the four Northern states while allowing the other 'cross-ethnic parties' to lead the challenge (with its support) in the more urban areas.

The announcement had also been hastened by the extent of the BN's victory in the Sabah state elections (March 12th & 13th 1999) which, despite some evidence of electoral chicanery, had seen the BN take 31 of the 48 seats (down from 43 in 1994), the other 17 seats going to the opposition PBS.⁷ While the Anwar situation had not been a key issue in the Sabah election, and, thus, not a true test of political feeling in Peninsular Malaysia, it had served as a salutary lesson on the need for opposition unity. A timely reminder of this was Jomo's warning to the opposition not to underestimate the power and influence of the BN machine on the ground, while pointing out some political realities to the DAP:

That's why the opposition has to get its act together, present a solid united front on the basis of a common minimum program and strict party internal discipline and, very importantly, achieve the co-operation and co-ordination at all levels which is now a BN monopoly...[T]he DAP must also appreciate that for the Malay-based opposition, especially reformasi, it is crucial to offer a superior alternative to the public, especially the Malay population...But my emphasis on the problems facing the opposition is mainly due to the naive wishful thinking which is quite widespread among opposition sympathizers and well-meaning analysts, not only among reformasi supporters new to politics, especially opposition politics, but also among more experienced people encountering an unprecedented political situation in the country.⁸

Reinforcing Jomo's point here was the UMNO network's increased offensive against the foreign media and opposition academics. In February 1999, all government agencies were instructed to cancel their subscriptions to the *International Herald Tribune*, *Asiaweek* and *Far Eastern Economic Review*.⁹ Earlier that month, Mirzan Mahathir had issued a writ against the Malaysian printers of the *Asian Wall Street Journal* for US\$39.5 million following an account of how his financial success had been linked to favoured deals and money politics. The network was also engaged here in an attempt to ruin Jomo himself for 'slandering' Vincent Tan of *Berjaya* in the *AWSJ* piece. Still outstanding was a similar RM60 million suit against the human rights lawyer and UN rapporteur Param Cumaraswamy. The *Far Eastern Economic Review* journalist Murray Hiebert was facing a jail sentence as he prepared to appeal a conviction for writing a 'defamatory' article about the speedy processing of a lawsuit brought by the wife of a prominent Appeals Court judge.¹⁰ And, with an election imminent, the government's anti-slander campaign was stepped-up to sue Ruslan Kassin, the PKN's information chief, over claims that Megat Junid had RM80 million 'stashed away' in Israeli banks.¹¹ In another warning shot, Chandra had been sacked from his post as Director of Civilisational Dialogue at University Malaya, partly as a move to manage the Centre's influence (including its links with Anwar)¹² and as a more direct response to Chandra's, by now, prominent role in ADIL and the proto-PKN.

On April 14th 1999, after 77 days of testimony, Justice Augustine Paul handed down his verdict in the Anwar case. In a 394 page ruling (based on the case of Public Prosecutor versus Nunis),¹³ Anwar was found guilty on the four corruption charges and sentenced to six years on each count (to run concurrently.) His seven months detention was not

deducted from the sentence and no bail was allowed pending appeal. The verdict came as little surprise to close observers,¹⁴ Anwar or his defence team, though Wan Azizah was said to be shocked at the length of the sentence. Many foreign governments 'expressed concern',¹⁵ while Amnesty reconfirmed Anwar as a prisoner of conscience.¹⁶ Street protests and sporadic rioting followed, again met by water cannon and the beating of protesters by a well-prepared deployment of police and FRU. Alongside other activists, Tian Chua was, again, arrested. That evening, PAS held a mass protest gathering addressed by *reformasi* figures at its Taman Melewar headquarters in Kuala Lumpur.¹⁷ In a damage limitation exercise, the BN issued statements calling for calm, asking the public to respect the verdict and the judicial process. This coincided with the Royal Commission of Inquiry's judgement into Anwar's beating, recommending Rahim Noor's prosecution as the sole offender,¹⁸ this and other such news being timed for release through *Bernama*.

While there would be no repetition of the September 1998 riots, Anwar's incarceration as a leading political prisoner now offered the *reformasi* a potent new symbol. In this sense, the trial and verdict illustrated the dilemma for Mahathir and the power bloc: whether to allow a fair hearing and risk letting Anwar loose as a political combatant, thus restoring the credibility of the judiciary and wider system; or ensure Anwar's conviction, risking loss of faith in the legal process, but keeping him under political wraps. As a strategy, Mahathir appeared to have gambled that recourse to the latter might be disguised by the pretence of an impartial trial. However, it was evident to many that Augustine Paul's handling of the case was consistent with more critical judgements being made within the UMNO network about the need to protect the power structure itself. Lacking space here for a full survey of the trial and its tangled detail, the following aspects illustrate both the concerns expressed over its conduct and the fears of key elites behind the scenes:¹⁹

* Justice Augustine Paul's refusal, at the outset, to grant special observer status to human rights groups and other official foreign figures.

* The Judge's negation of key evidence from the main prosecution witness, Special Branch Director Mohamed Said Awang, admitting in a letter to Dr. Mahathir that the sodomy and adultery allegations made by Azizan Abu Bakar (Anwar's wife's driver) and Ummi Hafilda Ali (businesswoman and sister

of Anwar's former private secretary Mohamed Azmin Ali) were baseless.²⁰ Said had also admitted the 'possible existence' of a second police report naming Daim, Consumer Affairs Minister Megat Junid Megat Ayob and Mahathir's Political Secretary Aziz Shasuddin as the main conspirators in a smear campaign against Anwar. Despite 'instructions' to the prosecution to look for the report, it was never produced in court.

* The Judge's acceptance of claims made by Said, Amir Junus, the Deputy Director of Special Branch, and Special Branch officer Abdul Aziz Hussin that Anwar had instructed them to '*gempar*' (frighten) Azizan and Ummi into retracting their 'statements' (concerning Anwar's 'sexual impropriety') to the PM, this being the 'substance' of the prosecution's corruption case. Azizan's own testimony, contradicting his claim (made to Ummi and sent as part of her letter to the PM) to have been sodomised by Anwar, was also allowed to stand despite defence attempts to have it thrown out.

* Said's own admissions that he might, if required, 'lie for Mahathir' and that intense mental pressure and other *menggemparnya* (fear instilling) police techniques had been used to 'turn-over' Azizan and Ummi.

* The Judge's acceptance of chief CID officer Musa Hassan's account of an alleged 'cover-up' discussion he had with Anwar in the presence of the Attorney-General (AG) (directing him not to proceed with the investigation) despite Anwar's denial and lack of evidence that Musa was present.²¹

* The Judge's disregard for Azmin Ali's testimony that his sister Ummi was a "compulsive liar" and had been disowned by her family, that Megat Junid had written Ummi's letter to the PM and that Azmin himself had not been sodomised by Anwar despite police threats to confess. Azmin's wife Shamsidar Taharin also denied having an affair with Anwar, as alleged by Ummi.

* The decision to disallow the defence's presentation of taped conversations between Ummi Hafildi and businessman Sng Chee Hua in London. The Judge also later barred media reporting of names referred to in telephone conversations made by Ummi from London to Malaysia, taped by businessman Nor Azman Abdullah, as noted in his testimony.²²

* The decision, at the prosecution's request, to amend the wording of the corruption charges and (having, in effect, failed to prove the sodomy charges) the amendment of the overall charges to include only the corruption charges. The 'evidence' from the sodomy charges (including the production of a semen-stained mattress allegedly linked to an affair with Shamsidar) had been allowed extensive public display, thus serving the intended purpose of casting doubt on Anwar's character.

- * The constant blocking of the defence's lines of enquiry — eliciting the considerable skills of its lead counsel Raja Aziz Adrusse. The most critical aspect of this constant 'not relevant' refrain was the ruling that the defence could not pursue examination of the case for 'political conspiracy', despite the defence's attempt to prove that police *malafide* was linked to an orchestrated conspiracy from above.
- * The ruling that Mohtar Abdullah, the Attorney-General, could take-over the role of lead prosecutor from Abdul Ghani Patail at a crucial stage of the trial (Anwar's testimony) despite himself being a potential witness and alleged figure in the conspiracy.
- * The decision to embargo key parts of Anwar's testimony in order to maintain the confidentiality of sensitive conversations Anwar had (as related in court) with Mahathir and the IGP Rahim Noor. Reference to discussions with Trade and Industry Secretary Rafidah Aziz were also barred to the media.²³
- * The 'not relevant' ruling on defence evidence (by Anwar's former aide Zull Aznam Harun) that Azizah had been paid money to send a letter to the PM containing allegations of sexual misconduct.
- * The Judge's petty interruptions and slow note-taking during the defence's questioning, stemming the flow and spontaneity of their case, in contrast to that afforded to the prosecution.
- * The ruling disallowing the defence from producing ten of its last key witnesses.
- * The contempt of court ruling and three-month (suspended) sentence against one of Anwar's defence lawyers, Zainar Zakaria, for moving to disqualify two public prosecutors.
- * Augustine Paul's own rejection of a defence application to have him disqualified on grounds of bias.

What also emerges from the court transcripts is the very close and often cordial relationships Anwar had with the two Special Branch figures, the AG and the IGP prior to his downfall. Another is his close dealings with a number of key business elites. This indicates two main things: firstly, the extent to which Anwar had been a privileged part of the power structure, even allowing for Daim's watchful eye and the unfolding plot to oust him; secondly, the crisis within the power bloc which, when the purge on Anwar was decided upon, saw these and other top figures turn against Anwar. This also gives credence to the defence claim that the police conspiracy formed an internal part of the political conspiracy from above, suggesting, in turn, a necessary, if unpalatable, set of

actions taken to protect not only Mahathir but a more concentrated set of political-corporate interests.

By late-1999, the opposition, comprising PAS, DAP, PKN and PRM, had gathered itself into the *Barisan Alternatif* (Alternative Front), its manifesto, 'Towards a Just Malaysia', pronouncing the party's new co-operative intentions.²⁴ Despite his ongoing sodomy trial (and new moves by the Anti-Corruption Agency to investigate his financial probity while in office), the Front confirmed Anwar as their nominal leader. Recognising his custodial position, the BA stated that it would appoint an interim leader, based on majority support in the *Dewan Rakyat*, should it be elected. Thereafter, there would be a full judicial inquiry into the political conspiracy which had led to Anwar's imprisonment, allowing him to take his rightful place as Prime Minister.

Despite doubts over its immediate electoral abilities, the Front's importance also lay in its potential to establish longer-term structures, alliances and intellectual challenges to the prevailing power bloc. To what extent, then, had the crisis created new space for political mobilisation? In particular, with regard to Gramscian conceptions of a socialist *praxes*, what kind of 'left agenda' could be noted within and around the *reformasi* by this point? To address these questions, let us consider four main factors which have served to 'condition' ideas within the 'left intellectual community', beginning with the problem of definition itself.

Situating the left: conditions and legacies

Some of the historical context of 'left politics' in Malaysia has been noted in the preceding chapters. However, it is necessary to offer some kind of defining statement of what we mean by 'the left' in order to situate it *vis-à-vis* the *reformasi*. In particular, it is important to make the distinction between 'left' and 'liberal' ideas within this relationship. With specific reference to the left in Southeast Asia, Hewison and Rodan provide, in both regards, a helpful point of departure:

The 'Left' is a term which is often used loosely to refer to a variety of reformist movements and ideas. However, we understand the common denominator of the 'Left' to be an emphasis on alternatives to the individualism of market relationships and a commitment to values which advance public and collective

interests. At one extreme, this involves revolutionary social movements, grounded in class analysis and carrying a vision of an alternative social system, such as socialism or Communism. It can, however, also involve reformism of a social democratic nature which may challenge the prerogatives of capital and the market within much tighter limits, and without any serious vision of an alternative social system. Both these variants of the Left can be differentiated from liberal reformism which may champion individual human rights, the rule of law and liberal democracy, for example, without embracing collectivism and challenges to the market.²⁵

Assuming this basic definition and distinction, it can be argued that the decisive part of left activity in Malaysia lies somewhere between the 'left-social-democratic' and the 'liberal reformist' variants. Two main points can be made in this regard.

Firstly, the left have *always* been a marginal (and marginalised) political force in Malaysia — certainly if we are to take the outlawed status of the Malayan Communist Party as an historical indicator. A key reason for this, as noted, has been the BN's use of communal politics as a form of class control. Another is the sense in which neo-liberalism, global accumulation and the search for low-cost investment sites undermined socialism as a strategy for developing countries in the region and elsewhere.²⁶ To some extent, the BN's practical commitment to basic social spending and rural development has also kept left politics in check. For this and other such reasons, domestic NGOs are less numerous and active than their Indonesian, Thai and Philippine counterparts.²⁷ Thus, secondly, those groups one might associate with holding 'leftist' credentials cannot simply be viewed as such. For example, since its initiation in 1977, *Aliran* has provided a broad forum for reformist discourse among the broad NGO community. Its position on most issues is strongly egalitarian and underwritten by a sincere desire for the just society. This has been informed, in the main, by liberal values and 'spiritual' concerns, particularly under Chandra's presidency. But while reflecting a nominally (middle-class) 'moral-left' politics, this does not denote any particular 'socialist agenda.' Nor has the '*Aliran* community' been specifically engaged, in the past, as a direct action group — though, by the time of the crisis, it appeared to be taking a more 'mainstream' role in breaking-down ethnic tensions and encouraging new forms of cross-ethnic politicisation.²⁸

In contrast to *Aliran*, *Suaram* denotes a more grassroots activism, even if, again, its political *motif* is that of a human rights organisation. Although politically peripheral, *Suaram* and other bodies such the women's grouping *Tenaganita*, the Community

Development Centre and People's Communication Centre have been engaged in on-the-ground activities in support of, for example, plantation labour and other low-paid workers inside the (FTZ) electronics and textile factories. *Tenaganita* has also taken-up diverse issues such as trafficking in women and the impact of the crisis on migrant workers.²⁹ Through consistent campaigns, opposition seminars, workshops and other gatherings, these groups had provided the nucleus of a small, but active, 'left-democratic' community prior to the *reformasi*.³⁰ Indeed, it was not coincidental that *Tenaganita's* support for Lim Guan Eng and the *reformasi* saw its director Irene Fernandez subject to prosecution in 1998-99 for highlighting the harsh conditions of illegal migrants in Malaysian detention camps. Thus, while many NGOs are *de facto* government forums, liberal-reformist groups, through single-issue-type campaigns, have helped build significant support bases within the emerging opposition.³¹

At the formal level of politics, only the *Parti Rakyat Malaysia* (PRM), under Syed Husin Ali, has any real credentials as a meaningful socialist party. However, within the context of ethnic party arrangements, it has always been a peripheral part of the opposition, even compelled to guard against alleged communist associations — hence the dropping of the word 'socialist' from its name. As part of the inter-communal Socialist Front (1957-66), the PRM, (with the Labour Party) opposed Alliance 'consociationalism', its continued collaboration with British colonial interests and its *laissez-faire* policies. Although 'left-social-democratic', rather than 'far-left', PRM policy objectives are strongly weighted towards meaningful control of capital, social ownership and strong institutions of participative democracy.³² Perhaps more than any other leader, Syed Husin Ali has been consistent in his denunciation of US foreign policy — a position uncompromised by US support for Anwar in 1998.³³

The lack of a left agenda is most apparent within the DAP. As, perhaps, its foremost critic, the leftist writer, activist and academic Kua Kia Soong has offered a number of searching assessments of the DAP leadership and the party's lack of a coherent set of socialist policies. A detailed critique can be found in his key *expose*, *Inside the DAP*, based on Kua's, Lim Ban Chen's and other civil rights activists' decision to join the party in 1990 (Kua being appointed head of Political Education), their inside analysis and their decision to leave after 1995. Here, four main indictments can be noted:³⁴

** The party's failure to offer a democratic socialist alternative.*

Here, notes Kua, there was an absence of any radical alternative to BN policies on public spending, taxation, privatisation and social services. Rather, the DAP leadership pandered to a soft reformism under the (Vision-type) slogans of 'Malaysian Malaysia'. Democratic socialism was rarely used or discussed as a policy basis. Reflecting this, the Central Executive Committee (CEC) had insisted on using "Full Liberalisation" as a campaign slogan and agenda for the 1995 Election, an implicit admission of UMNO/BN's 'partial liberalisation', suggesting that the DAP could complete this task. This "out and out reformist", rather than socialist, view denotes the sense in which the DAP leadership accept the rules of the game by giving credence to BN reform as an agenda-setting discourse.³⁵

** The party's "fixation" on retaining its Chinese electoral base.*

This concerns the DAP leadership's deep-lying ethnic chauvinism in tying Chinese sensibilities to party interests. Many of the aforementioned problems between the DAP and PAS can be traced to the internal debates within the CEC after 1990. The decision to withdraw from the *Gagasan Rakyat* on 'the eve' of the 1995 Election, notes Kua, was specifically informed by this fear of being too closely associated with PAS, still seen as 'the main enemy' by some CEC figures. As Secretary General (SG), Lim Kit Siang's eventual decision to withdraw from the coalition was opposed only by Kua and Lim who, maintaining the case for a multi-racial Opposition Front, argued that any differences with PAS and S46 were secondary to that of defeating the real enemy, the BN.³⁶

** Lim Kit Siang's leadership style, factionalism and absence of democratic procedures.*

Through a 'central faction', the SG has maintained tight authority over the party, as in his monopoly over the candidate selection process, a "form of patronage" which, in places like Selangor, had given rise to opportunists and local factionalisms. While Kua and Lim sought to democratise the selection process and infuse "intellectually uninspiring" CEC meetings, Lim Kit Siang's 'top-down' manner could be seen in his lack of empathy for rank and file elements, including women's groupings, an inclination for 'edict-style' press releases, his grooming of Lim Guan Eng as leader and his refusal to stand down after the party's worst-ever defeat in 1995.³⁷

** The party's marginalisation of the PRM.*

During the 1995 Election, the DAP leadership refused to give ground to other opposition elements, notably the PRM. Despite Kua's and Lim's interventions on behalf of Syed Husin Ali (and their recognition of the many intellectuals who supported PRM), the hostile and "non-bargainable" position towards him and other PRM candidates, notes Kua, was indicative of narrow, sectarian party politics and the attempted monopolisation of the opposition space for immediate political and careerist reasons.³⁸

However, as part of the so-called 'KOKS' campaign ('Kick Out Kit Siang'), leading party elements were making a bid for party control by the time of the crisis, resulting in the purging of three Central Executive Committee (CEC) members in mid-1998. As noted by Kua in a key *Aliran* article,³⁹ this signified an ironic power struggle, with disaffected "'Old Turks' squaring off against the 'Young Guards' of the Kit Siang/Guan Eng status quo." It also mirrored complaints by the Old Guard that Lim had been less than consistent in relation to past campaigns by giving special promotion to the Guan Eng roadshow to protest his jailing. The CEC members' 'failure to support' the campaign (disguised as not having dispensed their duties properly) thus provided a pretext for their removal, a move supported by the new generation 'wanabee' party figures who had backed Lim's grooming of Lim Guan Eng as party leader prior to his imprisonment. Even if, as the DAP claim, Kua's "tirade" was motivated by the need to justify his own past actions (itself a questionable charge),⁴⁰ his account fitted with more widely-held concerns by this point over DAP policies and internal practices.

Neither did this limit Kua's and other leftists' support for Lim Guan Eng or the broad *reformasi*. It constituted, rather, a broad coalition of left/liberal-reformist elements based around the persecution of Anwar, Guan Eng, Irene Fernandez and others. While not a 'left movement' in any radical sense, the *reformasi* was creating new space for debate and opportunities for left expression, as in Syed Husin Ali's *Harakah* contributions on issues of social justice. This, of course, is intrinsic to most left discourse. But the invocation of a moral politics was also helping to augment a proto-class politics by providing a context for ordinary Malaysians to look behind the scenes and think more critically about political-corporate power and the nature of the UMNO network. Thus, while left-intellectual discourse had been 'conditioned' by liberal-reformist language, the *reformasi* was allowing a more meaningful articulation of left ideas.

Left intellectuals and the Islamic condition

Left-intellectual discourse in Malaya/Malaysia has also been deeply conditioned by Islam. As closely interacting forms of religious and social identity, Islamic and Malay codes have had a profound bearing on the values and emancipatory perspectives of many Malay left intellectuals. Likewise, non-Malay left-intellectuals have been conditioned by their

own religio-cultural context, though also by the omnipresent realities of Islamic society. As noted by Clammer, in relation to both cases, it is important to recognise the particular nature of intellectual identity in Southeast Asia:

...in the West the intellectual is associated with secularisation, but in Asia, very much to the contrary, the emancipatory intellectual is more likely to be religious, and to be very much concerned with, as his primary interest, the relationship of religion to society, *including its economic and political dimensions*.⁴¹

In this regard, the internalisation of religious and cultural identity has created a certain ambivalence and 'introspection' amongst the wider 'left-intellectual community' in Malaysia. As Jomo also notes, manipulation from above, through 'fears' of another May 13th, has created an environment in which intellectual ideas are formed as communal messages and received as such by the public. In this sense, "an idea is often associated with its promoter, and is evaluated in relation to one's own personal or ethical agenda."⁴²

The *Quran*, of course, offers an explicit statement of compatibility between Islam and a 'left politics' of social justice. Its message is:

...reformist, if not revolutionary...The socio-economic reforms of the Quran are among its most striking features. Exploitation of the poor, weak, widows, women, orphans and slaves is vividly condemned...The Quran demands that Muslims pursue a path of social justice, rooted in the recognition that the earth belongs ultimately to God and that human beings are its caretakers. While wealth is seen as good, a sign of hard work and God's pleasure, its pursuit and accumulation are limited by God's law. Its rewards are subject to social responsibility toward other members of the community, in particular the poor and needy...⁴³

Thus, at one level, there is a consistency of thought linking Islam and progressive intellectuals. At another, however, the interpretation of social phenomena by that intellectual community has become tied-up with an Islamic ethics to such an extent that it may have served, inadvertently, to constrain radical political energies in Malaysia. This has been due, in part, to the complex task of fusing Islamic jurisprudence and concepts of secular freedoms into a coherent reformist agenda. But it also relates to the idea of a 'benevolent universalism' of Islamic values as a basis for social reconstruction and justice. Allowing for the egalitarian integrity of Islamic civil and political codes, this

suggests a more sensitive problem of whether rights, freedoms and justice for the diverse communities within Malaysian society can be built around an Islamic ethics.

A key illustration of this 'ethical vision' is contained in a seminal article by Chandra Muzaffar, 'Quranic universalism, way to fuse diversity', presented as part of a major three-part series in the *New Straits Times*, 1994, and in *Harakah* during the Anwar crisis.⁴⁴ Although an Indian Malaysian and convert to Islam, the tone and context of Chandra's argument here, and in the related articles, are symptomatic of the 'Islamic condition' as it confronts the issues of Malay identity, the historical compromise of Malay nationhood and the accommodation of non-Malay interests:

In order to strengthen accommodation, it is imperative that Chinese and Indian Malaysians understand the nature and extent of accommodation that has taken place in our society. It is a pity that there is so little understanding and appreciation of this among the non Malays. How many non Malay leaders and intellectuals have shown any appreciation at all of the colossal, monumental sacrifice on the part of the Malays - consenting to equal citizenship for the non Malays and thereby surrendering their dream of a Malay nation and becoming a community among communities in a new multi ethnic society? One of the reasons why the magnitude of this sacrifice is not appreciated is because the non Malays as a whole have an external rather than an internal view of Malaysian history.⁴⁵

While *Malay* intellectuals may not express a consistent or homogeneous view of Islam or Islamic universalism, Chandra's argument here represents a central problem for them and left intellectuals generally. Juxtaposing these problems of ethnic accommodation, he posits the need for a new awareness of 'common history' and the values of Quranic universalism:

Socialising non Malays and Malaysian society into their internal view of history through schools, the media, community organisations and the like, should be one of our most immediate and urgent tasks. As non Malays and non Muslims understand their accommodation through an internal view of history, they should be made aware of the role of Islam in casting the Malay value system in a more inclusive, less exclusive mould — so much so that acceptance of the other has become part and parcel of Malay political culture. More than that, the non Muslim communities as a whole should develop a more profound, a more balanced outlook on Islam...In this connection, one cannot help observe with a tinge of sadness that since Merdeka hardly any non Muslim scholar, theologian, journalist, politician or social activist has made it his mission to reduce the negative perceptions of Islam within the non Muslim communities in the country...By incorporating genuine Islamic values and principles into public policies which impact upon non Muslims in education, commerce and industry, it is quite conceivable that they

will begin to appreciate the religion's commitment to justice and fairness...What is required is more than the application of the Islamic concept of social justice. *The Malay-Muslim leadership has one of those rare opportunities in history to establish a society which embodies the spirit of universalism contained in the Holy Quran in all its manifestations...*⁴⁶

Chandra's polemic here shows how an Islamic ethics superimposes itself over Malaysian society and the special context within which progressive Islamic ideas are framed. While the linkages between state, civil society and *shariah* law in Muslim societies may assume a variety of hybrid forms, what is envisaged here is a benign infusion of Islamic values, initiated through policies and institutions which reach across the racial spectrum. It suggests ideals of reciprocity, contract and communal regard for Islam as the principal source and provider of social justice.

While the Anwar affair had prompted a new mood of cross-ethnic, social-reformist politics, the realisation of these aims and values within a multi-cultural environment like Malaysia remained problematic. The idea of a 'primary' Islamic value system for non-Muslims appeared to negate the basic concept of equal consultation and ethical freedoms of other 'contracting' parties.⁴⁷ On the other hand, contract-type approaches also tend to reify the ideals of 'social pacts', failing to recognise the unequal power relations underlying them. It is also important to see that 'universalism' is a key principle of hegemony. Thus, while Islamic universalism may offer egalitarian pointers for ethnic co-operation, it is not clear whether it can offer an actual basis for social integration across the ethnic spectrum.

A related factor for Malay intellectuals has been the attempt to link domestic political ideas with calls from within Islamic scholarship for a "new self-image for Islam".⁴⁸ Chandra's own defence of Islamic moderation has involved, in this regard, an ongoing critique of PAS-Islam. Yet, in less 'liberal' tones, Chandra, alongside PAS and other Malay intellectuals, has also denounced Salman Rushdie as a blasphemer and *The Satanic Verses* as a debasement of free speech. While repudiating the *fatwah* as lacking spiritual legitimacy and the compassionate essence of Islam, Chandra notes the way in which characters and events in the book were distorted "to suit the author's vile imagination."⁴⁹

It is not necessary to proceed with any detailed examination of the Rushdie case.⁵⁰ The key point is that Chandra's response helps convey the particular context

within which liberal/left Islamic intellectuals negotiate social issues, a tension evident in the explicit view of Said who, in reference to the Rushdie affair, argues that:

...the intellectual must be involved in a lifelong dispute with all the guardians of sacred vision or text, whose depredations are legion...Uncompromising freedom of opinion and expression is the secular intellectual's main bastion...This is why the defence of Salman Rushdie's *Satanic Verses* has been so central an issue, both for its own sake and for the sake of every other infringement against the right to the expression of journalists, essayists, poets, historians. And this is not just an issue for those in the Islamic world, but also in the Jewish and Christian worlds too. Freedom of expression cannot be sought invidiously in one territory, and ignored in another.⁵¹

Thus, for Said, intellectuals must remain free to explore and dispute *all* forms of social and spiritual convention, all realms of thought.

Of course, what emerges from that process of reflection itself may be seen as a valid contribution to intellectual understanding. In its pursuit of social justice, progressive Islam, in contrast to conservative Islam, is more clearly motivated by the spirit and emotion of *Quranic* reason rather than textual orthodoxy, much of which denies open reflection and understanding.⁵² Intrinsic to Chandra's view, also, is the idea that progressive Islam can act as a catalyst for encouraging egalitarianism among other religions and cultures in Malaysia — Taoism, Hinduism, Sikhism, Confucianism.⁵³

Nonetheless, the idea of Islamic universalism as a keystone for the socially just society does highlight the problem of bringing Malay and non-Malay intellectual communities together. If the common aim of both is to achieve cultural accommodation, economic fairness and social justice, the difficulty for many Malay intellectuals lies in how best to fuse that project with Islam, while for non-Malay intellectuals it is how best to realise universal rights based on secular rather than *Quranic* values.

Left intellectuals: ethnic and cultural conditions

Intellectual tension between the Malay and non-Malay left has also been evident at the more specific level of culture. In particular, the problem of cultural rights and practices has led to a considerable degree of estrangement among some leftist intellectuals. Thus, many left-based organisations in Malaysia have been shaped to a considerable extent by communal identity.⁵⁴

What made this aspect so acute for the left was the centrality of *Bumiputeraism* as a 'defining' issue. This was evident, for example, in debates from the early-1970s over the National Culture and the issue of vernacular education, a tension expressed in a series of exchanges between Chandra and Kua Kia Soong. Defending the Chinese school system, Kua argued that just as the ethnic Chinese have adjusted to a "learning of the Malay literature, language and culture", so too should Malays make a greater "attempt to understand Chinese and Tamil literature in the vernacular."⁵⁵ Challenging Chandra's contention that some non-Malay grievances were unjustified,⁵⁶ he also charged that there had been a conspicuous lack of support under the National Cultural Policy for non-Malay practices. This included the periodic proscription of Chinese signboards, the refusal of police permits for non-Malay cultural performances, the identification of Malay literature as 'national literature', the teaching of Islam during school hours, with no similar facility for non-Malay students, and the absence of non-Malay university Chancellors. Thus, for Kua:

Dr. Chandra's detached position gives cold comfort to the ethnic minorities...[It is a] sociology [which] fails to clarify the objective plight and situation that confront the ethnic minorities in Malaysia.⁵⁷

While Kua's agenda here was informed by leftist universal principles, the case for Chinese cultural rights was also finding expression as latent anti-*Bumiputeraism*. Throughout the 1980s, other non-Malay resentments were being voiced over the proliferation of Islamic-Malay institutions, such as the Islamic University and Bank *Bumiputera*. By 1987, Chinese grievances over vernacular education and other cultural issues had intensified ethnic tensions, providing Mahathir with a pretext to detain left intellectuals and academics, including Kua and Chandra, under Operation Lalang.

But while Malay intellectuals may see the issue of Malay identity as a problem for the collective left, a view prevails that non-Malay intellectuals still need to recognise the special symbolism of Malayness as an historical *experience*: that is, not merely as an ethnic category, but as a displaced nationalist community. As Muhammad Ikmail Said argues, in part following Chandra:⁵⁸

The centrality of the Malay — non Malay conflict is evident from the involvement of the Malay — non Malay left in communal politics and their inability to get out of the 'ethnic trap'. It also continually manifests itself in the continuing debate, political or otherwise, on the special rights of Malays and the equal rights of the minorities...For Malays, *including the Malay left*, Malaya/Malaysia is not a newly founded social space, over which anyone can determine its character merely on the basis of the modern claim that everyone has a right to citizenship (and, by implication, the right to vote). In fact, it was a land of the Malays...On the other hand, the non Malay left asserts that the sovereignty of the people is based upon equal rights, not only to vote, but to (practice) their culture, language and to equal economic opportunity.⁵⁹

The potential for left intellectual exchange across ethnic lines has been constrained by other historical factors. The colonial division of labour, founded on class interests, fostered ethnic enmities which found expression in the Malay demands of 1969. But the NEP settlement and *Bumiputeraism* merely replaced one contradiction with another for the left, allowing ethnic polarities to cut further across class politics. The historical absence of a Malay left-intellectual stratum, notes Alatas, could also be traced to the colonial education system, the promotion of an inert administrative class, a non-revolutionary struggle for independence and the smooth transfer of power to the Alliance, thus ensuring a climate detrimental to radical ideas.⁶⁰

Under the consociational settlement, conservative Chinese forces also constrained left thinking by 'locking' intellectual concerns into a discourse of self-cultural preservation. Despite the vibrancy of an earlier left Chinese community, and latter-day instances of such in the *Dong Jiao Zong* (DJZ) educationalist movement (through Kua's directorship), the political legacy of this under the Vision project has been a reluctance on the part of mainstream Chinese intellectuals to challenge the status quo. With the Chinese BN parties now an integrated part of the ruling order, Chinese politics has become more reactive than proactive. Such fears have been used by the Chinese BN to anchor ethnic political arrangements and inhibit cross-ethnic/class solidarity. The very proximity between religious and ethnic identity has also served to crystallise these concerns among non-Malays. Thus, in a society deeply conditioned by ethnic psychology, progressive ideas for many non-Malay intellectuals have become subsidiary to that of managing the harboured fears of religious and cultural imposition.

And yet, here we find a contradiction with significant import for the left. By the early-1990s, Mahathir and Anwar were promoting a more balanced position on cultural

policy in accordance with Vision ideology and *Bangsa* Malaysia. While the BN construct of ethnic politics still prevailed, Mahathir was also embarked on a strategy of 'cultural liberalisation', a process which was serving to fragment the traditional identities and ethnic symbols which had held the structure together. As Loh has shown, this was linked in the 1990s to an intensifying discourse of developmentalism, marketisation, corporatisation (notably of higher education institutions) and the ideology of consumer individualism, providing the impetus for a shift away from the politics of ethnicism.⁶¹ Thus, by the late-1990s, in contrast to the 1970s and 1980s, the issue of 'national culture' had lost much of its acrimony. Reflecting this, a 1996 document on the National Cultural Policy sponsored by the Federation of Chinese Assembly Halls recommended a more conciliatory position in view of the government's more liberal approach towards Chinese education and other cultural practices.⁶² With the new market for foreign-sponsored colleges, the use of English was also being encouraged by the Education Ministry. Indeed, despite its stated aims of promoting *Bahasa* and related cultural institutions, many were now questioning the government's commitment to the national language.⁶³

Vision developmentalism has, thus, helped 'consumerise' Malaysians, reorientate cultural identities and stimulate cross-ethnic middle-classness. Indeed, beyond any semiotic significance, it was fitting that the weekly demonstrations in support of Anwar were taking the form of 'shopping protests.' As the economic crisis deepened, middle-class fears were finding complementary expression alongside the 'moral politics' of the *reformasi*, creating new hybrid forms of social dissent around which left reformers could organise. However, this does not denote a 'left discourse' in any *organic* sense. This is partly because much of this exchange has been absorbed, channelled and articulated through government forums, Islamic and Chinese bodies, policy think tanks and media discourse — civil institutions mainly serving the intellectual agenda of Mahathirism. Still caught up in the constructed discourse of ethnic politics, the left has lacked an alternative agenda of its own — a set of common ideas around which disparate intellectual communities, institutions and the national-popular element can identify.

Insiderism: the conditions of dissent

Intellectual conditioning in Malaysia is also effected through more subtle forms of ‘moral persuasion.’ This encouragement of ‘insiderism’ does not in itself eliminate dissent. Rather, it neutralises it by inviting dissent to be expressed from *within*. Conversely, ‘insistent outsiders’ can be portrayed as recalcitrants and deviants impeding social cohesion.

Here, the government seek to pacify left intellectuals and academics by bringing them into consultative forums, think tanks and other policy-planning bodies. One such instance was the inclusion of academics in the National Economic Consultative Council (NECC). Set up in 1990 to discuss policy options following the end of the Outline Policy Perspective (OPP1), their participation reflected Mahathir’s need for ‘consultation’ and ‘consensus’ in the run-up to the NEP-NDP transition, the outcome having already been determined at a higher level.

It is also worth noting here Anwar’s own once reproachful view of agencies outside the *Barisan* fold. For example, during the 1995 General Election, Anwar threatened a ‘withdrawal’ of support for Penang state if it backed the DAP, warning that the BN would not work with a party that promoted racial tension.⁶⁴ He had also noted that:

...we do not need the Opposition for the so called check and balance[sic] in the administration...They only create issues and confuse the people...Instead, the people should support and co-operate with the Government to ensure continuous progress and unity.⁶⁵

In another such instance in 1987, following various conferences on human rights and the Malaysian constitution organised by *Aliran*, the CAP and the Malaysian Bar Council, both Mahathir and Anwar denounced the organisations concerned as seditious influences, with Anwar condemning *Aliran* in particular as “arrogant intellectuals”.⁶⁶ Notwithstanding this, the keynote speech at the December 1994 Just World Trust conference on human rights, organised by Chandra, was made by Mahathir, with Chandra speaking-out in common denunciation of Western human rights postures and ‘universal standards.’ Mahathir’s conference address, maintaining the case for a qualified

democratic order based on Asian social values, was boycotted by *Suaram* and many international human rights groups.⁶⁷

Opposition party stances on international issues are also used to foster impressions of national affinity with Mahathir. One such example was the broad condemnation of the US/UK bombing of Iraq in late-1998. Here, PAS, DAP, PRM and many NGOs had all stated their own positions in questioning the legality and morality of the strikes. In a key *Harakah* article, Syed Husin Ali also noted that Mahathir was condemning Western aggression while maintaining a convenient security relationship with the US.⁶⁸ Yet, against the backdrop of *Ramadan*, what emerged as the *agenda-setting* message via the mainstream media was 'Malaysian parties united against bombing', allowing the suggestion of support for Mahathir's own anti-Western line.⁶⁹ Complicating this, somewhat, PAS had applauded Al Gore in *Harakah* statements for supporting Anwar and the *reformasi*, articles which now appeared, in the wake of the bombing, to compromise PAS's anti-US stance.⁷⁰ However, this scenario of 'strange bedfellows' also illustrated the new dynamics of the *reformasi* situation and the more complex set of political exchanges now emerging.

The more deep-rooted issue here has been intellectual endorsement of the *system*. Intrinsic to this, again, is the way in which the language of power becomes accepted as agenda-setting discourse. For example, among fifteen crisis-tackling proposals made by Lim Kit Siang in early-1998, one was a call to: "Implement Vision 2020 concept of *Bangsa Malaysia*."⁷¹ Concerning the need for economic recovery allocations to be spread fairly and without discrimination, it was instructive to note here that while 'criticism' was being voiced, it was using the accepted idiom of Vision-speak within which to express it.

A slightly different variation on this was the campaign, led by Lim, to free Lim Guan Eng through a pardon petition to the *Yang Di Pertuan Agong*. Leaving aside the immediate politics of the case, this can be seen as another such instance of insiderism. In effect, it gave credence to a system which had falsely, and without regard for civil liberty, imprisoned him. At the outset, there was minor debate within the NGO community over this strategy. One must also note the forms of custom and tradition behind the request. From a humanistic point of view, Lim's attempts to save his son from the pain of penury was also understandable. But with any such pardon comes an effective admission of

one's own guilt, something which was palpably not the case. Thus, it was another dimension of the tacit respect given by the opposition to the prevailing order. Though helping to focus popular opposition, it also tended to undermine all the other people who had been unjustly detained, either under the ISA or through the conventional courts. Again, this ties into Kua's critique of the DAP leadership and the party's 'soft radicalism.'

But the incorporation of intellectuals also works at a more socialised level. The increasing disconnection of the new middle-class from 'the rest' has complicated the task of constructing any broad-populist agenda. Alongside the ethnic conditionalities noted, this is exacerbated by the fact that intellectuals themselves form an intrinsic part of the new middle-class. For many, its attendant culture of self aspiration forms a mirror-image of their own class 'predicament.' In *A Portrait of the Intelligentsia as an Aspiring Class*, Kua paints a vivid picture of this bourgeois paradox:

Middle class ideology provides an amusing — if exasperating — object of study. Its ideology is the product of the influence of the dominant ideology on the former's own aspirations. This middle class is thus in an ambiguous class position — it aspires to join the upper class and this aspect often takes elitist forms. It is an attitude that is widespread among intellectuals as we see them wear their PhD's and LLB's and other such academic titles...to demand unjustified privilege and status in the community...That these intellectuals feel the need to borrow from working class ideology is also seen in the way some mouth 'socialist' slogans...The devotees of these intellectuals [embrace this] since it provides them comfort in their secure middle class niche and steadies their conscience as supporters of an undemocratic government...[I]n every society there are always intellectuals who are clear about their political and ideological (rather than just their economic class) orientation, who preserve their moral integrity...My advice to aspiring intellectuals is this: don't mystify knowledge even if you do not see the truth...To the non aspiring intellectuals: do not despair. Continue to defend democracy, to serve the people...⁷²

This suggests a need for critical self-examination *within* the intellectual community. The attraction of academic status and penchant for 'proletarian language' denote instances of intellectual vanity which, in turn, provide a 'lifestyle context' for 'middle-class dissent.' In more subtle ways, intellectual analysis in itself may serve to 'desensitise' issues by turning them into 'respectable' areas of investigation, 'specialised policy problems' or 'seminar room dissent.' Thus, by speaking 'of', rather than talking

‘with’, the social community, discussion becomes institutionalised, a form of insiderism detaching the intellectual from any broader organic relationship.

This reflects Gramsci’s concern with translating alternative intellectual ideas into popular political consciousness. Here, Gramsci stresses the interdependent nature of this relationship and the idea that while exercising a key directive role as organisers of counter-hegemony, the intelligentsia does not become a detached elite:

The process of development is tied to a dialectic between the intellectual and the masses...The popular element ‘feels’ but does not always know or understand; the intellectual element ‘knows’ but does not always understand and in particular does not always feel...One cannot make politics-history without this passion, without this connection of feeling between intellectuals and people-nation.⁷³

The historical analogy Gramsci draws on here is that of the Reformation and the way in which a unity of ideas was created through the articulation of a new ethics from the intellectual to the masses. In this regard, the idea of ‘populism’ itself must be qualified, in that any moral bloc must demonstrate a sensitivity to popular feeling, while promoting self-education and common consciousness; a reciprocal form of interaction and learning which draws leaders and led into an organic unity.⁷⁴

This is not to argue that dialogue with power institutions is an invalid part of intellectual activism. Hence, while many bourgeois intellectuals regard such processes as reflecting ‘professional neutrality’ and ‘academic objectivity,’ the liberal intellectual is likely to see it as a pragmatic opportunity to highlight a particular issue — the Chandra-Mahathir shared platform on human rights being, perhaps, a case in point. This may also take on more Faustian connotations, allowing differing positions to be advanced simultaneously. Yet, in a country where the line between ‘consultation’ and co-optation is so finely drawn, so subtly blended, such positions have undermined intellectual-populist engagement. Mohd Nasir Hashim (imprisoned in 1987 under the ISA) has called, in this regard, for intellectuals to address their own role in the dialectics of struggle by confronting their own bourgeois proclivities:

[I]t is up to us to break away from any stereotyped relationships that perpetually make one the leader and the other the follower; or the artificial separation between theory and practice; and between mental and menial work...[W]e must be able to move tactically and dialectically from one position to the other and must never be bogged down by some rigid, mechanical and compartmentalised forms of relationships....In short, *we are the intellectual-activist and not one or the other*. Only then a person

truly becomes an *organic intellectual* who blends well with society and can effectively organise the people to help themselves so as to achieve their full potentials.⁷⁵

These vacillations among many intellectuals, he notes, were evident during the ISA clampdown of 1987, where:

...the intellectuals started to falter and suddenly became unnecessarily elusive, petty, erratic and thoroughly bogged down by theoretical possibilities and trivialities...We often aspire to be open minded when we communicate with the people, but inwardly we are going through a deep process of self reflection and self criticism on issues relating to our values in life; on our inherited bourgeois mentality...But if we chose to flirt with racial, religious and provincial tendencies...then we are no different from the capitalists who used such opportunistic tactics to control, exploit and divide the people. We must understand that as we work with the people to change this oppressive environment, we get transformed in the process.⁷⁶

Hashim's call for intellectual activism through direct confrontation with "the entire State machinery...the police, politicians, government agencies [and] judiciary..." would find some realisation by 1998.⁷⁷ Yet, integral to this process was his injunction that intellectuals must engage in an ongoing process of self-demystification and fuller involvement in grass-roots struggle. To what extent, then, had the Anwar imbroglio galvanised the *reformasi*, the left and the ordinary citizen for such a task?

Hegemonic crisis, new conditions: situating the left and the *reformasi*

In his address to the Justice for All Forum in Penang, Cecil Rajendra had talked of the need for more collective responsibility. Citing past violations, such as the UMNO Youth's attack on the East Timor conference (Kuala Lumpur 1997) and the persecution of Irene Fernandez, Lim Guan Eng and Anwar, he noted how:

...a few of us raised our voices while the vast majority stood back and kept quiet. This was an NGO problem, the law must take its course and never mind about justice...Are we still going to stand on the sidelines and refuse to make our voices heard?...What is happening in this country is not [the responsibility] of PAS or DAP or ADIL, but the concern of every ordinary citizen, citizens like you and I.

While political awareness and public activism had been growing slowly, Anwar's ouster had given this process a vital fillip. It had aroused domestic and international support for a new political and civil order. It had split UMNO and opened-up a new front against the BN. It had brought about new cross-party coalitions, with people packing halls to hear Wan Azizah and the other party leaders speak from shared platforms.⁷⁸ Now it was finding fuller expression through the BA. Thus, a key feature of left-liberal politics by this point was its new alignment with Anwar.

Yet this also raised questions about how easily many intellectuals and activists had slipped into pro-Anwar mode. After all, here was someone who had spent sixteen years beside Mahathir upholding the UMNO system. Anwar's liberal credentials throughout that period can certainly be seen as more pronounced than Mahathir's or most others within the party. Nor was it easy to promote internal change with Mahathir and Daim firmly in control. Yet Anwar's 'passive' position in UMNO or the *Asian Renaissance* profile he projected could not disguise his prior policy agreements with Mahathir, his denunciation of opposition groups, his political-corporate connections or his close links with the 'Washington nexus.' This is not to say that left or liberal reformers could not work with Anwar to help realise Mahathir's removal. But it did illustrate the sense in which some intellectuals had re-grouped around Anwar as more than an adopted symbol of the *reformasi*.

This was evident in Chandra's (Just World) declaration of support for Anwar after his arrest, the culmination of an ongoing association between the two. To some extent, this was indicative of Chandra's 'acknowledgement' of a 'liberal' stream within UMNO. Chandra reasoned that Anwar had been constrained by his situation and that he had often talked in reformist language with regard to civil society, participatory democracy and the corruption issue. Yet, Anwar had also placed his own people in key positions, worked with Daim, the architect of privatisation, and declared his allegiance to Mahathir after being removed from office. Having also denounced the IMF's recovery agenda, there was also the question of how Chandra and others could now rationalise Anwar's own links with it.

However, while indicating how intellectuals become absorbed into new networks of influence, we have to differentiate here between the type of intellectual incorporation being cultivated by Anwar and his circle while in office and the emergent support for him

as part of the new *reformasi* situation. At the outset of his fall, there appeared to be an ambivalent recognition of Anwar's 'other sides', a tension evident, for example, in some of the output in *Aliran*, *Harakah* and *Saksi*. However, for figures like Chandra and Tian Chua (now Vice President of the PKN), this was being mediated by wider considerations of injustice and the need to close ranks against the BN. To some extent, Wan Azizah's emergence as a leader and symbol of the *reformasi* now offered a more 'respectable', and, in many ways, more powerful, imagery for many left/liberal intellectuals.

A related issue was the left's inability to develop debate which moved beyond the 'drama' of the Anwar affair itself. As noted by some left-leaning activists and journalists seeking to create a more expansive web-output, there had been a distinct absence of intellectual exchange over *secular* political values. Although complementing *reformasi* aims, PAS-Islam was now assuming a contextual role in shaping opposition discourse, raising concerns among writers like Farish A. Noor that basic secular tenets were being too-easily conceded, thus allowing Islamic forces new social and political influence, particularly within the universities. Within GAGASAN too, those attempting to open-up this debate had found themselves isolated. While this was being done in the name of unity — as a pragmatic gesture to GERAK and PAS — it illustrated the nature of the new politics unfolding.

Nonetheless, overlapping the party co-operation issue, a more open exchange with PAS intellectuals was now taking place. In prominent new *Harakah* pieces, Chandra's previous critique of 'PAS traditionalism',⁷⁹ for example, was giving way to a new stress on 'civilisational dialogue', drawing Islamic elements together while reaching out to the non-Malay intellectual community.⁸⁰ As a key political figure within ADIL, the PKN and the wider *reformasi*, Chandra's intellectual overtures to Malays and non-Malays now suggested a new effort to construct meaningful alliances. Drawing more consciously on the civilisational tenets of Confucianism, as well as the universalising ideals of the Medina polity, here was a more balanced template of what cross-ethnic social collectivism might represent in a modern context.⁸¹ While Mahathir had 'claimed' Islamic modernity for the Vision project, the reformist message being evoked through this 'new modernist' dialogue was finding resonance for PAS traditionalists, mainstream Muslims and non-Muslims alike. In offering a 'new set' of guiding principles for Islam and cross-ethnic unity, Vision-Islam was, thus, being undermined. In this respect, the

removal of Chandra from his UM post can be seen as part of an intellectual response from within the UMNO network to check the institution's influence and its 'new dialogue' with PAS-Islam.

Mahathirism, *reformasi* and the left: the dialectics of change

Alongside various forms of intellectual conditioning, left ideas have been marginalised by Vision discourse. Yet, taking the more sanguine view, the Mahathir project, exposed by the contradictory nature of its own 'liberalisation' agenda, has been unravelling from within. Vision capitalism has also created a more fluid and 'globally-located' middle-class,⁸² new social mobility and a more pronounced consumer politics. Together with collectivist forms of ethnic and religious identity, these are now interacting in more complex ways with class identities.⁸³ Thus, the crisis has helped accentuate political, cultural and class shifts already unfolding.

This greater fluidity suggests new opportunities for drawing disparate elements into the opposition alignment. Although taking form through the main parties and the *reformasi*, the emergence of left-reformist NGOs also denotes a strong basis for intellectual-populist mobilisation — a more open means of popular dissent, as indicated by GERAK's and ADIL's roles in encouraging cross-ethnic involvement and party alliances.

However, much still depends on the ability of this and other mainstream elements to work together as an *organic* entity by thinking strategically and avoiding narrow party interests. As an injunction to the Italian Communist Party (PCI), Gramsci showed how any such party must avoid the 'fetishisation' of the organisation itself. Through a varied critique of Leninism, Trotsky's 'permanent revolution' and Luxemburg's 'mass strike', Gramsci was pointing to the dangers of detached cadres and bureaucratic centralism. Thus, the party had to be open, democratic and dynamic, with intellectuals who could bridge the feelings of people and their leaders, while forming a bulwark against careerists and opportunists.⁸⁴ UMNO has managed this fetishism by maintaining the *ideal*, if not the practice, of 'popular participation,' its past aura as a party in the struggle for Malay independence still permeating popular consciousness. Yet, Vision populism

has been more synonymous with Mahathirism than 'UMNOism', making the party itself an increasingly remote monolith for many Malays.

The cultivation of a looser politics may be seen as a way of breaking-down support for the BN parties. One of the main features of 'New Social Movement' (NSM) politics is the relative absence of hierarchical structures, allowing a fuller sense of participation. This is precisely *because* it lies outside conventional forms of political representation — reflecting a wider phenomenon of popular disengagement from mainstream political parties. To some extent, the PKN has sought to cultivate this type of NSM-style politics based on intellectual integration and popular participation, an approach perhaps more conducive to the expansion of left ideas.

The opposition has also become more adept at spreading its ideas. Like Gramsci, Anwar had to be removed from the stage by a leader who feared subversive polemic and its threat to the power bloc.⁸⁵ But unlike Gramsci, the *reformasi* has had the Internet, an unprecedented medium through which to transmit Anwar's prison writings, *reformasi* books and a whole raft of 'street literature.'⁸⁶ Thus, the use of IT, publication networks and the global mass-media has allowed reproduction of its message into urban homes, rural *kampongs* and Western living rooms. Alongside the success of *Harakah*, this has helped bring about new pressures for change within the media itself. Indeed, as a gag order was announced for Anwar's second sodomy trial,⁸⁷ 581 journalists from 11 newspapers submitted a petition to the government calling for repeal of the Printing Presses and Publication Act.⁸⁸ Hence, while the UMNO network seeks to consolidate its control over civil institutions, the intellectual terrain is still being contested.

Hegemony is, therefore, a conceptually infinite task — not, in the Fukuyama worldview, an ultimate state of affairs, an historical contest decided.⁸⁹ If history illustrates anything, it is that social relations are contingent, ever-evolving and open to human intervention; a dialectic constantly unfolding. Activists and intellectuals may reflect pessimistically on the power of multinationals and state elites or the chasm between rich and poor. But the 'TINA syndrome' — another instance of hegemonic discourse — belies the open-realm of human agency and the possibilities of long-term alternatives.⁹⁰

By late-1999, there remained a deep-lying ambivalence among many comfortable Malaysian intellectuals, professionals and other parts of the middle-class.⁹¹ Thus, one

might invoke the Gramscian maxim: 'pessimism of the intellect, optimism of the will'. Nonetheless, the crisis and the Anwar affair had galvanised the Malaysian public in unprecedented ways, from mass turnouts at *reformasi ceramahs* to a new critical view of state and civil institutions, most notably the media.⁹² Neither the left or the wider *reformasi* appeared, as yet, strong enough to threaten a resilient BN machine. But it did signal a key shift in popular consciousness and change in the political landscape, opening up new and meaningful challenges to Mahathirism and the prevailing bloc.

¹ The party in question was the *Ikatan Masyarakat Islam Malaysia*, registered in Terengganu in 1900. *AFP*, March 29th 1999.

² For a graphic, if at times over-euphoric, account of the proceedings, see Sabri Zain, 'The Eye of Justice', published at <<http://members.xoom.com/Gerakan/eye-of-justice.html>>.

³ Cited, *ibid*.

⁴ Responding to this potential scenario, as posed in an earlier article in *Sin Chew Jit Poh*, Lim Kit Siang had noted that the PKN's real test was in making an impact on UMNO's base rather than the DAP's. See 'KeADILan must establish itself as a multi-ethnic Malay-based party in the next election by competing and beating UMNO in the Malay heartland', speech by Lim Kit Siang, May 30th 1999, published at Lim Kit Siang homepage.

⁵ See 'Malaysia's squabbling opposition under attack by Mahathir's forces', *AFP*, June 2nd 1999.

⁶ 'New and More Moderate, an Anwar ally on plans for a political party', *Asiaweek*, April 2nd 1999. Ezam had been questioned but not charged on his return from Indonesia.

⁷ However, the sitting Chief Minister Bernard Dompok, an ethnic Kadazan, lost his seat and position. Dompok, who had led his faction within the PBS over to the BN in 1994, thus allowing them to take power, was replaced by Osu Sukam, the state UMNO liaison officer. Dompok had only served one year of his turn as CM under a rotation system worked out by Mahathir to placate Kadazan and other ethnic feeling. See 'Mahathir party secures top post after chief minister loses seat', *AFP*, March 15th 1999. For a concise set of insights here, see 'Patterns of Ethnicity and Electoral Politics', Loh Kok Wah's guide to the March 1999 Sabah Election, published at *Saksi*, *Aliran* and various other websites.

⁸ 'Jomo on the current situation in Malaysia', an interview with Jomo, carried, in part by the *Australian*, "distorted" by the Bernama news agency and reproduced in its complete version in *Harakah*, March 15th 1999.

⁹ 'Malaysia Bans 3 Foreign Publications', *Associated Press (AP)*, February 18th 1999.

¹⁰ The suit against Hiebert was issued in relation to the article 'See You in Court', *Far Eastern Economic Review*, January 23rd 1997. In the article, the author, addressing the growing level of spurious litigation in the Malaysian courts, highlighted the case of the RM6 million damages being sought by the mother of Govind Sri Ram against the International School of Kuala Lumpur for 'unfairly dropping' her son from the school debating team. Pointing out that the student's father is the Court of Appeals judge Gopal Sri Ram, Hiebert noted that "...many are surprised at the speed with which the case raced through Malaysia's legal labyrinth." In contrast to other civil cases which usually take around five years (as noted by an unnamed "veteran lawyer" in the article), this suit came to court in seven months. Awaiting appeal, Hiebert had his Canadian passport seized and held for two years. He was finally given a six-week jail sentence in September 1999.

¹¹ *Straits Times (Weekly)*, June 5th 1999.

¹² See 'Standing Up and Speaking Out', *Aliran Monthly*, April 1999, 19: 3.

¹³ A minor government official who had been sentenced to two years for abusing his position.

¹⁴ See, for example, 'Anwar's Guilty Verdict: No Big Surprise', *Aliran Media Statement*, April 14th 1999.

¹⁵ See 'Rights groups, foreign critics slam Anwar verdict', and 'Anwar trial raises concern about judicial independence, says Britain', *AFP*, April 14th 1999.

¹⁶ 'Amnesty says Anwar a prisoner of conscience', *AFP*, April 14th 1999.

¹⁷ Estimates vary as to the size of this gathering. PAS put it as high as 100,000. *Harakah*, April 16th 1999.

¹⁸ 'Panel wants Rahim charged for assaulting Anwar', *Star*, April 14th 1999.

¹⁹ The following is based on various transcripts of the trial in the domestic and international press, news agency reports and website documents.

²⁰ A copy of this letter to Dr. Mahathir, 'Re: Allegations Against Dato Seri Anwar Ibrahim' was posted on the *reformasi* site: <http://members.xoom.com/Gerakan/msaid_let1.html>.

²¹ Anwar claimed that he could find no record in his diary of Musa's presence at this meeting with the AG on August 30th 1997.

²² Although the circumstances and motives over the production of these tapes remains problematic, they do indicate Umami Hafildi's involvement in a conspiracy to undermine Anwar. They, apparently, found their way to the defence team via Anwar himself who had been given them by Sng Chee Hua, for reasons not fully explained. Copies of the tapes were being circulated through various *reformasi* channels.

²³ As one of a small number of observers in court that day, it was apparent from the actual testimony given by Anwar of these meetings with Mahathir and Rahim Noor that Augustine Paul's embargo was designed to prevent their damaging content being aired. Two main aspects concerning those meetings can, however, be noted here, since they did find their way into the public domain via the internet. The first is Mahathir's alleged ultimatum to Anwar to resign or be prosecuted, calling into question a number of issues regarding Mahathir's powers of office and his involvement in a conspiracy. The second concerns Rahim Noor's alleged conversation with Anwar during which, holding Anwar's hand, an unusual habit for Rahim, he urged Anwar to sort out the problem with the PM himself. Again, this and related conversation between the two suggests that delicate approaches were being made to Anwar at this point as part of a control strategy from above. See 'Malaysia's Anwar Says PM Targeted Him', *Reuters*, February 10th 1999.

²⁴ See 'Leadership and the Barisan Alternatif', *Aliran Monthly*, September 1999, 19: 8. The BA's manifesto was launched on October 24th 1999.

²⁵ Hewison and Rodan (1996), p 42.

²⁶ *Ibid*, p 58.

²⁷ For a particular account of NGO activity and its limitations, see Loh Kok Wah (1997 b), 'Development, Democracy and ASEAN NGOs', *Aliran Monthly*, 1997, 17: 1.

²⁸ See, in particular, the cover theme of *Aliran Monthly*'s March 1999, 19: 2, edition, 'Bridging the Great Divide'.

²⁹ See, for example, *Tenaganita* (1995) and (1998).

³⁰ The present author was able to gain some helpful insights, in these regards, as an observer and participant at one such gathering/workshop in Kajang, 'Celebration of People's Struggle', November 16th 1997. Organised by a number of small-scale NGOs, the gathering was an informal, open-day-type event, alongside more 'formalised' discussion seminars. During the main 'sharing seminar session', a number of ex-ISA detainees and their families talked movingly about their harsh experiences. Two older men spoke of their detention as 'subversives' (one for three years, the other for twelve), both having rejected the parliamentary approach of the then Labour Party in the late 1960s. Later, in conversation, both reiterated the need for a meaningful ideological basis for NGO action. The latter man's wife spoke of the very trying circumstances of raising their family, having been pregnant when her husband was arrested. As part of the session, Anne Munro Kua, wife of Kua Kia Soong who was held for 445 days, also talked about the petty vindictiveness of the authorities and the psychological games they played in order to break the morale of the detainees and their families. A constant theme here was the way in which the detainees were motivated by support from outside, while they, in turn, were sustained by the heroism and fortitude of those inside. Notable here was Kua Kia Soong's own participation in the group, as was that of Dr. Sanussi Othman, General Secretary of the PRM. Other indications of how this grassroots activism was being effected came in conversations with a number of recent student graduates present who told me of their efforts to organise within local factories. During a subsequent working group discussion, mainly comprising students (the others present forming two women's groups and a circle of older male activists), various questions were raised about the ISA, the purge on Islamic groups and the absence of political activism on the campuses. While some present noted their own involvement in a range of NGO-type activities, it was apparent that much of it was, essentially, 'single-issue'-based, lacking clear 'political' or 'ideological' meaning. However, it was interesting to note that this in itself had its own attraction for some. Also noted was the various ways in which students were being warned away from political activism, whether through the Universities and Colleges Act or through other forms of intimidation. There was agreement that career interests and

generalised apathy were also significant factors. Thus, while, here and in later conversations, one could denote a certain similarity of 'leftist' debate as occurs in the West, many of these people were linked by a more immediate set of concerns about the various mechanisms of state repression. Moreover, while there was no mistaking the marginal nature of such activism (and the absence of certain groups like *Aliran*), this gathering still revealed the way in which nominally 'left' NGO's and associated interests were continuing to organise and 'network', a process which would yield more considerable value with the birth of *reformasi*.

³¹ Hewison and Rodan (1996), p 62.

³² See 'New Malaysia: policies and objectives of the PRM', (1994), PRM *Pusat*.

³³ See, for example, 'Al Gore's remarks: how they react' *Harakah*, November 23rd 1998.

³⁴ This text (1996) represents a modified draft of events, a more detailed account (naming names) having been 'held back' for publication "after the actors have ended their political careers." (p x).

³⁵ *Ibid.* See pp 2, 12, 33, 37, 39.

³⁶ *Ibid.*, pp 2, 26-29, 56.

³⁷ *Ibid.*, pp 6, 12-13, 20, 54, 67, 73-74.

³⁸ *Ibid.*, pp 22, 27, 32, 34.

³⁹ Kua Kia Soong, 'DAP's Latest Purge: another re-run of a bad movie', *Aliran Monthly*, July 1998, 18: 6.

⁴⁰ See 'Distorted Facts', a response to Kua Kia Soong's claims, by M. Kula Segaran, DAP National Assistant Publicity Secretary; *ibid.* An internal part of the latter's piece here concerns the issue of Kua Kia Soong's disqualification as a candidate for the Petaling Jaya Utara seat in 1995 after failing to complete his nomination papers in time. As evident in this article, Kua had noted a sanctimonious "gloating" among key party officials following this embarrassing mishap. As also noted in statements and an appendix in *Inside the DAP*, pp 45-47, 123-136, Kua had taken the matter to court on the grounds that the Returning Officer had not observed proper procedures and had shown bias. The case itself, defended by Raja Aziz Addruse, was rejected on a questionable technicality.

⁴¹ Clammer (1997), p 199. Emphasis added.

⁴² Cited in W.G. Mansor (Special Issue article), 'I think, therefore I am', the *Sun*, 9th November 1998.

⁴³ J. L. Esposito (1991), p 31.

⁴⁴ This was the last of a three-part series of articles which appeared in the *New Straits Times*, June 6th-8th 1994. See also 'Accommodation and acceptance of non-muslim communities within the Malaysian political system', 'The role of Islam' and 'Accommodation: today and tomorrow', *Harakah*, February 8th, 15th and 22nd 1999.

⁴⁵ *New Straits Times*, June 8th 1994.

⁴⁶ *Ibid.* Italics added.

⁴⁷ One might invoke Kantian rationalism here to say that reason, in forming the essential basis of human co-operation, suggests some consistency between a 'defined' universalism and the idea of such a contract. Illuminating these rationalist themes, John Rawls's (1972) contract theory denotes an 'imagined universalism' in which contracting agents, through processes of rational self-interest, come to recognise the collective value of *just*, but not necessarily *equal*, distribution. From this point of view, the idea of universalism is not inimical to contractual processes where rational participants derive appreciable 'returns' from mutual co-operation.

⁴⁸ W. Montgomery Watt (1988), p 68. This liberal Islamic agenda has also been advocated by academics in the West like Fazlur Rahman and Sayyed Hussein Nasr.

⁴⁹ Chandra Muzaffar (1989), pp 425, 426. Here, he notes: "...the book is blasphemous. It mocks their [Muslims'] religion. It insults their faith. It ridicules their sacral personalities...The right to free speech should not be used — or rather abused — to propagate malicious lies, to pour filth upon the faith of a people...Freedom, like other rights, should be guided by eternal spiritual values such as truth and honesty. A writer who is inclined to fantasise, however talented he may be, does not have the right to be irresponsible! This is something that certain sections of the Western media have failed to understand."

⁵⁰ The predicaments of Rushdie and the Bangladeshi feminist writer Taslima Nasrin, both subject to *fatwah* (Islamic death sentence) orders for alleged blasphemy have, one might suggest, been used as symbols of Western democracy challenging the irrational forces of Islam, a prejudicial representation that fails to capture the complexities of the issue. See Akbar S. Ahmed (1992), pp 169-177, for a more balanced view of the Rushdie case and its sensitivities.

⁵¹ E. Said (1994), pp 65-66.

⁵² Chandra Muzaffar (1989), pp 340-341.

- ⁵³ *Ibid*, p 433.
- ⁵⁴ See Muhammad Ikmal Said (1992).
- ⁵⁵ Kua Kia Soong (1985), pp 147, 154-155.
- ⁵⁶ Cited in Kua Kia Soong (1992), p 74.
- ⁵⁷ *Ibid*, pp 75-82, 89, 90.
- ⁵⁸ Muhammad Ikmal Said (1992), pp 278-279.
- ⁵⁹ *Ibid*, pp 274-275. Emphasis added.
- ⁶⁰ Syed Hussein Alatas (1977 b), pp 1-3.
- ⁶¹ Loh Kok Wah (1997 a).
- ⁶² *Ibid*. This included the proposed teaching of Chinese and Tamil languages in all primary schools. The 1996 Education Act also allowed the Education Minister to exempt the use of *Bahasa* and use English as a main medium of instruction in key subjects like maths and science. It was also significant, *vis-à-vis* the developmentalist argument, that cultural affairs now came under the ambit of the Ministry for Culture, Arts and Tourism.
- ⁶³ See *New Sunday Times*, September 25th 1994.
- ⁶⁴ Gomez (1996), p 22. Anwar's comment was contained in a *Sun* piece, April 15th 1995.
- ⁶⁵ 'People can do without the opposition', *New Straits Times*, January 18th 1995.
- ⁶⁶ Cited in G. Means (1991), p 198. This followed the August 1987 conference in Kuala Lumpur 'Reflections on the Malaysian Constitution: 30 Years after Independence', organised by *Aliran*.
- ⁶⁷ See 'Right Behind You: dissident joins Mahathir on Asian values bandwagon', *Far Eastern Economic Review*, December 22nd 1994. See also *New Straits Times*, December 7th 1994. The occasion here was the 'Re-thinking Human Rights' conference, December 7th-8th 1994. Reflecting divisions among Malaysian pressure groups over Mahathir's invitation, the human rights organisation *Suaram* had attempted to distribute protest leaflets among the conference participants. Attempts by organisers to stop this were also criticised as a curtailment of human rights. Continuing this 'anti-Western' theme, Chandra has, elsewhere, charged Western governments, business, and media with trying to "...thwart the dramatic growth and development of certain Asian economies...[These agencies] share a collective paranoia [that Western economic power] is beginning to wane...The centres of power in the West do not want this to happen — as the Malaysian prime minister so rightly observed at the recent conference on Malaysia-China co-operation..." *New Straits Times*, February 17th 1995.
- ⁶⁸ 'Stand against US imperialism: deeds not matched by words (An open letter to Dr. Mahathir from Dr. Syed Husin Ali)', *Harakah*, December 7th 1998.
- ⁶⁹ See 'Malaysians begin Ramadan with rare show of unity', *AFP*, December 20th 1998.
- ⁷⁰ See 'Comment: What's all the fuss about Al Gore?', *Harakah*, November 23rd 1998.
- ⁷¹ Lim Kit Siang (1998), p 5.
- ⁷² Kua Kia Soong (1992), pp 66-69.
- ⁷³ Gramsci (1971), pp 332, 418.
- ⁷⁴ See R. Bellamy and D. Schecter (1993), pp 131, 133.
- ⁷⁵ Mohd Nasir Hashim, *Aliran Monthly*, 1994: 14; 7. Emphasis added
- ⁷⁶ *Ibid*.
- ⁷⁷ *Ibid*. As this article suggests, Mohd Nasir Hashim's 15 month detention under the ISA appears to have made him a more vocal, one might say fearless, critic of the state. He has had a long-standing involvement with workers groups, squatters and other campaigning bodies, notably *Suaram* and *Suara Warga Pertiwi* (SWP).
- ⁷⁸ See Anil Netto, 'Unity a little closer for Opposition', *Harakah*, May 3rd 1999.
- ⁷⁹ Chandra Muzaffar (1987).
- ⁸⁰ See 'Islam and Confucianism: the need for a sincere dialogue', *Harakah*, March 8th 1999.
- ⁸¹ *Ibid*. In the *New Straits Times* piece, June 7th 1994, Chandra also notes how: "The Prophet offers an inspiring example of the leader who sought to accommodate the non-Muslim communities of his time in Medina, through a constitution which ensured equality and justice for all the city's inhabitants."
- ⁸² See Robert Reich (1991) for a discussion of the new global middle-class as "symbolic analysts".
- ⁸³ Somewhat complementary to the present approach, Allin Cottrell's (1984) tableaux of 'economic class', 'political forces, and 'social collectivities' denotes the particular, yet interdependent, nature of these three levels of identity. While 'economic class' is defined in terms of ownership/non-ownership of property/means of production, and 'political forces' as potentially specific, 'social collectivities' denote "any category of agents broadly sharing some aspect of culture and orientation to politics, susceptible to organisation of a political constituency of some kind." This would include collectivities based on lines

of religion, ethnicity, region and so on. Both the working-class and the middle-classes can be perceived as social collectivities in this sense, given the salient place they hold in popular ideological consciousness; pp 194, 209.

⁸⁴ Showstack Sassoon (1987), pp 162-180.

⁸⁵ As the prosecuting attorney at Gramsci's trial put it: "For twenty years we must stop this brain for working." Cited, D. Forgacs (1988), p 21.

⁸⁶ As an example of unfolding events, speeches and media statements in compilation book form, see Fan Yew Teng (1999). See also 'Anwar: Terbiling tapi Terbuang', a magazine-type publication (edited by PAS figures) covering the Anwar affair, the trial and broad opposition comment. Similar broad *reformasi* output was appearing in the DAP publication *The Rocket*.

⁸⁷ The trial commenced June 7th 1999.

⁸⁸ 'Journalists urge repeal of 'media gag' laws', cited at *Gerakan Reformasi* website, May 4th 1999.

⁸⁹ F. Fukuyama (1992).

⁹⁰ See Samir Amin (1997), Ch 7, notably p 151. 'TINA: There is no Alternative'.

⁹¹ As noted by Maznah Mohamad, in 'The Rot Within Us', *Aliran Monthly*, May 1999, 19: 4.

⁹² See Johan Saravanamuttu, 'From Crisis to Reform', *Aliran Monthly*, May 1999, 19: 4.

Conclusions:

Mahathirism and the crisis of hegemony

In the immediate aftermath of the first Anwar trial, to what extent did Mahathirism and the Vision project still have *hegemonic* legitimacy? In lieu of a longer-term verdict, let us conclude here with a brief summation of the project in Gramscian terms and a *résumé* of its economic, political and ideological crises points by late-1999.

The project reviewed

Hegemony and Mahathirism

Transcending liberal analyses, the Gramscian meaning of hegemony helps delineate a particularised mode of legitimacy based on leading *class* relations together with political and ideological forms of power. Articulation of the leading group's ideas and values are built around strategic alliances and moral leadership over subsidiary groups and at the national popular level. Hegemony is also premised on processes of civil consent rather than state coercion. In these regards, Mahathirism's attempted shift from domination to hegemony has been exposed at various junctures, most notably in the crisis from 1997.

The power bloc in Malaysia

Hegemonic relations are expressions of the historical/power bloc, the concrete specification of a national (and, in its wider application, transnational) system of power. The bloc is not just a standard political alliance, but a protean ensemble of state-class relations based around a leading, but always accommodating, set of interests. In tracing the evolution of such, from colonialism to Alliance consociationalism and NEP statism, Mahathir's efforts to advance Vision capitalism has seen radical alterations within the bloc and ongoing tensions over its development.

Intellectuals and the UMNO network

In this regard, the UMNO network performs the role of organic intellectual in the organisation, reproduction and crisis management of the bloc. Here, state and civil actors/institutions construct policy ideas, agenda-setting discourses and populist representations to legitimate the prevailing order. The filtering of Vision ideology through an expansive range of civil agencies, from schools and universities to the media and Islamic forums, involves a continuous effort to build consensus and incorporate oppositions, a process encompassing the intellectual struggle between Vision-Islam and PAS-Islam. Responding to the crisis and the Anwar affair, the network has also been engaged in emergency strategies to rebuild public support.

The Vision as national-popular discourse

While relative cohesion may exist between political elements and class fractions *within* the bloc, hegemony still depends on national-popular consent. This does not require outright support for leading ideas or a given political party. Rather, it involves a more quiescent acknowledgement of those ideas as internal to the *system*, whether through passive resignation or common-sense approval. This suggests ways of receiving and internalising social meaning which cannot be reduced to imposed ideology or false consciousness. In this sense, acceptance of Vision discourse as a synonym for 'national development' has been significantly eroded by the crisis.

The Malaysian state-class and organic crisis

Organic crisis denotes a crisis of the entire system; that is, a culmination of economic/class, political/party and moral/ideological disjunctions affecting the bloc. From 1997, contradictions at the economic level had generated crises at the political and ideological levels. In seeking to hold the various social and class alliances together, Mahathir had used political and ideological diversions to disguise the economic element in its early phase, and a reverse emphasis on economic recovery to mask the political and ideological fallout of the Anwar purge. However, the 'resolution' of organic crises suggests the need for a qualitative renewal of consensual relations at all three levels.

Mahathirism as a hegemonic project

Thus, the legitimacy of the BN bloc has been subject to crisis management, allowing the nucleus of an alternative bloc to emerge from the contradictions of the old one. Let us summarise the Mahathir project's evolving elements, taking us to some final comments on the crisis and the counter-project by early-2000.

Early Mahathirism	(1981-85)
Mid-Mahathirism	(1986-90)
Late Mahathirism	(1991-96)
Crisis Mahathirism	(1997-99)

Early Mahathirism (1981-85)

We have noted the antecedents of the Mahathir project in the ethnic constructions of the colonial, Alliance and NEP states. In its transition from the latter, Mahathirism emerged as a new, and more complex, project striving to negotiate the tensions between Malay nationalism and economic developmentalism. From the UMNO campaign of 1946 to the 1969 crisis, Mahathir had linked himself to the prevailing idiom of Malay nationalism and Malay populism, his challenge to the Tunku providing a precedent for his attack on the royals by the early-1980s. Yet, while upholding the 'Malay cause' and NEP ideals, the project was being conditioned by the push for capitalist development. The problem of a subordinate Malay bourgeoisie, diagnosed by Mahathir in the *Malay Dilemma*, had re-manifested itself as a new form of state dependency, a tension expressed in Mahathir's struggle with the civil service and NEP bureaucracy for control of state institutions. Thus, in the rush for growth, Mahathir was moving away, albeit cautiously, from NEP principles towards an *apparent* liberalisation of the state and civil society while seeking to consolidate executive power at the centre. The class base of the power bloc was also being widened to allow a more 'inclusive' role for Chinese and transnational capital, while maintaining a select place for Malay capital. In seeking consensus for a new social reward structure, Mahathir was also attempting to re-fashion political culture, a key aspect being an unfolding discourse on capitalist development *vis-à-vis* Islamic modernity.

Mid-Mahathirism (1986-90)

In the mid-Mahathir period, neo-liberalism provided the *economic*/class rationale for deregulation and privatisation, hegemonic opportunities used by Mahathir and Daim to shift patronage from the state to the more flexible site of UMNO/BN control. This allowed a new political-corporate network to be built through concessions to strategic interests. The period also saw major expansions in IT and the financial sector/KLSE as emergent development strategies.

In *political* terms, Operation Lalang and the threat from Tengku Razaleigh was symptomatic not just of a factional challenge, but of a critical *policy* struggle within UMNO by 1987/88 — part of an organic crisis of hegemony. Attempts by the ‘NEP class’ to check Mahathir’s reconstruction of the state had seen internecine conflict, a recourse to authoritarian populism and a purge of those political elements obstructing the project. Thus, while splitting UMNO in the process, Mahathir had kept control of the bloc. Following the BN’s good showing at the 1990 election, there had been some movement back along the continuum towards hegemonic control, evidenced by a relative ‘relaxation’ of the media.

At the *ideological* level, Mahathir’s ideas on civil reform and Islamic modernity were finding intellectual and national-popular resonance, much of this being fashioned around the *lingua franca* of *The Challenge*. Despite the mid-1980s recession and middle-class unrest, Mahathir had also managed to cloak Malaysia’s new foreign dependency around the nationalist ideologies of Malaysia Inc and Look East. Coincident with the shift from the NEP to the NDP, media outlets were now giving rise to a more pronounced discourse of developmentalism.

Late Mahathirism (1991-96)

In *economic*/class terms, late-Mahathirism saw both a consolidation within the bloc and the nadir of national-popular support for the project. The social changes effected by rapid development from the 1980s now required a more *inclusive* conception of the project. While ethnic identity remained a perennial part of social consciousness, Malaysians were being urged to make the country more competitive in the new global marketplace. Renewed overtures to foreign capital, political courting of non-Malays and calls for ethnic co-operation were now being fitted more consciously around the Vision

and *Bangsa Malaysia* — in effect, a shift away from the old forms of ethnic balancing towards a ‘post-ethnic nationalist’ conception of state-class arrangements. As ‘spokesman’ and ‘role-model’ for the South, Mahathir was also now a major figure on the world stage. However, while many Malaysians basked in ‘reflected glory’, Mahathir’s promotion of Vision development and investment strategies in Kelantan had not managed to break PAS’s now-emerging project.

Following a fortuitous turn in the economy, the *political* high point of late Mahathirism was the 1995 Election, the BN’s greatest victory, a key aspect being the now concentrated support of Chinese voters and business institutions. By now, Mahathir was approaching reverential status. Reflecting insider processes, Mahathir’s attempts to drive a wedge between PAS and the coalition in Kelantan had also seen Razaleigh and *Semangat* ‘46 back in the UMNO fold by 1997. However, while Mahathir’s management of the ‘Anwar succession’ had helped keep the political bloc stable, a more intensive campaign against Anwar was now taking shape within UMNO and the political-corporate network.

Nonetheless, the project had found its *ideological* pinnacle by the mid-1990s. With the economy booming, the message behind Vision adverts and *Bangsa Malaysia* was becoming associated with the not inconsiderable level of social progress now evident. For Mahathir, it was ‘Asian values’ and ‘Malaysia *boleh*’ rolled into one. This sense of national-popular confidence also included a tacit admiration for Mahathir among many ‘critical’ intellectuals. Thus, at its high-point, late-Mahathirism had provided a system of rewards and incentives sufficient to realise a considerable level of legitimacy in the system.

Crisis Mahathirism (1997-99)

In contrast to late-Mahathirism, crisis-Mahathirism had seen recourse not only to emergency economic measures, but coercive political and ideological attempts to hold the bloc and the populist element together. While claims of Malaysia’s drift to dictatorship were premature, the catalogue of state-coercive interventions leading to, and beyond, Anwar’s ouster had set in motion a series of state-class conflicts, political divisions and national-populist resentments which now threatened the cohesion of the bloc. The following are indicative of the coercive responses by mid-1999:

- * His trial prejudged, Anwar was in jail, convicted of corruption, his removal from political office secured for the foreseeable future.
- * Following on from Augustine Paul's deliberations, the authorities were now seeking to ruin Anwar's (and Sukma's) character through the prosecution of a second sodomy trial.
- * Lim Guan Eng had been jailed, a warning to others not to transgress the government by spreading 'false news'.
- * Nalla, Anwar's business associate, had been jailed for 42 months — his charge reduced from treason to illegal arms possession only because the authorities feared the public impact of his execution.
- * Sukma had been jailed, and refused permission to travel during his appeal.
- * Munawar Anwees had been jailed and vilified in the press.
- * Tian Chua and others had faced proceedings for being part of the *reformasi* protests. Another 126 *Orang Kena Tuduh* (OKTs) (accused persons) had been arraigned before the courts.
- * Zainar Zakaria, Anwar's lawyer, had been convicted of contempt charges in the course of discharging his duty.
- * Irene Fernandez faced a prison sentence for spreading 'false news' about the inhumane treatment of migrant internees.
- * The government and UMNO network had pursued a concerted 'anti-slander' campaign to ruin political opponents and punish the foreign media.

While these actions were presented as legally constituted responses, the reversion to 1987-style authoritarian populism suggested a crisis of the Vision project. Though avoiding an Operation Lalang-type clampdown, similar coercive forms had been used to contain the *reformasi*. Thus, the economic crisis had revealed fundamental contradictions at the political and ideological levels — all told, a three-fronted crisis of hegemony.

Crisis of hegemony: economic

To some extent, populist consent was still apparent by this point, as evidenced in the support for Mahathir's economic recovery measures, a set of adjustments which, for small business in particular, had been necessary to stave-off further crisis. Many, including Chinese business, still supported Mahathir as the man who had brought about a new form of 'inclusive' economic development. There also remained a general level of support for Mahathir's decision to oppose the IMF agenda and Anwar's deflationary policies on the grounds that it had not delivered recovery and had been based on external rather than domestic interests.

By mid-late-1999, a significant picture of recovery could be noted. Moody's had raised Malaysia's credit rating from 'negative' to 'stable', industrial production was up 2.6%, exports (in \$US terms) were up 13%, unemployment had peaked at around 3%, inflation had fallen from a high of 3.85% to 2.8% (February to May 1999), foreign reserves stood at a record \$US 31 billion, interest rates had fallen again to a pre-crisis base rate of 7% and Merrill Lynch had revised Malaysia's growth projection up from 2% to 4.9% for 1999.¹

On the other hand, small business was still resentful at Mahathir's bailout of big corporate capital, while foreign capital was now increasingly estranged. With a forthcoming election, artificial attempts had been made to bolster the stock market, as in the Treasury's 'acclaimed' RM1 billion bond issue which, in reality, was sold at reduced cost to save government face.² Moreover, as noted by Jomo, stock market 'improvement' did not necessarily signify 'healthy recovery'.³ While many analysts now agreed that recovery was now on the horizon, there was still deep concern that financial reforms had been piecemeal, that the debt agencies had been ineffective and that the euphoria of recovery was recreating the illusion that there had never been anything wrong with the 'Malaysian way' of doing things in the first place.⁴ While many neo-Keynesian analysts saw Mahathir's capital control policy as a legitimate counterpoint to textbook IMF austerity,⁵ others, such as the Nobel economist Merton Miller, argued that it had achieved nothing and that having abandoned convertibility once, the possibility of doing it again had diminished investor confidence.⁶ Many fund managers also remained unhappy over the preferential treatment still being shown by the CDRC, *Danaharta* and *Danamodal* to well-connected companies.⁷ Referring to a survey in March 1999 by

Asian Intelligence indicating a deterioration in foreign business perceptions of Malaysia, Jorgen Bornhoft outgoing president of the Malaysian International Chamber of Commerce and Industry noted that the debt agencies had to be stronger in rooting out those who had allowed irresponsible borrowing and lending, while the government had to be more consistent in dealing with foreign investors.⁸ As one member of a *Far Eastern Economic Review* business panel summarised it in a survey on the Asian economies:

...the only consistent thing in Malaysia is the inconsistency of macroeconomic policy...Secondly, the amount of restructuring is not enough. They're hiding a much higher level of bad debt than Thailand or Indonesia...I think Thailand is trying to bite the bullet fairly seriously, but I don't think Malaysia is.⁹

Thus, while still Mahathir's strongest card, the recovery measures could not disguise the state's rupture with foreign capital. At the same time, the crisis had been artificially characterised as the latest instalment of liberal transition in the region: Suharto falls, Mahathir is next, a liberal-business view which obscured both the deeper *policy* issues and state-class conflicts at stake here. As one informed source had noted to this writer, it was necessary to look beyond the public gaze of the Anwar drama and its actors to understand the more critical roles of the *directors* behind the scenes.

Crisis of hegemony: political

The consensual element realised during the period of late-Mahathirism could not be easily dismissed. Indeed, it was largely due to the very real regard for Mahathir, and what he had 'delivered' during this phase, that kept him from meeting the same fate as Suharto.

Yet, while BN incumbency was unlikely to be broken, this could not conceal the crisis within the political bloc. Beneath the surface lay brooding discontent among UMNO members. For these and many more Malaysians, faith in the political institutions, the courts, the police, the media and other parts of the network had been severely damaged. The crisis had alienated a younger generation, notably in the universities, but also beneficiaries of the NEP.¹⁰ While as yet unable to compete with UMNO's party organisation, the PKN had recruited an impressive 150,000 members by mid-1999,¹¹ though, with around 600,000 members, PAS was now the centrepiece of Malay

resentment.¹² Alongside this popular shift from UMNO, PAS was also now recruiting influential figures such as Hasan Mohamad Ali, a leading businessman, popular at *ceramahs*, well regarded in intellectual circles and able to draw others into the party.¹³

Nonetheless, Mahathir was still resolved in leading the party into the polls.¹⁴ This was due to the lack of any charismatic replacement and a desire to secure his own interests. But it was also due to tensions over who could hold the wider bloc together. As UMNO marshalled its pre-election forces at the 1999 Assembly, former Anwar ally Zahid Hamidi now appeared on television, in an act of insiderism, to declare that he had been manipulated by Anwar.¹⁵ With election fever mounting, a number of personnel changes had been made in a bid to present a new image, notably the replacement of Mohamed Rahmat with Mohamad Khalil Yaakob as Information Minister and Secretary General,¹⁶ and the appointment of Razaleigh as head of Kelantan UMNO. Yet, despite this and a visceral anti-foreign campaign of posters, speeches and media messages claiming 'economic recovery in adversity', PAS were now drawing major crowds in the rural areas as people flocked to hear Nik Aziz and show solidarity with Wan Azizah.¹⁷

As ever, though, Mahathir appeared resolute about his actions and unfazed by the task to come. As he asserted in one interview at this point:

I've gone against the stream many, many times, and it just so happens that in most instances I have been proved correct.¹⁸

Thus, just as the crisis had unfolded as an economic-political-ideological sequence, Mahathir was tackling it from that direction. However, having realised progress through economic recovery, Mahathir was now facing a new type of political uncertainty and test of the project's ideological legitimacy.

Crisis of hegemony: ideological

Two essential reasons for this ideological crisis can be noted. Firstly, the new social order promoted by the Vision was calling for a more sophisticated model of contestation and control over the civil space. Although recourse to coercion had always been threatened, the emphasis during late-Mahathirism had been towards the cultivation of consensuality. Ideas of an emergent civil society were still being linked with Vision

objectives even as the economic crisis unfolded.¹⁹ Thus, the lurch away from that ideal had impacted at the national-popular level, while causing internal disquiet within the political bloc. To some extent, the PR initiatives and 'Asia responds'-type discourse (as in Mahathir's treatise *A New Deal for Asia*, launched in the wake of the Anwar crisis) had seen renewed contestation of the civil space. Playing on middle-class themes of 'responsible dialogue', 'common recovery' and other problem-solving discourse, much public dissent had been tempered. However, with undercurrent anger at Anwar's treatment, and the media's role within it, Vision ideas of civil expression had been brought to a new point of disrepute.

Thus, secondly, a crisis of ideology was now evident in the power bloc's loss of *moral* authority. In persecuting Anwar and his family to protect political-corporate elites, Mahathir had crossed the fine line between *realpolitik* and offending socio-cultural conventions. Indeed, the decision to proceed with a second sodomy trial indicated a last attempt to discredit Anwar's character and counteract this earlier transgression. While expressed initially in street demonstrations and shopping protests, anti-Mahathir feeling now took quieter forms in the *kampongs* and in middle-class conversation. But it had not disappeared. Even the literary Laureate Shahnun Ahmad joined in with a bitter satire in the story *Shit*, an allegory of the political system, wherein the leader of the 'faeces world' (a name shortened to PM) refuses to be expelled from within the foul intestine, the putrid region of power where all his coterie reside. After the hero Wiwaran's failed revolt, he is expelled from the intestine's rear end, leaving him to be regenerated by the pure elements of the earth and the warmth of the people.²⁰ The book sold out its first print run immediately despite condemnation from Mahathir and others BN figures.

Thus, indicating a more *qualified* form of consent, a certain ambivalence now prevailed among Malaysians. Many were tacitly supporting Mahathir on the *economy* while backing Anwar, PAS and the *reformasi* on the *moral* front.

The reformasi and war of position

This term, perhaps, best describes the nature of the *reformasi*'s challenge to the BN bloc by late-1999. While significant new forms of popular dissent had been born, this was not, as yet, enough to break adherence to the BN. Again, it is the tacit and longer-term acceptance of the prevailing *system* that signifies hegemonic order, even where that

involves considerable levels of popular disaffection and pressure for reform. In these regards, any counter-bloc will have to develop a coherent and *consensual* alternative to the BN's ethnic politics and the class basis on which they are built. Recognising the cross-ethnic nature of the task before it, an increasingly galvanised community of parties, NGOs and critical intellectuals were, thus, increasingly focused on building the coalition.

The once 'unthinkable' idea of a non-BN Malaysia still required a further shift in Malay support towards PAS and the PKN and a consolidation of Chinese support through the PKN or/and DAP. While PAS still held to an Islamic state and *hudud* law as eventual goals, this was being mitigated by its 'low-key' discussion of these issues and by the two-thirds majority needed to make this constitutional change. It is possible that PAS could push for new Islamic laws through a future parliamentary alliance with the PKN. Yet, even this prospect seems unlikely, given the PKN's need to appeal to urban middle-class Muslims.

With this new political fluidity, contestation of the civil space has taken on greater significance for the UMNO network and the proto-opposition alike, opening up new possibilities for meaningful challenges to the BN system.

¹ See: *Asiaweek* (Country analysis), May 7th 1999; 'Spoiling For a Fight', *Far Eastern Economic Review*, May 27th 1999; 'Merril Lynch revises Malaysia's GDP to 4.9%', *AFP*, July 7th 1999; 'Capital Idea?', *Far Eastern Economic Review*, July 1st 1999; 'Forgive and Forget', *Far Eastern Economic Review*, June 24th 1999.

² See, for example, 'The Name is Bond: Junk Bond', a *freeMalaysia* article published in *Harakah*, June 7th 1999; Shroff, 'Costly Lesson', *Far Eastern Economic Review*, June 10th 1999.

³ As economic adviser to the PKN, Jomo was now producing a series of sustained counter-arguments to the government's economic claims. See, for example, 'More economic disinfo', published at *freeMalaysia*, June 10th 1999.

⁴ A set of concerns stated, for example, by Lim Say Boon, 'Malaysia looking good, but...', *Straits Times* (Weekly), May 29th 1999.

⁵ See Larry Elliot and Charlotte Denny, 'Asia tiptoes warily back to work', Finance feature, *Guardian*, July 6th 1999. Noted here was the extent to which countries had begun to fall back on Keynesian instruments to overcome domestic crises, a trend which, now endorsed by people like Paul Krugman and Joseph Stiglitz (Chief Economist at the World Bank), signalled a "crisis of laissez-faire" and a new departure from orthodox neoliberal economic management.

⁶ See Miller's remarks in 'Malaysian banking remains weak', *Financial Times*, July 9th 1999.

⁷ See Michael Shari, 'Malaysian clean-up misses a lot of dirt', *Businessweek*, July 5th 1999. Noted here was the CDRC's debt advisory help and 'intervention' in persuading the banks not to call-in Renong and UEM loans, while allowing Halim Saad and other key management figures to stay in control of both companies. The CDRC was also used to work out a favourable debt arrangement for Tongkah Holdings, a hospital equipment company run by Mahathir's son Mokhzani. In a further example, *Danaharta*, the state resolution trust company, had assumed RM8 million of Capitalcorp Securities, while allowing insiders from its parent company Kumpulan Fima to act as new directors. In effect, foreign bankers and investors argued that, in contrast to Western practices, easy debt schedules and lack of clearout procedures were still being used to protect politically connected figures.

⁸ 'Foreign investors want reform', (Dow Jones report) published at *freeMalaysia*, June 15th 1999.

⁹ The comments were made by David Roche, President of International Strategy, one of a select five-member panel assessing the Asian recovery process. 'Reduced Speed Ahead', *Far Eastern Economic Review*, July 8th 1999.

¹⁰ See Chen May Yee, 'UMNO alienates the young', *Asian Wall Street Journal*, June 9th 1999.

¹¹ 'The Will to Win', *Far Eastern Economic Review*, June 24th 1999.

¹² See 'Sign of the Times' *Far Eastern Economic Review*, July 1st 1999.

¹³ *Ibid.* Hasan was a classmate of Anwar's.

¹⁴ 'Combative Mahathir vows to lead Malaysia into next millennium', *AFP*, June 18th 1999.

¹⁵ See Anil Netto, 'Anwar's Shadow Looms Over UMNO', *Aliran Monthly*, July 1999, 19: 6.

¹⁶ Replaced Information Chief Mohamed Rahmat was allowed to retain his position as BN General Secretary. See 'New party secretary has work cut out ahead of Malaysian polls', *AFP*, May 20th 1999.

¹⁷ See 'Man of Faith' and 'Bogeymen Beware', *Far Eastern Economic Review*, July 1st 1999.

¹⁸ Cited in 'I was Shocked — Mahathir talks about the black eye, and other issues', *Far Eastern Economic Review*, June 24th 1999.

¹⁹ As in Abdullah Badawi's message: 'Civil society will emerge if Vision 2020 objectives met', *New Straits Times*, August 11th 1997.

²⁰ See 'Below the Belt', *Far Eastern Economic Review*, May 13th 1999.

Postscript

Implications of the 1999 General Election

On November 29th 1999, the *Barisan Nasional* retained its mandate and long-standing two-thirds majority at the country’s tenth General Election, thus ensuring Mahathir a fifth successive term in office and his place as longest-serving Asian leader.¹

Malaysian General Election results, November 29th 1999

	Parliament			State		
<i>Barisan Nasional</i>	148			281		
<i>Barisan Alternatif</i>	42			113		
<i>Parti Bersatu Sabah</i>	3					
	Parliament			State *		
	BN	BA	Other	BN	BA	Other
Federal Territory	6	4				
Labuan	1					
Johor	20			40		
Kedah	7	8		24	12	
Kelantan	1	13		2	41	
Malacca	4	1		21	4	
Negri Sembilan	7			32		
Pahang	11			30	8	
Penang	6	5		30	3	
Perak	20	3		44	8	
Perlis	3			12	3	
Sabah	17		3			
Sarawak	28					
Selangor	17			42	6	
Terengganu	8			4	28	
TOTAL	148	42	3	281	113	

*(Sabah and Sarawak states elected at other times)

Following major tax and spend inducements in the October Budget, Mahathir had called a snap poll, allowing only nine days for campaigning. Coinciding with the election call, Anwar’s trial had been postponed indefinitely by Judge Arifin Jaka, removing it

from the political limelight. Critically, the choice of date also meant that 680,000 new voters (equivalent to around 7% of the existing 9.5 million electorate) would not be eligible to vote on time. Registered the previous April and May, many having reached the requisite voting age of 21, the Electoral Commission insisted it could not process this group until January 2000, a claim dismissed as gross bias by the opposition.

Malaysian General Election, 1999: seats by party

	Parliament	State
<i>Barisan Nasional</i>		
UMNO	71	175
MCA	29	69
MIC	7	15
Gerakan	6	21
Other BN	35	
 <i>Barisan Alternatif</i>		
PAS	27	98
DAP	10	11
 PKN/Keadilan	5	5
PRM		
 <i>Other opp.</i>		
PBS	3	

Smear tactics were much in evidence during the campaign. For example, Chandra Muzffar and *Aliran* were accused of having received money from Anwar while in office, the claim by Abdul Murad, a former *Bank Negara* assistant governor, being subject to defamation proceedings by the *Aliran* executive. Videotapes depicting ‘pornographic’ references to Anwar and a PAS party member were being distributed in public places. BN adverts were also fabricated to insinuate that Wan Azizah did not trust her husband. Election monitors also observed a number of polling irregularities, including the mishandling of postal votes, the circulation of fake identity cards and other gerrymandering, though this was not considered enough to invalidate the overall poll.

As part of the UMNO network, the media had played-up the ethnic issue, using various images to suggest that a PAS victory would mean a return to racial conflict. This notional threat of an Islamic state was reinforced by indications of BN support from the Malaysian Council of Buddhism, Christianity, Hinduism and Sikhism, a move

acknowledged by Lim Kit Siang as a significant blow to the *Alternatif*. In a timely move, Mahathir had also used the Chinese premier Zhu Rongji's state visit and public statements on new trade deals with Malaysia to send signals of ongoing rewards for the Chinese community under the BN. Campaigning in Kelantan and the other PAS strongholds, Mahathir had sought to depict PAS as a party of devious fanatics bent on using the *Alternatif* as a front for its own Islamic goals.

Notwithstanding the media bias, campaign chicanery and other network enterprise, the result did signify an ongoing endorsement of Mahathirism. While bringing about a new political challenge, the Anwar factor alone could not make Malaysians revoke completely the practical accomplishments of the Vision project.

However, the result could not disguise the more particular damage done to UMNO/BN. UMNO's own share of parliamentary seats fell from 88 to 72 and from 231 to 175 in the 11 state seats contested. The BN's overall parliamentary seats fell from 162 to 148, while its share of the popular vote dropped from 65% to 56%. Many majorities were drastically reduced, and a number of key government figures removed, signifying, in particular, the Malay electorate's deep disquiet with the UMNO hierarchy. Alongside the loss of six deputy ministers were a number of senior party figures, notably, Finance Minister Mustapa Mohamed and Rural Development Minister Annuar Musa, both in Kelantan, in Kedah, Abdul Hamid Othman of the Prime Minister's Department, Domestic Trade and Consumers Minister Megat Junid in Perak and UMNO Information Chief Yusof Nor in Terengganu. The removal of the latter two can be seen as particularly symbolic given their roles in the Anwar affair and the filtering of government information. Another key casualty was Terengganu *Menteri Besar* Wan Mokhtar Ahmad, while Education Minister Najib Razak held on with a tiny majority. Despite local disenchantment, Mahathir's own Kubang Pasu seat was never seriously threatened, though his 1995 majority was reduced from around 17,000 to 10,000.

At the outset, the four main *Alternatif* parties had formed an amicable agreement allowing the strongest-chance candidate to contest each seat. In winning Anwar's Permatang Pau constituency with a 9000 majority, Wan Azizah was now an iconic part of a new and more organised opposition. However, the PKN/*Keadilan* had failed to make serious inroads, picking up only 5 parliamentary and 5 state seats, with Chandra, the PKN Deputy, failing to make it to parliament. The PKN's small showing can be

linked, in various parts, to political inexperience, the infancy of its party machinery and more general caution among its hoped-for urban middle-class constituency. The PRM did not win a seat, though having slashed BN majorities by critical amounts in its allotted constituencies (including Syed Husin Ali's 20,000 to the BN's 24,000 in PJ Selatan), it was now an integral part of the BA.

More particularly, the election saw a serious crisis for the DAP. Despite winning 10 seats, up 1 from 1995 (3 more than in the previous parliament), the DAP leader Lim Kit Siang and its national chairman Karpal Singh were ousted in both their parliamentary and state seats. Lim, thereafter, resigned as party leader, following Chen Man Hin, the party chairman, who also lost his seat. While the DAP-PAS arrangement had augured well for the emergence of a more mature coalition, it now left the DAP exposed to new political uncertainty, notably over the party's relationship with PAS and its role within the coalition. The DAP's poor showing reflected ongoing Chinese fears over DAP's alignment with PAS, the BN's ability to foster images of racial instability and other conservative business concerns. But rejection of the DAP can also be attributed to its own unattractiveness as a party, particularly to the young, its internal tensions and Lim's own autocratic style. Yet, the DAP failure also indicated a more decisive statement of Chinese support for the BN, a continuation of the pragmatic vote for economic rewards and 'Vision inclusion' seen in 1995.

This made problematic Lim's claim that Chinese support for the BN was specifically motivated to stop a PAS-Islamic state. Here, the outgoing DAP leader warned that DAP exclusion and PAS gains now posed a serious threat to secular politics as UMNO prepared to retake the Islamic ground. However, one could also see here, *vis-à-vis* the Vision factor, the anomaly of UMNO's own shift away from its Malay base, suggesting something of a dilemma over whether to develop this broad-ethnic base or seek to reclaim its lost Malay following through a more pronounced religious agenda. On balance, it is not clear that UMNO must follow this latter route in order to hold the Muslim vote. For it is still the case that many, notably urban middle-class, Malays seek more economic prosperity and political reform rather than more Islamisation policies. Nonetheless, the loss of Malay support to PAS is a factor that UMNO cannot ignore. Paradoxically, it is here that Mahathir and UMNO may now reflect on the loss of Anwar as a prized figure in mediating the Islamic dimension.

Reflecting its 'coming-of-age', PAS now stood as the main opposition, picking up much of the new floating Malay vote, evidenced by its rise in parliamentary seats from 8 to 27. The party also lost by slender margins in 10 other parliamentary seats. As a newly elected member in Kedah, the much respected Fadzil Noor, an MP after many attempts, was now set to lead the parliamentary opposition. In Kedah itself, PAS had taken a third of the state seats and more parliamentary seats than the BN. In Kelantan, the PAS victory was almost total, the party taking 13 of the 14 parliamentary seats, the other going to Razaleigh. PAS also took 41 seats in the state to the BN's 2.

However, the single most damaging aspect of the election for UMNO, taking the gloss off the BN's victory, was the loss of Terengganu to PAS. Here, 28 of the 32 state seats were won by the PAS-led *Alternatif*. The *Alternatif* also won all 8 parliamentary seats (PAS, 7, PKN, 1). Thus, with PAS, under new *Menteri Besar* Abdul Hadi Awang, now in charge of a second state, and having made substantial new inroads in Kedah and Perlis, the party's presence in the North was now a worrying scenario for Mahathir and the wider power bloc. Another key factor here is the massive oil and gas revenues which PAS will derive from *Petronas* royalties to the Terengganu state. Utilising these resources for purposes other than feeding the UMNO/BN machine, this also 'joins' oil-rich Terengganu to the less prosperous Kelantan, setting-up more consolidated trade links, economic crossovers and other mutual state projects; in effect, an expanded PAS-economic region.

But the PAS gains also illustrate the wide cleavage now evident across Malay society. Here we see the prospect of a growing rural-urban/north-south divide, a rejection of Vision developmentalism and new impetus for the PAS-Islamic countervision. Among Hadi's first tasks, with incoming state exco members, were proposals to form a new Islamic advisory council, ban gambling, prohibit alcohol and initiate other measures to cleanse corruption within the state. As MP for Marang, Hadi has also been an assertive proponent of *hudud* law at the Federal level. While offering assurances to the other BA parties, PAS was now extending its version of an Islamic politics beyond Kelantan as a real alternative to the UMNO system. Thus, reflecting these divisions, the *Sun* warned on the morning after the poll that: "The Malay world is in turmoil, and nothing has made that more evident than this general election."

2000: the new political landscape

Noting a number of 'optimistic' economic indicators, Mahathir reaffirmed his claim that the country was still on course for Vision 2020 status. Yet, neither this nor the BN's electoral victory signalled a resolution of the crisis. There are four main reasons for this. Firstly, notwithstanding the result, UMNO had been seriously damaged by the crisis, both as a party and in the eyes of a new generation of critical Malaysians. Secondly, a more visible and coherent opposition has now been established, signifying a real alternative to the BN, particularly in the minds of younger Malaysians. Thirdly, in securing another untouchable mandate, the problems of corruption and cronyism within the system were likely to go unaddressed, thus limiting any serious reform or adaptation of the state-class to the new political landscape. This aspect is also likely to foster ongoing tensions with foreign capital, thus limiting the scope of Vision capitalism. And, fourthly, UMNO/BN are now faced with a new and more systematic Islamic counter-force in the northern states, a problem now situated around the loss of UMNO's 'model' Islamic state in Terengganu. Taken together, these factors comprise an ongoing set of tensions and contradictions for the Vision project and the wider power bloc.

¹ The following analysis of the election and its fallout is drawn from a generalised survey of domestic media reports, internet sites and opposition literature. All votes noted as approximate.

List of acronyms and organisations (past and present)

ABIM	<i>Angkatan Belia Islam Malaysia</i> (Malaysian Islamic Youth Movement)
ACA	Anti Corruption Agency
ADB	Asia Development Bank
Adil	<i>Pergerakan Keadilan Sosial</i> (Movement for Social Justice)
Aliran	<i>Aliran Kesedaran Negara</i> (National Consciousness Movement)
AFP	<i>Agence France Presse</i>
AMCJA	All Malay Council of Joint Action
ANC	African National Congress
APEC	Asia Pacific Economic Co-operation
APU	<i>Angkatan Perpaduan Ummah</i> (Muslim Unity Force)
ARF	ASEAN Regional Forum
Arqam	<i>Darul Arqam</i> (House of Arqam)
ASEAN	Association of Southeast Asian Nations
ASTRO	All Asia Television and Radio Company
Bank Negara	National Bank (central bank)
Bhd	<i>Berhad</i> (limited company)
BOT	Build-Operate Transfer
BN	<i>Barisan Nasional</i> (National Front)
CAP	Consumers Association Penang
CCC	Chinese Consultative Committee
CDRC	Corporate Debt Restructuring Committee
CM	Chief Minister
Dakwah Foundation	Revival Foundation
DAP	Democratic Action Party
Dewan Rakyat	People's Parliament
DJZ	<i>Dong Jiao Zong</i> (Chinese Education Movement)

EAEC	East Asian Economic Caucus
EPSM	Environmental Protection Society of Malaysia
EPU	Economic Planning Unit
EPF	Employers Provident Fund
EU	European Union
FDI	Foreign Direct Investment
FELDA	Federal Land Development Authority
FOMCA	Federation of Malaysian Consumers Association
FTZ	Free Trade Zone
Gerak	Malaysian People's Movement for Justice
Gerakan	<i>Parti Gerakan Rakyat Malaysia</i> (People's Movement
Party	Malaysia)
Gagasan	Coalition for People's Democracy
Gagasan Rakyat Malaysia	Malaysian People's Front
G7/G8	Group of 7/Group of 8 (leading industrialised countries)
HAKAM	<i>Kebangsaan Hak Asasi Manusia Malaysia</i> (National Human Rights Society Malaysia)
HICOM	Heavy Industries Corporation of Malaysia
IADC	Islamic Affairs Development Committee
ICA	Industrial Co-ordination Act
ICB	Islamic Consultative Body
IEF	Islamic Economic Foundation
IFC	International Finance Corporation
IKIM	Institute for Islamic Understanding Malaysia
IMP	Independence of Malaya Party
IMTGT	Indonesia, Malaysia, Thailand Growth Triangle
IPR	Institute for Policy Research
IRAD	Islamic Religious Affairs Department
ISA	Internal Security Act
ISIS	Institute of Strategic International Studies
IT	Information Technology
IPR	Institute of Policy Research

JIM	<i>Jemmah Islah Malaysia</i> (Congregation of Peace Malaysia — formerly Islamic Representative Council)
JPP Development	<i>Jabatan Pembangunan Persekutuan</i> (Federal Department)
JKKK	<i>Jawatankuasa Kemajuan dan Keselamatan Kampung</i> (Village Security and Development Committee)
JUST	International Movement for a Just World
KLSE	Kuala Lumpur Stock Exchange
MAI	Multilateral Agreement on Investment
MAS	Malaysian Airlines Service
MB	<i>Menteri Besar</i> (Chief Minister)
MBC	Malaysian Business Council
MBF	Malaysia Borneo Finance (Bhd)
MCA	Malaysian Chinese Association
MCCC	Malaysian Chinese Chamber of Commerce
MCP	Malayan Communist Party
MDC	Multimedia Development Corporation
MIC	Malaysian Indian Congress
MIER	Malaysian Institute for Economic Research
MITI	Ministry of International Trade and Industry
MNC/TNC	Multinational/transnational corporation
MNPA	Malaysian Newspaper Publishers Association
MPH	Multi Purpose Holdings
MSC	Multimedia Super Corridor
MSRC	Malaysian Strategic Research Centre
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organisation
NCP	National Cultural Policy
NDP	New Development Policy
NEAC	National Economic Action Committee
NECC	National Economic Consultative Council
NERP	National Economic Recovery Plan

NEP	New Economic Policy
NGO	Non-Government Organisation
NIC	Newly Industrialising Country
NII	National Information Infrastructure
NITA	National IT Agenda
NITC	National Information Technology Council
NOP	National Operations Council
NSMs	New Social Movements
NSTP	New Straits Times Press
NTV7	Natseven TV station
OECD	Organisation for Economic Co-operation and Development
OPP	Outline Perspective Plan
PAP	People's Action Party (Singapore)
PAS	<i>Parti Islam SeMalaysia</i> (Islamic Party of Malaysia)
PBBB	<i>Parti Besaka Bumiputera Bersatu</i> , (United Bumiputera Party) (Sarawak)
PBS	<i>Parti Bersatu Sabah</i> (United Sabah Party)
PCCC	Penang Chinese Chamber of Commerce
PKMM	Malay Nationalist Party
PKN	<i>Parti Keadilan Nasional</i> (National Justice Party)
PKPIM	National Association of Muslim Students Malaysia
PNB	<i>Permodalan Nasional Berhad</i> (National Equity Corporation)
PPP	People's Progressive Party
PRM	<i>Parti Rakyat Malaysia</i> (Malaysian People's Party — formerly <i>Parti Sosialis Rakyat Malaysia</i> , Malaysian People's Socialist Party)
Pusat Islam	Islamic Centre
PUTERA	Central Force of the Malay People
RTM	<i>Radio Televisyen Malaysia</i>
SAPs	Structural Adjustment Programmes

SB	Special Branch
SDRs	Special Drawing Rights
SERI	Socio-Economic & Environmental Research Institute
S46	<i>Semangat '46</i> (Spirit of '46)
SLORC	State Law and Order Restoration Council (Burma)
SMIs	Small-Medium Industries
STMB	<i>Sistem Televisyen Malaysia Bhd</i>
SUARAM	Voice of the Malaysian People
Tenaganita	Women's Force
UEM	United Engineers (M) (Bhd)
UMNO	United Malays National Organisation
UMNO Baru	New UMNO
UM	University of Malaya
USM	<i>Universiti Sains Malaysia</i> (Science University Malaysia)
Wanita MCA	Women's MCA
Wanita UMNO	Women's UMNO
Wawasan 2020	Vision 2020
WTO	World Trade Organisation
Yang di Pertuan Agong	The King

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