UMNO Factionalism and The Politics Of Malaysian National Identity

JAE HYON LEE

This thesis is presented for the degree of Doctor of Philosophy of Murdoch University

2005
I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.
Abstract

This thesis analyses UMNO factionalism from the perspective of the elite’s manipulation of the various modes of nationalisms. This thesis argues that UMNO factionalism, which is seemingly a power struggle between competing UMNO elites, has been significantly shaped by contesting nationalist ideologies that reflect the unresolved questions of national identity in Malaysia.

These two issues, that is, nationalism and UMNO factionalism, have shaped Malaysian politics in significant ways. UMNO factionalism has been related to such major political events as the 1969 ethnic riots, the introduction of the New Economic Policy, the UMNO split in 1987 and the Reformasi (Reform) movement in 1998. Frequently, the impact of these disputes extended beyond UMNO politics and affected wider Malaysian politics. At the same time, due to unresolved questions of national identity, nationalism has occupied a central position in Malaysian political discourse. There are ambiguities regarding the relationships among the various ethnic identities and national identity and between the individual and the larger Malaysian community that enable elites to construct and manipulate nationalist ideologies. In this thesis, the conflicting nationalisms are captured by five different concepts of nationalism – ethnocultural, civic and multicultural nationalisms in one group and collectivist-authoritarian and individualistic-libertarian nationalisms in another.

The Malaysian Prime Ministers have constructed nationalist ideology to define the Malaysian nation in their attempts to resolve the unresolved problems of national identity. The challengers’ arguments, to mobilise the community, mirror the community’s (negative) responses to the Malaysian Prime Ministers’ nationalist visions. In addition, the ideological arguments in the disputes extend the dispute beyond the elites, involving the community as well. Furthermore, because of the ideological conflicts, these factional disputes affect the direction of government policies in significant ways. This study shows that UMNO factional disputes have followed this pattern of ideological conflicts, although the exact contents may vary.

The 1969 factional dispute was a clash between Tunku Abdul Rahman’s shift towards multicultural nationalism and its challengers’ ethnocultural
nationalism. Tunku Abdul Rahman’s nationalist vision moved away from ethnocultural nationalism in pursuit of national integration. The challengers, reflecting the Malay community’s response to the Prime Minister’s vision, took a strong ethnocultural Malay nationalist stance. The successful mobilisation of the Malay community by ethnocultural Malay nationalists contributed to the policy shift towards ethnocultural nationalism in the 1970s. In the 1987 dispute, Mahathir’s economic policy, which moved away from ethnocultural nationalism, was challenged by Razaleigh’s ethnocultural nationalist argument. After the dispute, Mahathir could only mobilise the community by tactically employing the rhetoric of ethnocultural Malay nationalism.

In the 1990s, Mahathir’s attempt to define the national identity of Malaysia by constructing a civic Malaysian nation, Bangsa Malaysia, relieved the tension surrounding the ambiguous national identity of Malaysia. It was facilitated by rapid economic growth that ameliorated ethnic contests over limited economic resources. However, the collectivist-authoritarian aspect of Mahathir’s nationalism raised another nationalist question concerning the subordination of individual liberty and rights to the collective community’s will and interests – a nationalism that justified his authoritarian rule. There was tension between an increasingly confident civic Malaysian society and Mahathir’s collectivist-authoritarian control of the society. The 1998 UMNO dispute was a clash between Mahathir’s collectivist-authoritarian nationalism and Anwar Ibrahim’s individualistic-libertarian nationalism. The latter attempted to mobilise Malaysian society with his nationalist position (the Reformasi movement) which was expressed in the demand for liberal political reform. After the dispute, Mahathir was able to regain lost political ground through the politics of fear. It seems, however, that the fundamental question remains unresolved. This unresolved tension between the demand for individual liberty and rights and authoritarian control by state elites is likely to shape the ideological arguments in future UMNO factional disputes.
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Glossary and Abbreviation

ABIM: Angakatan Belia Islam Malaysia; Malaysian Islamic Youth Council
BA: Barisan Alternatif; Alternative Front
Bangsa Malaysia: Malaysian Nation
Bangsa Melayu: Malay nation
BCIC: Bumiputera Commercial and Industrial Community
BMF: Bank Malaysia Finance
BN: Barisan Nasional; National Front
CIC: Capital Issues Committee
CLC: Communities Liaison Committee
Dakwah: Islamic missionary
DAP: Democratic Action Party
Dewan Bahasa dan Pustaka: Language and Literature Council
EPU: Economic Planning Unit
Felda: Federal Land Development Authority
FIC: Foreign Investment Committee
GDP: Gross Domestic Product
Gerakan: Parti Gerakan Rakyat Malaysia; Malaysian People’s Movement party
HICOM: Heavy Industries Corporation of Malaysia
ICA: Industrial Coordination Act
IMF: International Monetary Fund
IMP: Independence of Malaya Party
ISA: Internal Security Act
Keadilan: Parti Keadilan Nasional; National Justice Party (until 2003) or Parti Keadilan Rakyat; People’s Justice Party (since 2004)
KLSE: Kuala Lumpur Stock Exchange
KMM: Kumpulan Mujahidin Malaysia; Malaysian Mujahidin Group
MARA: Majlis Amanah Rakyat; People’s Trust Council
MCA: Malaysian Chinese Association (before 1963, Malayan Chinese Association)
Melayu Baru: New Malay
Menteri Besar: state chief minister
**Merdeka**: Independence

MIC: Malaysian Indian Congress (before 1963, Malayan Indian Congress)

NCP: New Cultural Policy

NDP: National Development Policy

NEP: New Economic Policy

NGOs: Non-Governmental Organisations

NOC: National Operation Council

**Orang Kaya Baru**: New Rich People

PAP: People’s Action Party

PAS: *Parti Islam Se-Malaysia*; Pan Malaysian Islamic Party or PMIP

PBB: *Parti Pesaka Bumiputera Bersatu*; United Pesaka Bumiputera Party

PBS: *Parti Bersatu Sabah*; Sabah United Party

Pernas: *Perbadanan Nasional*; National Corporation

Petronas: *Petroleum Nasional Berhad*; National Petroleum Corporation

PNB: *Permodalan Nasional*; National Equity Corporation

PPP: People’s Progressive Party

PRM: *Parti Rakyat Malaysia*; Malaysian People’s Party

PSRM: *Parti Sosialis Rakyat Malaysia*; Malaysian People’s Socialist Party

**Reformasi**: Reform movement

SEDCs: State Economic Development Corporations

Semangat 46’: *Parti Semangat 46*; Sprit of 1946 Party

SNAP: Sarawak National Party

Suhakam: Human Right Commission

SUPP: Sarawak United People’s Party

UDA: Urban Development Authority

UEM: United Engineering Malaysia

**Ulama**: religious teacher

UMNO: United Malays National Organization

USNO: United Sabah National Organization

*Wawasan 2020*: Vision 2020
Acknowledgement

As I submit this humble thesis, I cannot help but think of the help that contributed to the completion of this small work. Although a human being’s life is unthinkable without numerous relationships with others, the people I have met, talked with and shared good and bad moments merit particular mention here.

My appreciation first of all goes to my supervisor, David Brown. He introduced me to a new field, ethnic politics and nationalism. He taught me critical thinking and self-discipline in academic writing. Without his constructive supervision, my efforts during the past five years would have been wasted. Staff, professors and lecturers at the School of Politics and International Studies and of the Asia Research Centre of Murdoch University – Richard Robison, Garry Rodan, Jane Hutchison, Kanishka Jayasuriya, Ian Cook, Del Blakeway, Tamara Dent, Greg Acciaioli, Vedi Hadiz, Sally Sargeson, Jim Warren, Jeannette Taylor – have been very kind to me and made my time at Murdoch enjoyable and valuable. My friends and colleagues in Perth, Donna Turner, Sidney Adams, Tsukasa Takamine, Miyume Tanji, Jane Sayers, Jerry Clode, Kathleen Turner, John McCarthy, Toby Carroll, and David Ballantyne helped me survive the pressure and loneliness of being overseas on my own. Because of them, my five years in Perth are unforgettable.

In Malaysia, Khoo Boo Teik of USM, gave me valuable advice and encouragement, as well as access to people and information. Norani Othman of UKM was very helpful as my interim supervisor during my fieldwork in Malaysia. IKMAS and its staff at UKM kindly extended their facilities to me during the fieldwork. Abdul Rahman Embong of UKM and Francis Loh of USM gave me helpful advice on my research project. Also, my special thanks go to such politicians, commentators and activists as Tan Sri Musa Hitam, Rustam Sani of the former PRM, Khalid Jaafar of Keadilan, Khairy Jamaluddin of UMNO, Dr Syed Azman Syed Ahmad of PAS, Teresa Kok and Lim Kit Siang of DAP, Dr Toh Kin Woon of Gerakan, Anil Netto and P. Ramakrishnan of Aliran, Chandra Muzaffar of JUST, Shahrir Samad of UMNO, and MGG Pillai.

I cannot forget the affection and help I have received from members of the Korean Institute of Southeast Asian Studies. The Institute led me to Southeast
Asian studies and helped me stick to the subject. Although space limitations prevent me from naming all the members of KISEAS, I have to give special thanks to Prof. Yoon Jinpyo, Prof. Shin Yoon Hwan, Prof. Park Sa-Myung, Dr Jeon Je Seong, and Dr Hwang In-Won. Also, Prof. Ahn Byung Joon (now retired), Prof. Shin Myung Soon, Prof. Moon Jung In, Prof. Yang Seung Ham, Prof. Jang Dong Jin of Yonsei University and Dr Park Kyung San deserve my special thanks. They introduced me to the study of politics when I was an undergraduate student and helped me remain in the discipline. I also have to thank to the “Korean-ASEAN Academic Exchange Fellowship”. The second field research for this thesis was possible because of the financial of the fellowship.

My friends in Korea and overseas have always supported me in various ways. I would like to say thanks to them – Lee Woo Jung, Lee Bong Kyu, Han Joong Hee and Kim Dong Soo in Korea, my family friends, Samuel Yang and Jane Lee in Perth, Australia, and Suan, Azman, Yen Yen and Park Eun Sil in Malaysia.

My father, Lee Moon Hee, and my mother, Lim Kum Ja, and my grandmother, Kim Soon Yi, did not just support me; they are the reasons for who I am today. No words can describe the support they have given me and my appreciation for them. My sisters, Lee Jae Kyung and Lee Jae Sun, and their husbands, have always been strong supporters of my study and they encouraged me tremendously. In addition, I must mention my father-in-law and mother-in-law who trusted me a lot. Last but not least, I would like to express my deepest appreciation to my beloved wife, Lee Ji Young, and my daughter, Lee Son Ho. They helped me through the most difficult time of my research and kept me safe from all the frustration and hardships.
1. Introduction

When former Malaysian Prime Minister, Mahathir Mohamed, sacked his deputy, Anwar Ibrahim, on 1 September 1998, after a few years of simmering tension between the two, it heralded the beginning of one of the most important political developments in Malaysian history, the Reformasi (Reform) movement. Thereafter, the protracted conflict between the then incumbent Mahathir and the Barisan Nasional (BN; National Front) on one hand, and Anwar and the Reformasi movement on the other dominated political discourse in Malaysia for several years, providing fresh confirmation that UMNO (United Malays National Organization) factionalism, in significant ways, shapes not just UMNO politics but also Malaysian politics.

The factional dispute and the Reformasi movement challenged the BN’s long-entrenched political dominance in Malaysian politics, providing additional support for the thesis that any meaningful regime change in Malaysia will begin with fracture and fragmentation in the ruling coalition (see Gomez, 1998; Jesudason, 1996). Indeed, when the Reformasi movement was at its peak, many observers of Malaysian politics predicted that the mass protests would undermine the BN’s political hegemony and shift Malaysian politics towards a more pluralistic direction, in the sense that meaningful opposition could challenge the BN’s political dominance (Case, 1999; Funston, 1999; H. Singh, 2001). By now, however, it seems that political developments since 1998 fell short of bringing about a fundamental change of the existing regime. Nevertheless, the political developments prove that UMNO factionalism can significantly influence the entire Malaysian political scene. In the 1999 elections, Mahathir’s once seemingly
invincible political grip was seriously undermined because of anti-Mahathir and anti-UMNO political mobilisation by the Reformasi movement.

The developments in Malaysian politics since 1998 are not exceptional in that there have been major factional disputes every decade since UMNO’s establishment in 1946 and they have been closely related to the most important political developments in the country. For example, the UMNO dispute in 1969 between the incumbent leadership and a rising new generation unfolded right after the ethnic riots in May 1969 and affected the nature of state that emerged in the 1970s. The 1987 electoral showdown between Mahathir and his challenger, Razaleigh Hamzah, who attempted to take over the party power, resulted in UMNO being split into two parties. This development seriously jeopardised UMNO’s and Malay political supremacy in Malaysian politics. Therefore, in general, UMNO factionalism has been more than an internal party struggle with importance extending beyond UMNO.

1.1. Literature review: UMNO factionalism

Do we have an adequate framework to understand UMNO factionalism, one of the most important issues in Malaysian politics in the past five decades? What analyses have been done so far? By answering these questions, this literature review will clarify the topic of this research and will show how this research can supplement and contribute to existing knowledge on UMNO factionalism and Malaysian politics.

The two different understandings regarding UMNO factionalism may be summarised as follows.¹ The first is that UMNO factionalism is primarily about
power, personal rivalry and patronage conflict among competing political elites; it downplays the significance of ideological arguments. The second recognises that in the disputes, there have been ideological arguments, which reflect ideological debates in the community. Most researchers in this category, however, regard the ideological arguments as justifications for the elites’ political manoeuvring. Regarding the fundamental cause of the disputes, they argue that the disputes are about the question of power.

This thesis does not reject the existing observations entirely – the question of power is indeed significant. By emphasising the role nationalist ideological conflicts play in UMNO factionalism, this thesis intends to develop a better framework to understand UMNO factionalism with regards to the unresolved questions of Malaysia’s national identity.

**Ideology as a non-variable in factional disputes**

In his study of the political dynamics surrounding the 1969 elections and the ethnic riots that followed thereafter, J. Bass acknowledged the underlying ideological difference between the mainstream and the ‘ultra’ factions of UMNO (Bass, 1973). Bass, however, argued that ‘its explanatory power with respect to the origin and course of particular intra-UMNO conflicts is generally slight’. Instead, ‘[f]or the most part, ideological and policy commitment has provided the trappings or rationalization for personal or factional struggles of power’ (Bass, 1973: 528). Therefore, Bass concluded that the 1969 dispute was simply ‘a doomed attempt by a handful of party figures to topple the Tengku [Abdul Rahman] as Prime Minister and UMNO president’ rather than a ‘culmination of a
long struggle between ultra and moderate forces in UMNO’ (Bass, 1973: 528-529).

Harold Crouch surveyed developments before and after the 1987 dispute, as well as the dispute itself, briefly but meticulously, in his “Authoritarian Trends, The UMNO Split and the Limits to State Power” article, observing an increasing authoritarian trend after the 1987 dispute (Crouch, 1992). Crouch manifestly rejected any ideological difference between the two factions in the 1987 dispute. He maintained, ‘Ideological and policy differences seem to have played almost no part in the UMNO split… The UMNO split can be largely understood as a struggle for power and position revolving around the question of succession to Mahathir’ (Crouch, 1992: 30-31).

Hwang’s examination of Malaysian politics arrived at a conclusion similar to the previous studies of UMNO factionalism (Hwang, 2003). Regarding the 1987 dispute between Mahathir’s Team A and Razaleigh’s Team B, Hwang argued that the dispute was an inter-elite personal rivalry. According to Hwang, the dispute occurred when Mahathir’s attempt to maximise his political dominance in UMNO was challenged by a few prominent elites who were constantly in competition with Mahathir over the issue of party power (Hwang, 2003: 127-132). Hwang believed that the 1987 dispute was particularly severe when compared to disputes in the 1950s, 1960s and 1970s because Mahathir had violated the unwritten rule of Malaysian politics, that is, accommodation among elites, as he attempted to monopolise power in the first half of the 1980s (Hwang, 2003: 143-145).
Hwang similarly regarded the 1998 dispute as a consequence of personal rivalry. He noted:

Anwar himself, like it or not, had to step on [Mahathir’s close associates] to expand his power base. The more ground he gained, the more enemies he made within the government and the ruling party. Given this, there were plenty of reasons for conspiring to destroy Anwar and ensure Mahathir’s cronies’ continued hold on their political and economic interests. (Hwang, 2003: 282)

Regarding the 1998 dispute, Ian Stewart played down Anwar’s ideological commitment to political liberalism, stating there was doubt, even within the opposition coalition, about Anwar’s commitment to political reform (Stewart, 2003: 18). More to the point, Ian Stewart argued that the personal rivalry between Anwar and Mahathir exploded during the economic crisis, especially after Anwar mounted a veiled attack on Mahathir, championing the corruption issue. According to Ian Stewart, under Mahathir, ‘[A]nyone who stood in [Mahathir’s] way was likely to find himself bereft of any influence or standing in the party’ (Stewart, 2003: 88).

Cheah Boon Kheng also noted that the 1998 dispute arose from personal rivalries (Cheah, 2002: 224-226). During the economic crisis, the personal rivalries and tensions between Anwar and Mahathir surfaced because of their different approaches to the crisis. Eventually, Anwar was dismissed because he opposed Mahathir’s approach, which was an attempt to protect the economic interests of those who were ‘closely linked with the government’ (Cheah, 2002: 227).

Chandra Muzaffar described the clash as a consequence of the power struggle between Anwar and Mahathir. He observed:
At the root of expulsion of Anwar from the government and the party is the question of power. Mahathir sensed an attempt to ease him out of power. He responded to the perceived challenge with vigour and without scruples. Anwar felt that Mahathir’s power base was weakening. He sought to send a message – and was repulsed. (Muzaffar, 1998)

Funston also denied any policy or ideological difference between Anwar and Mahathir (Funston, 1999). He argued that Mahathir, because of UMNO’s power structure, prevailed over Anwar on policy matters, rejecting alleged policy differences over economic management. In Funston’s opinion, the developments in 1998 were a consequence of a power struggle between the two prominent leaders. The problem was that, during the 1997-98 economic crisis, Anwar attempted to ‘outshine the Master’, thereby incurring Mahathir’s wrath (Funston, 1999: 166). As Funston argued, ‘[c]onflict between a Prime Minister and his deputy is, to a certain degree, institutionalized’ (Funston, 1999: 169).5

William Case, on the Anwar-Mahathir dispute, did not differ much from Funston (Case, 1999). Case argued that the differences developed in the context of the conflict over patronage between Anwar on one hand and Mahathir and his close ally-cum-former Finance Minister, Daim Zainuddin on the other. Also, as was the case with Funston, Case observed that Mahathir ‘fear[ed] that his deputy was eclipsing him on the world scene’ (Case, 1999: 4). Case, however, went a step further to note that there was disagreement on policy matters between Mahathir and Anwar and argued that the two political leaders had different views on ‘a considered notion of how best to right the economy’ (Case, 1999: 4).6
Ideological arguments as reflection of social debates

A.B. Shamsul pointed out that the 1987 dispute was an indirect projection of social conflicts within the newly rising Malay middle class. The growing middle class ‘has engendered its own internal contradictions as different factions within this class struggle for the control of economic resources and access to political positions, in turn heightening competing interests and aspirations and, therefore, increasing the potential for open conflicts’. And the tensions, which were exacerbated during the economic crisis in the mid 1980s, inevitably ‘are mediated through UMNO politics’ (Shamsul, 1988: 173-174). Shamsul, however, rejected the possibility that there were any substantive ideological or policy differences between the elite factions, saying ‘both camps…did not really differ in their overall philosophy, policy, and approach to many important national issues’ (Shamsul, 1988: 179).

Khoo Kay Jin argued that the New Economic Policy (NEP), in particular Mahathir’s economic policies, led to ‘the creation of a more differentiated Malay community’ with conflicting interests (K. J. Khoo, 1992: 62). This development, in turn, created ‘certain fundamental strains within…Malay society’ (K. J. Khoo, 1992: 48). The economic crisis in the mid 1980s crystallised the divisions along competing interests and persuaded rival political elites to take the initiative. Rivalry amongst the UMNO elites regarding the succession issue provided ‘a match’ to ignite widespread conflicts in Malay society (K. J. Khoo, 1992: 68).

Roger Kershaw’s research on the 1987 dispute investigated the ideological debates between the two competing teams on party traditions, party democracy, party unity, constitutional arguments and Islamic credentials (Kershaw, 1988).
significant conclusion of Kershaw’s study was that the members of the challenging faction ‘badly needed to differentiate themselves ideologically from the incumbents, precisely because they had previously supported the policies of the government’ (Kershaw, 1988: 155). Nevertheless, the challenging team, despite its attempts, could not really achieve ‘ideological differentiation, so essential for a successful challenge’ because of ‘[challenging Team B’s] commonality of interest as the beneficiaries of the Malay dominant party system’ with Mahathir’s faction (Kershaw, 1988: 155).

John Hilley and Khoo Boo Teik viewed the clash in 1998 primarily in terms of ideological and policy differences. Hilley noted that there were ideological and policy differences between Mahathir and Anwar (Hilley, 2001: 95-97: 105). He argued, however, that the differences would not have caused such a dispute, were it not for the economic crisis. According to Hilley, Mahathir viewed Anwar’s differences as an attempt to undermine the economic prosperity that Mahathir had brought about in the past 17 years (Hilley, 2001: 105). Therefore, for Mahathir, Hilley argued, Anwar’s differing approach to the economic crisis was simply not acceptable.10

Khoo Boo Teik argued that the 1998 dispute cannot be explained by one factor but required a ‘multi-faceted’ answer (B. T. Khoo, 2003: 73). While Khoo believed that economic policy differences, political power struggle of personal rivalries and ideological differences had contributed to the Anwar-Mahathir dispute, he emphasised the underlying ideological differences between the two as well. He observed that the fundamental ideological differences between Anwar and Mahathir made cooperation between Mahathir and Anwar, which had lasted
for 16 years since 1982, impossible during the economic crisis. Khoo also observed that, despite the seemingly contradictory fact that Anwar had been involved with UMNO for many years, there was consistency in Anwar’s commitment to political liberalism (B. T. Khoo, 2003: 86-96).

**An alternative way to investigate UMNO factionalism**

The review of literature on UMNO factionalism indicates that there are two different arguments. The first emphasises personal rivalry, patronage conflict and high-level power struggle as the “fundamental causes” of factional disputes in UMNO. However, the scope of investigation, which focuses on only these “fundamental causes,” is too narrow. Other important aspects of the disputes, such as the ideological language used, have been neglected. Such an approach discourages potentially fruitful examination of the ideological arguments made by competing elites.

The second argument, while acknowledging that the disputes were prompted by personal rivalries and power struggle, examines the ideological and policy conflicts in the disputes. While such issues as class conflict prompted by the rise of the Malay middle class, discourse of democratic politics and democratisation were considered, nationalist ideologies did not merit much attention, although nationalism has been one of the most extensively debated issues in Malaysian and UMNO politics. Because of ethnic diversity, the issue of nationalism has always been at the centre of political debate in Malaysia. Furthermore, as UMNO claims to be the Malay nationalist party, Malay nationalism has been the core ideological basis of the party.
To supplement the existing studies, this thesis examines UMNO factional disputes from the perspective of conflicting nationalist ideologies. This thesis argues that ideological difference constructed by political elites is as important as other variables such as patronage, power struggle, personal rivalry and so on, well studies in existing researches of UMNO factionalism. Perhaps more immediate and direct cause of factional dispute in UMNO could be politically opportunistic and pragmatic variables mentioned above. Nevertheless, an explanation of disputes is never complete without a proper look at the justification of rivalry itself and of one’s position against opponents. Therefore, without an appreciation of ideological discourses utilised for such justifications, the understanding of UMNO factionalism is burdened with a crucial weakness.

Furthermore, ideological positions set by political elites are important because it restrains their political behaviour. Of course, the ideological position has two possibilities i.e. it can be a genuine conviction or a convenient tool to camouflage one’s real intention, developed in the evolution of dispute. Whatever the case, the discourses constrain political elites’ future behaviour. If an ideological position for justification is talk only, political elites will lose credibility in the eyes of their followers and of wider constituency. Therefore, political elites will try to reflect what they have said and argued for in the form of policy or political action. The relationship between pragmatic political intention and ideological discourses may vary case by case – it can be sincere or disguised. What is certain, however, the ideological position and discourse, having real political meaning, deserves a through analysis.
The importance of ideological element in UMNO factionalism is not only found in the conflict itself, but also in the impacts and consequences of the disputes. As a tool to mobilise support, elites’ ideological position have to have interaction with ideological perception of wider constituency. To be effective, the ideological positions of the elites are not made in the vacuum and must have resonance with wider community’s idea. So much so that a careful examination of the ideological languages in UMNO factional disputes provides an opportunity to put the dispute in a broader context, beyond the level of elites manoeuvring for political power, thereby shedding new light on the map of competing ideological visions in Malaysia society.

To go further, because of the mobilisation of wider constituency by the elite-constructed ideological discourses, the impacts of factional disputes go beyond elite level i.e. change of power-holder, elite coterie reshuffle and so on. The consequence of factional dispute can create significant ideological divisions or exacerbate existing divisions in the community along the competing ideological positions at the elite level.

In sum, the point I wish to make here is that regardless of the relationship between political opportunism and pragmatism on the one hand and ideology on the other, and of relative weights of the two factors, ideological positions aired by competing political elites in factional dispute have significant political importance and meaning, and deserve a through analysis to complete our understanding of UMNO factionalism.
At the heart of the ideological dimension of UMNO factionalism are the different visions of Malaysia’s national identity, as formulated by the contesting political elites. In UMNO factionalism, the competing nationalist ideologies of the contesting elites typically comprise the vision of the Prime Minister to define national community and to integrate diverse ethnic identities, resonating with the view of a section of community and the unfavourable response from another section of the community to the Prime Minister’s attempts, mediated by the challenging elites.

A question, however, remains – why nationalism instead of other ideological aspects? The coming section will answer this question and will explain why this particular ideological debate is central in Malaysian politics, significantly shaping UMNO factional disputes.

1.2. Unresolved nationalist question and the patterns of nationalist conflict in Malaysia

This section explores the issue of national identity in Malaysia to justify the analysis of UMNO factionalism from the perspective of nationalism. The ethnic diversity in Malaysia makes it difficult to clarify the relationship between the various ethnic identities and national identity institutionally. In addition, from a different angle, the question of national identity unsettled in Malaysia can be captured by a tension between collectivist nationalism and individualistic nationalism. It is a conflict between incumbment elites or government that depict itself as ‘the spokesman’ of the singular ‘people’ (collectivist) and its critics who counteract, arguing for individuals', minorities’ and subgroups' rights in a nation (individualistic). The clash is often expressed in the form of a conflict between
authoritarian rule and demand of more liberal politics. The result is an ambiguous national identity that fuels different interpretations of national identity, that is, competing nationalist ideologies or nationalisms. In such a situation, the political elites attempt to construct and manipulate the nationalist ideologies to resolve the nationalist questions and, by doing so, to legitimise political power.

1.2.1. Ethnic diversity and the question of national identity

One of the reasons for the persisting tension among the conflicting nationalist ideologies in Malaysia is that, because of its multiethnic nature, the nature of the Malaysian nation was not clearly defined initially. Malaysia has diverse ethnic-cultural groups. It includes three major ethnic groups, that is, Malay, Chinese and Indian, and such smaller groups as the indigenous peoples in the interior of the peninsula and in East Malaysia – Sabah and Sarawak – as well. In this complicated ethnic mix, there are different interpretations regarding the nature of Malaysian nation. As a well-known scholar of Malaysian history, Wang Gungwu, noted as early as 1962:

Most Malays believe that this common culture should have as its nucleus traditional Malay culture. This would follow if it is recognized that Malayan nationalism has Malay nationalism as its nucleus. But most Chinese and Indians would deny that this is a fair claim. In their view, the Malayan nation should involve only a new political loyalty and not a denial of the multi-cultural basis of the present society. A third minority view, held mainly by the English-educated Chinese and Indians, is that cultural differences may remain so long as most people accept more intensive modernization and come to share a common outlook which is not deeply anchored in any single traditional culture. (Wang, 1981: 207)
The three arguments respectively depict a ‘Malay Malaysia’ where Malay ethnic characteristics define the Malaysian nation; a ‘multiethnic Malaysia’ in which ethnic groups enjoy autonomy and preserve their own identities; and a ‘Malaysian Malaysia’ in which a particular ethnic identity is not relevant as the identity of the nation. Indeed, these three arguments have been frequently used by Malaysian political elites:

Let us make no mistake – the political system in Malaysia is founded on Malay dominance. That is the premise from which we should start. The Malays must be politically dominant in Malaysia as the Chinese are politically dominant in Singapore.\(^{15}\)

We should ensure that legislations and policies are favourable to the existence and development of the language, education and culture of all ethnic groups in the country as is their Constitution right.\(^{16}\)

The obvious task of a responsible and intelligent political leadership in Malaysia must be...to consolidate our national existence by giving our multi-racial people the firm sense of a common national identity, purpose and destiny.\(^{17}\)

The Malaysian political elites were unable to clearly define what kind of nation they were building. As Cheah Boon Kheng observed, ‘The Alliance parties failed to spell out the features of Malaya’s nationality in the Constitution because they were uncertain how to define its national identity’ (Cheah, 2002: 5). A ‘Malay Malaysia’ would have been acceptable to the Malays but would have alienated the non-Malays, thereby undermining the fragile national integration. On the other hand, a ‘Malaysian Malaysia’ would have the support of the non-Malays but such a national identity might estrange the Malays, who constituted the largest single bloc in the Malaysian population.
This unresolved question is reflected in the Merdeka (Independence) constitution. The constitution was a product of ethnic compromise and bargaining among the elites from the major ethnic groups (Means, 1976: chapter 12; Parmer, 1964: 322-328). Significantly, this constitution failed to clearly define national identity (Cheah, 2002; Gullick, 1981: 115; Harper, 1996; H. G. Lee, 2001: 2-3; Shamsul, 1997: 244). Cheah noted the ambiguity regarding Malayan citizenship in the constitution. He stated: ‘Malaya’s citizenship in the 1957 Constitution…was known only as “Federal citizenship”. “Federal citizenship” meant membership of a nation, like a membership of a club with rights and duties. Nationality, however, meant a national identity, which was something else’ (Cheah, 2002: 5). T. N. Harper also observed:

The constitutional framework for the future nation…was very ambiguous. It gave limited citizenship rights to non-Malays; yet this citizenship did not amount to a nationality, and the citizenship rights for non-Malays in no way impinged on the special rights of the Malays. Malayness was enshrined in the Constitution; the new entity was translated as Persatuan Tanah Melayu. The “Malayan” had no status, no legal definition at all. It was a state, but not a template for a nation. Thus, there remained fundamental contradictions between the formation of a new nation-state and the cultural basis on which it was to evolve. (Harper, 1996: 240)

In fact, some clauses of the Merdeka constitution indicate incompatible identities of the Malayan nation in the constitution. For example, Article 8(2) of the constitution states unequivocally:

Except as expressly authorised by this Constitution, there shall be no discrimination against citizens on the ground only of religion, race, descent, place of birth or gender in any law or in the appointment to any office or employment under a public authority or in the administration of any law relating to the acquisition, holding or disposition of property or
the establishing or carrying on of any trade, business, profession, vocation or employment.

On the other hand, the constitution boldly stipulates that Islam is the official religion (Article 2) and Malay is the national language (Article 152). Also, the traditional Malay rulers, the Sultans, are the Supreme Heads of the Federation (Article 32) and of the various states (Article 70). All these are distinctive symbols of the Malay community. The clauses, thus, indicate the special position of the Malays vis-à-vis the other ethnic groups in the constitution. Furthermore, despite the clear commitment to ‘no discrimination’ on the bases of religion, race, descent and so on, the constitution recognises Malay special rights as indigenous people in terms of land reservation (Articles 89 and 90) and of quotas for public sector employments and various permits and licenses (Article 153).

This ambiguous national identity raises questions regarding the national identity of Malaysia – Is Malaysia a Malay nation, a Malaysian nation or a collection of nations of Malay, Chinese, Indian and so on, and, ultimately, who are Malaysians? Because the political elites at the time of Independence could not elucidate the national identity, the federal constitution does not provide a clear answer to these questions. Consequently, the ambiguity of national identity resulted in competition and tension because of different constructions of nationalist identity, that is, competing nationalisms.

Within UMNO, factional disputes frequently become an arena of competing nationalist ideologies. UMNO elites construct, manipulate and employ nationalist ideologies to answer the national identity question in their attempt to legitimise their political power. Or factional contestants insist that their nationalist
vision is better to justify their quest for power. UMNO factionalism has been a political conflict between the incumbent leadership and elites who challenge the incumbent leadership of the party. The incumbent UMNO leader, who is also the Prime Minister, sets the ideological battleground, formulating nationalist ideology and vision. The Prime Minister, as a leader of the multiethnic Malaysia, attempts to resolve the unanswered question of national identity with his own vision and ideology. He does this by constructing a nationalist ideology through which he hopes to define national identity. For example, Cheah Boon Kheng observed:

All four Prime Ministers upheld and worked the Social Contract of 1955 and 1957 and have attempted to juggle and balance the communal demands and interests of the respective communities. Every one of these Prime Ministers started off their political career as an exclusivist Malay nationalist, but ended up as an inclusivist Malaysian nationalist. (Cheah, 2002: 236)

The competing nationalist position of the challenger is a reaction to the incumbent leader’s nationalist project. Cheah continued, ‘The fact that UMNO’s leaders did not develop their nationalism into an exclusive nationalism of “Malaya for the Malays” would make the future nation-state always subject to continuous pressures and challenges from its own members and from other Malay nationalists and organizations to realize their goal in the future’ (Cheah, 2002: 6). The challengers in UMNO find fault with the incumbent leader’s nationalist position, interpreting the Malay community’s problems as a result of the misplaced nationalism of the incumbent leader. They argue that their nationalist position provides a better future for Malay community. The challengers attempt to
mobilise the Malay community with their nationalist position so that they win the political contest against the incumbent leader.

1.2.2. Democracy, authoritarianism and nationalist ideologies in Malaysia

In Malaysia, another debate concerning nationalist ideology focuses on the relationship between community and individual. This debate is closely related to the nature of politics – authoritarian or democratic politics. In 1962, Wang Gungwu, regarding democratic politics, nationalism and ethnic diversity, observed:

Already some politicians are asking if democracy is efficient enough for the building of a new nation almost from scratch. [Their questions are] Is nationalism in Malaya compatible with democracy? If we want our people to be identified solely and fully with Malaya…can we afford to use only the methods of persuasion and education? Do we have the time which we badly need to convert, if not most people of this generation at least the bulk of the next generation, to the national ideal? The modern state machinery can be a powerful weapon, on the one hand, for education and indoctrination and, on the other, for coercion and strict political control. (Wang, 1981: 209)

This observation indicates that there were political elites who considered sacrificing democratic politics for nation building – either the Malay or Malaysian nation – or for ethnic and political stability as early as the early 1960s when Malaysia was barely independent.

A common characterisation of Malaysian politics is that it is authoritarian.19 William Case argued, ‘while elections are held regularly in Malaysia, and opposition parties win parliamentary seats, civil liberties are so
truncated beforehand that government turnovers have normally been difficult to imagine’ (Case, 1997: 81). Similarly, Harold Crouch observed that while formal political institutions such as elections and the parliament are functioning, the government is well equipped with authoritarian apparatus to control the opposition in Malaysia (Crouch, 1993: 136-137).

Authoritarian politics in Malaysia is a legacy of historical experiences such as insurgency and multi-ethnic composition of population and a logical consequence of elite response – imposition of elite-sanctioned official national identity – to the historical experiences. As this thesis shall argue, Malaysian political elites attempt to construct a nationalist vision and to impose the officially sanctioned national identity, drawn from the vision, to resolve the issue of ethnic diversity and to integrate diverse ethnic groups. The nationalist ideology of political elites, according to them, represents the collective national will and benefits the community as a whole. Therefore, it follows that the community has to consent to the vision of the elites for the benefit of the whole community. Sheila Nair captured the logic as follows: ‘The ruling elite’s claims of legitimacy are currently rooted in the state’s provision of interethnic harmony; this goal may be accomplished, according to this elite, only if civil society consents to the large programmatic mission of the state-representing-the-nation’ (S. Nair, 1999: 93).

Authoritarian politics in Malaysia can be characterised by the limitation on civil liberties that might be a source of alternatives to the official national identity and authoritarian suppression of any challenging ideas to it, which, elites suspect, might undermine ethnic stability. Regarding the limitation on civil liberties in Malaysia, William Case observed, ‘the government has acted systematically to
cap...participation, registering and circumscribing groups through the Societies Act, extending a near monopoly over media ownership that dampens free expression..., and using the Internal Security Act regularly to jail ardent critics’ (Case, 1993: 77).

Since the ideas and views of the political elites represent the will and interests of the entire community, any ideological challenge to the elites’ ideas and views, the elites claim, should be regarded as a challenge to the entire community. Therefore, the elites argue, such challenges as alternative ideas about national identity that are conceived by the contesting elites or by civil society independent from the state must be suppressed on behalf of the community’s interests, using the authoritarian and coercive state apparatus. Zakaria Ahmad observed that the Malaysian political leaders’ authoritarian politics is based on ‘strong fears that too much democratization in terms of freedom of speech and association can only quickly and surely destroy the system’ (Zakaria Haji Ahmad, 1989: 371). In sum political elites attempted to deprive individuals of rights to think and question what has been officially sanctioned on behalf of the interests and will of the community. In addition, if individuals digress from the officially sanctioned ideological path, they are exposed to a danger of being face sanctions by the hands of authoritarian political elites.

If authoritarian politics in Malaysia has been justified in such a way and if political elites imposed an officially sanctioned national identity to resolve the national identity problem, the resolution of the tension with a vision of national identity may weaken the justification for authoritarian politics. Mahathir’s civic nationalist visions such as Bangsa Malaysia (Malaysian Nation) and Wawasan
2020 (Vision 2020), along with his strategy of fostering forward-looking optimism\textsuperscript{21} together with economic growth in the 1990s were successful in reducing the ambiguity in an aspect of national identity. The pro-Malay policies since the 1970s have now produced a confident and competent Malay middle-class, different from their predecessors who demanded never-ending pro-Malay policies of the state. In addition, economic growth, especially within the Malay community, has reduced the Malay community’s collective ethnic fear of other non-Malay communities and increased its confidence (see Abdul Rahman Embong, 2001b; Abdul Rahman Embong, 2001c; Ho, 1994; S. Khoo, 1999; Shamsul, 1999; Williamson, 2002).

These developments resulted in strong support for Mahathir’s vision in the Malay community. The support indicated a crucial shift in popular focus among the Malays, from a focus on ethnic loyalty to a focus on the building of a more civic Malaysia. Khoo Boo Teik described the success of Mahathir’s nationalist vision as follows: ‘Somehow Malaysians were inspired…to discover their ability to imagine themselves as a community, and to do so with a sense of the “inerradicable Goodness of the nation”’ (B. T. Khoo, 2003: 22).

The success decreased the tensions surrounding the unresolved question of national identity. The development, however, raised another nationalist question – regarding the relationship between community and individual that was expressed in the tension between authoritarian politics and opposition to it. The success of Mahathir’s nationalism through economic growth and the ensuing optimism resulted in a more confident and assertive Malaysian society. Abdul Rahman Embong noted, ‘the new middle class come forward not only with new forms of
association, self-expression, and initiative, but also with new ideas regarding the proper balance among state, market, and civil society’ (Abdul Rahman Embong, 2001b: 63). This development increased the questioning of the necessity for authoritarian control and the nationalist assumptions behind it, that is, the community’s will and interests above individual liberty and rights.

Accordingly, the competing nationalisms have been reconfigured. On one hand, there is nationalism that underpins authoritarian politics and on the other, there is the newly rising awareness of individual liberty and rights as reflected in the demand for democratic politics and vibrant civil society as an autonomous space of free individuals. This rising demand for democratic politics assumes that individual rights and liberty are more important than or is as important as the will and interests of the whole community. This assumption is different from the nationalist view that justifies the elites’ imposition of national identity and the suppression of different ideas and voices in the name of the common interest of the community.

1.3. Competing nationalisms: models for analysis

The previous section surveyed the competing nationalist arguments constructed by political elites in UMNO factional disputes and argued that the unresolved question of national identity and the ambiguous relationship between community and individual cause debates and conflicts in Malaysia. This section will explore five models of nationalism, through which this thesis explains the competing nationalist ideologies in UMNO factionalism. These five models can be divided into two groups for analytical convenience – ethnocultural, civic and
multicultural nationalisms on one hand, and collectivist-authoritarian and individualistic-libertarian nationalisms on the other.

Before explaining the models, it should be noted that the categorisation is only for the purpose of analysis. That this analytical framework is about ideal types has two meanings. First, this categorisation is used, at least in this thesis’ context, as a guide, not as a tool for black-or-white identification. The nationalism categorisation adopted here is about relative degree and general tendency of specific political actor at specific time-frame and in specific political context. Therefore, a political actor or a policy scheme described by one of nationalism types should be understood as having such tendency in a relative term and context, not as being exemplary case in an absolute term and context.

Second and similarly, in actual politics and the arguments used by political elites, the two groups can be combined. For example, ethnocultural, civic and multicultural nationalisms can be associated with either collectivist-authoritarian nationalism or individual-libertarian nationalism. Therefore, theoretically, we can have six different models: collectivist-authoritarian ethnocultural; collectivist-authoritarian civic; collectivist-authoritarian multicultural; individualistic-libertarian ethnocultural; individualistic-libertarian civic and individualistic-libertarian multicultural nationalisms. As the models suggested here are for analysis, in the actual nationalist arguments made by political elites, the elements of the different models are mixed. In the analysis of UMNO factionalism in the coming chapters, a particular elite’s nationalist ideology is defined by the most significant element in it, which distinctively characterises the nationalist ideology of a political leader.
1.3.1. Models of ethnocultural, civic and multicultural nationalisms

Nationalism is an ideology through which political elites attempt to secure political legitimacy and support. David Brown has described nationalism as ‘an ideology, invented and employed by new political élites aspiring to power in the modern state, who seek alternative sources of legitimacy to replace appeals to divine right or colonial mandate’ (Brown, 2000: 31). Nationalist ideology has to provide a sense of community in which people feel included and safe. Having experienced such social disruptions as the imposition or the end of colonial rule, the introduction of capitalism, an influx of exogenous elements into a traditional community, physical transplantation of a community to a new territory and so on, people seek attachment to a community. Nationalism enables people ‘[t]o make sense of complex social and political arrangement, caused by social disruption’ (Breuilly, 1982: 343). When political elites successfully invent a national identity and suggest a nationalist vision, it is akin to providing a new home and the sense of belonging resolves the problems that people face.

Referring primarily to David Brown’s categorisation of three distinctive models of nationalism, ethnocultural, civic and multicultural nationalisms (Brown, 2000; 2001), this study analyses the nationalist discourses in UMNO factionalism. First, ethnocultural nationalism, according to Brown, ‘indicates that full status and membership of the national community be given only to those possessing the required ethnic attributes’ (Brown, 2001: 4). A. D. Smith called this model the dominant-ethnie model (Smith, 1991: 110). The ‘ethnocultural sameness, which stems from the common ancestry of its members’ is the most important criteria that determines who is included and who is not (Brown, 2000:
The ethnocultural nationalist view shapes the nature of the state. In ethnocultural nationalism, the state is viewed as an ‘agency of whichever social group in society captures it’ (Brown, 2000: 36). The ethnocultural nationalist state, thus, is not neutral but biased towards the ethnic group that dominates the state. Consequently, the state is expected to protect and elevate the identity and the interests of the ethnic group that has captured it. At the same time, the ethnocultural state ‘promotes [cultural] assimilation’ of the minorities into the dominant ‘majority ethnoculture’ that captures the state (see Brown, 2000: 127, figure 2). Through cultural assimilation, ethnocultural state elites attempt to address the problems that develop when several ethnic groups live within a territorial boundary. As Brown argued, ethnocultural nationalists assert:

Individuals who have not inherited such attributes, may nevertheless be able to acquire them (through intermarriage, religious conversion, language acquisition, etc.) and this process of assimilation implies the corresponding acquisition of belief in the common history and ancestry of the adoptive community. The potential problem of ethnic diversity is thus resolved by the promise of assimilation. (Brown, 2000: 128)

Those who are not assimilated – ‘to a national government they are a foreign body in the state to be either assimilated or rejected’ (Kedourie, 1960: 122) – become second-class citizens in the nation-state and may be discriminated against by the state, even if legal citizenship has been conferred upon them.

Second, civic nationalism is based on the assumption that ‘all citizens are granted equal status irrespective of their ethnic attributes, on the sole condition that they grant loyalty to the public institutions of the territorial community’ (Brown, 2001: 5). Therefore, ethnocultural backgrounds are irrelevant when acquiring membership in a civic nation. Instead, what is important is the
individual’s commitment and loyalty to the institutions of the state. The members of a civic nation proclaim their loyalty to the state, not because they have biological or ancestral links to the state but because the state, as a neutral agent, protects the safety and interests of the individual members of the national community. Brown discussed the neutrality of the civic nationalist state as follows:

If the state were viewed simply as the whole set of institutions relating to the administration of public affairs in a given territory, then we might wish to regard nationalism as the development within that territorial society, of a sense of identification with, and collective pride in, those institutions… Governments seeking to defend and enhance the authority and status of the society’s public institutions, are likely to articulate legitimatory nationalist ideologies. The nationalism which emerges…is civic nationalism. (Brown, 2000: 36)

In this tradition, to construct a culturally homogeneous nation and to resolve the problems posed by multi-ethnicity, the state promotes ‘difference-blindness’ among its people (Brown, 2000: 127, figure 2). Both civic and ethnocultural nationalisms pursue ‘the elimination of difference within its territory’ (Guibernau, 1996: 101) but in different ways – integration and assimilation. The cultural integration of a nation is supposed to be accomplished via the creation of a new civic culture, which is very difficult to achieve, rather than through adoption of ethnocultural attributes of an ethnic group that dominates the state. A. D. Smith observed:

The fact that many of these dominant-ethnie states encounter fierce opposition from ethnic minorities within the state reveals the failure to “invent” a new political culture and mythology, one that can encompass or transcend the ethnic identities of both dominant and minority ethnie at a time when ethnic nationalism is mobilizing the peripheral, demotic
communities and giving them a new, self-aware political assertiveness’.
(Smith, 1991: 114)\(^{27}\)

Third, according to the multicultural nationalism model, a national community can be composed of several ethnic groups. Each group has cultural autonomy that the nation-state cannot violate. As David Brown observed:

[multicultural nationalists] seek, rather, to establish an encapsulating social justice community which is bound together by common values relating to the celebration of ethnic diversity, and the commitment to inter-ethnic equity. They seek a national community within which the diverse ethnic communities can flourish, and within which disadvantaged ethnic minorities can be guaranteed the rights and resources necessary for the attainment of their full development. (Brown, 2000: 128-129)

Thus, a nation-state is composed of autonomous ethnic-cultural sub-units. Ethnic and cultural integration or assimilation is not an option for multicultural state elites in resolving ethnic tension. Instead, they believe that a nation-state can be built on the recognition of difference.\(^{28}\) When state elites adopt multicultural nationalism, the state and its institutions can be considered ethnoculturally neutral but the neutrality of multicultural nationalism actively recognises the differences among ethnic groups. In this regard, Miller observed:

Multiculturalism…regards the state as an arena in which many kinds of individual and group identity should be allowed to co-exist and flourish. The state should not merely tolerate but give equal recognition to each of these identities. No special weight should be given to national identities indeed, such identities are somewhat, suspect, in so far as they are likely to be the product of political manipulation, whereas identities stemming from gender, ethnicity, religious belief, and so forth are to be celebrated as authentic expressions of individual difference. (Miller, 1995: 120, emphasis added)
Thus, while civic nationalism is about ‘ethnic blindness’, multicultural nationalism is about ‘ethnic arithmetic’ (Brown, 2000: 48, 131) and ‘consociationalism’ (Lijphart, 1977) or ‘institutional plurality’ (van Amersfoort, 1995) can be one of the options for this ‘ethnic arithmetic’ or ‘power-sharing basis’ (Kellas, 1998: 70).

Table 1-1. Civic, ethnocultural and multicultural nationalisms

<table>
<thead>
<tr>
<th></th>
<th>Basis of nation</th>
<th>Role of state</th>
<th>Ethnic minority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civic nationalism</td>
<td>A community bound by belief in and loyalty to the institutions of state.</td>
<td>A neutral state indifferent to individual ethnic backgrounds.</td>
<td>Ethnic minority is not recognised.</td>
</tr>
<tr>
<td>Ethnocultural</td>
<td>A community bound by shared historical memories such as common ancestry etc.</td>
<td>State prioritises the interests and identity of the dominant community.</td>
<td>Minorities are supposed to be assimilated into the dominant ethnic culture.</td>
</tr>
<tr>
<td>Multicultural</td>
<td>A community of equal and autonomous ethnic communities.</td>
<td>A neutral state that guarantees the autonomy of minorities.</td>
<td>Ethnic minority’s autonomy is recognised.</td>
</tr>
</tbody>
</table>

1.3.2. Models of collectivist-authoritarian and individualistic-libertarian nationalisms

This categorisation of collectivist-authoritarian and individualistic-libertarian nationalisms is based on the analytical framework developed by Liah Greenfeld (Greenfeld, 1992). These two types of nationalism, according to Greenfeld, have different views on where sovereignty is actually located in a nation. Collectivist-authoritarian nationalism exists when individual liberty and rights are subjected to the collective community which interests and will are defined by political elites. Here, sovereignty is supposedly possessed by the collective community but is actually exercised by political elites. On the contrary, individualistic-libertarian nationalism rejects the idea of the collective community
as a sovereign entity prevailing over individuals. Instead, it claims that every individual in the community is a sovereign entity. Based on these different assumptions, the two models have different political consequences – authoritarian and liberal politics.

Collectivist-authoritarian nationalism is characterised by collectivism and rhetorical warning of threats to the community. Liah Greenfeld explained collectivism in terms of the location of sovereignty. In the collectivist tradition, it is the nation as a whole that has sovereignty. Therefore, clear emphasis is placed on the community as a unique entity rather than on the individuals who constitute that community. Greenfeld argued:

The national principle was collectivistic; it reflected the collective being. Collectivistic ideologies are inherently authoritarian, for, when the collectivity is seen in unitary terms, it tends to assume the character of a collective individual possessed of a single will, and someone is bound to be its interpreter. (Greenfeld, 1992: 11)

The political consequence of collectivism is illiberal and authoritarian politics, characterised by the forceful imposition on the community of the national vision conceived by political elites and non-tolerance of dissent. As Greenfeld discussed, in this collectivist community, there exists inequality between political leaders and ordinary people. And she continued that elites ‘are qualified to interpret the collective will and…the selected few dictate to the masses who must obey’ (Greenfeld, 1992: 11). The interpretation of nationalist vision and goal by political elites are imposed on the community since it is only the political elites who are able and entitled to figure out a better nationalist vision for the community. It is likely that under these political elites, any questioning of,
opposition to or dissent from the political elites’ nationalist vision is forbidden. Any deviance from the goals or national interests as defined by the political elites is portrayed as a challenge to the community as a whole and is suppressed in an authoritarian way.\textsuperscript{32}

The other important element of collectivist-authoritarian nationalism is the presence of internal and external enemies that are perceived to be threatening the community’s or nation’s survival, goal or interests. As Alter contended, ‘images of a hostile world beyond… borders were evoked to whip up support at home for the nationalist cause; ongoing political tensions with other countries were artificially heightened to bolster national loyalty’ (Alter, 1989: 42). Threats such as the existence of ethnic groups (other than the dominant group) are used by the political elites for political purposes. The elites try to instil a ‘garrison under siege’ mentality\textsuperscript{33} with, for example, anti-Western or anti-colonial rhetoric, fear of re-colonisation, terror of violent ethnic conflict and so on. The fear created through the alleged presence of enemies and threats to the community resonates with the insecurities of people who want to be included in the national community. Political elites channel these fears and insecurities to justify authoritarian control of the community.

Nationalism that develops in an ‘individualistic-libertarian’ manner has different ideological underpinnings. Free individuals are the basis of individualistic-libertarian nationalism.\textsuperscript{34} Greenfeld discussed the core of individualism through sovereignty. She argued that sovereignty is exercised by ‘some individuals, who were of the people’, but essentially is owned by individuals and ‘these individuals exercised sovereignty’ in an individualistic
tradition (Greenfeld, 1992: 10-11). By implication, the political leaders describe themselves merely as representatives of the people who have the ultimate right to interpret nationalist goals and to shape their own future. In individualistic-libertarian nationalism, national vision and goal are matters to be discussed in civil society through debates and through ‘the consent of the individuals concerned’ (Canovan, 1996: 5).

Therefore, in the debates and discussions regarding national goals and vision, it is natural to permit different opinions and ideas to flourish, according to nationalism in the individualistic-libertarian mode. Consequently, internal dissent is allowed, as it is not the enemy of the community but an essential part of formulating nationalist goals. Dissent is viewed as constructive criticism rather than an attempt to undermine the integrity and safety of the community.

In addition, individualistic-libertarian nationalism resonates with the more confident and secure classes or sections of society. As Alter discussed, individualistic-libertarian nationalism (‘Risorgimento nationalism,’ in his words) is ‘defined as an emancipatory political force that accompanies the liberation…of new social strata’ (Alter, 1989: 28). This description of the supporters or carriers of individualistic-libertarian nationalism shows that those who support individualistic-libertarian nationalism is less vulnerable to the political elites’ rhetoric of external and internal dangers and threats, unlike their insecure counterparts who willingly accept the rhetoric of threats and dangers highlighted by the authoritarian political elites. When the political elites exaggerate dangers and threats to the community, it is primarily the insecure and less confident sections of the society who are affected. The confident sections of the society are
not readily mobilised or demobilised by the political elites’ rhetoric of the threat and danger to the nation’s survival and interests.

Table 1-2. Individualistic-libertarian/collectivist-authoritarian nationalisms

<table>
<thead>
<tr>
<th>Nationalist goal</th>
<th>Threat to nation</th>
<th>Political practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivist-authoritarian Nationalism</td>
<td>Collectivist—emphasises collective will as interpreted by political elites.</td>
<td>State elites identify threats to mobilise people.</td>
</tr>
<tr>
<td>Individualistic-libertarian Nationalism</td>
<td>Individualistic—out of debates in civil society among sovereign individuals.</td>
<td>The audience is less affected by the threats.</td>
</tr>
</tbody>
</table>

1.4. Main arguments, research questions and thesis structure

So far, three arguments have been made as follows. First, existing studies have ignored the ideological arguments in UMNO factionalism, or if they did not, they have not paid much attention to the issue of nationalism. Second, nationalist ideologies have been at the centre of Malaysian politics because the questions of national identity have been unresolved. The questions include the ambiguities in Malaysia’s national identity and in the relationship between community and individual. In the analysis of ideological arguments by competing elites in UMNO factionalism, nationalism is a topic of crucial importance in the understanding of UMNO factionalism. Third, these unresolved questions might be conceptualised through a theoretical framework of five models of nationalist ideology – civic, ethnocultural and multicultural nationalisms in one group and collectivist-authoritarian and individualistic-libertarian nationalism in another.

This study argues that UMNO factional disputes are more than personal power struggles. The nationalist ideological arguments, which have been largely
ignored in the existing studies, have been effectively utilised by the UMNO elites involved in the disputes and it played a crucial role in the disputes. The disagreements among the elites reflect the unresolved questions of national identity in Malaysia, that is, the ambiguous relationship between ethnic and national identity and the tense relationship between individual liberty and rights on one hand and the interests and will of the collective community on the other. Furthermore, because the elites attempt to mobilise the community with their ideological arguments, the impact of the disputes extends beyond the party elite level, spilling over to the wider society, shaping not just UMNO politics, but also Malaysian politics as a whole.

If we analyse UMNO factional disputes from the perspective of nationalist ideological arguments, it involves the arguments from two sides: the nationalist vision constructed by the Prime Ministers to resolve the question of national identity and the countering nationalist ideology constructed by the challenging elites, reflecting the (negative) response, towards the vision, from the community. As I have just mentioned, this thesis is focusing on elite level dynamics rather than on a survey of wider Malaysian community. The grass-root or wider constituency, although it does not mean that they are not important, will be considered in this thesis only minimally when needs arise.

This thesis, investigating elite level nationalist discourse in factional disputes, involves understanding:

1) the Prime Ministers’ attempts to manage the unresolved questions of national identity by formulating a nationalist ideology;
2) the consequences of the attempts or the responses of the Malay community to the Prime Ministers’ attempts;

3) the nationalist arguments put forward by challenging UMNO elites to mobilise the Malay community; and

4) the consequences of the disputes from the perspective of nationalism.

The nationalist vision of the first Prime Minister, Tunku Abdul Rahman, who was challenged in the 1969 dispute, was shaped more by the imperative of national integration and ethnic stability, which affected his nationalism to move away from an ethnocultural nationalist position. Mahathir in the 1980s put more emphasis on the imperative of economic growth than on the ethnic redistribution goal of the NEP that defined the ethnocultural Malay nationalism of the 1970s. In such crises as the ethnic riots in 1969 and the economic downturn in the mid 1980s that weakened the support for the Prime Ministers, some UMNO elites attempted to weaken the Prime Minister’s support by mobilising the Malay community with their ethnocultural nationalist alternatives.

The last case, the 1998 dispute, also has a similar structure. There was a crisis of the Prime Minister’s vision during the 1997–98 economic crisis. The challenging elites attempted to tap Malay support with countering nationalist ideology in their challenge to the Prime Minister. However, the circumstances of factional conflict in 1998 were different from those in 1969 and 1987, and it requires another analytical framework. Rapid economic growth and affluence reduced once stark ethnic competition over limited economic resources and particularly, decreased the feeling of vulnerability of economically weaker ethnic group. In such context, Mahathir’s civic nationalist vision and corresponding
policy changes made ethnocultural, civic or multicultural nationalist manipulation less effective as an ideological tool to mobilise political support. Instead, there was a different tension – that between collectivist nationalism and individualistic nationalism. These are the competing nationalist ideologies in the 1998 UMNO factional dispute.

The main questions addressed by this thesis are as follows:

How did a particular Prime Minister attempt to resolve the question of national identity by constructing a nationalist ideology? And what were the consequences of the attempt?

How did some challenging elites construct their alternative nationalist position against the incumbent leader? And what were their arguments? In what circumstance did they mount challenges to the incumbent, deploying such arguments?

What were the consequences of the dispute from the perspective of nationalism? Were the tensions between conflicting nationalist ideologies resolved?

What was the reason behind the relative success of the management of ethnic tension by Prime Minister? And what kind of new nationalist tension arose from it?

Before I move on to an outlining of individual chapters of this thesis, a note should be made regarding the methodological aspect of this research. The main methodology adopted in this research is analysing the ideological – nationalist – discourses of political elites and its reflection in concrete policies, and comparing two competing nationalist positions in factional disputes. The
analysis and comparison, of course, will be done considering long and short term political context of factional disputes. The analysis and consequential description of political elites’ nationalist positions, however, does not intend to identify what they were – was he or she really believed what they said or was he or she really a person of such ideology? – or what they really intended. Of course, thus, a rhetoric adopted might be merely a disguise of their real political intentions.

Instead, this research will show the nationalist rhetoric used by political elites and carefully put them in a matrix of nationalisms. This research is more concerned with relative ideological positions and its political consequences rather than revealing illusive true political intention. Consequentially, when a political elite is described as ethnocultural nationalist, it does not necessarily mean that he or she is an exemplar of such nationalist position. Rather it means he or she had more tendency towards a particular nationalist direction in comparison to his or her opponents or to what he or she said and did before. Thus, the description is about a tendency and should be understood in relative terms.

This thesis is composed of six chapters, including this introduction and a conclusion. Following this introduction, from Chapter 2 to Chapter 5, I will discuss each factional dispute in UMNO. Chapter 2 analyses a dispute in 1969 between the older generation personified by the first Prime Minster, Tunku Abdul Rahman and the new generation, spearheaded by Mahathir Mohamed, focusing on the discourses of nationalism held by the competing factions. This chapter first examines Malay nationalism held by the Tunku that shifted from ethnocultural Malay nationalism to multicultural nationalism. Second, the nationalist ideology constructed by ethnocultural nationalist, who challenged the Tunku’s multicultural
nationalism is explored. This can be shown in a few political developments in the late 1960s. The last part of the chapter looks at the consequence of the factional dispute, that is, how the arguments of the ethnocultural nationalist elites were reflected in the reform and changes initiated by a new government.

Chapter 3 discusses the 1987 UMNO factional dispute between Team A (led by Mahathir) and Team B (led by Razaleigh Hamzah and Musa Hitam). First, the chapter investigates Mahathir’s nationalist vision, as reflected in his economic policies of deregulation of the NEP and privatisation. These policies were a significant shift away from the ethnocultural Malay nationalism of 1970s. It will then be argued that the challenging team constructed their ethnocultural Malay nationalist position as a reaction to Mahathir’s new direction, criticising Mahathir’s policy and upholding the ethnocultural nationalism of the original NEP. Finally, the consequences of the dispute will be explained, highlighting the two factions’ attempts to win over the Malay community’s support.

Chapter 4 provides a background of the new dimension of nationalist tension in Malaysia. The topic of Chapter 4, the socio-economic and political situation in Malaysia in the early 1990s, became a political milestone as far as nationalist tension and conflict in Malaysia is concerned. The first part of the chapter shows the relative success of Mahathir’s civic nationalist vision, buttressed by economic growth. Specifically, it will be shown how Mahathir tried to capture the Malay community with his civic vision. The second part of the chapter, which is also divided into two smaller sections, examines the collectivist-authoritarian aspect of Mahathir’s nationalist vision. In the first section, Mahathir’s collectivist-authoritarian nationalism is explored through his own
arguments and in the authoritarian politics under his leadership. In the second
section, I will investigate Mahathir’s strategy of identifying various threats to
community in an attempt to shore up political legitimacy and support for his
nationalist vision.

Chapter 5 explores the 1998 UMNO factional dispute from the perspective of
nationalist conflict between Mahathir’s collectivist-authoritarian nationalism and
Anwar’s individualistic-libertarian nationalism. The second part of the chapter,
after a brief review of the 1990s’ factional dynamics, explores Anwar’s
individualistic-libertarian nationalist position. In the third section of the chapter,
the 1998 factional dispute, beginning with the onset of the 1997 economic crisis to
Anwar’s sacking in 1998, will be explained, focusing on their different arguments
regarding the authoritarian Malaysian politics and, thus, by implication, the
relationship between individual and community. The institutionalisation of the
individualistic-libertarian position into an opposition coalition and its ultimate
showdown against Mahathir’s collectivist-authoritarian nationalism in 1999
election will be described. The final section of the chapter will examine how
Mahathir, manipulating various international and domestic developments,
regained his lost ground by re-asserting his collectivist-authoritarian civic
nationalist position.

1 Hari Singh’s study provided us with a more complicated scenario (H. Singh, 2001).
His analysis suggested two possible outcomes: democratisation or oligarchic restructuring.
Anwar’s fallout with Mahathir could have resulted in democratisation if Anwar’s
democratic commitment was guided by the grassroots aspirations of Reformasi.
Otherwise, Anwar’s dispute with Mahathir, if he had succeeded, would have ended up
with oligarchic restructuring within the same elite coterie. Regarding ideological
differences between Anwar and Mahathir, Singh argued that to overcome Mahathir, who
had significantly centralised political power in his hands after 1987, ‘Anwar had little
choice but to adopt an ideological stance that contrasted with that of Mahathir. Hence, he
espoused democracy as an alternative to an authoritarian socio-political order [of Mahathir]’ (H. Singh, 2001: 540). Thus, in Singh’s view, the eventual consequences of the 1998 dispute would be decided by the future trajectory of the Reformasi movement, rather than the cause of the elite-level dispute itself.

2 An “ultra” faction in UMNO, in the context of the 1960s, refers to a group of newly rising UMNO elites, who is generally said to be much more pro-Malay nationalist when compared to their predecessors. This group included Harun Idris, Syed Nasir Ismail, Jaafar Albar and UMNO second echelon elites at that time such as Mahathir Mohamed, Razaleigh Hamzah, Musa Hitam and Abdullah Ahmad, although the individuals included vary by observers. The term, “ultra,” was first coined, with somewhat of a negative connotation, by Lee Kuan Yew in the controversy of Singapore’s secession from Malaysia in 1965. Lee Kuan Yew dubbed some UMNO elites who were critical of the PAP (People’s Action Party) and himself as Malay “ultras,” by which he meant ultra Malay nationalists or chauvinists.

3 Harold Crouch noted significant changes in the class composition in Malaysia in the 1980s. However, he did not relate these changes to any ideological or policy difference in the 1987 UMNO factional dispute.

4 Interestingly, Ian Stewart also observed that Anwar made a number of political enemies within UMNO who later played a crucial role in Anwar’s sacking. They included Ghafar Baba, Sanusi Junid, Rafidah Aziz, and Abdullah Ahmad Badawi, according to Stewart (Stewart, 2003: 15, 24).

5 In his article, written in the early stages of the dispute, Funston also mentioned the possibility of regime change in Malaysia. He argued that although the dispute itself was far from ideological or policy-related, the aftermath of the dispute, the Reformasi movement, could be the beginning of significant political change in Malaysia.

6 Like Funston, William Case considered the possibility of regime change from a ‘Semi Democracy’ to a ‘Fuller Democracy’ because of the Anwar-Mahathir dispute. His conclusion was that while the grassroots mobilisation in the form of Reformasi was significant, the regime would withstand the winds of change.

7 Khoo debated, ‘strains resulted as much from an evident policy shift as from underlying economic fundamentals. In effect, political and policy decisions and actions [“a turning point of the social tension”] interacted with underlying economic fundamentals [“undercurrent tension in society”] to create a climate in which a split could occur when and if the personalities were available to take up the cudgels, irrespective…of what those cudgels [“an ignition by elite rivalry”] represented’ (K. J. Khoo, 1992: 48).

8 Khoo depicted the situation thus: ‘All it needed was a match. Mahathir’s personality (“leadership style”), the unsettled and unsettling question of who was to succeed Mahathir leading to power plays in the upper reaches of Government, and Tengku Razaleigh’s and Musa Hitam’s decision to challenge Mahathir, provided that match’ (K. J. Khoo, 1992: 68).

9 In the 1987 UMNO dispute, the two competing factions were dubbed Team A, which was Mahathir’s faction, and Team B, which was the faction of the challenger, Razaleigh. The two teams eventually split the party and were re-born as UMNO Baru and Semangat 46 (Spirit of 1946) respectively.

10 Hilley observed, ‘But there may have been a much more fundamental issue at play here. Mahathir had given 17 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 that, for Mahathir, threatened to undo those
achievements, but his relationship with the IMF [International Monetary Fund] nexus suggested a wider strategy to replace him’ (Hilley, 2001: 105).

11 It is very tempting to imagine that there is a clear distinction and cleavage between political opportunism and genuine ideological conviction in political behaviours of a political actor. We, however, do not know what the real political intention of a political actor behind a political episode was. Even if the political actor confesses their intention, there is no ground to believe it true. Furthermore it is likely that political opportunism and genuine ideological conviction are often all mixed up without clear boundary. Only we can do is to make a judgement on it considering context of the political happening, pretending that there is a clear distinction between opportunism and genuine conviction. Otherwise, we have to choose one aspect to explain a political episode, not losing touch with the other dimension of it.

12 Before the British colonial period, there were immigration waves into the peninsula from nearby archipelagos (Bugis and Minankabau people) and from distant regions such as the Middle East, India and China. The immigrants from the distant areas came to the Malay Peninsula along with international trade and, in the case of Middle Eastern and Indian immigrants, introduced Islam to the peninsula. The immigrants before British colonial rule were assimilated to the indigenous people in the peninsula. Clearly being minority, a small number of immigrants from different cultures were easily assimilated into the indigenous society, adopting the Malay way of living, language and to a certain degree, religion as well. In addition, there were a substantial number of intermarriages between the indigenous people and the immigrants, which expedited the assimilation (Andaya & Andaya, 1982: 93-97).

13 According to the Malaysian Census 2000, Bumiputera (which literally means ‘son of the soil’), composed of Malay and other indigenous people, accounted for 65.1 per cent, Chinese 26.0 per cent and Indians 7.7 per cent of the population in 2000. It was 60.6 per cent, 28.1 per cent and 7.9 per cent in 1991 respectively. Unlike the Peninsula, in East Malaysia, local indigenous ethnic groups form the majority. In Sarawak, the Iban is the majority (30.1 per cent), outnumbering the Chinese (26.7 per cent) and the Malays (23.0 per cent). In Sabah, the Kadazan Dusun accounts for 18.4 per cent, the Bajau 17.3 per cent and the Malays 15.3 per cent (Department of Statistics Malaysia, 2001).

14 Malaysia was officially called Malaya before it included Singapore, Sabah and Sarawak in 1963. After the inclusion of these three territories, the official name of the country became Malaysia.

15 A speech by Abdullah Ahmad, an UMNO Member of Parliament, at the Institute of International Affairs, Singapore on 30 August 1986. This speech was published in (Das, 1987: 1-10).

16 From an article by Kua Kia Soong, Director of the Malaysian human rights organisation, Suaram, and former opposition Member of Parliament. This article is from (Kua, 1987b: 94).

17 A speech by Secretary-General of DAP (Democratic Action Party) and Member of Parliament, C. V. Nair, at the Annual Dinner of the University of Malaya Graduate Society in Seremban on 11 June 1966. This speech was published in (C. V. D. Nair, 1969: 123-129).

18 Until now, all Prime Ministers are selected from within UMNO (UMNO Presidents) because of its numerical dominance in the ruling coalition (Alliance party and later BN) that always secured more than a simple majority in every election since the Independence. Likewise, all the Deputy Prime Ministers are from UMNO as well. The Deputy President of UMNO usually assumes the position.
These descriptions give different names to the Malaysian political regime. William Case calls the Malaysian political regime a semi-democracy (Case, 1992; 1993; 1997; 2001b) or a pseudo-democracy (Case, 2001b). Harold Crouch (Crouch, 1992; 1993) dubbed the Malaysian regime as “neither authoritarian nor democratic”, given its elusive nature. Zakaria Ahmad coined a term, “quasi democracy” for the Malaysian regime (Zakaria Haji Ahmad, 1989) while Khoo Boo Teik observed increasingly authoritarian politics in Malaysia since its independence in 1957 (B. T. Khoo, 1997a).

Likewise, Zakaria Ahmad pointed out, ‘Plural Malaysia cannot be characterized as nondemocratic if popular choice of government is a primary index of democratic performance. On the other hand, the dictates of and perceived need for a “strong” government able to deal effectively with the competing demands of an ethnically divided society, with strong laws that may even deny specific instances habeas corpus…, and other features present a cameo of authoritarian elements’ (Zakaria Haji Ahmad, 1989: 349).

David Brown commented on ‘forward-looking optimism’ as follows: ‘The potential tension between the two [nationalisms] has...been defused by a forward-looking optimism which looks towards an ideal where the political community and the ethnocultural community coincide in the one “nation-state”. This forward-looking optimism has been facilitated by economic development...which ensured that political integration and ethnocultural assimilation could successfully interweave so as to generate the new nation-state’ (Brown, 2000: 38-39). David Brown argued that state elites in a modern nation-state, facing ethnic tension, have ‘portrayed themselves as the agents of equitable development, so that the image of the nation has been reconstructed as the social justice community’ in which acute tension among ethnic interests becomes blurred in the context of economic affluence (Brown, 2000: 38). The tension and contradiction regarding nationalist vision can still be there in a nation-state, but, as Brown depicted, the political elites try to manage the tension ‘not by resolving the disparity, but by distracting attention from it’ (Brown, 2000: 38). Economic development in this strategy has a central importance. To reduce tension among ethnic groups, it is important to foster a feeling of security since nationalism was supposed to provide such a feeling in their imagined home. Economic development deepens the sense of security in these ethnic groups that their future will be safe and prospering. With economic affluence, confrontation and competition among ethnic groups can decrease significantly. This may create a sense of contentment that the state takes care of their interest. Economic affluence becomes a strong incentive for the minorities to join the vision that the state elites project, rather than remaining outside, losing economic opportunities (Beissinger, 1998: 176; Brown, 2000: 39).

There are three different conceptual languages of nationalism, that is, primordialism, situationalism and constructivism. This study follows the constructivist position.

In the primordialist approach, a nation is ‘based upon a natural, organic community, which defines the identity of its members, who feel an innate and emotionally powerful attachment to it’. In the situational approach, national identity is not ‘natural instinctual ties to organic community’, but ‘resources employed by groups of individuals for the pursuit of their common interests’. In constructivism, ‘national identity is constructed on the basis of institutional or ideological frameworks which offer simple and indeed simplistic formulas of identity, and diagnoses of contemporary problems’ (Brown, 2000: 4-29). A. D. Smith suggested a more diversified categorisation of competing conceptual languages of nation and nationalism. According to Smith, there are combinations of competing notions such as 1) organicist versus voluntarist understanding of the nation (a debate between primordialism and instrumentalism); 2) perennialist versus the modernist
approaches to nations and nationalism (antiquity and modernity of nations); and 3) social constructionist and the ethnosymbolic approaches to nation and nationalism (Smith, 2000: 2-3). As summarised in Smith’s book, the constructivist position is as follows: ‘the assumption that nationalism created and continues to create nations, rather than the opposite; The belief that nations are recent and novel products of modernity, so far sharing the modernist view; A view of nations as social constructs and cultural artefacts deliberately engineered by elites; The idea that nationalists “invent” and “imagine” the nation by representing it to the majority through a variety of cultural media and social rituals; The belief that only in modern conditions is such invention and imagination possible and likely; a sense of the suppression of the age of nations along with that of modernity in a more globalizing epoch’ (Smith, 2000: 52).

23 There are other names for civic nationalism such as patriotism (Viroli, 1995), civic-territorial nationalism (Smith, 1991), territorial nationalism (Smith, 1986), political nationalism (Smith, 1998) and social nationalism (Kellas, 1998). Also, ethnocultural nationalism has other names such as Romantic nationalism (cultural nation) (Guibernau, 1996), nationalism (against patriotism) (Viroli, 1995), ethnic nationalism (Greenfeld, 1992; Kellas, 1998), cultural nationalism (Hutchinson, 1987), ethnic-genealogical nationalism (Smith, 1991), ethnonationalism (Connor, 1994) and so on.

24 With specific reference to the new states in Asia, Africa and Latin America, Smith defined ethnocultural nationalism as the “dominant ethnie model”. He argued that in the dominant ethnie model, ‘the culture of the new state’s core ethnic community becomes the main pillar of the new national political identity and community, especially where the culture in question can claim to be “historic” and “living” among the core community… Though other cultures continued to flourish, the identity of the emerging political community is shaped by the historic culture of its dominant ethnie’ (Smith, 1991: 110).

25 When it comes to cultural assimilation for nation building according to ethnocultural nationalism, there could be two possibilities. The first is absolute exclusion of exogenous elements while the second is conditional acceptance of the foreign elements if they are culturally assimilated. Although the two are not differentiated here, Kellas regarded them as different kinds of nationalisms; the former is ethnic nationalism and the latter is social nationalism. See (Kellas, 1998: 66).

26 A. D. Smith similarly described the building of a civic nation as ‘creating a supra-ethnic “political culture”. He continued, ‘In these cases there is not acknowledged dominant ethnie; either the new state contains a number of equally small ethnic communities…or a number of rival ethnies’ (Smith, 1991: 112).

27 Also, David Brown argued, ‘It is certainly true that the civic ideal of ethnic neutrality may be as rarely achieved as is the ethnocultural ideal of ethnic exclusivity’, although once it is built, it could provide ‘a powerful and distinct vision’ and ‘act as a buffer between ethnic majoritarian and ethnic minority visions’ (Brown, 2001: 5, 7).

28 Guibernau found roughly three practical configurations of multicultural nationalism. First, it can ‘acknowledge the “cultural differences” of its minority or minorities, without allowing more than the cultivation and promotion of their own culture and the maintenance of some deep-rooted elements of the socio-cultural tradition’. Alternatively, there could be ‘a certain degree of autonomy within the state’. Third, the state ‘permits the highest degree of self-determination for nations without a state’ as long as the ‘nations [are] integrated within a federation’ (Guibernau, 1996: 101).

29 Some have suggested institutional configuration for multicultural nationalist nation such as institutional plurality (van Amersfoort, 1995), consociationalism or consociational democracy (Lijphart, 1977). Arend Lijphart’s consociationalism consists of four major elements: ‘government by a grand coalition of the political leaders of all
significant segments of the plural society’; ‘the mutual veto or “concurrent majority” rule’; ‘proportionality as the principle standard of political representation, civic service appointments, and allocation of public funds’; and ‘a high degree of autonomy for each segment to run its own internal affairs’ (Lijphart, 1977: 25-52). Kellas, likewise, saw consociationalism as a configuration in which diverse ethnic characteristics can be moderated and contained. He stated, ‘In a state organised along “consociational” lines, the situation is not as polarised. Ethnic nationalist parties, and ethnic sections of state-wide parties, are not anti-state, but seek maximum power within the state. Thus, the Fleming and Wallon nationalist parties in Belgium, and the Fleming and Wallon Socialist and Christian Socialist Parties, seek the maximum power for their ethnic groups within the Belgian state on a consociational or ‘power-sharing’ basis’ (Kellas, 1998: 70). Hans van Amersfoort argued that institutional plurality such as federalism could be an option when elimination of ethnic difference (civic nation) failed and marginalisation of minorities only can be achieved in the long-term (van Amersfoort, 1995: 169). Therefore, he seemed to maintain that multicultural nationalism is an alternative to failed civic nationalism on the way to eventual ethnocultural nation.

30 Canovan similarly depicted the collectivist tradition as a core characteristic of the ‘Romantic-collectivist view’ of nationalism. She contended that in the Romantic-collective view, ‘nations exist as whole of which individuals are but parts, so that it is the collective nation that should form the basis of political organization’ (Canovan, 1996: 5). Thus, she observed, ‘Nationalists of [Romantic-collectivist] stamp see the nation rather than its members as the possessor of sacred rights, and stress that individuals are parts of something greater than themselves, with a duty to serve the whole’ (Canovan, 1996: 7). In this tradition, as Alter put it, ‘You are nothing, your people everything’ (Alter, 1989: 38). Breuilly also, explaining Nazism, captured the core of illiberal-collective tradition of nationalism. He observed, ‘it insist[s] that there was a national community and that its interests took priority over individual or sectional interests within the nation or any supranational interest’ (Breuilly, 1982: 4).

31 State elites in the collectivist tradition, as depicted by Alter, are ‘the self-appointed guardians of this national interest, …reserved for themselves the exclusive right to determine what it actually was’ (Alter, 1989: 42). It means that when individuality is absolutely subjected to the community’s will, state elites, who lead the community, have the right to interpret the will of the community. Accordingly, they become most powerful and inviolable. Also, as David Brown similarly observed, ‘[the state leaders] depict the diverse individuals and groups within their society as comprising one community with one will… [They] claim that they constitute the sole legitimate articulator and defender of the common interest or will of the people as a whole… they depict themselves as the experts who can deliver what the singular entity ‘the people’, want or need. They thereby identify the interests of the whole community with the interests of themselves as the elite’ (Brown, 2001: 3). In this situation, as Alter put it, ‘Il duce ha sempre ragione – the leader is always right’ (Alter, 1989: 38).

32 Thus, Alter observed, ‘Anyone who resisted demands [of state elites] would be dispatched with force if necessary. In the putative interest of the nation, [the state elites] clamped down on dissident, pluralism…and autonomous institutions’ (Alter, 1989: 39).

33 David Brown argued, in the case of Singapore, that the purpose of a ‘garrison mentality’ is ‘to publicize the various dangers and threats facing Singapore which make the defensive unity of the whole community imperative to the country’s very existence. It is this siege view of politics which lies behind the idea, promoted by the government after 1965, that Singapore’s national ideology was the “ideology of survival”’ (Brown, 1994: 84-85).
Canovan asked who is ‘the people’ believed to be sovereign in a democracy. She contended that the relationship between free individuals and the community should be clarified because, without a clear conceptual understanding of who constitutes ‘the people’, the discussion of democracy as an expression of the people’s sovereignty becomes problematic (Canovan, 1996). The free individual, in individualistic-libertarian nationalism, does not mean an individual without any community affiliation. As was the case with collectivist-authoritarian nationalism, the individual in individualistic-libertarian nationalism is still included in a national community (see Patten, 1999; Tamir, 1993; Vincent, 1997). Rather, the question is whether the individual has meaningful choice within a community or nation instead of whether the individual is absolutely free of duties and constraints imposed by the community. For a similar discussion, see (Smith, 2000: 6).

A. D. Smith, while he explained Hans Kohn’s Eastern and Western nationalisms, captured the distinctive nature of individualistic-libertarian and collectivist-authoritarian nationalisms very well. He stated, ‘[T]he two kinds of nationalism displayed a number of contrasting features, but the basic opposition concerned the relationship of individual to the collectivity. In both kinds of nationalism the individual must belong to a nation; there is no chance of surviving outside the bond of the nation. But in the voluntaristic type, the individual can, in principle, choose to which nation she or he wishes belong to; in that limited sense, the nation is a contractual political association. A voluntarist idea of the nation guarantees the right of individuals to choose their nation of belonging. In contrast, organic versions of nationalism reject any such right. The individual is born into a nation, and is indelibly stamped with its character and genius for life’. (Smith, 2000: 6)

In other words, as characterised by Canovan, ‘nations are defined not by historic destiny but by individual identification’ (Canovan, 1996: 11). This, of course, is in stark contrast to the collectivism in which only state elites can interpret nationalist goals and individuals are subjected to the goals dictated by the elites. Also, for Alter, Risorgimento nationalism is equivalent to individualistic-libertarian nationalism. It has an ‘emancipatory and liberal character,’ according to Alter (Alter, 1989: 27). Risorgimento nationalism was a struggle against suppression. Alter argued, ‘the struggle [of Risorgimento nationalists] against the old feudal régime, against monarchs and dynasties, appeared to be a struggle for the creation of an egalitarian, democratic and liberal society’ and it dates back to the French Revolution, which goal was ‘the universal human ideals of liberty, equality and fraternity’ (Alter, 1989: 29-30, 78). In short, individualistic-libertarian nationalism embodies ‘freedom, equality and self-determination for both nation and individual alike’ (Alter, 1989: 78).

For example, according to David Miller, ‘Without freedom of conscience and expression, one cannot explore different interpretations of national identity, something that takes place not only in political forums, but in the various associations that make up civil society... These discussions must proceed on the basis that no one should be penalized or excluded for expressing views that challenge the traditional understanding of national symbols and historic events.’ (Miller, 1995: 128)

Also see Hall’s article, “Nationalisms, Classified and Explained” for a similar discussion regarding the experience of Europe in the 19th century (Hall, 1995: 16). Hall argued that, first, the significant increase in education and then economic development influenced people. A nationalism shaped out of these developments, ‘deserves to be considered liberal – that is, it stressed civic loyalty within a democratic regime rather than ethnicity’.

1969, undoubtedly, is one of the significant turning points in recent Malaysian political history since independence in 1957. In the 1969 general elections, the ruling coalition, the Alliance party, lost its two-thirds majority. The ruling coalition – including the BN, the off-shot of the Alliance – had never lost its two-thirds majority in parliament except in the 1969 elections. Soon after the elections, ethnic riots, known as the May 13 Incident, shook the peninsula, resulting in not a small number of casualties and significant loss of property. The ethnic clashes were a vivid reminder of the volatile ethnic tension and instability and exacerbated the already tense ethnic relations in the country. An UMNO factional dispute which followed the ethnic riots destabilised the party further. In the long term, the dispute contributed to the exit of then incumbent leader, Tunku Abdul Rahman, and brought about substantial changes in the party’s leadership. Furthermore, these changes in UMNO paved the way for such significant socioeconomic and political changes in the 1970s as the implementation of the New Economic Policy (NEP) and the formation of a larger coalition, the Barisan Nasional (BN).

This chapter explores the 1969 UMNO factional dispute from the perspective of the contesting nationalist ideologies of the political elites and the consequences of the ideological conflict. Existing studies have not focused on the 1969 UMNO factionalism on its own but have primarily discussed it in a passing manner as a part of the wider political dynamics in 1969. Furthermore, in many
studies, the clashing nationalist arguments in the dispute were regarded as merely camouflage for the underlying power struggle. Other studies observed that the challenging faction championed Malay nationalism but failed to connect that fact to the unresolved question of national identity.²

This chapter will first thoroughly examine the dispute from the perspective of clashing nationalist arguments, placing the nationalist arguments at the centre of the analysis and locating the debate in the context of the unresolved question of national identity. Second, by analysing the nationalist language UMNO elites adopted, the nationalist vision of Prime Minister, Abdul Rahman, and the responses of the Malay community – in the form of the arguments of the challenging faction – can be explored. Third, by analysing the nationalist arguments in the 1969 dispute, it will try to find a pattern of nationalist ideological clashes in UMNO factionalism that can be applied in the analysis of subsequent disputes.

The competing nationalist ideologies in the 1969 UMNO factional dispute reflect the unresolved question of national identity in Malaysia. Abdul Rahman’s multicultural nationalism assumed that Malaysia was a nation in which different ethnic groups co-exist without sacrificing their distinctiveness. Politically, this was expressed in the Alliance coalition that included representatives from the three major ethnic groups: the Malays, Chinese and Indians. Against this, ethnocultural Malay nationalist UMNO elites claimed that as Malaysia was a Malay nation, the Malay community should be dominant politically, culturally and economically. The challengers constructed and manipulated nationalist
ideology, reflecting to a certain degree the response of the community to the Prime Minister’s nationalist vision.

This chapter will argue that Abdul Rahman’s nationalist position moved away from the ethnocultural Malay nationalism of early UMNO towards the multicultural nationalist direction as indicated in the making of the Malaysian constitution and in the working mechanism of the Alliance coalition. The arguments of the ethnocultural Malay nationalist UMNO elites will then be examined. In the late 1960s, ideological challenges to Abdul Rahman over several issues clearly indicated that these elites disagreed with Abdul Rahman’s nationalist position. Finally, the changing nationalist direction of the state in the 1970s, when the UMNO national leadership was replaced by more ethnocultural Malay nationalist elites, will be investigated. The new policy initiatives of the new leadership were clearly pro-Malay, reflecting the ethnocultural Malay nationalist arguments of the challenging faction in the 1969 UMNO factional dispute.

2.1. Abdul Rahman’s multicultural nationalism

The main purpose of this section is to explore Abdul Rahman’s nationalist vision, an axis of competing languages of nationalism in the 1969 dispute. In short, Abdul Rahman’s nationalist position from the mid 1950s moved away from ethnocultural Malay nationalism, shifting towards multicultural nationalism. UMNO’s early nationalism was clearly ethnocultural, given its demands of Malaya as a Malay nation and Malay privilege and special rights as indigenous people in the peninsular, which was clearly seen in the Malayan Union controversy. Abdul Rahman’s initial ethnocultural Malay nationalism was shaped
by this UMNO’s nationalist position. His ethnocultural Malay nationalism, however, faced the crucial question of how to integrate diverse ethnic groups into a nation when independence was imminent. Abdul Rahman’s increasingly multicultural nationalist position was his answer to this question, as envisaged in the negotiation and outcome of Merdeka Constitution. Furthermore, the Alliance coalition system, which embodied the principle of consociational configuration, reflected Abdul Rahman’s changing nationalist commitment.

2.1.1. UMNO’s ethnocultural nationalism and the shaping of Abdul Rahman’s nationalism

The shaping of UMNO’s ethnocultural Malay nationalism

British colonial rule created a society that was ethnically diverse and segregated on the Malay peninsula (Abraham, 1983; Ariffin Omar, 1993; Gullick, 1981; Roff, 1967). By the 1920s, there were almost as many indigenous Malays as there were immigrant non-Malays. The immigrants were organised under such leaders as the ‘Kapitan China’ and ‘Kangani’ (overseer) into exclusive communities (Andaya & Andaya, 1982: 175-181) while the Malays were left alone in their traditional “kampung” (rural villages). This made communications, interactions and eventually the integration of the various ethnic communities extremely difficult. The ethnic division of labour, that is, the overrepresentation of non-Malays in the modern sectors and Malay dominance in subsistence agriculture, brought about noticeable economic inequalities among the ethnic communities (Faaland, Parkinson, & Saniman, 1990: 5-8).
It was behind this background of an ethnically diverse but segregated society that the Malayan Union controversy in the mid 1940s decisively shaped ethnocultural Malay nationalism and resulted in the formation of UMNO as the torchbearer of ethnocultural Malay nationalism. Malay nationalism, which was first articulated by religious reformist movements, increasingly took on such discourses as ethnic competition, Malay indigenous privilege and special rights, *Bangsa Melayu* (Malay nation) and *Tanah Melayu* (land of the Malays) in the 1930s (L. E. Tan, 1988: 9-10).

As ethnic consciousness increased, what made Malay nationalism decisively ethnocultural was the Malayan Union Proposal in 1946. When the British reoccupied the Malay Peninsula in 1945, after a brief Japanese occupation, the colonial government prepared a radical scheme to integrate all the Malay sultanates, including Penang and Malacca, but excluding Singapore, into one political entity. The British’s immediate concerns were to bring the Malay peninsula under their control again and to unite separate territories under a unitary British authority (Mohamed Noordin Sopiee, 1974: 16). At that time, the Malay Peninsula was divided into a few sultanates and territories under direct British rule.

Two aspects of the British’s proposal – the status of the sultans and the issue of citizenship – were controversial as they were viewed as threats to the Malay identity and their status as an indigenous people, thus making Malay opposition to the proposal ethnocultural. First, the Sultans’ status was downgraded, so that they would only have legislative power over Islamic affairs and preside over a Malay Advisory Council (Von Vorys, 1975: 65). The
relegation, as Mohamed Noordin Sopiee observed, meant ‘the transfer of sovereignty’ and ‘reduction of the position of the Rulers to the status of mere social and religious leaders’ (Mohamed Noordin Sopiee, 1974: 21-23). As Malay identity was defined in terms of *Kerajaan* (Kingdom), that is, of being ‘subjects of [the] sultan’ (Kessler, 1992; Milner, 1991: 108-109), the British proposal was a serious challenge. The sultans were to lose their sovereignty and become ‘mere social and religious leader[s]’.

Second, the new citizenship regulations proposed that anyone who was or would be born thereafter in the Malay Peninsula and Singapore would acquire citizenship. Also, anyone who was not born but who had resided in the territory for more than 10 years would be deemed citizens of the Malayan Union (Ongkili, 1985: 41). The implication was that the immigrants would readily have the same rights as the Malays. Although the immigrants already outnumbered the Malays in the 1930s, the immigrants did not have full rights. If the immigrants were to acquire full citizenship readily, it would be a matter of time before the Malays lost their demographic dominance in the coming independent Malaya. Ariffin Omar summarised the point as follows: ‘Giving citizenship under liberal terms to the non-Malays was thus considered an act of betrayal of the trust that the Malays had in the British. If implemented, the Malays would be reduced from a nation to a mere community among other communities in a land that was historically theirs’ (Ariffin Omar, 1993: 55-56).

The Malay opposition was led by the Malay traditional ruling elites, who later became the core of the first Malay nationalist party, UMNO. Using the arguments as set forth above, the leaders effectively mobilised the Malay
community and eventually successfully forced the British to withdraw the proposal. The initial momentum of the organised opposition to the proposal came from Pergerakan Melayu Semenanjong (Movement of Peninsular Malays) under the leadership of Onn Jaafar from Johor. As a strategy to oppose the proposal, Onn Jaafar, together with several other prominent organisations such as Persatuan Melayu Selangor (Selangor Malay Union) and Pertubuhan Kebangsaan Melayu Selangor (Selangor Malay Nationalist Organisation), organised Konggres Melayu Sa-Tanah Melayu (Pan-Malayan Malay Congress) in March 1946 (Means, 1976: 98-99). The congress decided to form a political party called UMNO and Onn Jaafar was elected as its first leader. As the nationalist organisation that led the Malay community in its opposition to the British proposal, the Malay nationalism of the early UMNO was substantially ethnocultural.

Onn Jaafar’s civic nationalist trial

In the late 1940s and early 1950s, Onn Jaafar’s nationalist vision increasingly became civic. This change deserves mention because Abdul Rahman’s earlier nationalist position was a reaction to Onn Jaafar’s civic attempt. Ironically, the very success of UMNO’s ethnocultural Malay nationalist opposition to the Malayan Union Scheme made the party, especially the party leadership, search for a new direction. After the British withdrew the Malayan Union Scheme and proposed the Malayan Federation Proposal, the party suddenly lost its defining goal, that is, opposition to the Malayan Union Scheme. The Malayan Federation Proposal substantially addressed the Malay complaints – such as citizenship and sovereignty issues (Ongkili, 1985: 53-59). In other words, the
new proposal incorporated the ethnocultural Malay nationalist demands, raised by UMNO and by the Malay community in the opposition to the Malayan Union Proposal.

It was in this context that nationalist outlook of Onn Jaafar, the first UMNO president and a respected Malay nationalist, began searching for a new direction shifting towards civic nationalism. His new idea was that UMNO should represent all the ethnic groups in the Malay Peninsula. This idea was quite different from the original rationale of UMNO, which was ensuring the survival and protecting the interests of the Malays. In 1949, Onn Jaafar proposed accepting non-Malays as associate members of UMNO as the first step towards national integration and the building of a multi-ethnic UMNO. Although Onn Jaafar did not have any high position in the government, it seems that he, as president of the biggest nation-wide political organisation, UMNO, was increasingly concerned about ethnically integrated Malayan nation. Onn Jaafar was then involved with the Communities Liaison Committee (CLC), which was composed of a few prominent leaders of the major ethnic groups and set up by the British in 1949 (Means, 1976: 124-125). His involvement in the CLC was partly responsible for his changing attitude. In 1950, Onn Jaafar urged UMNO party members to accept a citizenship recommendation from the CLC which was less strict – for example, a shorter residential requirement before a non-Malay would qualify for citizenship (Cheah, 2002, 24-25). Facing opposition and criticism within UMNO, Onn Jaafar threatened to resign but party members persuaded him to retract his resignation (Vasil, 1971: 44-45). In late 1950, Onn Jaafar proposed a more radical scheme of accepting non-Malays as UMNO members and changing the name of the party to
‘United Malayan National Organization,’ emphasising ‘Malayan’ rather than ‘Malay’. However, when Onn Jaafar again threatened to resign, the party rejected Onn Jaafar’s proposal and replaced him with Abdul Rahman.

Within a few years, Onn Jaafar had changed from being the most dedicated supporter of Malay rights to being an ardent devotee of a multi-ethnic UMNO to accommodate all ethnic groups under the roof of a single political party. Analytically, this attempt meant an initiative towards the building of a civic Malaysian nation. Onn Jaafar might have thought that with the Malayan Federation Proposal, the question of Malay rights and privileges had been resolved and that it was time to move towards ethnic integration. While Onn Jaafar’s proposal sounded impressive, his grand scheme failed to get much support. Instead, Onn Jaafar was increasingly regarded as a ‘traitor of the Malays’. As Bass argued, the Malays – ordinary Malays and elites alike – were not prepared to accept Onn’s ‘growing emphasis on communal equality’ since ‘his proposal…so greatly diverged from Malay sentiment’ (Bass, 1973: 526).

Abdul Rahman’s ethnocultural nationalist reaction

When Abdul Rahman became UMNO president in 1951, his initial nationalist position was clearly an ethnocultural nationalist one. He was entrusted by UMNO members to strengthen the party’s commitment of protecting Malay interests and identity. Onn Jaafar’s leadership in the late 1940s had failed to do so and his failure resulted in Abdul Rahman being selected to be UMNO’s top leader. Abdul Rahman’s early nationalist position, thus, reflected the party members’ demands, which was a reaction to Onn Jaafar’s civic trial. While closing the ranks
of the party, Abdul Rahman clearly indicated his vision of Malaya (Malaysia) and the direction that he wanted UMNO to go. Notably, Abdul Rahman’s ethnocultural direction can be seen in three aspects: his definition of the Malayan nation, his views on non-Malays in the Malay nation and his opposition to Onn Jaafar’s Independence of Malaya Party (IMP).  

First, Abdul Rahman defined the coming independent Malaya as a Malay nation. In his inaugural speech as UMNO President in 1951, succeeding Onn Jaafar, Abdul Rahman maintained:

> With regard to the proposal that independence should be handed to the “Malayans”, who are these “Malayans”? This country was received from the Malays and to the Malays it ought to be returned. What is called “Malayans”, it is not yet certain who they are; therefore let the Malays alone settle who they are. (quoted in Cheah, 2002: 1)

Abdul Rahman’s remarks reflected the very essence of ethnocultural Malay nationalism. In his remarks, Abdul Rahman rejected the concept of “Malayan” as an entity on which the independence of the peninsula would be conferred. Instead, he asserted that as the peninsula was taken from the Malays, it should be returned to the Malay community as the rightful owner. By implication, it meant that Malaya was fundamentally a Malay nation.

In the same speech, Abdul Rahman reemphasised the view that the Malay community was the rightful owner of the peninsula, recognising that the peninsula had been taken from the Malay community. He argued that as independence should be given to the Malays, the Malay community had the right to decide who could be Malayan. He noted:

> [i]t is for the Malays to demand independence because independence was taken away from them. When we have got our independence back, we
shall decide what is best for us to do and who are to invite to share our independence with. (Original text was from The Straits Times, August 28 1951, p. 8, quoted in Cham, 1975: 448)

In another occasion following his inauguration as UMNO president in September 1951, Abdul Rahman maintained:

We cannot tolerate this ridiculous situation…We cannot afford to have a split in our ranks. The policies of the IMP and the UMNO are opposed… It is the policy of the IMP to open membership to all person who are resident in this country. There was no qualification as to their allegiance, loyalty or birthright. Can you form a nation with such flimsy materials?… It is not fair for the Malays to throw in their lot with others when others refused to be naturalised, refused to study the language, and refused to adopt the customs of the country. (quoted in Vasil, 1971: 51-52)

These remarks indicate Abdul Rahman’s ethnocultural Malay nationalist views on the non-Malay community and on Onn Jaafar’s IMP. As Abdul Rahman argued in the above quote, he was of the opinion that the non-Malay community, to be a part of the coming independent Malaya, should adopt a Malay way of living and culture. In other words, he maintained that the non-Malay community should be assimilated culturally into Malay culture or, as he described it, should be “naturalised”. This demand of cultural assimilation of minority groups into the dominant group is clear evidence of Abdul Rahman’s ethnocultural Malay nationalism.

Regarding the IMP, Abdul Rahman argued that the multi-ethnic IMP did not make sense for the Malay community as it would not properly protect Malay interests and identity, unlike UMNO. He believed that the multi-ethnic membership of the IMP was not the right material to build an independent nation
where the loyalty of part of the people, that is, of the non-Malays, was in doubt. Such a perspective, while indicative of the nationalist position of Abdul Rahman, was forged in the context of UMNO’s contest with IMP for the Malay mandate, which consisted of the largest bloc of the population. In addition, Abdul Rahman intended to close the ranks of UMNO, which had been destabilised by the departure of Onn Jaafar, with his condemnation of the IMP.

The initial nationalist position of Abdul Rahman, as observed above, was definitely more ethnocultural Malay nationalist, in comparison to Onn Jaafar’s civic trial. When opposing Onn Jaafar’s IMP, Abdul Rahman made it clear that independent Malaya was a nation of the Malay community and that the non-Malays were invited guests. The Malays, thus, had the right to decide ‘who was in and who was out’ in the new nation and for the non-Malays to be part of the new nation, they were required to assimilate into the Malay ethnic heritages. Indeed, Abdul Rahman’s stance, immediately after succeeding Onn Jaafar, was in stark contrast to his image as Prime Minister after Malaya gained independence in 1957, who was accused of being soft and making too many concessions to the non-Malays and of being indifferent to Malay aspirations and demands. In the coming sections, the changes in Abdul Rahman’s nationalist position that led to his being criticised by ethnocultural Malay nationalists in UMNO will be examined.

2.1.2. Abdul Rahman’s multicultural nationalism, as reflected in the formation of the Alliance coalition

In the mid 1950s, the growing prospect of independence and, with it, the change of Abdul Rahman’s position from a Malay leader to a Malayan leader, significantly transformed his Malay nationalism. The first elections (the Federal
Legislative Council elections) in the Malayan Peninsula, still under British rule, were held in 1955. In the elections, the UMNO-Malayan Chinese Association (MCA)\textsuperscript{11} interim alliance won 9 out of the 12 seats contested, putting Abdul Rahman in charge of the interim government of six ministers, with the title of Chief Minister. After the elections, Abdul Rahman’s new position and the prospect of independence made the question of integrating the various ethnic groups in Malaya urgent. To be a credible political leader of independent Malaya, Abdul Rahman needed to come up with a blueprint and vision for the independent nation. To accomplish this task, Abdul Rahman’s approach towards the non-Malay community became increasingly compromising and accommodating, moving towards a multicultural nationalist direction.

Beginning in the mid 1950s, Abdul Rahman’s nationalist position displayed a quick and dramatic shift from ethnocultural Malay nationalism in the early 1950s towards a more multicultural nationalist position. Abdul Rahman later described the nationalist position he pursued as follows:

Malayan nationalism had to be forged out of the major impulses of the Malays and Chinese. The narrower nationalisms of these two communities were the beach-heads on which a Malayan nation could be forged. They could also be nettlesome, and if intensified on the basis of opposition to each other and mutual suspicion, make smithereens of the entire country. The UMNO and MCA worked hard against often overwhelming odds to prevent any polarisation of races. It was the legacy of the two parties that they made possible Malayan nationalism in the early 50s. (Abdul Rahman, 1985: 211)

The formation of the Alliance coalition came in this context. The coalition reflected Abdul Rahman’s multicultural nationalist attempts at national integration by sharing power with elites from the other ethnic groups. The idea of a
multiethnic coalition was ideal for the national integration cause as well as for electoral success.\textsuperscript{12}

The Alliance system began as an electoral pact between the UMNO Kuala Lumpur branch and the MCA Selangor branch. During the Kuala Lumpur Municipal Council elections in 1952, the UMNO-MCA interim alliance proved successful, winning 9 out of the 12 contested seats. In 1953, the two parties entered into a formal agreement regarding electoral cooperation. In 1954, the coalition included MIC (then, Malayan Indian Congress) as the representative of the Indian community.

The Alliance coalition, which is regarded as a consociational-type power structure (Case, 1996; Mauzy, 1978), is characterised by multi-ethnic power-sharing, elite level consultation, consensus and concession, and ethnic interest aggregation and articulation through individual ethnic parties, at the sacrifice of UMNO’s monopoly of political power. Theoretically, it is argued that the consociational power-sharing model is one of the political settings that enshrine multicultural nationalism (Brown, 2000: 130-132). First, the Alliance party represented an ethnic power-sharing system. It was Abdul Rahman’s concession to the non-Malay groups in the name of national integration, mirroring his shift towards multicultural nationalism. Power sharing among the coalition partners was indicated in a few aspects, in which political benefits were allocated, proportional to the size of the parties and to the size of the communities that they represented. For example, UMNO, despite the Malay community’s dominant size in the peninsula, did not monopolise the parliament seats. In the 1955 elections, MCA was allocated 15 seats (29 per cent) to contest out of the 52 seats contested,
although the Chinese community consisted only 11.2 per cent of electorate in 1955. Likewise, MCA contested 32 seats out of 104 in the 1959 elections, 35 seats out of 104 in the 1964 elections and 33 seats out of the 154 in the 1969 elections (See Table 2-1).

Table 2-1. Allocation of Parliamentary seats in Alliance Party, 1955-69

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<th>1955</th>
<th>1959</th>
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<tr>
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<td>Number</td>
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<td>Number</td>
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<tr>
<td>UMNO</td>
<td>35</td>
<td>67</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>MCA</td>
<td>15</td>
<td>29</td>
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<tr>
<td>MIC</td>
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<td>4</td>
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</tr>
</tbody>
</table>

Source: (Goh, 1971: 12)

Cabinet posts were similarly shared among the parties in the coalition. In the 1955 cabinet, UMNO had 6, MCA 3, and MIC 1 ministry posts in the cabinet (B. T. Khoo, 2004: 130). Before the 1970s, the MCA controlled such economy-related ministries as the Ministry of Finance and the Ministry of Trade. The presence of MCA and MIC in the cabinet worked as a veto power against the potential dominance of UMNO. As Lijphart noted, veto power is one of the characteristics of consociationalism (Lijphart, 1977: 25-52). MCA figures in key ministries, for example, Tan Siew Sin as Finance Minister, limited UMNO’s ability to implement pro-Malay policy. Regarding the impact that Tan Siew Sin, who served as Finance Minister under Abdul Rahman for 16 years from 1959 to 1974, had on government economic policies, Milne and Mauzy reported:

His closeness to Tunku added to his clout on financial matters, which he could use to the MCA’s advantage. According to him, before 1969, when he was consulted as Finance Minister about introducing measures that would have produced policies resembling those of the subsequent NEP, he simply refused to consider the idea, and the matter was dropped. (Milne & Mauzy, 1999: 92)
In addition, the Alliance party’s elite level consultation, consensus and concession indicated multicultural nationalism, in which each ethnic group’s interests were not ignored for the sake of the interests of the dominant group, but compromised. The ethnic elites in the coalition consulted each other to avoid political clashes among the coalition parties and arrived at consensus on issues which were ethnically sensitive. In the process, the parties involved made various concessions in the interests of ethnic stability and national integration. As I will explain later, the give-and-take dealings made in the process of preparing the Alliance’s proposal for the constitution, which was largely accepted by the Reid Commission, reflected the practice of closed-door consultations and consensus building among the top ethnic elites in the Alliance.

The component parties in the coalition claimed they represented the major ethnic groups in the peninsula, that is, the Malays, Chinese and Indians, and that the individual ethnic groups expressed their interests through the component parties, which were ultimately discussed and resolved among the ethnic leaders. Abdul Rahman once said, ‘The best thing was to try to build up unity through diversity which means that UMNO would represent the Malays, the MCA…would represent the Chinese and the MIC, the Indians’ (Abdul Rahman, 1985: 209). And he went on to argue that the Alliance was a system in which ‘all [speak] through their own parties with one voice’ (Abdul Rahman, 1985: 219). In other words, ethnic interests were articulated through the individual parties, but eventually they compromised and arrived at consensus to be ‘one voice’. This process indicated a structure in which the individual group’s interests were not
ignored—unlike ethnocultural or civic nation—but in the end, with elite level compromise and concession, a consensus was arrived at.

The multiethnic consociational power structure that resonated with Abdul Rahman’s multicultural nationalism, of course, was a partial surrender of ethnocultural Malay nationalism. UMNO policies intended to favour the Malay community were unable to avoid a compromise with non-Malay Alliance component parties’ demands and thus the interests of the non-Malay ethnic groups. Otherwise, UMNO’s recalcitrant attitude to reflect Malay demands might have undermined the integrity of the election-winning coalition. Consequently, UMNO leaders in the government had limited autonomy in decision making and implementing pro-Malay policies within the context of multi-ethnic power sharing. By the mid 1960s, as Butcher observed, ‘Many Malays, including a significant number within UMNO itself, accused the UMNO leadership of being too willing to compromise with the Chinese over fundamental issues such as language and education’ (Butcher, 2001: 36). And, as Jesudason noted, ‘both Malay officials in the [ministries] and Malay business leaders were beginning to take the view that Malay business failures were the result of non-Malay economic strangulation rather than their own shortcomings’ (Jesudason, 1989: 54).

As seen in this section, the Alliance coalition was a consociational setting, which is one of the models of a multicultural nation. The fact that Abdul Rahman established such a coalition system and tried to maintain the system indicated that his nationalist position had undergone significant change. The direction of the change was from his earlier ethnocultural Malay nationalist position to a more multicultural nationalist view. Similarly, Funston discussed, the Alliance system
was visible evidence of Abdul Rahman’s ‘conversion to non-communalism, or even trans-communalism’ and ‘establishing the Alliance was inconsistent with the Tunku’s earlier attitude’ which was more communal or ethnocultural (Funston, 1980: 138). As I examined in this section and in the previous one, through the building of the Constitution and the Alliance system, it can be said that Abdul Rahman’s nationalist position changed significantly from ethnocultural Malay nationalism towards multicultural nationalism.

2.1.3. Abdul Rahman’s multicultural nationalism in the building of constitution

Abdul Rahman’s changing nationalist position was clearly reflected in Malaysia’s first constitution. During negotiations amongst the components of the Alliance coalition to prepare the Alliance proposal for a new constitution, Abdul Rahman made significant concessions to his non-Malay partners, notably in the citizenship regulations, although he managed to introduce a few ethnocultural Malay nationalist clauses. This crucial concession evidenced that Abdul Rahman’s nationalist position differed from when he defined the soon-to-be independent Malaya as a Malay nation. Indeed, the Alliance proposal substantially shaped the new constitution. The national identity in the constitution was very ambiguous, reflecting, in a sense, Abdul Rahman’s growing disinclination to define Malaya as a Malay nation.

To prepare a constitution for independent Malaya, the Alliance invited foreign experts to conduct research and to produce a basis for a constitution. This group of foreign experts, known as Reid Commission, conducted surveys and consulted with concerned individuals and groups in Malaya in 1956. When the
Commission eventually released its recommendations for the Constitution of Malaya, it was known that the Alliance’s memorandum submitted to the Commission was accepted with little change, although the Alliance was not the only organisation to submit a memorandum to the Commission (Means, 1976: 173). In major aspects, the Commission’s report reflected the consensus reached among ethnic elites in the Alliance.

Some aspects of the Constitution appeared to be ethnocultural Malay nationalist. The Constitution contained substantial safeguards of Malay identity and interests. For example, Islam was stipulated as the official religion of the new country and the Sultan, who defines Malay political identity, was specified as the sovereign ruler of the peninsula. In constitutional clauses, the Malays were identified as the indigenous people in the peninsula and were entitled to some privileges as indigenous people. These special rights included land reserve, a Malay quota system in government employment and scholarships from the government to protect Malay economic and social interests.

Nevertheless, the identity of the new nation reflected in the new constitution still fell short of the nation as envisaged from the ethnocultural Malay nationalist perspective. The main stumbling bloc for defining Malaya as an exclusively Malay nation was the issue of citizenship as set forth in the Constitution. In the Merdeka Constitution, all who are born in Malaya after Independence, regardless of ethnic background, can be citizens, without conditions. And, non-Malays, who were born before Independence, can also be citizens, if they meet such requirements as a period of residence and language fluency. These requirements were much less rigorous compared to those of the
Malayan Federation (see Ongkili, 1985: 41, 56-58, 112-114). These liberal terms for citizenship were introduced into the Constitution in exchange for the special position and privilege of the Malay community mentioned above.

The substantially liberal citizenship clauses in the new constitution rendered the position of the Malay community as the sole owner of the Malay Peninsula ambiguous and subject to challenge. The citizenship terms in the Constitution were a significant departure from those in the Malayan Federation. In fact, they were rather close to the Malayan Union proposal for citizenship. In the Malayan Federation scheme, the *jus soli* principle was effectively rejected, since the citizenship of non-Malays was subjected to such conditions as language ability and having maintained a period of residence in the peninsula, even if they had been born in Malaya. In contrast, under the Malayan Union scheme, which citizenship regulations were the most liberal, all born in Malaya could be citizens, without conditions, including those who were citizens of Singapore.

The citizenship clauses indicated a reversal of Abdul Rahman’s earlier views on the national identity of Malaya. As I mentioned in the previous section, Abdul Rahman, as soon as he became the party president, announced that Malaya should be a Malay nation and that non-Malays should embrace Malay language and culture to be part of Malaya, that is, cultural assimilation into the dominant Malay community. The Constitution written under Abdul Rahman’s leadership, however, repealed nearly all requirements pertaining to cultural assimilation of non-Malays, going against the concept of ethnocultural Malayan national identity. Von Vorys observed that the Alliance constitutional framework was very similar to that of the Communities Liaison Commission (CLC)’s a few years before the
Reid Commission. Then, UMNO members had rejected Onn Jaafar’s citizenship proposal, made through the CLC. In a similar way, Ramlah Adam compared the liberal citizenship clauses of the Malayan Union and those of the Merdeka Constitution. He argued:

Through the 1946 Malay Congress, the Malays had opposed the Malayan Union which destroyed and ended the preferential status of the Malay states, the Malay rulers and the citizenship of the indigenous Malays. Citizenship of the Malayan Union was opened to whoever was born in Malaya and Singapore without any earlier connection with Malaya. This was rejected by the Malays at the time but the same policy was accepted by UMNO in 1956 in the memorandum to the Reid Commission… (Ramlah Adam, 1995: 51)

In addition to the citizenship clauses, the new constitution stated that all Malayan citizens were entitled to equal rights, regardless of their ethnic background. Furthermore, the Constitution allowed different ethnic cultures to flourish in Malaya. On one hand, these clauses contradicted other parts of the Constitution that recognised the Malays as indigenous people, entitling them to special rights and privileges. In short, the people of Malaya were all equal but the Malay community had special rights. This contradiction rendered the national identity envisioned by the constitution ambiguous.

In a few years, Abdul Rahman’s position had changed in that he had moved away from his initial strong ethnocultural Malay nationalism. Cheah Boon Kheng argued that the Merdeka Constitution was a consequence of the ‘dilution of the UMNO’s Malay nationalism’ under Abdul Rahman. According to Cheah Boon Kheng:

This constitutional arrangement represented a compromise and a dilution of the UMNO’s Malay nationalism and its initial stand of an exclusive
“Malaya for the Malays” nation-state. Given the strident nationalist appeals of its early days from 1946, its transformation in the 1955–57 period of state formation was, indeed, remarkable. In order to achieve national independence, it had become a “nucleus” of an inclusive, wider, multiethnic nationalism which has been called “Malayan nationalism”...
(Cheah, 2002: 6)

The prospect of independence and Abdul Rahman’s changing position and outlook affected his nationalist view, shifting it towards multicultural nationalist direction. This shift was reflected in the formation of the Alliance coalition, in which Malay political elites shared power with other community elites and concessions were made to the non-Malay community, constraining the promotion of Malay interests. The changing nationalist perspective of Abdul Rahman is also reflected in the crucial concessions made during the internal Alliance negotiations for constitution. The nation envisaged in the Constitution failed to meet the aspirations of ethnocultural Malay nationalist demand of Malaya as a Malay nation.

2.2. UMNO ultra’s ethnocultural nationalism

By the mid 1960s, some UMNO elites, who subscribed to a stronger ethnocultural Malay nationalist vision against Abdul Rahman’s multicultural nationalist direction, had emerged. In several developments with ethnic connotations, these ethnocultural Malay nationalists argued that Malay(si)a was indeed a Malay nation. Specifically, they claimed that the Malays, as the owners of the country, should be politically, culturally and economically dominant in the peninsula. This ethnocultural Malay nationalist argument was employed by some UMNO elites to discredit Abdul Rahman and to justify their political
manoeuvring against Abdul Rahman during the 1969 factional dispute. These UMNO elites maintained that the withdrawal of Malay support for UMNO in the 1969 elections and the 1969 riots were the expression of Malay frustration with Abdul Rahman’s failure to uphold strong ethnocultural Malay nationalism. This section will examine the details of the ethnocultural Malay nationalist criticism of Abdul Rahman in major developments in late 1969, including the Singapore issue, the Language Bill issue, the 1969 elections and riots, and the factional dispute.

2.2.1. A matter of political and cultural dominance: Singapore’s secession and Language Bill issues

_Singapore’s secession in 1965_

The first major political controversy that caused ethnic tension in the 1960s was Singapore’s inclusion in and secession from the Malayan Federation. Singapore’s merger with Malaya in 1963 was not a smooth political development. Instead, the merger was plagued by conflicts and tension from the beginning, especially between UMNO and People’s Action Party (PAP) of Singapore.\(^{15}\) PAP attempted to replace MCA in the Alliance coalition as the representative of the Chinese community (Mohamed Noordin Sopiee, 1974: 193). However, the PAP’s repeated attempts failed when Abdul Rahman refused to drop MCA from the Alliance to admit PAP. When the PAP realised there was no hope they would be included in the Alliance, it challenged the Alliance coalition by appealing directly to the Chinese community. In 1964, breaching its agreement with the Alliance, PAP fielded its own candidates in some peninsular electoral districts during the 1964 elections, to extend their political influence. Out of nine PAP candidates,
only one was elected. From then on, PAP openly appealed to Chinese voters in the peninsula and questioned Malay special position and privileges, advocating the concept, ‘Malaysian Malaysia’. The PAP, together with a few opposition parties such as UDP (United Democratic Party), PPP (People’s Progressive Party) and SUPP (Sarawak United People’s Party) declared:

A Malaysian Malaysia means that the state is not identified with the supremacy, well-being and interests of any one particular community or race. A Malaysian Malaysia is the antithesis of a Malay Malaysia, a Chinese Malaysia, a Dayak Malaysia, an Indian Malaysia or Kadazan Malaysia and so on. The special and legitimate interests of different communities must be secured and promoted within the framework of the collective rights, interests and responsibilities of all races’ (quoted in Cheah, 2002: 101).

The ethnocultural UMNO Malay nationalists regarded the PAP’s “Malaysian Malaysia” concept as a threat to Malay political dominance. Against the PAP’s “Malaysian Malaysia” concept, a Malay newspaper, Utusan Melayu, which frequently published the views of ethnocultural nationalist UMNO elites, argued, ‘to be a co-owner of Malaysia [as “Malaysian Malaysia” claims], the people should be converted into Muslims and adjust their way of life similar to that of the Malays’ (Means, 1976: 347).

Some UMNO elites, notably Syed Jaafar Albar, accused Abdul Rahman of ‘treating PAP too softly’ and demanded strong action against Lee Kuan Yew who allegedly had attempted to undermine Malay political dominance (Case, 1996: 104). Indeed, Abdul Rahman, in an attempt to save the merger, proposed a ‘looser arrangement’ intended to provide more autonomy to Singapore’s PAP government. In Abdul Rahman’s new proposal, although it was not realised, the
federal government was to retain authority only over defence and internal security. Furthermore, when Syed Jaafar Albar was sent to Singapore to rebuild the Alliance coalition there, he organised an ‘Action Committee’, which contributed to an ethnic riot in Singapore in 1964, to put pressure on the Singapore government to institutionalise Malay special position in Singapore (Means, 1976: 342-343).

What was at stake in the Singapore issue was the political dominance of the Malays in Malaysia. The ethnocultural Malay nationalists in UMNO argued that Singapore’s “Malaysian Malaysia” was a serious threat to Malay Malaysia, which meant that Malaysia was deemed to be a Malay nation. Furthermore, the PAP’s political intrusion into the peninsula was a threat to Malay political dominance in Malaysia. As tacitly agreed to among the Alliance coalition partners, Malay political dominance was one of the basis that buttressed the concept of Malay Malaysia.

**The national language issue in 1967**

The ethnocultural Malay nationalists argued that the Malay language, as the cultural symbol of the Malay community, should be the sole official language of Malaysia. The Merdeka Constitution permitted English to be used for official purposes, along with the national language, Malay, for 10 years after Independence (Von Vorys, 1975: 136). Other vernacular languages were allowed to be used freely in the private sphere. In 1967, as the 10 year period permitted by the Constitution for the use of languages other than Malay came to an end, some UMNO elites attempted to make Malay the sole official language and to ban the
use of other languages. Abdul Rahman, however, to avoid incurring the wrath of the non-Malay communities, tabled a new language bill which extended the use of English for official purposes. The bill, was passed in parliament (see Cheah, 2002: 102-105; Von Vorys, 1975: 200-210).  

This bill faced strong criticism from such UMNO elites as Syed Nasir Ismail, the director of Dewan Bahasa dan Pustaka (Language and Literature Council), Mahathir Mohamed (UMNO Executive Committee member), Harun Idris (Selangor Menteri Besar), Abdul-Rahman Ya’kub (Minister of Lands and Mines). Syed Nasir Ismail, who was supported by Barisan Bertindak Bahasa Kebangsaan (National Language Action Front), demanded that Malay be made the sole official language. In a statement, “Pengorbanan Orang Melayu” (The Malay Sacrifice), Syed Nasir Ismail asserted:

[T]he question of Malay becoming the National language and the official language of this country is a logical fact and a right of the language. After Independence what do we see? Not only is the status of Chinese preserved, it is now more widespread than before Independence. The government does not close down Chinese schools; the government does not prohibit the teaching of Chinese up to university level. Instead the government has spent millions of dollars to assist and build additional buildings to Chinese schools and pay the salaries of their teachers. (Von Vorys, 1975: 204)

The assumption at the root of this criticism was reflected in Mahathir’s book, The Malay Dilemma. According to Mahathir, as the ‘Definitive People’ on the peninsula, ‘the Malays are the rightful owners of Malaya’ (Mahathir, 1970: 126, 152). Mahathir asserted:

In other countries language, immigration, citizenship and national education are the major factors which definitive people insist on
controlling. [In those countries,] [t]he culture of the definitive race is perpetuated through control of language, immigration, citizenship and education… [However, in Malaysia] [i]n pushing into the background the claims of the Malays as the definitive people of the Malay Peninsula, the initial chance to mould a homogeneous citizenry was missed. The present policies are not likely to succeed in bring in the races together. (Mahathir, 1970: 152-153)

As the controversy developed, Abdul Rahman, as the Prime Minister of multiethnic Malaysia and as the president of a Malay nationalist party, UMNO, was increasingly torn between satisfying the ethnocultural Malay nationalists and the non-Malays. As Means pointed out, ‘[t]he militant faction of “Malay Ultras” in UMNO harbored a resentment against Tunku Abdul Rahman and the top Alliance leaders for conceding too much to the non-Malays and for pursuing policies which threatened to relegate the Malays permanently to a secondary position in the economic and cultural life of the country’ (Means, 1976: 392).

For the ethnocultural Malay nationalists, the adoption of Malay as the sole official language would mean the cultural dominance of the Malay community in Malaysia, that is, Malaysia would be a Malay nation with Malay culture as its base. The controversy related to Singapore’s inclusion into and exclusion from Malaysia, the Language Bill issue provided the ethnocultural Malay nationalist with another opportunity to criticise Abdul Rahman. Although Abdul Rahman’s critics did not achieve their goals, the Language Bill controversy publicised what they stood for and eventually led to the 1969 factional dispute.
2.2.2. The issue of Malay economic development

The backwardness of Malay economy

In the late 1960s, although Malaysia had had a Malay-dominated post-independence government for a decade, the economic gap amongst the various ethnic communities had increased rather than decreased. Although the incidence of poverty amongst Malays decreased 1.9% nationwide, other economic performance figures indicated that the Malays were not closing the gap. The household income of Malays did not show any improvement, relative to the other ethnic groups. While the mean monthly household income of Malay families had increased from RM 139 in 1957/58 to RM 177 in 1970, the mean monthly household incomes of Chinese (from RM 300 to RM 399) and Indian families (from RM 237 to RM 310) had increased more rapidly. The mean monthly household income ratio between the Chinese and the Malays deteriorated from 2.158 to 2.541 in the same period while that between the Indians and Malays widened from 1.705 to 1.751 (Osman-Rani, 1990: 9).

A persistent imbalance in employment structure of the various ethnic groups had contributed to the widening income gap. In 1970, the Malays accounted for 68 per cent of all employees in the agricultural sector. Their representation in manufacturing, construction and commerce, relatively modernised sectors of the economy which were likely to provide higher income, were 29, 22 and 25 per cent of total employees respectively. The Malays’ low participation in modern sectors of the economy contrasted with Chinese dominance in the same sectors. The Chinese accounted for 65, 72 and 65 per cent of all employees respectively in manufacturing, construction and commerce.
In addition, the Malay community, the largest ethnic group in the country, accounted for only a tiny fraction of corporate share ownership, 1.9 per cent in 1970. Foreign capital accounted for 60.7 per cent of corporate share ownership, while the Chinese owned 22.5 per cent in the same year. Except for the transportation and communication sector (13.3 per cent), Malay ownership in other sectors did not exceed 4 per cent (Gomez & Jomo, 1997: 20).

*The ethnocultural Malay nationalists’ view on the Malay economic problem*

UMNO ethnocultural Malay nationalists claimed that the continuing problem of Malay economic backwardness was a result of Abdul Rahman’s policies that reflected the dilution of his ethnocultural Malay nationalism. Mahathir, a leading ethnocultural nationalist critic of Abdul Rahman in the 1960s, discussed the problems of Malay economic backwardness in *The Malay Dilemma*. Mahathir pointed out that the government had been unsuccessful in resolving the problem of Malay economic backwardness. According to Mahathir, post-independence policies further enriched the already-rich non-Malays, while letting down Malay aspirations that the Malay dominated government would promote the interests of the Malay community:

> It is no exaggeration to say that it was the Malays who wanted independence most. They knew that a Government in which they had a greater say would be more liberal in aiding them in commerce as well as in other fields… [on the contrary, Chinese] foresaw an invasions of a Malay socialist state in which all the wealth amassed by them would be expropriated. In the event, few of the expectations of the Malays were fulfilled. But what is more amazing, not only were the fears of the
Chinese tycoons proved to be unjustified, but independent Malaya actually opened up for them, more and better avenues for their acquisition of unlimited wealth. (Mahathir, 1970: 42)

In the view of the ethnocultural Malay nationalists, whatever the government did to promote economic growth and development only increased the wealth of the already rich non-Malays, making the gap between the ethnic groups wider. The government’s laissez-faire approach in shaping and implementing its economic policies did not help the Malays because they were structurally disadvantaged. Mahathir observed:

the economic dilemma of the Malays still exists. It is there because for every step forward that the Malays make in the economic field other races make ten. It is there because other policies of the independent Government of Malaysia offset the policy towards helping the Malays. (Mahathir, 1970: 47)

In addition to criticising Abdul Rahman, the ethnocultural nationalist UMNO elites proposed ethnocultural nationalist remedies. To solve the structural problems in the Malaysian economy, the ethnocultural nationalist UMNO elites demanded a strong ethnocultural nationalist state on behalf of the Malay community. Mahathir asserted:

If the [political] leaders are to turn their attention to leading the Malays to a better life it will need but little effort to study the causes and prescribe the remedies. The measure must be drastic, as were the measures taken by the Malay leaders during the political crisis involving the Malayan Union… Where necessary, laws must be promulgated in order to render effective whatever economic policy may be considered necessary. Harsh punitive measures should be meted out to those who impede the elevation of the Malays to an equality with the other races… No one is going to say that measures to create a more equitable society are wrong. Similarly, it should not be wrong for the Malays to cling to a system which can
elevate them to the status of other races, thus creating a more equitable society. (Mahathir, 1970: 60, 177)

Although Mahathir did not elaborate as to what “economic policy [might] be considered necessary,” his view was that the Malay political leaders had to actively protect and promote Malay interests. Thus, indirectly, the ethnocultural Malay nationalists of UMNO were visualising a state and government that would actively use economic policy to remedy Malay economic backwardness and would discriminate against the non-Malays, if necessary. The ethnocultural Malay nationalists assumed that, through state intervention, Malay economic strength would be elevated to the level of the non-Malays and beyond. The ethnocultural Malay nationalists viewed Malay economic dominance (like political and cultural dominance) as an essential part of the realisation of a Malay Malaysia.

2.2.3. The ethnocultural nationalist interpretation of the 1969 elections

The 1969 elections and the Alliance’s setback

The gravest challenge to Abdul Rahman’s political power came from without rather than within UMNO in the form of the 1969 electoral setback and the ensuing ethnic riots. The election results turned out to be a disaster for the coalition. Only 66 Alliance candidates were returned (64 per cent) while the opposition parties won 37 out of 103 seats contested in West Malaysia. Moreover, the opposition which received 51.6 per cent of valid votes cast, performed better than the Alliance (Snider, 1970; Vasil, 1972: 73). UMNO lost eight seats, reducing its share from 59 to 51. The biggest casualty was the MCA, which lost
14 seats (from 27 seats to 13 seats). This poor performance ignited a debate on the relevance of the MCA in the Alliance as a legitimate representative of Chinese voters.\textsuperscript{25} In the State Legislative Assembly elections, the Alliance retained Perlis, Negri Sembilan, Melaka, Johor and Pahang, while the coalition was seriously threatened by the opposition in Kedah. The opposition won, significantly, three states (Trengganu, Kelantan and, Penang), while it tied with the Alliance in Selangor.\textsuperscript{26}

Within the Malay community, the Malay defection from the Alliance reduced UMNO’s and even MCA’s share of support.\textsuperscript{27} The discontented Malay voters supported the Pan Malaysian Islamic Party (PMIP) instead.\textsuperscript{28} This development was particularly relevant in the Malay belt,\textsuperscript{29} where Malay population was concentrated. In that area, the major electoral contenders had always been UMNO and PMIP (See Table 2-2). According to the 1969 election results, with the exception of Kelantan, where the PMIP was already dominant from the 1959 elections, UMNO experienced a serious setback and PMIP gained big swings in Kedah, Perlis and Trengganu. UMNO lost nearly 10 percentage points of support in parliament and state assembly elections in Kedah, Abdul Rahman’s home state, and 20 percentage points of votes (for parliament) in neighbouring Perlis. Of course, UMNO’s loss became PMIP’s gain. In Kedah and Trengganu, PMIP’s support soared 15 percentage and 20 percentage points respectively.
The interpretation of election results by ethnocultural Malay nationalists

When the 1969 elections results became available, some ethnocultural nationalist UMNO elites interpreted the results from the perspective of ethnocultural Malay nationalism. They claimed that the Malay frustration at Abdul Rahman’s inability to serve the Malay community had been translated into the community’s withdrawal of support from UMNO. Von Vorys conveyed their reasoning as follows:

Dr. Mahathir…concluded that the Chinese had “betrayed” him… [and articulated] a new posture for the Alliance, one more sensitive to Malay communal interest and less concerned about the MCA. He was prepared to bury the latter altogether. Several members of the Johore parliamentary delegation tended to agree with him… The MCA, in their view, was dramatically discredited. The Prime Minister himself evidently lost most of his prestige. The failure of “concessions” to the Chinese, they concluded, was there for all to see. It was the time for new initiatives and a more determined pursuit of Malay interests and aspirations… Dr. Mahathir…was thinking… [that] if UMNO was to survive, it must reunite in its ranks all Malays. This was a task of highest priority and had to be accomplished at all cost. At a cost to the Chinese, and even at the cost of the Prime Minister. (Von Vorys, 1975: 309-311)

Mahathir explained why the Malays initially supported UMNO, why the Malays withdrew their support and what the problem was with the non-Malays in
his book, *The Malay Dilemma*, which was published after he was expelled from UMNO in 1969. He argued:

> UMNO came into being because of the Malay fear of losing out to the Chinese... But the gradual divergence of the leaders from the stated policies of UMNO, and the conditions and more forthright demands of the Chinese within and outside the MCA, soon awakened the old fears... It is clear that by the 1969 elections approached, all sections of the people were disenchanted with the Government. The Malays were disenchanted because in their eyes the Government continually favoured the Chinese and had failed to correct the real imbalance in the wealth and progress of the races. (Mahathir, 1970: 10, 13)

The ethnocultural nationalist elites viewed the Malay defection from the Alliance as an expression of the Malay community’s discontent with the direction of Abdul Rahman’s nationalism. It is clear, from Von Vorys’ recap and Mahathir’s own words, that some UMNO elites held Abdul Rahman’s failure to prioritise the Malay interest and making too many concessions to the non-Malays responsible for UMNO’s election setback. They also believed that the non-Malays in general, and the Chinese component in the ruling Alliance in particular, were increasingly encroaching on the Malay’s special position and interests, as guaranteed in the Constitution. For ethnocultural Malay nationalists, these developments, which were unfavourable to the Malay community, were threatening the concept of Malay Malaysia, which meant that Malaysia belonged to the Malay community and that the Malay community should be dominant in Malaysia. In the end, the ethnocultural nationalist critics, such as Mahathir, Syed Jaafar Albar and Syed Nasir Ismail, issued a newspaper statement right after the elections, demanding that Abdul Rahman drop the MCA from the Alliance...
coalition and asserted that UMNO should form a one-party state in Malaysia (Case, 1995: 94; Von Vorys, 1975: 372).

2.2.4. The ethnocultural nationalist interpretation of the 1969 ethnic riots

**The 1969 ethnic riots**

The worst ethnic clash in Malaysian history, the 1969 ethnic riots, left a deep scar in an already troubled ethnic relationship. According to the ethnocultural Malay nationalists, the riots began with provocation from the non-Malay community, which attempted to undermine Malay dominance after the extraordinary 1969 elections outcome. The Malay response to the non-Malay provocation was, in the eyes of ethnocultural Malay nationalists, an expression of the community’s frustration with their powerlessness in their homeland. The ethnocultural Malay nationalists blamed Abdul Rahman for the developments.

The 1969 ethnic riots were closely related to the election results in the same year. After the 1969 elections, the opposition was exuberant. Non-Malays, especially the Chinese opposition, regarded the election results as a victory. The Parti Gerakan Rakyat Malaysia (Gerakan) and DAP managed to control two state governments, an unprecedented development. A few days after the elections, the supporters of the Chinese opposition took to the streets, claiming their election victory and shouting such slogans as ‘Kuala Lumpur sekarang China punya!’ (Kuala Lumpur now belongs to the Chinese), which provoked the Malays, especially UMNO supporters, who were already shocked by the election results. The 1969 ethnic riots sprang out of this tension in Kuala Lumpur. By 13 May
1969, the tensions and show of force were full-fledged between the ethnic communities, mainly between the Malays and the Chinese, resulting in substantial loss of life and property. Officially, the number of casualties was 178 dead and 6,000 displaced; however, the actual number was said to be much higher. It took the government a few days to restore basic order (Means, 1976: 397).

The ethnocultural nationalist interpretation of the riots

The ethnocultural nationalist UMNO elites consistently interpreted all political developments, from the Singapore issue to the 1969 ethnic riots, as resulting from the failure of Abdul Rahman’s increasingly multicultural nationalism. They argued that Abdul Rahman’s indifference to Malay demands and his concessions to non-Malays made the Malays discontented and the non-Malays arrogant. These criticisms peaked right after the 1969 riots. Shortly after the ethnic riots, Mahathir, the leading figure who spearheaded the ethnocultural nationalist criticism of Abdul Rahman and his policy, sent a letter to Abdul Rahman. In his letter, Mahathir contended:

You yourself told me that you have prevented a riot by commuting the death sentence of the 11 subversive Chinese. In truth this very action sparked the riots of 13 May, which resulted in the death of many, many more. Your “give and take” policy gives the Chinese everything they ask for. The climax was the commuting of the death sentence, which made the majority of the Malays angry… That was why the Chinese and the Indians behaved outrageously toward the Malays on 12th May. If you had been spit in the face, called dirt names and shown obscene gestures and private parts, then you could understand how the Malays felt. The Malays whom you thought would never rebel went berserk, and they hate you for giving too much face. The responsibility of the deaths of these
people…rests on the shoulders of the leader who hold views based on wrong assumptions. (Von Vorys, 1975: 373)

Mahathir argued that the election results and ethnic riots clearly showed Malay anger and frustration. The Malays were second-class citizens economically in their homeland, subordinate to the non-Malays who were better off than the Malays. He claimed that, in the 1969 elections, the Malays deserted the Alliance. They were disillusioned with the Alliance government, which could not solve the Malay plight. Eventually, when provoked by the non-Malays, the Malays felt their political supremacy, even their survival in their homeland, threatened by the non-Malays. The younger nationalists viewed political developments in 1969 as a consequence of the UMNO leadership, especially Abdul Rahman, failing to fulfil its original nationalist commitment to the Malay community and accommodating the non-Malays too much.

2.2.5. The UMNO dispute in 1969

Unlike the other disputes examined in this thesis, the 1969 dispute did not have a clear-cut confrontation but consisted of several instances of criticism and counter-criticism between two loose conflicting factions. In fact, the cases examined in the previous section – the Singapore issue, the Language Bill episodes, the debates after the 1969 elections and the 1969 ethnic riots as well as the developments from 1969 to Abdul Rahman’s retirement in 1970 – constituted the dispute in a broad sense. But, in general, the UMNO dispute in 1969 included the developments from the upfront criticism by some UMNO elites, notably
Mahathir, of Abdul Rahman right after the May 1969 ethnic riots to the expulsion and dismissal of those rebels from UMNO a few months later.

The ethnocultural Malay nationalist elites in UMNO who challenged Abdul Rahman formed a loose group. They were often called ‘UMNO ultra,’ which carried a negative connotation of being Malay chauvinists. Although the individuals included in this category varied by account and by issue, they generally included such UMNO figures as Syed Jaafar Albar (UMNO Secretary-General), Syed Nasir Ismail (director of Dewan Bahasa dan Pustaka), Harun Idris (Selangor Menteri Besar), Mahathir Mohamad (UMNO Central Committee member), Musa Hitam (Assistant Minister to Deputy Prime Minister), Razaleigh Hamzah (appointed member of UMNO Supreme Council) and Abdullah Ahmad (political adviser to Abdul Razak).31

The confrontation between the UMNO ethnocultural Malay nationalist elites and Abdul Rahman in 1969 centered on Mahathir’s criticisms and Abdul Rahman’s responses. Two days after the outbreak of the 1969 ethnic riots, Mahathir, together with Syed Jaafar Albar and Syed Nasir Ismail, issued a statement in a newspaper, requesting Abdul Rahman to keep the MCA out of the government (Von Vorys, 1975: 372). The MCA withdrew from all the cabinet positions they held when the party lost substantial support from the Chinese community in the 1969 elections. Despite the danger of alienating non-Malay voters, ethnocultural Malay nationalists asserted that ‘the “immigrant” votes could and should be written off and Malay voters be wooed to the fullest’ (Goh, 1971: 16-17). Abdul Rahman immediately countered the statement, stating that the only
way for the critics to help restore order in the country is to refrain from issuing statements that might make aggravate the situation (Von Vorys, 1975: 372).

On 18 June, Mahathir sent another letter to Abdul Rahman. Copies were also sent to a few UMNO leaders and distributed widely in the Malay community, to the embarrassment of Abdul Rahman. In his letter, Mahathir, first, criticised Abdul Rahman’s inability to fully understand the plight of the Malay community. Second, Mahathir charged that Abdul Rahman was too accommodating to the non-Malays, especially to the Chinese. Third, Mahathir urged Abdul Rahman to resign as Prime Minister and UMNO president, which was practically unthinkable until then (for part of a translated copy, see Von Vorys, 1975: 372-374). Stunned by the open letter, Abdul Rahman responded, alleging that the young ultras were ‘extremists’ and responsible for the growing ‘power struggle’ within UMNO. He also accused them of desiring to ‘set up a Republic’, and abolishing constitutional monarchy (Abdul Rahman, 1969: 136-157).

The controversy, however, did not end with Abdul Rahman’s response to his critics. Abdul Rahman gave Mahathir an ultimatum to resign from the party or face expulsion (Von Vorys, 1975: 375). In July, the Executive Council of UMNO expelled Mahathir. Despite the presence of such sympathisers as Harun Idris at the Executive Council meeting, apparently the view that no revolt, regardless of cause, was allowed prevailed (Von Vorys, 1975: 376-377). In the same month, Musa Hitam, another prominent member of the rebel group, was forced to resign from his position as Assistant Minister in the Deputy Prime Minister’s office.

It would appear that Abdul Rahman won the battle when he successfully silenced the rebels in UMNO. The agitation, however, created widespread hostile
reactions towards Abdul Rahman. Mahathir’s strong pro-Malay positions had gained him large numbers of followers among Malay students and intellectuals in the universities, who staged demonstrations throughout July, August and September of 1969. Finally, the National Operations Council (NOC), which had temporarily replaced the functions of the government and parliament during the emergency rule following the ethnic riots, took a strong stance against the demonstrations that demanded Abdul Rahman’s resignation and sweeping policy changes in favour of the Malay community (Milne & Mauzy, 1978: 87-89).

After these developments, Abdul Rahman lost his grip on power in the government. Although Abdul Rahman remained as Prime Minister until his resignation in September 1970, it was, in fact, the NOC, under the leadership of the Deputy Prime Minister, Abdul Razak, which ran the government. Milne and Mauzy observed, ‘The Tunku remained as a multi-racial symbol, but, increasingly, important policy decisions, such as the pace of return towards parliamentary democracy, and the re-orientation of foreign policy, bore the imprint of Tun Razak’ (Milne & Mauzy, 1978: 89). Thus, Abdul Rahman, after the 1969 elections and riots, and the internal squabbles in the same year, lost the confidence of the Malay community and was deprived of political power by his deputy. Eventually, in September 1970, Abdul Rahman handed over the UMNO party president position to Abdul Razak.

2.3. The consequence of the 1969 crisis: towards an ethnocultural nationalist state

This section explores the nature of the new government that emerged in the 1970s through its major reform policies. The direction of the new government
was shaped in the context of the 1969 political crisis, including the UMNO factional dispute and the ensuing debates about the direction of the new government.\textsuperscript{34} Here, it will be argued that the reform policy direction of the new government indicated an ethnocultural Malay nationalist direction. The ethnocultural reform and measures included \textit{Rukunegara}, constitutional amendments and the New Cultural Policy (NCP), the New Economic Policy, the formation of Barisan Nasional and the recruiting of younger nationalist elites into UMNO.

2.3.1. Laying the institutional bases for an ethnocultural nationalist state

Institutionally, the new government tried to ensure that the dominance and special position of the Malay community would not be challenged again. Ideologically, the special position of the Malays was assured, as it was reinforced by legal measures that forbade any questioning of the Malay special position. Furthermore, it was acknowledged, through a new cultural policy, that the cultural characteristics of Malaysia should be based primarily on Malay culture. These measures were the new government’s attempts to define Malaysia as a Malay nation, as much as it could politically and culturally.

The \textit{Rukunegara} was announced in August 1970 as the national ideology of Malaysia. Its purpose was to reiterate the ethnocultural Malay nationalist aspects in the Constitution, especially the special position of the Malays. The five principles of the \textit{Rukunegara} – Belief in God, Loyalty to King and Country, Upholding the Constitution, Rule of Law and Good Behaviour and Morality – appeared neutral on the surface. In official commentaries of the principles,
however, there was clearly an ethnic bias. According to the commentaries, the *Rukunegara* emphasised that ‘Islam is the official religion of the Federation’ (principle 1) and ‘Every citizen…must be faithful and bear true allegiance to His Majesty the Yang di-Pertuan Agong’ (principle 2) (Malaysia, 1977). Without doubt, Islam and the Agong constitute the core of Malay identity. The emphasis on these Malay symbols was clearly ethnocultural Malay nationalist.

The promulgation of the national ideology was followed by constitutional and legal measures to prevent any questioning of the special position and privileges of the Malays in the future. Before the government amended the Constitution, the NOC had already amended the Sedition Act in 1970 with Emergency Ordinance No. 45, which read: ‘to question any matter, right, status, position, privilege, sovereignty or prerogative established or protected by the provisions of Part III of the Federal Constitution or Article 152, 153 or 181 of the Federal Constitution’ is ‘a seditious tendency’ and is applicable to Sedition Act (quoted in Milne & Mauzy, 1978: 95). Constitution Articles 152, 153 and 181 focussed on Malay as the national language, the special position of the Malays and the sovereignty of the ruler respectively, while Part III focussed on citizenship regulations.

Later in 1971, the government amended the Constitution, with the help of Sarawak-based parties, which provided the ruling coalition with the parliamentary seats to make up the required two-thirds majority. The proposed amendments to the Constitution were important since, together with the even more restrictive Sedition Act, they banned questions on the issues stipulated in the Part III provisions of the Federal Constitution or Article 152, 153 or 181 of the Federal
Constitution in the Parliament and State Assemblies. By amending Article 63 (on Privileges of Parliament) and 72 (on Privileges of Legislative Assembly) of the Constitution, Members of Parliament and of State Assemblies were no longer protected by law when they questioned Malay privilege, the national language and the position of the ruler (Milne & Mauzy, 1978: 97). This meant that questions on the national identity, based on Malay identity, were forbidden, even in the Parliament and State Assemblies. Although due protection of non-Malay rights was made – for example, Sedition Act bans questioning of non-Malay citizenship and other rights as well, it was clear that the emphasis of the legislation and measures was on making sure that the Malay privileges were safeguarded tightly.

While the *Rukunegara* and constitutional amendments reiterated what were already in constitution, a new and more pro-active cultural policy promulgated in 1971 clearly indicated that the government’s cultural policy was moving towards cultural assimilation of the non-Malays into Malay culture. The National Cultural Policy, along with the NEP, was launched in 1971 as part of a series of new initiatives to promote national integration. The government convened the Congress on National Culture in 1971 to discuss a blueprint for future cultural policy. Non-Malay communities were not represented in the Congress. The NCP, which was intended to integrate diverse cultural groups in Malaysia into a homogeneous cultural identity, was substantially biased towards the dominant Malay culture. It defined national culture, with a clear emphasis on Malay culture, as follows: ‘it must be based on the indigenous culture of the regime; suitable elements from the other cultures can be accepted as part of the National Culture; and Islam is an important component in the moulding of the
National Culture’ (Kua, 1987a: 3). By this, the NCP stipulated Malay culture as the basis of national culture, which meant that the Malay cultural identity was the foundation of cultural identity of Malaysia.

2.3.2. New Economic Policy

The most significant development that demonstrated the shift of the new government towards an ethnocultural nationalist direction was the implementation of the New Economic Policy (NEP). The NEP embodied the argument of the ethnocultural Malay nationalists that the state should be actively involved in promoting and developing the Malay economy (B. T. Khoo, 1995: 27; Means, 1991: 23-27; Milne & Mauzy, 1978: 322-426). The two most widely known and significant goals of the NEP were the eradication of poverty and the ethnic restructuring of the economy. The Second Malaysia Plan that was revealed in 1971 indicated that the two goals were:

To reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race…[and] accelerating the process of restructuring Malaysian society to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function. (Malaysia, 1971: 1)

If the eradication of poverty ‘irrespective of race’ was more or less even-handed goal from the ethnic point of view, the second goal of restructuring economy was unmistakably ethnocultural Malay nationalist. By ‘eliminat[ing] the identification of race with economic function,’ the second goal intended to correct the over-representation of the non-Malay in modern sectors which guaranteed better income and of the Malay in traditional sector i.e. agricultural
sector which did not contribute to the capital accumulation. With this restructuring, the government hope to rectify the income structures among ethnic groups and when necessary, the government directly participated in economic activities to give the Malay more economic opportunities.

The main tactic to implement this ethnocultural Malay nationalist goal – the second goal of the NEP – was the heavy intervention of state in the economy on behalf of Malay community. The most fundamental difference between Abdul Razak’s and Abdul Rahman’s economic policies would be found in the role of the government (Rajah Rasiah, 1997: 126). The basic inclination of the Abdul Rahman government was laissez-faire to guarantee the free economic activities of the private sector, including foreign capital (Searle, 1999: 34-35). In such a paradigm, the role of the government was limited. This changed dramatically during the Abdul Razak government with the implementation of the NEP. The Second Malaysia Plan indicated:

As Malay representation in the modern sector of the economy is at present limited, it is difficult to envisage that economic growth by itself will uplift the economic position of the Malays to any significant degree. In fact, in the absence of Government action, it may be expected that existing differentials in value added per worker among the Malays, on the other hand, and other Malaysians on the other, will be aggravated. Such a situation certainly will not be tolerable in a multi-racial society. The government’s efforts to alter the existing racial employment pattern are clearly crucial to the success of the NEP. (Malaysia, 1973: 76, emphasis added)

In the NEP, ‘Government action’ was manifested in the form of government agencies and state enterprises that were established to help the Malays in various ways. Many of them were dedicated to create ‘Malay
commercial and industrial community’. As the Mid-Term Review of the Third Malaysia Plan indicated, government action to create a Malay business community consisted of roughly four components: credit assistance, training and technical assistance, administrative support, and direct government participants (Malaysia, 1979: 50-53). Furthermore, to increase the Bumiputera portion of corporate ownership, the government, on behalf of Malay community, participated in acquiring corporate shares (Gomez & Jomo, 1997: 29-32; Sieh & Chew, 1985). The government planned to re-distribute the shares to individual Malays at discounted prices when they were able to acquire the stock. The government justified its extraordinary involvement in wealth re-distribution, arguing:

While there will be greater Malay private savings to finance expanded share capital ownership as the economy grows and as Malay participation in economic activity expands, a significant part of the financial resources required in the earlier years will have to come from the Federal and State Governments and institutions which harness Malay savings. These resources will have to be used to acquire a significant part of the increases in the growth of the total financial stock of the economy and to hold them in trust for the Malays and other indigenous people until they are in a position to acquire them from their own savings. (Malaysia, 1973: 84-85)

The main direction of Abdul Razak’s economic policy, as discussed, was ethnocultural Malay nationalist, which aimed to make the Malay community the dominant community, not just culturally and politically, but also economically as well. When the government justified the policy with national integration based on equality, it meant equality of actual economic share by ethnic groups, rather than equal opportunity. This was a reflection of the new government’s diagnosis of
what went wrong in the pre-1969 period and of the ethnocultural Malay nationalists’ view that was critical of Abdul Rahman’s multicultural nationalism.

2.3.3. UMNO dominates the new coalition, Barisan Nasional

To ensure the success of the new nationalist initiatives, the new Prime Minister needed stronger political backing. The weakened Alliance coalition, besieged by a stronger opposition, was not strong enough to support Abdul Razak’s new nationalist initiatives. Therefore, Abdul Razak attempted to reshuffle the existing party system by expanding the ruling coalition at the expense of the opposition. Between 1970 and 1972, the Alliance party added six more parties to form the Barisan Nasional (BN). The new component parties in the coalition included Parti Islam Se-Malaysia (PAS, formerly called PMIP), People’s Progressive Party (PPP), Gerakan, Sarawak United People’s Party (SUPP), Parti Pesaka Bumiputera Bersatu (United Pesaka Bumiputera Party or PBB) and Sabah Alliance Party.

Political parties in Sabah became the first target of Abdul Razak’s project to build a larger ruling coalition. The opposition in Sabah had already been dismantled by the United Sabah National Organization (USNO) in 1967. Abdul Razak subsequently formed an alliance with the USNO called the Sabah Alliance, which also included a small local party, Sabah Chinese Association. In Sarawak, Abdul Razak successfully incorporated SUPP, Sarawak Chinese Association into the Sarawak Alliance, which consisted of Party Bumiputera and Party Pesaka Anak Sarawak (Pesaka), outmanoeuvring the opposition, Sarawak National Party (SNAP), in 1970.
In 1972, Gerakan, which was undergoing internal divisions, was co-opted into the BN to form a coalition government in Penang. The federal government guaranteed Gerakan the post of Chief Minister in Penang and a few higher federal cabinet posts in exchange. In the same year, PPP reached an agreement with BN to join the coalition, getting a minister post. BN also co-opted PAS into BN, forming a coalition government in PAS-dominant state, Kelantan, and allocating a few federal cabinet posts to PAS in return (see Mauzy, 1983: Ch. 2). This manoeuvring marginalised the opposition substantially, leaving only one opposition party in the peninsula, the DAP.

This manoeuvre apparently not only strengthened the ruling coalition’s power with more seats in Parliament but also had the effect of checking Chinese influence in the coalition. The limitation on the influence of the Chinese component meant the expansion of UMNO’s autonomy in the coalition and in the government. Notably, the inclusion of Gerakan, a Chinese-based party that had split from the MCA in the 1950s, ‘undermined the position of the MCA as the sole spokesman for the Chinese in the government’ (Mauzy, 1983: 79). The inclusion of the Gerakan not only weakened the MCA’s symbolic importance as the sole party representing the Chinese in the government; the MCA also had to surrender some of its seats and cabinet positions to Gerakan. In addition, the MCA was embroiled in an internal dispute between the radicals and the moderates on how to regain its lost prestige in the coalition. UMNO could pull the strings of both Chinese parties as the two parties were competing against each other in the coalition. After this, UMNO took over important economy-related posts in the cabinet from the MCA. By 1974, the MCA had lost such important positions as
Finance Minister, Trade and Industry Minister and Head of Economic Planning Unit (EPU) to UMNO (Jesudason, 1989: 78-79). Instead, the party was given less important cabinet posts such as Health, Transport, Labour and so on (Crouch, 1996a: 46).

2.3.4. New blood into UMNO

As soon as Abdul Razak consolidated his power in the party and in the government, the young challengers of the 1969 dispute – Mahathir Mohamad, Razaleigh Hamzah and Musa Hitam – were promoted or recalled to the party and to the government to support Abdul Razak’s policies. Abdul Razak also recruited new nationalist blood such as Abdullah Ahmad Badawi, Shahrir Abdul Samad, Sanusi Junid and so on and removed the old elites from Abdul Rahman’s period, that is, Senu Abdul Rahman, Khir Johari, Sardon Jubir, Ghazali Jawi, Harun Idris and Tun Mustapha. These individuals were not only identified with the pre-1969 elites that purportedly shared Abdul Rahman’s increasingly multicultural nationalist vision, they were also believed to hold political grudges against Abdul Razak, believing that Abdul Rahman was pushed out of power by Abdul Razak (Means, 1991: 54). By this Abdul Razak attempted to draw a clear line between old, multicultural nationalist elites and his new ethnocultural nationalist supporters. In addition, it was advantageous for Abdul Razak to strengthen his grip on power with new elites with more Malay nationalist image who were also, ‘better educated and technocratically oriented’ (Crouch, 1980: 13).

The career paths of three nationalist elites of the challenging team in 1969 shows how quickly they returned to the centre of power in the 1970s, assisted by
the new Prime Minister. Mahathir was readmitted to UMNO in March 1972 and, three months later, was elected as an UMNO Supreme Council member with the highest votes. In 1975, he was elected as a Vice President. In the government, Mahathir was given the prestigious appointment of Education Minister in 1974 and was appointed as Deputy Prime Minister in 1976. In a span of only six years, Mahathir who was once an outcast from UMNO had become the second most powerful individual in Malaysia.

Similarly, Musa returned to UMNO as Vice Chief of UMNO Youth in 1971 and became an UMNO Supreme Council member in the same year. In the government, he was appointed as deputy Minister of Trade and Industry in 1971 and was promoted to the Minister of Primary Industry in 1974. Likewise, another new generation member, Razaleigh – he was not expelled from the party – became Finance Minister in 1976. Prior to this appointment, Musa was in charge of a few state enterprises such as Pernas (Perbadanan Nasional or National Corporation) (established in 1970) and a party company, Fleet Group (1972). Also, in the party, he was elected as Supreme Council member in 1971 and became one of the vice presidents of UMNO in 1974. The three key members of the new generation who had challenged Abdul Rahman’s nationalism were in charge of the party and the government as Supreme Council members, as Vice President, as Deputy President, and as Ministers by the middle of 1970.

Before this thesis move on to a dispute in the 1980s from a dispute in the 1960s, a brief mention on the 1970s should be made. Malaysian politics in the 1970 does not get much attention in this research. In fact, there was a factional dispute in the 1970s as well, which is often said to be an extended one from the
one in the 1960s. In the mid 1970s, there was a backlash from old guard associated with Abdul Rahman, protesting Abdul Razak’s alienation of the old guard. Especially, Tun Mustapha of Sabah and Harun Idris were resistant against Abdul Razak’s attempt to deprive them of power and influence. The old guard tried, after Abdul Razak’s death and Hussein Onn’s succession, to tarnish the image of the new elite group around Hussein Onn such as then Deputy Prime Minister, Mahathir, with an allegation that they were connected with communist.

The reason why this thesis deliberately excluded dispute in the 1970s is because the dispute happened in an extraordinary situation with reverberating scar of 1969 ethnic riot. As I mentioned earlier, Abdul Razak could push his ethnocultural nationalist policy reform and political restructuring very hard thanks to the extraordinary circumstances. The devastating experience of 1969 ethnic riot prevented an opposition to a strong drive of the government towards ethnocultural direction in favour of the Malay community in nearly every aspect of society. Also, this explains why Abdul Razak’s nationalism did not shift towards multicultural or civic nationalist direction unlike what happened to Abdul Rahman in the 1960s and Mahathir in the 1980s, in addition to his short term in Prime Minister’s office – five years. For Abdul Razak, the general mood of Malay community wanting pro-Malay state was too overwhelming.

This extraordinary situation also means that challenging faction of old guard against Abdul Razak could hardly question the nationalist commitment of Abdul Razak without losing Malay community’s support. This was why the competing ideological position against Abdul Razak did not develop along countering nationalist vision. Instead, in the dispute between Abdul Razak and the
proxies or members of the old guard, the latter attempted, with reasonable, but not complete success, to utilise anti-communist rhetoric to attack those new elites around Abdul Razak. Although specific ideological argument was different from other disputes’ nationalism, it still hold effect that factional dispute in UMNO, in addition to politically pragmatic and opportunistic reasons, requires ideological contending point as well.

2.4. Conclusion

This chapter explained UMNO’s internal squabble in 1969 as a clash between Abdul Rahman’s increasingly multicultural nationalism and the newly rising UMNO elites’ ethnocultural Malay nationalism. Of course, this chapter did not intend to reject other dimensions of the dispute such as personal rivalry, a clash of patronage network, personal political ambition etc. Rather this chapter attempted to shed new light on the ideological discourses – nationalism – of competing political forces.

Since independence, Abdul Rahman’s nationalism developed in a more multicultural nationalist direction. He increasingly attempted to seek his political legitimacy as a leader of multiethnic Malaysia who brought about ethnic stability and integration, not as the protector of Malay identity and interests. However, the ethnocultural nationalists in UMNO maintained that they represented the Malay nationalist aspirations better. According to them, Malaysia was essentially a Malay nation where the Malay community should be politically, economically and culturally dominant vis-à-vis the non-Malay immigrant community.
Abdul Rahman took over the UMNO presidency, embracing strong ethnocultural Malay nationalism when the party rejected Onn Jaafar’s civic nationalist trials. However, his nationalist commitment quickly moved towards a more multicultural direction as reflected in the constitution and in the formation of the Alliance coalition. With the prospect of independence, Abdul Rahman increasingly sought his political legitimacy from ensuring ethnic co-existence and integration rather than from championing Malay interests. The ambiguous definition of national identity in the constitution, which was a consequence of give-and-take dealing with non-Malay counterparts, reflected Abdul Rahman’s shift towards multicultural nationalism. Of course, the constitution fell short of the expectations of ethnocultural Malay nationalism that saw Malaya as a Malay nation. The consociational format of the Alliance, characterised by ethnic power sharing, ethnic consultation, consensus and concession, also reflected the growing multicultural nationalist tendency of Abdul Rahman. This structure was far from a clearly Malay-dominant power structure. Furthermore, the Alliance setting increasingly hampered the implementation of pro-Malay policies when UMNO’s political power was largely dependent on the support of non-Malay components in the coalition.

Against this, the ethnocultural Malay nationalists in UMNO argued that Malaysia was a nation where Malay constituted its core politically, economically and culturally. This line of argument was clearly seen in several political episodes in the late 1960s. During Singapore’s inclusion, ethnocultural Malay nationalists argued that Malaysia was a Malay nation where Malay should be politically dominant, which opposed Singapore’s Malaysian Malaysia concept. On the
Language Bill issue, they claimed that Malay culture was the basis of Malaysian culture, as Malaysia was a Malay nation. In addition, they saw Malay economic backwardness as unacceptable. In their opinion, the Malay community as the owner of the country should get more economic benefits and should be economically dominant too. After the 1969 elections and ethnic riots, their criticism was directed at Abdul Rahman. They saw Abdul Rahman’s leadership as being unable to fulfil the ethnocultural Malay nationalist tasks, which resulted in Malay frustration with and defection from UMNO.

The ethnocultural nationalist challenge was defeated in the short term when core members of the faction were expelled or forced to resign; in the long term, the new Abdul Razak government moved towards an ethnocultural Malay nationalist direction. Powered by the autonomy acquired in the emergency rule after 1969 crisis, the new government under Abdul Razak initiated reforms and new policies such as the Rukunegara, legal and constitutional amendments, and a new cultural policy that laid the bases for a pro-Malay state. These initiatives intended to strengthen and entrench the politically and culturally dominant position of the Malay community. In addition, through the New Economic Policy, the government tried to enhance the economic power of the Malay community to make it economically dominant as well. Also, Abdul Razak reshuffled the ruling coalition in an attempt to enhance the UMNO’s autonomy to implement pro-Malay policies and recruited ethnocultural Malay nationalist elites into UMNO and government to support his new policy.

Methodologically, the analysis of this chapter can guide the examination of other UMNO factional disputes. A pattern was found in this chapter’s
investigation. The nationalist vision of the Prime Minister was changed by the multiethnic reality of Malaysian politics, as Abdul Rahman’s nationalism moved from an ethnocultural to a multicultural one. The Prime Minister, who is ethnic Malay, had to be inclusive to encompass non-Malay communities as well. Although it was not examined in detail, Onn Jaafar’s position likewise shifted from ethnocultural nationalism – he was, after all, a leading figure of Malay opposition to Malayan Union and founder of UMNO – to a civic nationalist direction. Against this, challengers to the Prime Minister tended to take up the cause of stronger ethnocultural Malay nationalism, criticising the incumbent’s changing nationalist position. Abdul Rahman, as the new party president in the early 1950s embraced strong ethnocultural nationalism against Onn Jaafar, and younger UMNO elites including Mahathir, took up the cause of ethnocultural Malay nationalism against Abdul Rahman. It is likely that this pattern would be repeated in the analysis of coming UMNO factional disputes, although the exact contents of nationalist arguments can be different.

1 The Alliance Party is a coalition of three parties, that is, UMNO, the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC). Although the Alliance party was a coalition of separate parties, it worked as a single party by fielding candidates for elections in the name of the Alliance. This arrangement was first tested by an electoral pact between UMNO and MCA in the 1952 Kuala Lumpur Municipal Elections and formalised in 1953. Later, the coalition added the MIC to its ranks. After its poor performance in the 1969 elections, the coalition was replaced by the Barisan Nasional, an expanded and strengthened version of the Alliance under Abdul Razak’s leadership. For additional details, please see Section 2.1.2 of this chapter on the Alliance and Abdul Rahman’s nationalism.

2 First, there is no study that examines the 1969 UMNO factional dispute on its own. Most studies examine the 1969 dispute as part of a larger political development, beginning with the 1969 elections and ending with the establishment of new Abdul Razak government in 1970, which of course, includes the 1969 ethnic riots. Second, many of the existing studies neither discuss the nationalist ideologies at work during the 1969 dispute nor regard them as important variables. Bass admitted there was a significant nationalist division in the Malay community as well as in UMNO, but argued, “The Ultra objective was at a maximum to gain control of UMNO and at a minimum to increase their relative
influence in the party.” (Bass, 1973: 540). Studies by Ahmad Atory Hussain (Ahmad Atory Hussain, 1993), Funston (Funston, 1980), von Vorys (Von Vorys, 1975) are included in this category. Third, some other studies have indeed observed that there was a difference between Abdul Rahman’s nationalist argument and that of his challengers (B. T. Khoo, 1995; Reid, 1969). Notwithstanding, they did not see that the difference is essentially connected with the unresolved question of national identity — the relationship between ethnic identities and national identity of Malaysia.

When the British regained control of the Malay Peninsula after the Japanese occupation, the British prepared a plan called the “Malayan Union” to integrate the separate Sultanates in the peninsular under a single British authority. However, the plan faced strong Malay opposition because it was viewed as a threat to the Malay community’s position as indigenous people. Eventually, the plan was abandoned and, out of this controversy, UMNO was born as a Malay nationalist party. For additional details, please see Section 2.1.1 of this chapter.

In 1921, the immigrant population, primarily Chinese and Indians, already made up 49.49 per cent of the population, exceeding the Malays, who made up 48.8 per cent of the population. (Abraham, 1983: 22). By 1931, excluding Singapore, where the Chinese were demographically dominant, the Malays (49.2 per cent) were out-populated by the non-Malays (50.8 per cent) (Means, 1976: 12).

William Roff attributed the development of the first Malay nationalist movement to such publications as Al-Imam in Singapore in the early 1900s. The earlier movements, led by Arab or Indian Muslim descendants, not by the Malays, were more concerned with ‘religion and not directly with social, even less with political, change.’ (Roff, 1967: 57) As Gullick argued, although the early Malay nationalist movements had an ‘awareness of the presence of other major communities in Malaya’, they were more involved with ‘an anxious self-examination and the advocacy of various reforms.’ He went on to claim, ‘For a generation or two the Malay intelligentsia saw the salvation of their community in terms of better education and the abandonment of passive conservatism in their social values rather than in political action.’ (Gullick, 1981: 40, emphasis added) The initial Malay nationalist movement in the 1920s was succeeded by a conflict between the Kaum Muda (Young Faction) and the Kaum Tua (Old Faction). The Kaum Muda, influenced by religious reformist movements in the Middle East and led mainly by urban-based Arabs, Jawi Peranakan, or Indonesians, challenged the Kaum Tua, led by Malay traditional elites and ulama (religious teacher). The Kaum Muda’s main argument was ‘the acceleration...of social and economic change for the betterment of Malay society, a process held to be retarded by traditional Islam [of Kaum Tua]’ (Roff, 1967: 78). However, the Kaum Muda in the 1920s still had little ethnic consciousness, in the sense of ethnic competition in the peninsula.

The sultanates in the peninsula were not only divided into two British-made categories — the Federated Malay States (FMS) and the Unfederated Malay States (UMS), they also traditionally had separate sovereignties. British colonial rule in the Malay Peninsula began in 1874 with the signing of the Pangkor Treaty between the British and Perak, which resulted in the British Resident system. Subsequently, four states -- Perak, Selagar, Negri Sembilan and Pahang -- which were economically more valuable than the rest of the sultanates, came under British authority in 1896 as the Federated Malay States. The remaining four states -- Johor, which was less submissive to colonial power than the other sultanates, and the remote northeastern states, Kedah, Kelantan and Trengganu -- were grouped as the Unfederated Malay States (UMS), which came under a “looser” British influence in 1909 (Andaya & Andaya, 1982: 154-198; Ariffin Omar, 1993; Milne & Mauzy, 1978: 15-18).
Other than the contents of the proposal, the way the British obtained the endorsements of the Sultans was also controversial. It was said that when the British envoys’ met with the sultans, the atmosphere was intimidating. The envoys were believed to have been arrogant and, in some cases, even pressured and threatened the sultans to obtain their approvals. (Ongkili, 1985: 38-39).

The Community Liaison Committee (CLC), which included such prominent leaders as Onn Jaafar and Tan Cheng Lock, was established by the British colonial government in 1949. The purpose of the CLC was to provide an opportunity for conservative ethnic leaders to discuss ethnic issues developing in the peninsula and to promote ethnic understanding.

Cheah observed a sudden change of Onn Jaafar’s political fate in relation to his changing nationalist position. He commented, ‘He, therefore, became the first UMNO president to become a casualty in the cause of “Malayan nationalism”. He had transformed himself from an exclusive Malay nationalist to an inclusive “Malayan” nationalist … His departure from UMNO marked his eventual decline in politics, and is one of the strangest ironies of recent Malayan political history. Yet who could have predicted his fate in 1946–47 when he was at the height of political success and popularity? Onn was a hero of the Malays, courted by the Malay Rulers and British officials.’ (Cheah, 2002: 25)

Onn Jaafar had already established the Independence of Malaya Party (IMP) before he officially departed UMNO in 1951. The IMP indicated clearly that it was championing the interests of Malayan people rather than the interests of the Malay community. Launched as a vehicle to realise what Onn Jaafar had proposed when he was UMNO president, the IMP’s direction was non-communal and quite civic nationalist. A resolution passed during the first meeting of the party committed it to the task of “provid[ing] and maintain[ing] an efficient non-communal national organization in Malaya.” (quoted in Vasil, 1971: 50) Nevertheless, as Vasil commented, the IMP lacked popular Malay support and the support from the Sultans because of Onn Jaafar’s confrontative attitude towards Sultans. (Vasil, 1971: 52-53) The party was defeated miserably in the 1952 Kuala Lumpur Municipal Elections. The party won only two out of the 12 contested. The UMNO-MCA coalition won nine seats. Although a few MCA leaders, including Tan Cheng Lock, cooperated with Onn Jaafar in setting up IMP in their individual capacities, the MCA joined with UMNO to compete against IMP in the 1952 elections. In 1954, Onn Jaafar formed a new party, the Party Negara, which succeeded the IMP. This party, despite its self-description as ‘an all community party’ was understood as a Malay party. It had already lost the MCA’s support before the 1952 elections. The formerly strong Indian support dwindled after the MIC was added to the Alliance. In the 1954 Johor State elections and the 1955 Legislative Council Elections, the party failed to win a seat. In the 1959 elections, when Onn Jaafar adopted a strong pro-Malay attitude, the party won one parliament seat. However, that was the end of the party and Onn Jaafar died in 1962 (Vasil, 1971: 82-92).

The Malaysian Chinese Association (MCA) was called the Malayan Chinese Association before the formation of Malaysia in 1963. Initially, after independence, Malaysia was called the Federation of Malaya. After 1963 when the federation included Singapore, Sabah and Sarawak, it acquired a new name, the Federation of Malaysia. The change in MCA’s name reflected the change of the country’s name. This was also the case with MIC whose name changed from Malayan Indian Congress to Malaysian Indian Congress after 1963.

Abdul Rahman had good reason to stick to this coalition. The system guaranteed UMNO’s political power through the coalition, other Malay parties such as the IMP and
the PMIP, and class-based coalition, Socialist Front. Particularly, the coalition enhanced Abdul Rahman’s chance to secure non-Malay support, which became increasingly crucial in the elections after independence. In the 1955 elections, the Malays consisted 84.2 per cent of the voters, while the Chinese and the Indians consisted 11.2 per cent and 3.9 per cent of the voters respectively. After the independence, in the 1959 elections, the ethnic composition of the voters changed significantly. In 1959, the Malays consisted of only 56.8 per cent of the voters, while the Chinese and the Indians consisted of 35.6 per cent and 7.4 per cent of the voters respectively, thanks to the new citizenship laws (Von Vorys, 1975: 146). The UMNO-led Alliance’s electoral victories in the few elections between 1955 and 1964 were greatly indebted to this unique system.

Election results from the 1955 elections to the 1964 elections

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>UMNO</td>
<td>34</td>
<td>52</td>
<td>59</td>
</tr>
<tr>
<td>MCA</td>
<td>15</td>
<td>19</td>
<td>27</td>
</tr>
<tr>
<td>MIC</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Alliance total</td>
<td>51</td>
<td>74</td>
<td>89</td>
</tr>
<tr>
<td>Party Negara*</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>PMIP</td>
<td>-</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Socialist Front</td>
<td>-</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Oppositions total</td>
<td>1</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>Total Seats</td>
<td>52</td>
<td>104</td>
<td>104</td>
</tr>
</tbody>
</table>


Hence, for UMNO to secure more than 2/3 majority support to maintain political power, Abdul Rahman had to maintain the coalition to get non-Malay support as well. There are obviously other reasons that made the component parties in Alliance necessary for Abdul Rahman. One of the reasons often mentioned is UMNO’s financial dependence on MCA. Since the early UMNO was weak in terms of financial resources, the party had to depend a lot on financial help from especially MCA which had more resources to work with. The MCA was better off than the UMNO, largely due to political funds contributed by the wealthy Chinese business community. (see Gomez, 1996b). Reportedly, Abdul Rahman admitted that if the Alliance reduced the representation of MCA in the Alliance, the UMNO had to contribute more financially, but the party was unable to do that given its financial weakness (Moore, 1960: 113-114).

13 The statistics were originally published in (Abdul Aziz Bari, 2002) and quoted in (B. T. Khoo, 2004: 130).

14 The report initially faced criticism from both the Malay and non-Malay communities. The Malay community, including some members of UMNO, was not happy with the liberal citizenship provisions for the non-Malays. On the other hand, the non-Malay community was discontented with the provisions providing for the special position of the Malays. Reflecting the Malay community’s concerns, Dr Burhanuddin Al-Helmy of PMIP said, ‘what has happened to the Alliance’s struggle for Malay nationalism? Is it true that there is still honesty in UMNO leaders struggling for the ambitions of Malay nationalism? Wouldn’t then UMNO’s struggle in the Alliance that is much hoped for be destroyed? UMNO’s struggle would then benefit others while his own race fight against each other and suffer in the end’ (quoted in Ramlah Adam, 1995: 51). Meanwhile, the Chinese press questioned why Malay privilege should be included in the Constitution and
argued that it proved ‘their [Malay’s] innate fear that they are unable to stand on their own feet’ (Von Vorys, 1975: 131-132).

15. According to Noordin Sopiee, the underlying tension between Singapore and the Federation can be attributed to the following five factors. First, on the issue of finances, Singapore demanded a common export market with the Federation, while the Federation was more interested in Singapore making a larger financial contribution for the central government. Second, there was tension between the PAP’s populist style and the Alliance’s tendency towards behind-the-scene negotiations. Singapore’s popular appeal, which included confrontational criticisms of its political opponents, embarrassed the Alliance leaders. Third, Singapore wanted to be par on with Malaya, while the Alliance leaders viewed Singapore as one of the states in the federation. Fourth, Singapore ultimately wanted to replace the MCA in the Alliance, which UMNO leaders rejected. When this attempt failed, the PAP challenged the political supremacy of the Malays and UMNO. Fifth, the personal relationships between the leaders of Singapore and the Federation had not been established long and, in fact, was fragile from the beginning. (Mohamed Noordin Sopiee, 1974: 181-188)

16. Cheah maintained that there was widespread support in the party for the view that the ethnocultural Malay nationalists’ criticism of Abdul Rahman over the Language Bill issues had gone too far, although their cause of upholding the Malay language was a laudable one. In addition, the ethnocultural nationalists in the party did not win the support of the rest of the party leadership. Key figures such as Abdul Razak (then Deputy President and Deputy Prime Minister) and Dr Ismail supported Abdul Rahman’s position. The ethnocultural nationalist critics in UMNO were vocal; it seems that they were the clear minority in the party. The bill, with the help of the MCA and the MIC, passed parliament (Cheah, 2002: 103-105).

17. Mahathir’s *Malay Dilemma*, written after 1969 ethnic riot, is widely quoted here as a source best describing the ethnocultural Malay nationalists position and rhetoric. Of course, it was written after the riot and factional dispute, but still it is relevant as a good example of the ethnocultural nationalists’ idea because the book is rather a succinct summary of the ethnocultural Malay nationalist argument against Abdul Raham’s position than a new idea that sprang up newly after the riot and dispute. In addition, the intention of my analysis of the ethnocultural nationalist arguments is not revealing their real political intention behind such ideological rhetoric. Rather this thesis is concerned with analysing the rhetoric as it is and with what exactly they argued for regardless of their sincerity in ideological belief. In this regards, Mahathir’s rather unbalanced opinion in the book is relevant object for analysis.

18. Between independence in 1957 to 1970, the incidence of poverty, regardless of ethnic groups, dropped from 51.2 to 49.3 per cent. Although the incidence of poverty in the Indian community increased from 35.7 to 39.2 per cent, it decreased among the other groups, especially in the Malay community, where the incidence of poverty dropped from 70.5 to 64.8 per cent (Osman-Rani, 1990: 11). However, income polarisation deepened. In 1957/58, the top 20 per cent of the population earned 48.6 per cent of the income while the bottom 40 per cent accounted for only 15.9 per cent. The gap between these two groups increased from 32.7 percentage points to 44.9 percentage points in a decade. In 1970, the top 20 per cent of the population accounted for 56.1 per cent of income but the bottom 40 per cent contributed only 11.2 percent (Osman-Rani, 1990: 7).

19. British colonial policy resulted in what was popularly known as ‘economic dualism,’ that is often mentioned as an economic structure perpetuating the economic backwardness of Malay community (Faaland et al., 1990: 5-8). The Malaysian economy before the implementation of the New Economic Policy in the 1970s was characterised by
Malay under-representation in such modern sectors of the economy as manufacturing and commerce and over-representation in such traditional sectors as agriculture and fishery. On the other hand, non-Malays dominated the modern sectors of the economy because they had been employed in those sectors from the beginning of their settlement in the peninsula on behalf of British colonial economic interests. When Malaya gained its independence, these structural characteristics produced visible economic inequality between the Malay and the non-Malay communities. (see Faaland et al., 1990: 37-47; Parmer, 1964: 311-315; Snodgrass, 1980).

20 Malay participation was significant only in the transportation and communication sector, accounting for 43 per cent. This record was largely due to government preference for the Malays when issuing licenses for the transportation business.

21 Foreign capital constituted 75.3 per cent, 72.4 per cent and 63.5 per cent in the agriculture, mining and commerce sectors respectively. In addition, in the manufacturing sector, foreign capital was much ahead of the other players, accounting for 59.6 per cent. Chinese capital had a major share of the construction (52.8 per cent) and transportation (43.4 per cent) sectors.

22 It is widely acknowledged that, before 1969, the fundamental economic direction of the Malaysian government was laissez-faire, that is, the role of the government in the economy was kept to a minimum (Osman-Rani, 1990: 4; Searle, 1999: 33-36; Toh & Jomo, 1983: 37). An economic development plan, drafted in the 1960s stated: ‘Perhaps the basic contribution that the government can make to industrial growth is the preservation of a sound and stable monetary and financial climate, free from all the restrictions, controls and uncertainties, which are the inevitable accompaniments of financial instability and inflation’ (Federation of Malaya, 1961: 19). This characteristic is proven by the substantial presence of British economic interests and Chinese dominance among domestic capital, which meant the laissez-faire Malayan government did not intervene in the economy of the newly independent country. According to the Second Outline Perspective Plan, in 1970, foreign capital still owned 63.3 per cent of corporate equity, while the Malays and non-Malays owned 2.4 and 32.2 per cent of corporate equity respectively (Economic Planning Unit, 1991b).

23 Bass categorised the popular diagnosis of Malay economic disadvantage during the 1960s into two groups – the structuralists and the culturalists. According to Bass, the structuralist group (in which the UMNO ultras were included) argued, ‘Most Malays remained trapped in subsistence agricultural and fishing because of non-Malay domination of the professions and the modern commercial and industrial sectors of the economy…Once entrenched…they acquire the resources to perpetuate their position and obstruct Malay mobility’ (Bass, 1973: 588).

24 During the 1969 elections, the Malaysian electorate seemed to have been driven towards extreme nationalist positions by both Malay (inclusive of the UMNO ethnocultural Malay nationalists) and non-Malay political parties. Vorys explained, ‘the electorate was particularly vulnerable to unabashed appeals to parochial sentiment. The leadership could ignore such obvious political realities only at its peril; yet it was simply not in a position to espouse the aspirations of any one community. Such a strategy would have violated the most rudimentary requirements of the constitutional contract, and this, for the government party, would have been irresponsible. Such a strategy, moreover, would have discredited some of the Alliance partners, and thus for a coalition of Malay, Chinese, and Indian political organizations would have been disastrous’ (Von Vorys, 1975: 265). During the 1969 elections, the Alliance, or narrowly UMNO, was unable to position itself in the context of rising ethnocultural nationalist sentiments in both the Malay and the non-Malay communities.
Soon after the announcement of the 1969 elections results, a disappointed MCA announced that it would withdraw from the cabinet and reconsider its participation in the Alliance. In response, some UMNO ultras proposed that UMNO should form a government on its own, excluding the MCA and the MIC. The sharp exchange between UMNO and the MCA further increased ethnic tensions. After the setup of the National Operation Council (NOC), which replaced parliament and took over a majority of the government functions, the MCA, persuaded by UMNO, rejoined the Alliance coalition.

In Kedah, PAS threatened the Alliance, winning 10 out of 24 seats. In Trengganu, PAS displaced the Alliance state government, winning 11 out of 20 state assembly seats, while retaining its traditional stronghold, Kelantan, winning 19 out of 30 state assembly seats. The challenge was not just from the Malay opposition, but also from the non-Malay opposition. In Penang, the aligned force of Gerakan Rakyat Malaysia (Malaysian People’s Movement or Gerakan) and the DAP won 20 state assembly seats, while the Alliance kept four. In Perak, the People’s Progressive Party (12 seats), the DAP (6) and Gerakan (2) outnumbered the Alliance that managed to win 19 seats. In addition, in Selangor, the DAP and Gerakan created a deadlock between the opposition and Alliance, winning 14 out of 28 state assembly seats.

The Malay defection in the 1969 elections damaged UMNO’s election performance. In addition, as Drummond and Hawkins observed, in ethnically mixed constituencies where the MCA fielded candidates, Malay support made a decisive impact on the elections results (Drummond & Hawkins, 1970). The Malay support that had previously gone to the MCA went to the PMIP instead in the 1969 elections. This unintentionally made non-Malay opposition candidates very competitive against MCA candidates. Vasil, regarding this point, elaborated: ‘in the case of the MCA the predominant pattern was that its candidates were successful, by and large, only in those constituencies where at least 25 per cent of the electorate was Malay. Here, unless this Malay vote was split by the presence of PMIP candidates, the MCA candidates were successful despite a split caused in the Chinese vote by the presence of candidates of the non-Malay opposition parties’ (Vasil, 1972: 38-39). In other words, although the Malay vote could not reverse the major trend in a non-Malay constituency, it could still decide the winner. What this observation meant is that, even during the 1969 elections, the non-Malay parties were to a certain degree dependent on Malay support, mediated through UMNO. While this trend was not particularly strong during the 1969 elections, in fact, the dependency of the non-Malay parties in the ruling coalition on Malay support has increased steadily since independence. The Malay population had grown while that of the non-Malays had decreased. In addition, the delineation of electoral districts had been drawn in favour of the Alliance Party by the UMNO dominated government to increase Malay dominant electorates. Consequently, the number of districts where non-Malays were a simple majority had decreased. This development made the non-Malay parties in the ruling coalition increasingly dependent on UMNO, which could mobilise votes for the non-Malay coalition partners. For example, in the 1995 elections, the MCA won six seats in constituencies where the Chinese consisted of more than 50 per cent of the population. On the contrary, the party won 22 seats in constituencies where the Chinese were less than 50 per cent of the population. Of these 22 constituencies, the Malays formed a simple majority, that is, more than 50 per cent of the voters in 13 constituencies. In the 1999 elections, the MCA won only eight seats in constituencies with a Chinese majority. The Chinese constituted less than 60 per cent of the population in six out of the eight constituencies. Meanwhile, the party won 10 seats from constituencies where there were more Malays than Chinese. Additionally, in five constituencies, the difference between the constituent Chinese and Malay populations was less than 5 per cent. Regarding this trend, see also (Crouch, 1996b).
An Islamic party, PAS, was widely referred to as PMIP, an abbreviation for Pan-Malaysian Islamic Party, or Parti Islam Se-Malaysia in its earlier days. Later, retaining its Malay name, the party was increasingly called PAS.

In 1970, the Malays consisted of 93.6, 92.4, 79.0 and 70.6 per cent of the population in Trengganu, Kelantan, Perlis and Kedah respectively (Leete, 1996: 23-24).

There had been a few ethnic clashes in the peninsula and Singapore before the 1969 ethnic riots. There were frequent clashes between the Malay community (which collaborated with the Japanese occupation forces) and the Chinese community (which backed the MPAJA, Malayan People’s Anti-Japanese Army) during the Japanese rule (Gullick, 1981: 82). In 1951, there was a riot, which lasted a few days, by the Malays in Singapore (Bass, 1973: 262-267). In 1964, when there was tension between Singapore’s PAP and Malaya’s Alliance, there was a clash between the Malays (who supported UMNO) and the Chinese (who supported PAP) over the issue of Malay special rights in Singapore (Bass, 1973: 267-270; Means, 1976: 342-343). In 1967, when Chinese shopkeepers in Penang staged a general strike to protest the devaluation of the pound sterling against the Malaysian ringgit, their Malay counterparts did not join in the strike. This caused racial tension in Penang which was defused only by the deployment of the military (Bass, 1973: 271-273; Gullick, 1981: 122).

Funston included Jaafar Albar and Syed Nasir Ismail, who were from the first generation UMNO elites (Funston, 1980: 179), while von Vorys expanded the boundary even further to include Razaleigh Hamzah and Abdullah Ahmad in addition to Mahathir, Musa, Jaafar Albar and Syed Nasir Ismail (Von Vorys, 1975: 371-372). Meanwhile, Bass found differences between Jaafar Albar-Nasir Ismail and Mahathir-Musa in terms of their age, ideological orientation and so on. Bass saw the championing of Malay nationalism by Jaafar Albar and Nasir Ismail as arising from political ambition or from the political positions they held, while the younger generation was more ideological (Bass, 1973: 557-562).

Parts of his letter read as follows: ‘Your opinions were based on stories you heard from people who surround you, and tell you what they think you like to hear or should hear. Permit me to tell you what the position, the thoughts and the opinions of the people are really… Your “give and take” policy gives the Chinese everything they ask for… The Chinese…regarded you and the Alliance government as cowards and weaklings who could be pushed around… [I]t is high time you resign as our Prime Minister and UMNO leader’ (Von Vorys, 1975: 372-374). It was significant that Mahathir demanded Abdul Rahman’s resignation. Bass observed, ‘Prior to 1969, there was no prospect that the Tengku [Abdul Rahman] could be toppled from his government or party posts. Disagreement with the Tengku’s decisions or positions on issues seldom generated challenges to his leadership. Certainly, the possibility of the Tengku’s forcible removal from office was not seriously entertained. More likely, individuals at odds with the party leadership would themselves resign in protest’ (Bass, 1973: 530).

Abdul Rahman later described the letter as follows, ‘It was a letter the like of which I had never seen before in all my political career, and the last and most unlikely communication I would have expected to get from a man who has always put himself forward, at least outwardly, as a staunch supporter of the Party even though he disagreed with some of its policies.’ (Abdul Rahman, 1969: 117)

According to Wang Gungwu, there were five different ideas as to how the collapsed political system could be restored. The first was a return to the situation before the 1969 ethnic riots, with parliamentary democracy and Abdul Rahman’s multicultural Malaysian nationalism. The second was institutional as well as ideological restoration to the pre-1969 situation but with new political leadership. These two positions were held by Abdul
Rahman and his supporters in the Alliance respectively. The third position held that before the pre-1969 system could be restored, an assessment on what the pre-1969 system involved should be conducted first. The fourth and fifth positions represented more radical positions. The fourth position argued that the pre-1969 system was a total failure. It argued that the racial harmony and parliamentary democracy that Abdul Rahman dreamed of were illusory. As an alternative, there should be ‘a government firmly directed by a strong and efficient bureaucracy’. The fifth position shared the view that the pre-1969 configuration had failed. Some viewed the period from 1957 to 1969 either as a scheme to control the lower classes by the upper class or as a ‘representative government…exploited by immigrant new citizens to threaten and challenge established indigenous rights and privileges’ (see Wang, 1981: 225-227).

35 Clause 63 (4) of the Malaysian Constitution states: ‘Clause (2) [that stipulates non-liability of Members of Parliaments] shall not apply to any person charged with an offence under the law passed by Parliament under Clause (4) of Article 10 or with an offence under the Sedition Act 1948 as amended by the Emergency (Essential Powers) Ordinance No. 45, 1970’. Clause (4) of Article 10 stipulates that Parliament ‘may pass laws prohibiting the questioning of any matter, right, status, position, privileges, sovereignty or prerogative established or protected by the provision of Part III, Article 152, 153 or 181’. The sedition act mentioned in the article 63 (4) is the amended Sedition Act under emergency rule as explained above. Article 72 (4) is exactly the same as Article 63 (4), but it applies to State Assemblies.

36 Christine Chin explained the implication of the NCP as follows: ‘The National Cultural Policy 1971 that ran parallel to the NEP was expected to create a national identity of one culture, one language and one citizenry, with Malay heritage at its core. The intent was to encourage non-Malays voluntarily, or guided by state institutions, to assimilate into Malay culture’ (C. B. N. Chin, 2000: 1043).

37 As far as the intention of the NEP was concerned, there was little disagreement that the policy was introduced to increase the economic power of the Malay community by state intervention. A rare deviation from this mainstream observation was that the NEP was the ‘embourgeoisement of a selected few of the Malay community while at the same time further benefiting the non-Malay capitalist class’ (Cham, 1975: 456). Therefore, as I have argued here, there seems to be consensus that the NEP, in its intention, was ethnocultural Malay nationalist. The main debate has centred on the NEP’s consequences. Faaland, Parkinson and Saniman observed that overall the NEP was successful, when the plan was not taking A’s property by force to enrich B (Faaland et al., 1990). Meanwhile, Stafford and Osman-Rani admitted that by statistics, the NEP was successful. However, they argued that, in terms of its contribution to national unity and reduction of ethnic tension, the impact was ambiguous (Osman-Rani, 1990; Stafford, 1997). Much criticism has focused on the NEP’s performance of poverty eradication. Tan, Jomo and Ishak, Hing, and Jomo all observed that in comparison to ethnic restructuring, poverty eradication was relatively neglected, while inequality between the rich and poor had actually widened (Hing, 1984; Jomo, 1989; Jomo & Ishak Shari, 1981; L.-H. Tan, 1981). In terms of the NEP’s impact on non-Malay communities, Heng, Khoo and Jesudason observed that initially the NEP limited not just non-Malay economic activities but other aspects of non-Malay life as well. However, they all maintained that some non-Malay capital, because of their individual political connections with Malay politicians could avoid such limitations on non-Malay capital imposed by the NEP (Heng, 1997; Jesudason, 1989; B. T. Khoo, 2001). In other studies, Yoshihara maintained that the implementation of the NEP delayed more rapid economic growth (Kunio, 1988) and Simon Tan argued that the NEP provided justification for authoritarian state capitalism (S. Tan, 1990).
There are observations claiming that the NEP was all about ethnocultural nationalist policy. They have several grounds. First, some argued that the poverty eradication was not ethnically even-handed at all. The goal of poverty eradication, for example, was not set out in specific enough terms to enable empirical assessments of whether the goal had been met (L.-H. Tan, 1981: 201). Second, during the 1970s, poverty eradication could be merely another tool to enhance Malay economic power, given that the Malays, as the poorest group, would be the biggest beneficiary of the effort (Milne & Mauzy, 1978: 328-329). Third, what made this bias worse was political intervention in the NEP’s development programs (see Shamsul, 1983). Since the government was, especially after the implementation of the NEP, controlled by UMNO, the allocation of developmental funds and the initiation of the program were vulnerable to political intervention that channelled the development programs and funds as rewards for UMNO supporters. Thus, Malay-UMNO supporters were the largest beneficiaries of the program, while non-Malays and non-UMNO supporting Malays were left out. Fourth, the aspects of poverty identified by the government economic plan were mostly agricultural and rural ones. For example, poverty issues that the Mid-Term Review of Second Malaysia Plan identified included smallholder agriculture, commercialisation of agriculture, movement of rural farmers from traditional to modern agriculture, movement of Malays from traditional agriculture to the modern industrial and commercial sectors, infrastructure and education for rural people, building new villages for rural dwellers and so on (Malaysia, 1973: 6-7). The rural population, heavily dependent on agricultural economic activities, was primarily comprised of the Malays. In the Second Malaysia Plan and the Mid Term Review of the Second Malaysia Plan, it would be difficult to find any mention of poverty issues in the urban areas inhabited primarily by the Chinese and the Indians (for example see Malaysia, 1971: 4-5; 1973: 6-7).

There have been quite a number of studies on public enterprises and government agencies under the NEP. For example, see (Gale, 1981; Gomez, 1994; M. H. Lim, 1981; Puthucheary, 1984; Searle, 1999).

Development Bank (Bank Pembangunan), Credit Guarantee Corporation (CGC), Malaysian Industrial Development Finance Sdn. Bhd. (MIDF) and MARA (Majilis Amanah Rakyat; People’s Trust Council) were mobilised to provide needed credit for Bumiputera. Also, MARA, National Productive Centre (NPC), MIDF Industrial Consultants Bhd., MARA Technological Institute, Malaysian Industrial Development Authority (MIDA), Standards and Industrial Research Institute of Malaysia (SIRIM) provided the necessary technical assistance. Also, MARA, Pernas, Urban Development Authority (UDA) and State Economic Development Corporations (SEDCs) under individual state governments were directly involved in economic activities to enlarge the Malay share of economic wealth under the auspices of the government. (see Malaysia, 1979: 50-53)

When the BN was formed, the inclusion of Gerakan, a multiethnic but primarily Chinese supported party, undermined MCA’s position as the sole representative of Chinese community in the coalition. To regain its position, MCA attempted to merge with Gerakan. When the attempt failed, there was an internal dispute in MCA between the ‘new blood’ who were openly critical of how UMNO had undermined MCA’s position by forming BN and the ‘old guard’ who were likewise unhappy but decided to conform, refraining from an open confrontation with UMNO. Young elites such as Lim Keng Yaik, who were critical of the incumbent leaders’ inability to counter UMNO’s attempt to weaken the MCA, were expelled from the party by the older generation leaders. Resonating with the rebellious younger generation elites, some MCA divisions and branches, mainly in Penang and Perak, defied the party leadership, claiming that they
would contest all the seats that were supposed to be the share of the new Chinese component (Mauzy, 1983: 79-81).

42 Senu Abdul Rahman was Minister of Information under Abdul Rahman, but lost his seat in the 1969 elections. Although he regained the seat in the 1974 elections, he was never appointed to a cabinet post again. Khir Johari lost his UMNO vice president post in 1971 and was posted to the US as the Malaysian Ambassador. An UMNO maverick, Harun Idris was still influential in the early 1970s as UMNO Youth Chief and Selangor Menteri Besar but was subsequently removed from the party in the mid 1970s when he was charged with corruption. Likewise, Tun Mustapha, who was Chief Minister of Sabah and once had an unassailable local power base, was removed from power by Abdul Razak in an attempt to weaken local independent powers. The rise of the new generation and the fall of the old generation have often been viewed as a factional dispute in the 1970s. The UMNO factional dispute in the 1970s was about a dispute between newly rising generation elites who were favoured by Abdul Razak and the outgoing old generation elites who had grudges against Abdul Razak and the new elites. For the dispute in the 1970s, see (J. Chin, 1997b: 103-104; Crouch, 1980; Gale, 1982: 84; Means, 1991: 211).

The importance of the 1987 UMNO dispute is proven by a few firsts in UMNO politics. First, there has never been an open electoral challenge to UMNO’s top leadership as serious as the one in 1987. The one other case of electoral challenge was a storm in a teacup by comparison. During the 1978 UMNO elections, an unknown UMNO member, Sulaiman Palestine, challenged acting UMNO president, Hussein Onn. Sulaiman was supported by some UMNO elites from the Abdul Rahman era as a protest against Hussein Onn and his predecessor, Abdul Razak, as well as against the rise of such young elites as Mahathir, Musa and Razaleigh. Sulaiman was easily defeated, getting only 250 votes, as against Hussein Onn’s 898 votes. The 1987 electoral challenge, however, almost unseated the party president.

Second, before and after the 1987 dispute, UMNO was split down the middle into two competing factions. Eventually, the party split into two competing parties—UMNO Baru (New UMNO) and Semangat 46’ (The Spirit of 1946). As UMNO was believed to be the symbol and embodiment of Malay political dominance, the split had important political meaning for the Malay community. The split created a situation in which, for the first time, two secular Malay nationalist parties competed for the mandate of the Malay community.

This chapter analyses the 1987 dispute in light of the competing nationalist ideologies constructed by the contesting elites. Most existing studies of the 1987 dispute, although they explain other dimensions of the dispute related to political
pragmatism and opportunism quite well, do not take the ideological contest
seriously. The studies concluded that the 1987 dispute was a power struggle
between prominent political elites and the ideological rhetoric was merely
camouflage for their actions.¹ In fact, the 1987 dispute is arguably less ideological
than the other cases examined in this study. This, however, does not reduce the
importance of the ideological competition. The competing nationalist ideologies
in the 1987 dispute involved the Prime Minister’s nationalist vision and the
disagreements with the vision. The latter was expressed in the form of a counter-
ideology, constructed and manipulated by the challenger. Furthermore, the dispute
caus ed a deep split in UMNO, which later split over to the entire Malay
community, in the form of a contest between two political parties with the same
origin, UMNO.

In the 1987 dispute, the competing nationalist ideological arguments
constituted of pro-Malay policies, represented by Razaleigh and a weakening of
pro-Malay policies, represented by Mahathir. To strengthen his political
legitimacy as Prime Minister, Mahathir emphasised rapid economic growth rather
than ethnic redistribution. The position of Prime Minister, unlike that of UMNO
president, had to take the non-Malay communities into consideration. The
mandate of the Prime Minister came not just from the Malay community but also
from the non-Malay communities as well. Emphasising rapid economic growth
instead of ethnic distribution could undermine the pro-Malay NEP of the 1970s,
an embodiment of ethnocultural Malay nationalism. This policy shift implied that
Mahathir’s nationalist commitment was moving away from ethnocultural Malay
nationalism. Against this, the challenging faction maintained that the state should
maintain its efforts to advance the economic well-being of the Malay community to equal, if not surpass, that enjoyed by the non-Malays. Their position was that the Malay community, which defined Malaysian national identity, deserved such a status. The challengers attempted to legitimise their challenge to Mahathir’s authority with such an ideological assumption.

This chapter makes three separate analytical points. First, after a brief overview of UMNO factionalism in the 1980s, the following section argues that Mahathir moved away from the ethnocultural Malay nationalist NEP of the 1970s as a consequence of his prioritising economic growth over ethnic redistribution. This prioritisation was shown in the deregulation of NEP principles, rules for ethnic redistribution and in the privatisation policy. Second, against Mahathir’s shift away from ethnocultural Malay nationalism, Razaleigh attempted to mobilise UMNO members and Malay community with his stronger ethnocultural Malay nationalist argument, focusing on economic policy. His main arguments were the extension of the NEP and that Mahathir’s economic policy went against the Malay community’s interests. Third, it will be argued that after the party elections, the dispute was extended to a competition over a wider Malay mandate. In the end, Mahathir retained political power, with an effective use of a rhetoric of ethnocultural Malay nationalism, mobilising Malay community in support of him.

3.1. UMNO factionalism in the 1980s: An overview

UMNO factional disputes in the 1980s revolved around competitions amongst three political figures – Mahathir Mohamad, Razaleigh Hamzah and Musa Hitam. They entered into criss-crossing factional alignments in three
contests — the 1981, 1984 and 1987 party elections. Their rivalries dated back to the early 1970s. Of the three, Razaleigh was senior in party rank, as the other two had been forced to leave UMNO after the 1969 dispute. Razaleigh became an UMNO vice president, filling a post vacated by Hussein Onn who became the new deputy president in 1973. In the 1975 party elections, Mahathir was elected as the third Vice President. In 1976, when Hussein Onn became party president upon Abdul Razak’s sudden death, the Deputy President post became available. Hussein Onn, going against UMNO’s seniority rule, selected Mahathir as his deputy. (Razaleigh was then second Vice President and Mahathir was third Vice President.) During the 1978 party elections, Hussein Onn and Mahathir were endorsed as President and Deputy President respectively and Razaleigh was elected as the first Vice President (see Ahmad Atory Hussain, 1993: 53-54; Aziz Zariza Ahmad, 1997: 184-186).

The competition among Mahathir Mohamad, Razaleigh Hamzah and Musa Hitam continued during the three UMNO elections in the 1980s. In 1981, Hussein Onn resigned and Mahathir succeeded him as party president without much fuss. The real concern in this transition of power was who would be appointed deputy president, who, in turn, by convention, would succeed to the presidency in the future. Mahathir, unlike his predecessors, did not openly announce the candidate he favoured. Soon, Musa Hitam and Razaleigh Hamzah emerged as strong contenders for the No. 2 post. Musa was Education minister, traditionally regarded as a stepping-stone to the top position in UMNO (A. Ghani Ismail, 1983: 12) and had strong regional support from his hometown, Johor, which had one of the largest number of delegates to the UMNO general assembly
election. On the other hand, Razaleigh had strong support within the party and had substantial patronage resources and network, developed during his tenure as Finance Minister since 1976 (A. Ghani Ismail, 1983: 4-6). In addition, he was from the traditional ruling class, the royal family of Kelantan. In the elections, Razaleigh was defeated by Musa by a 205 vote margin out of the 1,250 votes cast.

Although Razaleigh was defeated, he still had strong support in the party and was retained as Finance Minister. A. Ghani Ismail argued that, while the two were competing, Mahathir played a divide-and-rule strategy between the two prominent political figures, supporting Musa as his deputy, while retaining Razaleigh in the cabinet, ‘to counter-balance Musa’s power’ (A. Ghani Ismail, 1983: 32). The 1984 UMNO elections replicated the 1981 elections, except that Musa was the incumbent and Razaleigh was the challenger.\(^5\) Mahathir openly indicated that he preferred Musa to be his deputy (Zakaria Haji Ahmad, 1985: 207). In the elections, Musa defeated Razaleigh with an increased margin (243 votes), but once again, Razaleigh proved that he had about 40 per cent of unassailable support in the party, as shown in the 1981 and 1984 elections. These two inner party competitions in 1981 and 1984 did not have strong ideological elements and they were not the competitions between the Prime Minister and UMNO challengers that are analysed in this research.

A twist in the UMNO elite relationships came in 1986 when Musa suddenly resigned because, allegedly, Mahathir did not have confidence in him.\(^6\) Although the two denied any difficulties in their relationship, the tension between the two had already begun a few years earlier.\(^7\) After Musa resigned, he maintained that he had different views on some policy matters, including
Mahathir’s economic management, and complained that he had been excluded from various UMNO and government affairs by Mahathir’s so-called kitchen cabinet. On the other hand, Mahathir criticised Musa for being disloyal and argued that Musa’s resignation stemmed from Musa’s political ambitions. Mahathir alleged that Musa wanted Razaleigh removed from the cabinet (Aziz Zariza Ahmad, 1997: 167) and that Musa wanted to replace Mahathir as UMNO President.

For the 1987 party elections, Musa and Razaleigh, once erstwhile rivals during the 1981 and 1984 elections, formed a de facto coalition against Mahathir and his running mate, Ghafar Baba, by officiating each other’s division meetings in February and March 1987. In early February 1987, Musa announced that he would defend his deputy president post and on 11 April, 1987, Razaleigh eventually declared his candidacy. The two factions were dubbed as Team A (Mahathir-Ghafar) and Team B (Razaleigh-Musa). The cabinet, party elites as well as grassroots members divided themselves into supporting the two teams. Some of them openly declared their support for Team B and said that they were ready to resign their cabinet posts, if they lost in the party elections (Shamsul, 1988: 81). When the nomination results were revealed, Team A (Mahathir, 88 nominations and Ghafar, 74) was ahead of Team B (Razaleigh, 37 and Musa, 50).

The two competing factions were put to a test in the 1987 party elections. In a close election on 24 April 1987, Mahathir (761 votes) beat Razaleigh (718 votes), with a narrow margin of 43 votes out of a total of 1,479 votes cast. Ghafar also made it, with a margin of 40 votes and 41 invalid votes. In the contests for the other party posts, the Mahathir faction was victorious, although Team B
members were not completely eliminated. Although the defeated Team B members pledged to work with Mahathir for the sake of the party, it was not without conditions—Razaleigh made it clear that there should be no ‘witch-hunt’ of Team B members. However, shocked by the narrow margin of Team A’s victory, Mahathir was in no mood to compromise and accepted Razaleigh’s and Rais Yatim’s (then Foreign Minister), resignations immediately. Shortly thereafter, in a cabinet reshuffling, key members of Team B, that is, the three ministers (Abdullah Ahmad Badawi, Shahrir Abdul Samad, Ajib Ahmad) and the four deputy ministers (Kadir Sheikh Fadzir, Radzi Sheikh Ahmad, Zainal Abidin Zin and Rahmah Othman) were dropped (Jayasankaran, 1987b: 4). Further, when Mahathir registered a new party, UMNO Baru, in accordance with the court decision that ruled UMNO illegal, most of the division and branch level leaders who were aligned with Team B were not included in the new party.

**3.2. Mahathir’s economic policy and its nationalist implications**

This section examines Mahathir’s nationalist position, as shown in his economic policy. It argues that Mahathir’s economic policy shift in the 1980s implied a significant departure from his strong ethnocultural Malay nationalist position in the 1970s. Mahathir’s emphasis moved from ethnic redistribution for the “Malay community” towards economic growth for “Malaysia.” He put more weight on the role of the private sector (which was dominated by non-Malays) and de-emphasised the role of the state in the economy. This shift in Mahathir’s economic policy was conspicuous in two economic initiatives. First, Mahathir deregulated the strict NEP rules and principles for ethnic restructuring, giving
non-Malay private capital more room to move. Second, state projects and enterprises, which had contributed much towards ethnic redistribution in the 1970s, were privatised, thereby reducing the role of state in the economy and also benefiting the private capital that secured the privatised projects.

A brief discussion of the nexus between Malay nationalism and economic policy is necessary in order to facilitate this analysis of Mahathir’s shift in economic policy. As indicated in the previous chapter, the ethnocultural Malay nationalists assumed that Malay dominance in politics, culture and economy was necessary for Malaysia to exist as a Malay nation. They viewed that a Malay Malaysia is the right of the Malay community as the indigenous people of the peninsula, which is why the debate regarding the direction of economic policy in the 1980s has nationalist implications. The NEP of the 1970s was an ethnocultural Malay nationalist attempt to assure the Malay community’s economic, political and cultural dominance. A shift from the course of the NEP, therefore, would mean abandonment of the ethnocultural Malay nationalist commitment embodied in the NEP.

3.2.1. Shifting emphasis from ethnic redistribution to growth

When Mahathir became Prime Minister in 1981, he changed the direction of Malaysian economic policy: instead of emphasising ethnic restructuring, he emphasised growth. Khoo Boo Teik noted that Mahathir was caught by tensions from different economic directions. According to Khoo Boo Teik, the economic policy in the 1970s had created increasing tension between the Malay-dominated government and Chinese private capital. In addition, there was disagreement even
within the Malay political-business community which was torn between pro-
distribution and pro-growth approaches (B. T. Khoo, 1995: 103-109). Khoo Su-
meng believed that Mahathir’s economic nationalism was fundamentally
capitalistic and market-driven. Mahathir’s preference for capitalist economic
development changed the direction of the economy in the 1980s. When the NEP
conflicted with the market, Mahathir moved quickly to tone down the Malay
nationalist elements in economic policy and resorted to market logic instead.
Mahathir’s emphasis on economic growth over ethnic re-distribution was a
product of this change, according to Khoo (S. Khoo, 1999: 133-136).10

In the 1970s, government management of the national economy prioritised
the restructuring of economy through state intervention and NEP policies
favouring the Malay community. Peter Searle described the thrust of economic
policy in the 1970s as follows: ‘the laissez-faire Alliance state was replaced by
one that was more interventionist and avowedly pro-Malay in its orientation,
particularly where increasing Malay ownership of the economy and the fostering
of Malay capitalism were concerned’ (Searle, 1999: 45). To achieve the goal of
ethnic restructuring, the state participated as a major player in the economy to
accumulate capital on behalf of Malay community and imposed regulations on
non-Malay and foreign capital in the name of the NEP.

In contrast, Mahathir in the 1980s was of the opinion that to encourage
economic growth, the private sector, which was dominated by non-Malays, should
be harnessed as the engine of growth, while the role of the state, which had led
ethnic restructuring in the 1970s, should play only a secondary role. This change
did not necessarily mean that Mahathir had abandoned pro-Malay policies entirely
and indeed, Mahathir maintained his support for pro-Malay policies. Nevertheless, the redirection indicated an analytically significant shift from the NEP’s stronger ethnocultural Malay nationalist commitment in the 1970s. In a speech before the ASEAN (Association of Southeast Asian Nations)-US Economic Council in 1981, Mahathir, emphasising the private sector, argued, ‘the objective of stable economic growth can best be achieved in an environment of free enterprise in a market economy. Private investment, both domestic and foreign, is encouraged to expand and to seek new opportunities to raise productive capacity in the region’ (Mahathir, 1981b).

While the private sector was to lead the Malaysian economy towards growth, the government was expected to remove stumbling blocks and to support and assist the private sector. In a 1983 speech, Mahathir argued:

…the government becomes more the service arm of the enterprise. The Malaysia Incorporated concept therefore requires that the economic and service arm of the nation work in full cooperation so that the nation as a whole can gain in the way that a well-run corporation prospers… [T]he service sections of the Government, the policy and lawmakers, have a duty to ensure that no undue hindrance is put in the way of the private sector…because it is the private sector that provides the revenues necessary for government expenditure of every kind… The more revenue collected, the better would be the direct benefits to the public service. And more revenues can only be collected if there are more economic activities, particularly more profits. (Mahathir, 1983b)

In a similar vein, in an address to a gathering of bank and financial institutions of Malaysia in 1984, Mahathir emphasised again the private sector’s leading role and the government’s subordinate role:

The Government is committed to the control of public sector expenditure, in line with available resources, and to provide the framework and
infrastructure for private sector dynamism and initiative to flourish. In the true spirit of Malaysia Incorporated, the Government will seek trade initiatives within the international trade environment to assist the private sector to export competitively. But, the private sector must respond, not timidly with more and more demands for greater Government assistance, but with vision, initiative and daring, to penetrate new markets with new products and services. (Mahathir, 1984b)

Mahathir’s commitment to private sector-led economic growth increased when the Malaysian economy experienced a downturn in the mid-1980s. The Fifth Malaysia Plan, revealed in the middle of economic crisis, clearly indicated the re-orientation of economic policies. The plan, having the economic recession in the mid-1980s in mind, stated:

The emphasis of development for the second half of the 1980s will be based on growth with stability... Since 1980, GDP growth slowed to about half the pace of the 1970s, export prices and demand deteriorated, large current account deficits emerged in the balance of payments, and domestic and external debts increased rapidly. The prospects for the next five years are not expected to depart from the trends of the early 1980s. In order to sustain the achievement so far, in terms of further reducing the incidence of poverty, expanding the employment creation capacity, and increasing Bumiputera corporation ownership, the economy, therefore, has to continue to expand... The pursuit of excessive restructuring objectives, however, in the face of anticipated slower economic growth may lead to adverse effects on overall long-term performance of the economy. (Malaysia, 1986: 20-21, emphasis added)

The message was clear. When faced with an economic downturn in particular and the need for economic growth in general, ethnic redistribution policies should not hinder economic development. By the mid-1980s, economic growth undoubtedly had priority over ethnic redistribution policies. In the next two sections, the Malay nationalist implications of Mahathir’s shift in economic...
policy will be examined in greater detail through a study of two policies, the deregulation of NEP pro-Malay rules and principles and the privatisation policy.

3.2.2. Deregulation of pro-Malay NEP

*Less NEP regulation of the non-Malay dominated private sector*

One of the major themes of Mahathir’s new direction was the deregulation of the NEP’s ethnocultural Malay nationalist principles and rules that constrained non-Malay and foreign capital on behalf of Malay economic progress. The new UMNO leadership in the 1970s was strongly committed to regulating non-Malay and foreign capital which, if set free, would overwhelm and hinder the Malay community’s economic advancement. The stagnation of the Malay share of the economy under Abdul Rahman’s laissez-faire economic policies proved their point. The NEP principles that reflected such a view produced several strong regulatory schemes, such as the Industrial Coordination Act (ICA), the Foreign Investment Committee (FIC) and the Capital Issues Committee (CIC), on private capital dominated by non-Malay and foreign capital. Expectedly, the government faced constant complaints from non-Malay capital, demanding the ICA to lower its criteria, and had to deal with a decrease in private investment and even capital flight (Jesudason, 1989: 138-147).

When Mahathir emphasised the importance of the private sector for economic growth, the Malay preferential policies that constrained non-Malay and foreign capital abated considerably. Mahathir’s commitment to the deregulation of the NEP could be seen in the Fifth Malaysia Plan which stated:
In the Fifth Plan, steps will be considered to streamline the complex laws, regulations, and controls in order to provide a conducive environment for business activities. Rules and regulations which tends to restrain the growth of the private sector will be phased out…Greater emphasis will be placed on the market mechanism and price signals as a means of more effective decision-making on resource allocation. (Malaysia, 1986: 22)

On foreign investment, Mahathir showed a much more flexible attitude, compared to the NEP’s regulation of foreign capital. At a conference of Malaysian business leaders in 1984, Mahathir stressed:

What is loss to Malaysia if we allow largely foreign-owned big manufacturing establishments which use our rubber or tin or other resources? As I pointed out just now, we may never be able to go into those industries ever [without foreign investment]. If so, it is a case of half a loaf being better than no bread. But if those industries are located here, our small share in a big enterprise can be more substantial than a big share in a small enterprise. Then, of course, there will be the tremendous spin-offs, in terms of supporting industries, technological transfer, inflow of foreign capital, jobs and a host of others. This is why the government is studying the incentives for foreign investment. (Mahathir, 1984a)

In 1985–86, during the worst economic crisis Malaysia experienced, Mahathir further emphasised the importance of deregulation (Leigh, 1992: 117). Despite the government’s counter-cyclical spending in the early 1980s to prevent the downturn, ballooning foreign debts had pushed the Malaysian economy into a deep recession. The debts were mostly incurred by ‘firstly, the counter-cyclical deficit budgets using foreign borrowings (1980–82), and then, foreign debt-financed heavy industrial development (1982–84)’, (Jomo, 1989: 11). When faced with the crisis, Mahathir hastened the deregulation of the NEP and the promotion of private investments, thereby shelving ethnic restructuring of the economy.
During the economic crisis, the NEP regulations placed on foreign and private capital were eased via a series of policy changes, culminating in the temporary suspension of the NEP in 1986. An article in Malaysian Business summarised the government’s strategy at that point as follows: ‘the (domestic) [non-Malays] private sector plus massive infusions of foreign investment are the means envisaged by the government towards keeping the economy afloat’ (Malaysian Business, 1986b: 8).

In July 1985, the government announced new guidelines for foreign equity ownership. Before the new guidelines were announced, complete foreign ownership was available only for companies exporting 100 per cent of its products. Otherwise, foreigners were permitted to have only 51 per cent or 30 per cent ownership, according to the proportion of products their companies exported. Under the new guidelines, 100 per cent foreign ownership of a Malaysian company was permitted if more than 80 percent of the company’s products were exported. Correspondingly smaller percentages of foreign ownership were permitted when smaller percentages of products were exported, that is, 80 percent foreign ownership when 79-51 per cent of products were exported, 51 percent foreign ownership when 20-50 per cent of products were exported and 30 percent foreign ownership when less than 20 per cent of products were exported. In addition, in the high technology industries, regardless of the percentage of products exported, up to 51 per cent of foreign ownership of a Malaysian company was allowed (Jesudason, 1989: 187-188).

In accordance with the new guidelines, the Industrial Coordination Act (ICA) was amended to promote private investments, especially from domestic
Chinese capital. By December 1985, the ICA, that had specified Bumiputera employment and ownership quotas, became applicable only to companies that employed more than 50 people and had paid up capital of over RM 1 million. Previously, the criteria were 25 employees and RM 250,000. In September 1986, the regulations were relaxed further and only companies with more than 75 employees and had paid-up capital of RM 2.5 million came under the purview of the ICA (Bowie, 1994: 181).

Furthermore, in late 1986, Mahathir announced that HICOM’s (Heavy Industries Corporation of Malaysia) debt, in Japanese Yen denomination, would be converted into equity of the company to relieve the debt-servicing burden (Seaward, 1986: 129). This meant that the equity of state enterprises were available for foreign ownership. It was a reversal of the NEP’s commitment of increasing Malay ownership of the corporate sector through reduction of foreign ownership. During his 1986 trip to Australia, Mahathir announced a temporary suspension of the NEP to promote foreign investment and to revive the sluggish Malaysian economy. Subsequently, it was observed that, by early 1986, ‘there [was] a growing perception…that social justice efforts [i.e. ethnic redistribution] may be forced to take a back seat to growth and wealth creation’ (Jayasankaran, 1989: 4).

**Ethnic redistribution slowed down**

The deregulation of NEP principles and rules aimed at ethnic restructuring reflected a weakened commitment on the part of the government to promote Malay interests and resulted in a slowdown of the accumulation of Malay wealth.
In line with the relaxation of NEP ethnic restructuring regulations, there was a significant decrease in government spending on measures to improve Malay economic power. Between 1986 and 1990, the government budget allocation for various programs designed to help Malays enter modern sectors of the economy and entrepreneurial areas decreased significantly. Except for the budget for education and training programs which increased by 22.6 per cent, the allocations for business loans and premises and equity programs were cut by 56.7 per cent and 42.2 per cent respectively (See Table 3–1).

**Table 3–1. Development Budget Allocation for Ethnic Restructuring, 1986–90**

<table>
<thead>
<tr>
<th>Programs</th>
<th>Original Allocation</th>
<th>Revised Allocation</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Loans and Premises</td>
<td>1,620.47</td>
<td>700.71</td>
<td>-56.8</td>
</tr>
<tr>
<td>Education and Training</td>
<td>1,137.72</td>
<td>1,394.43</td>
<td>22.6</td>
</tr>
<tr>
<td>Equity</td>
<td>523.44</td>
<td>301.70</td>
<td>-42.4</td>
</tr>
<tr>
<td>Others</td>
<td>920.00</td>
<td>314.81</td>
<td>-65.8</td>
</tr>
<tr>
<td>Total</td>
<td>4,201.63</td>
<td>2,711.65</td>
<td>-35.5</td>
</tr>
</tbody>
</table>


The weakened commitment to ethnic redistribution in economic policy under Mahathir had an impact on changes in corporate ownership, perhaps the single most important criterion of ethnic redistribution identified in the NEP. As Table 3–2 shows, since the implementation of the NEP, Malay corporate ownership had increased steadily. However, around 1983, the pace of Malay corporate ownership increase became noticeably slow. The increase between 1983 and 1985 was only 0.4 percentage points and, between 1985 and 1990, a period of five years, it was only 0.2 percentage points. These increases contrasted starkly with the 6.8 percentage points (1970–75), 3.3 percentage points (1975–80) and
6.2 percentage points (1980–83) in previous periods. This record coincided with Mahathir’s de-regulation of NEP’s rules and principles.

**Table 3-2. Changes in share ownership: 1970–1990 (%)**

<table>
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<tbody>
<tr>
<td>Malay</td>
<td>2.4</td>
<td>9.2</td>
<td>12.5</td>
<td>18.7</td>
<td>19.1</td>
<td>19.3</td>
</tr>
<tr>
<td>Non-Malay</td>
<td>34.3</td>
<td>37.5</td>
<td>44.6</td>
<td>47.7</td>
<td>54.9</td>
<td>46.8</td>
</tr>
</tbody>
</table>


In contrast, non-Malay ownership, which growth rate had been slowed down by the NEP from 1970 to 1985, showed a substantial leap in 1985. In a mere two years, from 1983 to 1985, non-Malay share jumped by 7.2 percentage points, dominating more than 50 per cent of total corporate share. In the five years from 1980 to 1985, it increased from 44.6 per cent to 56.7 per cent, that is, 12.1 percentage points, compared to 3.2 percentage points and 7.7 percentage points, in every five years between 1970 and 1980. Although the non-Malay share decreased again towards 1990, the sudden boost of non-Malay ownership could be a result of Mahathir’s promotion of private investment, supplemented by the deregulation of NEP constraints on non-Malay capital in the early 1980s.

The changes in policy and the consequences, with regards to the NEP, implied that Mahathir’s policies were moving away from the trends of the 1970s. The economic policies of the 1970s, as represented by the NEP, embodied a strong ethnocultural Malay nationalist commitment that the Malay community should be economically dominant. From the perspective of the ethnocultural Malay nationalist, Mahathir’s policy shift effectively undermined this commitment. By implication, this development indicated that the ethnocultural Malay nationalist commitment in Mahathir’s economic policy had become considerably weaker.
3.2.3. Privatisation policy and its nationalist implications

Mahathir’s privatisation policy had nationalist implication. Mahathir’s privatisation policy is, arguably, the most widely debated of his economic policy initiatives from the 1980s. The privatisation policy was introduced to rationalise the state enterprise sector and infrastructure projects that imposed financial burdens on the government. Mahathir contended:

…public owned enterprises never seem to be profitable or efficient. Even when they are monopolies they cannot seem to earn their way, much less pay tax or dividends to the owner—the Government. More often than not, a privately owned enterprise which has been making profits and paying taxes, not only ceases to do both on nationalisation but requires subsidies and copious injections of capital every now and then by the Government. (Mahathir, 1983b)

On the contrary, when state enterprises were privatised, according to Mahathir, it would benefit all, including the government, because:

…private business and enterprises are usually profitable. Profit-making private businesses are required to pay taxes amounting to 40–50% of total profit. If government enterprises are transferred to the private sector, the government will not lose its source of income. 40–50% of this income will continue to be received by the government. (Mahathir, 1983a)

The privatisation policy was formally launched in 1983 and by 1991, 37 projects had been privatised (Economic Planning Unit, 1991a). The scope of the privatisation policy was far-reaching, including such enterprises and projects as television and radio stations, the construction of ports and roads, water supply, aviation, national parks, plantations, government printing, resorts, telecommunication, power supply and so on (Economic Planning Unit, 1991a: Appendix 1). Musa Hitam who was deputy Prime Minister from 1981 to 1986
said, ‘except education, everything is under scrutiny [for privatisation]’ (quoted in Ong, 1984: 197).18

The consequences of the privatisation policy could be interpreted as going against ethnocultural nationalist direction. First, under the privatisation policy, a significant number of state enterprises and projects were privatised. As noted earlier, state enterprises were the main thrust of NEP, helping the Malay to get more economic pie vis-à-vis non-Malays than they could have had where sheer market force have dominated. By implication, privatisation of the state enterprises could mean that the mission given to the state enterprises would be in danger.

Mahathir recognised the potential dangers of privatisation and justified the initiative, especially if non-Malays were benefited. Mahathir admitted, ‘…the Government has moved into business in the interests of the New Economic Policy (NEP). This move was made necessary because there were not enough capable Bumiputeras, both in terms of skill as well as capital’ (Mahathir, 1983b). Mahathir tried to assure the Malay community that privatisation did not necessarily mean a loss to the Malay community. He observed:

The position has now changed a great deal. In addition to a fairly large number of Bumiputera entrepreneurs, there are a number of funds owned by Bumiputeras which can be tapped as a source of capital…it [privatisation] will not negate the objectives of the NEP. The Bumiputeras will get their share in terms of equity and in employment. (Mahathir, 1983b)

As argued by Mahathir above, the privatisation policy was supposed to benefit newly rising Malay capital, thereby fulfilling the goals of the NEP, albeit in a different way. In a similar vein, the privatisation master plan observed that, ‘in respect of the restructuring target of the NEP, the privatization programme has
helped to increase Bumiputera participation in the corporate sector. Most of the privatisation projects had at least 30% Bumiputera participation’ (Economic Planning Unit, 1991a). Indeed, a significant portion of the state enterprises and government infrastructure projects were privatised to Malay businesses. Some of these privatised corporations and projects developed into conglomerates in the 1980s and 1990s.

Non-Malays, however, were not excluded completely. Through the privatisation policy, several politically connected non-Malay businessmen obtained substantial shares in many privatised entities and projects. Vincent Tan of the Berjaya Group was awarded Sports Toto, a lucrative lottery company, in 1985 with only a two-page proposal. Subsequently, Berjaya secured some shares when TV3 was privatised. Lim Thian Kiat of Seri Angkasa Sdn. Bhd and Lim Ah Tam of KCB Bhd were jointly awarded the Jalan Kuching–Kepong Interchange project in 1985. In the Malaysian International Shipping Corporation equity sale in 1986, two well-known Chinese businessmen, Frank Tsao of Frank Tsao & Co. Ltd and Robert Kuok of Kuok Brothers Sdn Bhd were awarded shares of the national shipping corporation. In 1987, Brian Chang, jointly with a Malay institution, the Tabung Haji (Pilgrimage Fund), was awarded the Labuan Water supply project.

Viewed against the NEP’s pro-Malay principles, the participation of some non-Malays in the privatisation projects was considered a betrayal of the original NEP principles. When the projects and enterprises were under government control, given UMNO’s dominance of the government, they were regarded as potential Malay wealth. After the projects and enterprises were privatised to non-Malays,
however, they were no longer under Malay control. Hence, to some Malays, the
privatisation projects awarded to non-Malays were regarded as loss of Malay
wealth (Gomez & Jomo, 1997: 88).

Second, as Abdul Razak Abdul argued, the business transactions of state
enterprises, in the form of sub-contracts, joint ventures and so on, had benefited
burgeoning Malay businesses (Abdul Razak Abdul, 1984: 263). With the sale of
state enterprises to private parties, however, the Malay community could be
adversely affected, even if the parties concerned were Malays. The privatised
enterprises were now subject to market forces, instead of the government’s
political will to favour Malays, thereby reducing the number of easy business
opportunities available for Malay businessmen. Furthermore, given that state
enterprises had guaranteed economic share for and employment of the Malays,
privatisation, which meant commercialisation of the enterprises, could endanger
the Malay community’s relatively secure employment and business opportunities.
An article in a Malaysian business magazine commented on the political risk of
the privatisation policy as follows:

State enterprises were instrumental in helping to restructure equity and
employment in favour of bumiputeras under the 1970 New Economic
Policy. Privatisation, on the other hand, calls for doing away with these
protective structures and giving free play to ethnically-blind market
forces that reward enterprise and innovation—a policy that may boost
efficiency and growth but be ‘politically suicidal’ [for UMNO] at this
juncture. (Almeida, 1989: 15)

Third, the state enterprises, the torchbearers of Malay economic
advancement and ethnic restructuring, felt mounting pressure in the form of
management replacement. Confronted with increasing inefficiency and loss,
Mahathir replaced the Malay chief executives of some state enterprises with non-Malay and foreign managers in an attempt to rationalise the management. For example, in 1987, when the Malaysian economy was barely out of an economic downturn, the executives of Proton, the Malaysian national car company, were replaced by Japanese executives from Mitsubishi. Likewise, Perwaja Trengganu Steel’s Malay director was replaced by a Chinese businessman, Eric Chia (Pura & Duthie, 1988). Kedah Cement’s manager was also replaced by a Chinese, Heng Keah Yong. Proton, Perwaja Trengganu and Kedah Cement had all been shining symbols of Malay involvement in the modern industrial sector. The replacements must have hurt Malay pride that they could be successful, like the non-Malays, in modern sector of the economy. As Bowie observed, this measure ran counter to the original ethnocultural Malay nationalist commitment of the NEP. He contended:

The government was prepared to pass management (if not equity) control over state industries not just to non-Malays but to foreigners if necessary, if that would ensure the profitability of potentially embarrassing white elephants. Politically, the surrender of prestige government projects to Japanese and local Chinese business interests suggested a slap in the face for ethnic Malay pride and a downgrading of NEP redistribution objectives. (Bowie, 1994: 179)

It is uncertain whether Mahathir’s new economic direction disadvantaged the Malay community in the long term, despite some signs of such consequences in the short term. Mahathir’s new economic policies could contribute to the elevation of Malay share when the overall economic pie grew rapidly. Perhaps, it was Mahathir’s deliberate intention to make the Malay community, eventually, stand on its own feet by the shock therapy of privatisation and so on. An
assessment of the impact of Mahathir’s policies on the Malay community’s economic status and share of the economy, however, is beyond the scope of this section. What is significant is that Mahathir’s new direction in practical way and symbolic way as well went against the ethnocultural Malay nationalist economic measures of 1970s. Mahathir’s deregulation and privatisation policies effectively freed non-Malay capital and resulted in the state’s retreat from ethnic redistribution efforts, potentially undermining the economic benefits that the Malay community enjoyed in the 1970s. To the UMNO elites, who still believed in the ethnocultural Malay nationalist NEP of the 1970s, Mahathir’s new direction was perceived to be against the efforts in the 1970s to lift Malay community to an economically dominant position in Malaysia. The challenging factions’ nationalist argument was based on this perception.

3.3. Razaleigh’s ethnocultural alternatives: Long Live the NEP!

In this section, it will be argued that Razaleigh attempted to challenge Mahathir with his stronger ethnocultural Malay nationalist position. Razaleigh’s criticism of Mahathir’s economic policy indicated a nationalist direction different from Mahathir’s. Razaleigh’s position was largely influenced by debates in the Malay community regarding the approaching end of the NEP and by Mahathir’s economic policy of which nationalist direction shifted away from ethnocultural Malay nationalist direction. Shaped by this context, Razaleigh argued that the NEP should be extended beyond the 1990s since its goal of ethnic restructuring had not yet been achieved. Razaleigh also argued that Mahathir’s economic
policies betrayed ethnocultural Malay nationalism as reflected in the original NEP as they did not serve the interests of the Malay community.

Although it is the 1987 dispute that is being studied, the materials that will be drawn on include arguments made by Razaleigh up to the early 1990s. As the 1987 dispute effectively lasted to the early 1990s in the form of competition between Mahathir’s UMNO Baru and Razaleigh’s Semangat 46’, with an even more intense nationalist rhetoric, the later materials can be viewed as an elaboration of what Razaleigh argued during the 1987 dispute.24

3.3.1. Razaleigh as a defender of the original NEP and Abdul Razak’s legacy

Razaleigh, identifying himself and his faction with the strong ethnocultural Malay nationalism of the 1970s, argued for the continuation of the NEP to differentiate himself from Mahathir. In the late 1980s, there was a debate on the fate of the NEP, prompted by the fact that the NEP, being a 20-year plan which began in 1971, was scheduled to end in 1990. The major arguments in this debate have been categorised by Malek Merican into two groups: a pro-redistribution group (Group A) and a pro-growth group (Group B). He observed, ‘members of Group A argue about the ultimate proportions of corporate equities the Bumis [bumiputeras] should own,’ while ‘Group B worries about the need for a fundamental modification or replacement of the NEP restructuring exercise as presently conceived because…this programme in itself will cause the Malaysian economy to stagnate’ (quote in K. J. Khoo, 1992: 69).25 In other words, Group A upheld the pro-redistribution argument, expressing ‘eagerness to assist the
Bumis,’ while Group B’s position was economic growth first (K. J. Khoo, 1992: 69).

In the debate, Razaleigh supported the continuation of and even re-strengthening the NEP. Razaleigh, in his speech before the 1987 UMNO elections, unequivocally stated that, as the NEP was the most important and fundamental reference for any Malaysian economic policy, it should not be abused. He asserted, ‘[a]ll plans should be based on the spirit of NEP; all plans need to be measured from the perspective of Malay community’s benefit and opportunity. It should not serve the greedy appetite of political leaders who are in power at the moment’. (Razaleigh, 1987) A few years later, Razaleigh elaborated that the original NEP, which embodied the Malay economic aspiration, was already dead before its official termination because Mahathir had abandoned the policy. Razaleigh maintained:

In fact, NEP did not end in 1990 as officially known. It has ended long before. In other words, (it was dead) since early 1980s when Tun Hussein Onn retired. Since then, attempts to eradicate poverty and to enhance Malay equity were interrupted. (Razaleigh, 1993)

Razaleigh had the credibility to defend the NEP as he has often been identified as its ‘principal author’ (Case, 1996: 189). Razaleigh had an impressive career implementing government policy and managing state enterprises in the 1970s and early 1980s that coincided with the vigorous implementation of the NEP. At the peak of his career, he was Finance Minister from 1976 to 1984. In addition, most of the state agencies and enterprises that he worked with were instrumental in the implementation of the NEP, that is, enhancing Malay economic power. In 1970, Razaleigh was appointed chairman of Bank
Bumiputera which had been set up to assist the economic activities of Malay community. In 1970, Razaleigh was in charge of Pernas as well (Gale, 1981: 86-138). Since 1974, Razaleigh has been chairman of Petronas (Petroliam Nasional Berhad or National Petroleum Corporation). He also founded UMNO’s business arm, Fleet Holdings and served as its chairman from 1972 to 1982 (Gomez, 1990: 51). These state agencies and enterprises had one thing in common: they were instrumental in expanding the Malay share of the economy under the NEP in the 1970s.

Razaleigh also identified his faction with previous leaders, especially Abdul Razak, who had implemented the NEP, in an attempt to differentiate himself from Mahathir (Kershaw, 1988: 146-148). Indeed, Razaleigh’s speech in the 1987 party elections made many complimentary references to previous UMNO leaders. He described the era of Abdul Razak as a period of ‘achieving the highest Malay unity’, a period of ‘rising nationalism’, an era of ‘high idealistic spirit and proper pragmatism’ (Razaleigh, 1987). According to a high-profile UMNO politician – he was a close ally of Musa Hitam, a Team B leader – I interviewed, who was extensively involved with Team B during the 1987 dispute, Team B represented the original NEP as envisioned by Abdul Razak, while Team A’s policy did not. He said:

(Team B was) representing the ideology of Tun Razak… (which is) economic advancement of the Malay community through political affirmative action. That was difference (between Team A and Team B)… Team B (uphold) the continuation of the government in business which means government corporation, state enterprises…and more importantly distribution.
According to him, Mahathir and Team A attempted to use ‘corporate strategies to enhance Malay economic power,’ such as the privatisation policy. Although he admitted that Mahathir’s policy was not a complete rejection of Razak’s pro-Malay policies, it was not the way to go and was a clear break from the NEP of the 1970s, in Team B’s opinion.29 With these themes, Razaleigh and his colleagues attempted to differentiate themselves from Mahathir’s economic management. By identifying themselves with the political leaders of the 1970s who had vigorously pursued the NEP and with their support for the extension of the NEP, they depicted themselves as the defenders of the policy that had been developed to position Malay community in an economically dominant status vis-à-vis the non-Malays.

3.3.2. Razaleigh’s nationalist position, as shown in his criticism of Mahathir’s policy

The issue of poor rural Malays

Razaleigh’s criticism of Mahathir’s economic policies constituted an important part of the 1987 dispute. Razaleigh’s criticism indicated that he had a stronger ethnocultural Malay nationalist commitment than Mahathir. Razaleigh argued that Mahathir had betrayed the NEP and the Malay community’s aspirations by focusing on: the neglect of the economic interests of the Malay community, especially of rural and poor Malays; the increasing economic inequality that had been arrested to a certain degree in the 1970s and the adverse impact of Mahathir’s economic deregulation on the wealth of the Malay community as well as of the nation.
First, Razaleigh argued that Mahathir’s prioritisation of growth through industrialisation instead of ethnic redistribution abandoned the rural Malays and failed to address the pervasive problem of poverty in the rural Malay communities, a major issue that the NEP had attempted to tackle. Razaleigh, in his speech to UMNO members during the 1987 elections maintained:

The voices of the rural citizens were becoming more and more distant from the hearing of the national leadership. This malady was becoming widespread due to the greater enthusiasm and attention given in visiting the major factories and industries in the world as compared to the attention given to visit the poor rural peasants… The fundings of mega and luxurious projects have directly and also indirectly caused the downwards of budgets allocation for agriculture and rural developments and educational services. For instance, the budget allocated for the agriculture and rural developments was reduced to $1,187 million (1983) from $1,550 million (1982), and this was further cut down to $1, 122 million in 1984… With the declining budgets illustrated above, the efforts to eradicate rural poverty were retarded and hence the agenda to eradicate poverty was receiving lesser and lesser importance and attention. (Razaleigh, 1987)³⁰

According to Razaleigh, the decreasing emphasis on the development of rural Malay communities exacerbated the poverty problem. Razaleigh maintained that, despite rapid economic development in the 1980s, significant numbers of Malays were still living in the rural areas as poor peasants. They were the main supporters of UMNO and the main audience of Malay nationalism. Razaleigh, in his election-day speech, said, ‘those mega projects denied and undermined the development fund allocation for rural area…which had significant meaning for the Malay community, whose priority is still poverty eradication [rather than industrialisation]’ (Razaleigh, 1987).
A few years later, in a speech before Parliament when the Second Outline Perspective Plan was launched, Razaleigh elaborated further, arguing that, particularly under Mahathir, poverty eradication efforts had become sluggish. Quoting government statistics, Razaleigh maintained that, since 1984, the incidence of poverty had dropped from 18.4 per cent to 17 per cent until 1990, which meant a 1.4 percentage point drop in six years. He further maintained that this record could not compete with what Abdul Razak and Hussein Onn did in the 1970s. From 1970 to 1984, that is, mainly under Abdul Razak and Hussein Onn, the incidence of poverty dropped from 49.3 per cent to 18.4 per cent, that is, a 30.9 percentage points drop in 14 years. The previous Prime Ministers, Razaleigh claimed, took better care of rural Malay and thus were more strongly committed to elevating Malay economic power (Razaleigh, 1991).

On (ethnic) distribution

Second, regarding another component of the NEP, redistribution, including ethnic redistribution, Razaleigh also strongly criticised what Mahathir had accomplished in the 1980s. He pointed out that under Mahathir, the economic gap between the haves and have-nots increased in general. He asserted:

The economic lies were becoming more rampant and distinct due to the improper planning of certain projects and ever more so due to the tendency of distributing the wealth into the hands of a few who knew no boundary of monetary greed. Simultaneously, there were monetary and trading scandals abound and either discreetly or indiscreetly they are still on the increase. This clearly showed that there was no equitable distribution of the economic wealth amongst the bumiputeras. (Razaleigh, 1987)
What was more problematic, where Razaleigh was concerned, was the effort to redistribute economic wealth among the ethnic groups. Razaleigh found that the Mahathir government’s efforts to enhance Malay equity ownership were a failure when compared to his predecessor’s. He noted:

Between 1970 and 1983, the share ownership of Malay and other Bumiputera increased as much as 15.5 per cent i.e. from 2.5 per cent in 1970 to about 18 per cent in 1983. Unfortunately, the pace of increase, however, became much slower under the leadership of today. From 1983 to 1990 Bumiputera share ownership increased from 18 per cent to 20.3 per cent. Only 2.3 per cent. I repeat! Only 2.3 per cent! The late Tunku had to cope with all kinds of problems such as Emergency and Confrontation at the early stage of independence, and had to lean on only revenues from rubber and tin. But still he was able to realise 2.5 per cent of share ownership of Malay and other Bumiputera. Now, when it is peaceful and stable, [the government was] only able to increase 2.3 per cent. Isn’t it an evidence of current government’s failure to achieve the original ambition of the NEP? (Razaleigh, 1991)

Razaleigh’s argument that Mahathir had failed to achieve the NEP’s most important goal – ethnic redistribution – was indeed strong criticism of Mahathir, who had claimed that he was one of the most ardent defenders of the Malay community. To claim that Mahathir had failed to fulfil or ignored the goal of ethnic redistribution was equivalent to claiming that Mahathir had betrayed the Malay people and their economic aspirations and the nationalist position that he had assumed when he revolted against Abdul Rahman in 1969. At the same time, Razaleigh, by criticising Mahathir for failing to fulfil the Malay aspiration, tried to show that he would be the better Malay leader to deliver benefits to the Malay community and the stronger defender of Malay nationalism.
On economic deregulation and its impact

Third, Razaleigh contended that with Mahathir’s economic deregulation, the nationalist economic achievements under previous nationalist leaders and, particularly the Malaysianisation or Malay-isation of national wealth, were in danger. Razaleigh noted that Mahathir’s big projects enriched only foreign capital and disappointed the Malays. Razaleigh, in his election day speech, asked, ‘What is the meaning of big and gigantic projects, if Malays become bystanders with paleface looking at the prosperity and benefit of the projects as it is siphoned out to overseas by foreign people who got all the special treatments [by the government]’ (Razaleigh, 1987). According to Razaleigh, as a consequence of Mahathir’s economic deregulation, which set foreign capital free to form joint ventures or enter into contracts to establish lucrative mega-projects, national wealth flowed out, not benefiting the Malay community.

Later in 1991, Razaleigh discussed how the direction of Mahathir’s economic policies endangered Malaysian economy and the NEP. He explained the basis of the NEP and what economic policy under Mahathir meant:

NEP tried to reflect the values of Malaysian nationalism, which is stronger basis of national development. This clearly announces national dream that Malay and Bumiputera will be far on with non-Malay and also with foreign capitalists in terms of ownership of capital share in this country. As an independent country, we do not want to be an independent nation in name only; where in actual fact our country’s wealth is freely owned by foreign capitalists. This policy [of Mahathir] does not touch this issue any more. Now under liberal policy of the government, with respect to foreign capital, individual foreign capitalist does not have to balance their ownership with local capital. The same goes for job opportunity, management and so on. It seems that they are free to secure everything. (Razaleigh, 1991)
Moreover, Razaleigh elaborated particularly on how Mahathir’s economic deregulation contradicted NEP principles of ethnic redistribution and Malay favouritism:

The government policy today that gives a guarantee that the (foreign) ownership will not be regulated again worries us. This means that Malay, as well as other Malaysian people, cannot get equity of new companies because foreign capital now can own 100 per cent. This also means that the Malay cannot amass their financial basis as to the level early implementation of NEP before.

To me this policy is not the continuation of NEP… On the contrary, this keeps belittling the original aspiration of NEP which tried to balance foreign ownership and local one. I am worrying, without clear guidance concerning foreign investment, eventually, the fortune of our country, our people and our workers will not be very much different from that of colonial times. (Razaleigh, 1991)

In the above argument, Razaleigh reiterated that the original intention of the NEP was ethnic restructuring. Although the NEP did not intend to deprive what non-Malay and foreign capital had, the NEP clearly imposed regulations on them. It was through these regulations that the government controlled the growth of non-Malay and foreign capital. The NEP envisioned that the larger part of the enlarged economic pie should be the Malay community’s share. What Razaleigh found in Mahathir’s privatisation and deregulation was a reversal of the original intention of the NEP. By giving freedom to non-Malay and foreign capital, the policy of promoting Malay ownership was in danger.

As examined here, Razaleigh criticised Mahathir’s economic policy which had, he claimed, digressed from the ethnocultural nationalist path of the original NEP and maintained that the original NEP should be extended. Compared with
Mahathir’s position as shown in his economic policy, Razaleigh’s argument was clearly more ethnocultural Malay nationalist. Ethnocultural Malay nationalism assumes that Malaysia is a Malay nation, in which the Malay community is in a dominant position vis-à-vis the non-Malay community, culturally, politically as well as economically. Razaleigh argued that the NEP’s efforts to achieve Malay economic dominance should be maintained, to eventually achieve the Malay Malaysia.

3.4. Fresh race for nationalist legitimacy after the Mahathir-Razaleigh clash in the 1987 UMNO elections

This section examines the protracted dispute between Mahathir and Razaleigh from the 1987 UMNO elections to the 1990 general elections. This section argues that the 1987 UMNO dispute was extended to a contest between the two political rivals over nationalist legitimacy and the Malay mandate until the 1990 elections. In the inner party dispute, Mahathir’s narrow victory was insufficient to quell a further challenge that attempted to discredit Mahathir’s legitimacy in the wider Malay community beyond UMNO. To appeal to the Malay community, the competing factions attempted to “out-Malay” each other, adopting ethnocultural Malay nationalist arguments. Mahathir abandoned his earlier stance and tried to be an ethnocultural Malay nationalist leader to survive politically. Eventually, as shown in several by-elections results and the 1990 elections results, Mahathir regained his legitimacy and support by 1990.
3.4.1. The UMNO showdown and its aftermath

UMNO elections and campaigning

It is helpful to review the issues, the campaign and the results of the 1987 UMNO elections as background for exploring the protracted dispute. The elections campaigns for the Team A and Team B showdown began in February 1987 when the Razaleigh-Musa electoral pact emerged and ended on 24 April 1987 when the elections were held. Other than the central issue of nationalism that has been examined in the previous sections, the competing elites raised disagreements over leadership matters and policies and resorted to personal attacks in their desperate attempts to outmanoeuvre their opponents. Team B used various scandals involving government enterprises such as BMF (Bank Bumiputera Finance) and Maminco to criticise Mahathir. Team B laid responsibility for the economic crisis in the mid-1980s on these scandals. They also criticised Mahathir’s undemocratic leadership style that excluded party elites from decision-making except his close allies such as Daim Zainnudin, Anwar and so on (Shamsul, 1988: 175).

To counter these accusations, Team A members defended their past performance and insisted that only the current leadership could deliver more benefits to the Malaysian people. Team A also maintained that as the decisions related to the scandals were made when Razaleigh was Finance Minister and Musa was Deputy Prime Minister, Team B was equally responsible for the decisions. Mahathir also argued that not only was Team B’s challenge to the party president unprecedented and against Malay tradition, it would also undermine

The factions had to woo grassroots UMNO members to ensure that more delegates voted for them in the elections. The factions resorted to all sorts of means to maximise the winning chance. Delegates to UMNO elections were comprised of division members elected by their own divisions, which in turn were comprised of elected branch members sent to division meetings. While Mahathir could use the mass media to tell his version of the story, Team B was unable to do so since most of the mainstream mass media was controlled by the UMNO party president or by the government under Mahathir. Instead, Team B relied on widely distributed video and audiotapes (Shamsul, 1988: 178). In addition, when the delegates arrived in Kuala Lumpur, both factions offered accommodations in five-star hotels, meals and even money. Despite complaints of pre-elections improprieties, the party ethics committee, divided into two teams, did not act on the complaints (E. Lee, 1987: 15; Malaysian Business, 1987a: 4).

After a frenzy of last minute canvassing to win over uncommitted delegates and influential political figures (Gill, 1988: 34-35), the party entered polling on 24 April 1987. The elections resulted in a close victory for Team A, with Mahathir obtaining 761 votes and Razaleigh 718 votes. Some scholars attributed Team A’s victory to the last minute support of such influential political figures as Najib Razak (Gill, 1988: 35; Shamsul, 1988: 185) while others maintained that Team A’s last minute persuasion during the break for Friday prayers on election day made the difference (Gill, 1988: 37; Shamsul, 1988: 180). Other reports claimed that the Razaleigh team was already ahead in the early
stages of polling and that it was irregularities in vote counting that brought about Team B’s defeat (Mauzy, 1988: 215). There is also a view that distrust between the Razaleigh and Musa factions within Team B contributed to its defeat (Malaysian Business, 1987b: 10).

**New political race began after the 1987 UMNO elections**

After the UMNO elections, another phase of competition between Mahathir and Razaleigh began. Razaleigh was predicted to challenge Mahathir again in the upcoming party elections in 1990 (Malaysian Business, 1987b; Suhaini Aznam, 1987a). However, the challenge came much earlier, indicating that Mahathir’s 43-vote win was insufficient to discourage the challenger. The post-elections developments must be reviewed to show that the competition between Semangat 46’, organised by Team B, and Mahathir’s UMNO Baru was really an extension of the 1987 UMNO elections.

The first major development was a court case. 11 Team B members sued UMNO in court to nullify the 1987 party elections results, claiming that unregistered (and therefore illegal) branches took part in the elections. Unexpectedly, the court outlawed UMNO itself under the Societies Act. While the court’s decision appeared straightforward, it was actually quite controversial. The disgruntled Team B members wanted the elections results invalidated so that they might have a fresh election. However, there were allegations that Mahathir deliberately created this situation to exclude Razaleigh supporters from UMNO and to re-constitute UMNO with only his own followers (Muzaffar, 1989: 62, 67).
Immediately after UMNO was declared unlawful by the courts, Team A, led by Mahathir, successfully registered a new party, UMNO Baru, outsmarting Team B members who wanted to use the UMNO name as well. The UMNO name had symbolic importance as it would confer legitimacy on the new party and its leader as the successor of old UMNO.

Shortly thereafter, Musa and his close followers, who had joined forces with Team B, defected to Mahathir’s UMNO Baru. Although Musa and Razaleigh had joined forces to challenge Mahathir, there was speculation that their rivalry had not ended as they had bitter contests in 1981 and 1984. It was rumoured that there was further division within Team B between Musa’s and Razaleigh’s factions at the grassroots level in the 1987 UMNO elections (Shamsul, 1988: 178). The cooperation between Razaleigh and Musa lasted until the victory of Shahrir Samad, Musa’s close ally and Team B member, in the Johor Baru by-elections in 1988. In late 1988, when the enthusiasm of the challengers had subsided and UMNO Baru had recovered, Musa and his allies switched to Mahathir’s camp, arguing that, as the unity of the Malay community and UMNO came first, Musa would build unity from within UMNO Baru.

In 1989, Team B members, led by Razaleigh, registered a political party called Semangat 46’. The competing factions in the 1987 dispute, that is, Mahathir’s Team A and Razaleigh’s Team B were reorganised into UMNO Baru and Semangat 46’ respectively. Hence, the competition in UMNO between Team A and Team B was extended to one between UMNO Baru and Semangat 46’. UMNO Baru, under Mahathir’s leadership, included his supporters and excluded the elites and grassroots members involved with Team B. Meanwhile, Semangat
46’ included all the prominent members of Team B, excluding a few defectors such as Musa Hitam and Shahrir Samad. For the first time, two secular Malay nationalist political parties, with the same origins, were to compete for the mandate of the Malay community in Malaysia.

**Mahathir’s legitimacy damaged?**

Mahathir’s legitimacy was badly damaged during the 1987 dispute and the aftermath, thereby fuelling the protracted contest over Malay mandate and struggle to rebuild legitimacy. Mahathir had legally retained his position in the party elections but his legitimacy as an UMNO and Malay community leader was damaged. No UMNO president before Mahathir had ever faced a challenge of such magnitude. In addition, Mahathir managed to keep his position with only an extremely narrow margin: 43 votes or less than 3 per cent of the votes cast.

When Mahathir announced that he would still be the President of UMNO, even if he had won the election by only one vote, he was technically correct. However, whether Mahathir had also managed to keep his legitimacy and the Malay community’s confidence was a different matter. A. B. Shamsul observed: ‘[Team B] had not lost the “moral battle”. Razaleigh received 48.55 per cent of the total votes cast, a more-than-respectable figure… Mahathir received only a half mandate to run UMNO and the country, hardly a confidence boosting prospect’ (Shamsul, 1988: 181). Abdul Rahman, the first Prime Minister, was more upfront: ‘If the leadership of the day is showing questionable traits and thereby no longer enjoys the confidence of the people, it is high time that he fades
away respectfully for the sake of the good name of the party’ (Tasker & Suhaini Azman, 1988: 12).

With his legitimacy in UMNO shaken, Mahathir had to face a strong challenge from his political opponents, especially Semangat 46’ in the upcoming 1990 general elections. Both parties were led by UMNO heavy weights—Mahathir and Razaleigh—who had received almost similar support in the 1987 party elections. The two groups shared a similar outlook as secular Malay nationalist parties claiming to be legitimate successors of the original UMNO. For these two groups, the Malay community’s mandate was the top priority. For Mahathir, losing the support of the Malay community was like losing the war despite winning the battle, that is, the 1987 party elections. For Razaleigh, it was a matter of his political survival as lukewarm support from the Malay community could mean his political death.

Therefore, in the post-1987 UMNO elections period, the issues were who the supreme leader of the Malay community was and who deserved the Malay mandate rather than who won more votes from UMNO delegates. Before Mahathir, UMNO Presidents had enjoyed unquestioned legitimacy and mandate as leaders of the Malay community. After the 1987 elections and the UMNO split, however, Mahathir’s legitimacy was badly hurt and there began a contest between Mahathir’s UMNO Baru and Razaleigh’s Semangat 46’ to win the Malay political mandate.
3.4.2. Mahathir’s ethnocultural nationalist strategy and recovery

This section explores how Mahathir won the support of the Malay community, outmanoeuvring his opponents as shown in the results of the 1990 general elections. When Mahathir faced a challenge from Razaleigh’s Semangat 46’, he quickly adopted strong ethnocultural Malay nationalist rhetoric. As argued in the previous section, the competition between Mahathir and Razaleigh over the support of the Malay community was different from an inner UMNO dispute. Mahathir, to obtain the support of Malay community and thus strengthen his political legitimacy in the eyes of the Malay community, needed to mobilise the wider Malay community to support him. For that, he had to redefine himself as an ardent champion of Malay nationalism and interests and portray his opponent as a threat to the unity and interests of the Malay community. Considering the civic nationalist vision Mahathir adopted shortly after he secured the support of the Malay community in the 1990s election, this reorientation was only tactical and temporary. Nevertheless, Mahathir effectively manipulated ethnocultural Malay nationalist ideologies and rhetoric to win the Malay mandate for himself and his party, thereby winning the 1990 general elections.

Mahathir employed Malay nationalism

In the competition with Razaleigh’s Semangat 46’, Mahathir employed the language of Malay nationalism, along with other tactics, to discredit his opponents and to get the Malay community behind him.

Until the elections, Mahathir was on the defensive, largely justifying and defending his economic policies, which
had been accused of being less pro-Malay by his challengers. Mahathir did not merely reconfigure his policies in an ethnocultural Malay nationalist direction. During the elections, to win a majority of the votes from the UMNO General Assembly delegates at the 1987 party elections, he used money politics, passive defence of his policies, his incumbent position, and key elites who could influence votes in his favour without using the emotional language of Malay nationalism.

After the 1987 party elections, however, the extended conflict between Mahathir and Razaleigh changed the nature of the competition, forcing Mahathir to resort to the emotional language of Malay nationalism to win over the larger Malay community and not just UMNO delegates. First, Mahathir maintained that Team B had betrayed the Malay community by bringing suit against UMNO, thereby damaging the party that was an embodiment of Malay nationalism. In his presidential speech before the 1988 UMNO General Assembly, Mahathir asserted:

> When UMNO was infiltrated by individuals who had personal interests, who were not loyal to the party, and who had no Malay spirit and feelings, the saga of dragging UMNO into the courts commenced. They decided to turn their backs on the party to serve their own personal political interests. The fact that their action caused havoc in the party, made it weak, and resulted in its being ruled illegal by the court is of no concern to them. They see this havoc as their golden opportunity to seize power, which was the main concern of this small group. (Mahathir, 1988)

To win over the Malay community, Mahathir launched a grassroots campaign called *Semarak* (*Semarak* is acronym of *Setia Bersama Rakayt* or Loyalty with People). He travelled around the peninsula, met with Malays at the grassroots level and explained what happened in UMNO and why UMNO and Malay political dominance were in danger. Mahathir certainly wanted to remind
the Malay community that UMNO was its protector and the embodiment of Malay nationalism and, by implication, to ‘[discredit] Team B as obstacles to Malay unity and national development’ (K. S. Nathan, 1989: 133). The campaign also included the organising of huge mass rallies. Through repeated exposure of the mass rallies in the mainstream media, the Malay community was led to believe that the UMNO Baru and Mahathir were the ultimate holder of power and of the Malay people’s mandate.

Second, in late 1987, Mahathir also mobilised the Malay community by deliberately exploiting the volatile ethnic situation. In 1987, Chinese educationists and such political parties as MCA, Gerakan and DAP strongly opposed the promotion of non-Mandarin educated headmasters to Chinese schools. UMNO Youth regarded this opposition as a challenge to Malay cultural dominance and staged huge demonstrations. The two groups went as far as engaging in a physical clash in October 1987. Finally, the government arrested a hundred politicians, religious leaders and social activists in the name of national security. Capitalising on the opportunity, Mahathir attempted to mobilise the Malay community by stoking its fears of the non-Malay community. Mahathir’s criticism of the Chinese opposition, the DAP, was strongly worded to dramatise the ethnic tensions and to maximise the effect of his rhetoric. In his presidential speech before the 1988 UMNO General Assembly, Mahathir criticised the DAP as follows:

The DAP has never been happy with the racial balance sought by the Malays and the New Economic Policy. It is forever criticising Government plans, and UMNO particularly. It also has and practices deep chauvinistic sentiments and policies… In short, the DAP is the arch enemy of Malay leadership and UMNO. It upholds the concept of a
Mahathir also attacked the Semangat 46’ and other parties that made up the two opposition coalitions. Before the general elections in 1990, Semangat 46’ formed two loose coalitions to contest the BN on a one-to-one basis. One was called Angkatan Perpaduan Ummah (APU; Muslim Unity Force) and was formed with PAS and a small Malay party, Berjasa (Barisan Jemaah Islamiah Se-Malaysia; Malaysian Islamic Assembly Front). At the same time, Semangat 46’ formed another coalition with the DAP called Gagasan Rakyat Malaysia (Gagasan; Malaysian People’s Initiative). Mahathir focussed on the issue that Razaleigh would compromise Malay political dominance and interests to the non-Malays by forming a coalition with the DAP, which he described as a Chinese-chauvinist party. Mahathir stressed in his speech before the 1988 UMNO General Assembly:

If in the past they [the Team B] only moved among the Malays to discredit the Malay leaders so that they could replace them, they have now openly joined the opposition in opposing the Barisan Nasional. They have crossed the floor in the Dewan Rakyat [parliament] and in one or two State Assemblies. They may also vote together with the Opposition whenever there is a need to do so in these assemblies. In this context, if there is to be an election, the UMNO votes will be split. In fact, in some areas UMNO will lose, and they will also lose. Only the Opposition will win. Inevitably, the DAP and Pas have a good chance to win more seats by virtue of the destructive forces of this group. (Mahathir, 1988)

Mahathir’s lean on ethnocultural Malay nationalist rhetoric continued until the 1990 general election. UMNO strategy in the election campaign faced a sudden and unfavourable development when PBS, a coalition partner strong in
Sabah, pulled out of the BN five days before the polling date. PBS, whose main support base was Christian Kadazans in Sabah, had flourished on the basis of its anti-federal rhetoric in Sabah. Entering general election, the party had 36 Sabah state assembly seats out of 48. The pulling out shocked the BN leaders and Mahathir called the development a ‘stab in the back’. With this development, UMNO leaders and Mahathir adopted stronger ethnic discourse to tarnish the PBS and to make sure Malays vote for the BN. Particularly, Mahathir stressed that the PBS is based on the Christian population in the Sabah. He argued that if Malay voters give their vote to the opposition, it would make the voice of the Christians stronger and that Malay should vote for UMNO and BN to guarantee Muslim rights. In addition, when Razaleigh – his Semangat 46’ made coalition with other opposition parties including PBS – visited Sabah for election campaign and wore Kadazan tradition headgear, which had Christian cross-like symbol on it, a picture of Razaleigh wearing the headgear appeared on the frontpages of major newspapers and was shown on television repeatedly to discredit the opposition parties, especially Razaleigh-led Semangat 46’. With the picture, UMNO leaders criticised Razaleigh of being used by the Christian in his bid to power, selling out Malay Muslim interest to Christians.

This part surveyed Mahathir’s rhetoric in the protracted dispute against Razaleigh’s faction to show that Mahathir’s shift towards ethnocultural nationalist rhetoric contributed to his triumph against Razaleigh after the 1987 party elections. The charges made to Razaleigh’s faction and the DAP as well as the way he utilised ethnic tension showed that Mahathir attempted to maximise the ethnic fear of the Malay community. More importantly, in his rhetoric, the main focus was
the identity and interests of the Malay community. Of course, the rhetoric went somewhat against the nationalist direction of Mahathir in the 1980s. Nevertheless, this tactical shift towards ethnocultural rhetoric helped Mahathir to ultimately win the race against the challenging faction, as shown in the following section. In addition, Mahathir’s victory using ethnocultural nationalist appeal proved that, despite his civic attempts throughout 1980s, ethnic agitation worked and ethnic tension still existed. Hence, the national integration efforts had achieved little change in Malaysia.

**Mahathir triumphant in by-elections and the 1990 elections**

The by-elections results from 1988 to 1989 indicated that Mahathir’s UMNO Baru regained the Malay community’s endorsement after the devastating party elections and split. The by-elections before then indicated that the BN, led by Mahathir’s UMNO Baru, had trouble keeping the support of the Malay community. In March 1988, UMNO was nearly defeated at Tanjung Puteri by *Parti Sosialis Rakyat Malaysia* (PSRM; Malaysian People’s Socialist Party), winning the seat by only a margin of 31 votes out of 20,331 votes cast. Before March 1988, the PSRM was neither a match for UMNO nor had a seat in Parliament or the State Assemblies. In April 1988, an UMNO candidate was defeated by a wide margin at the hands of Shahrir Abdul Samad, a Team B member, in the Johor Baru elections. Shahrir won 64 percent of the total votes, boosting Team B’s spirit. In October 1988, UMNO won the Parit Raja seat in a contest against a candidate from Team B but the margin was very slim (413 votes out of 14,111 casts).
Subsequently, the performance of Mahathir’s faction improved. In January 1989, in the Ampang Jaya elections, the Mahathir-led BN’s candidate (from MCA) won the seat against Team B’s Harun Idris, gaining 54 per cent of the votes. Four months later, another MCA candidate delivered the Bentong seat to the BN, winning the seat with 60 per cent of the votes. In Telok Pasu in May 1989 and in Tambatan in June 1989, UMNO candidates defeated opponents from PAS and Semangat 46’ respectively.

The 1990 elections was the final chapter in the recovery of Mahathir’s UMNO Baru against Team B’s Semangat 46’. The results of the 1990 elections eventually improved the standing of Mahathir and of UMNO Baru (See Table 3.3). Although it was not without effort, UMNO Baru won substantially more seats than Semangat 46’ and its coalition partners. Barisan Nasional returned to government with more than a two-thirds majority. In the 1990 elections, UMNO’s share of parliament seats decreased from 83 (from the 1986 elections) to 71. Nevertheless, UMNO could still readily overwhelm the other Malay based parties -- Semangat 46’ (eight seats) and PAS (seven seats) -- and DAP (20 seats) as well. The BN secured only 127 seats (reduced from 148 seats from the 1986 elections) but the 127 seats accounted for more than 70 percent of the seats, thus forming more than a two-thirds majority.
Table 3-3. 1990 Malaysian General Elections Results (Parliament)

<table>
<thead>
<tr>
<th>Barisan Nasional</th>
<th>Opposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parties</td>
<td>Seats</td>
</tr>
<tr>
<td>UMNO</td>
<td>71</td>
</tr>
<tr>
<td>MCA</td>
<td>18</td>
</tr>
<tr>
<td>MIC</td>
<td>6</td>
</tr>
<tr>
<td>Gerakan</td>
<td>5</td>
</tr>
<tr>
<td>Others*</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>127</td>
</tr>
</tbody>
</table>

Source: (based on Khong, 1991a; Khong, 1991b; von der Mehden, 1991) * Others includes SNAP, SUPP, USNO, PBB and PBDS (Parti Bangsa Dayak Sarawak; Sarawak Dayak Party) ** Parti Bersatu Sabah (Sabah United Party)

Razaleigh and his faction, in the 1987 UMNO elections and in subsequent political developments, threatened Mahathir’s political dominance and legitimacy. This strong challenge made Mahathir resort to an ethnocultural Malay nationalist position to defeat his opponents and to mobilise the Malay community to support him. As shown in the recovery of the BN’s performance in several by-elections and in the BN’s victory with a two-thirds majority in parliament in the 1990 elections, Mahathir could claim that he had the mandate of the Malay community, defeating his Malay rivals—PAS and Semangat 46’.

3.5. Conclusion

This chapter argued that the competing arguments regarding economic policies in the 1987 UMNO factional dispute reflected two distinctive nationalist positions of contesting UMNO elites. Of course, that this research focused on nationalist ideologies does not mean that existing studies that explained 1987 dispute through a clash of different personalities, policy disagreement, power struggle and so on were wrong. Rather this research attempted to show that there could be another dimension in the dispute. The two competing policy arguments
were relaxing the pro-Malay policies on behalf of economic growth (through which Mahathir sought political legitimacy) and defending the pro-Malay policies (through Razaleigh who claimed that his position served the Malay community better). These arguments have nationalist implications because the NEP’s pro-Malay policies, as examined in Chapter 2, enshrined the ethnocultural Malay nationalist argument. According to the argument, the Malay community should be elevated to the economically dominant position in Malaysia, congruent with its political and cultural dominance.

Mahathir’s reorientation of the NEP’s emphasis in the 1980s was significant from the perspective of Malay nationalism. When Mahathir became party president and Prime Minister in 1981, he attempted to reshape the economic policies that were geared towards ethnic re-distribution in the 1970s. Mahathir, further propelled by an economic crisis in the mid 1980s, emphasised economic growth rather than ethnic redistribution and pro-Malay policies. This resulted in the deregulation of NEP rules and the principles of ethnic redistribution and brought about privatisation which involved the sale of state enterprises and projects to private parties. Consequently, the expansion of the Malay share of the economy slowed down and the government’s active role in economy receded. Also, the benefits that the Malay community received from government policies were reduced.

Razaleigh’s nationalist position was a reaction to Mahathir’s direction and was prompted by the debates on the imminent termination of the NEP in 1990. Razaleigh’s argument was clearly more ethnocultural Malay nationalist than that of Mahathir’s. Razaleigh’s position was, first, the goals of the NEP had not been
met and thus, the NEP should be extended beyond 1990. Second, Razaleigh criticised Mahathir’s economic policy that, according to him, had turned its back on the pro-Malay policies of the 1970s. In Razaleigh’s opinion, Mahathir’s redirection of economic policy made the efforts to enhance Malay economic share and to eradicate poverty sluggish and resulted in the disappointment of rural Malays, a growing economic gap and an outflow of national wealth with economic deregulation that favoured foreign capital.

Although Mahathir won the party elections, the victory fell short of quelling further challenge. In the party elections and split, Mahathir’s political legitimacy and support were bruised, which fuelled Razaleigh’s further challenge. Against this, Mahathir had to quickly recover his diminishing legitimacy and mandate. Mahathir, who was defensive until the party elections, came out actively championing a Malay nationalist position to mobilise the Malay community by demonstrating his commitment in ethnocultural Malay nationalism as an attempt to discredit his rival. Mahathir emphasised the unity of the Malay community, Malay tradition and reminded the Malay people of fragile ethnic stability and Malay dominance vis-à-vis non-Malay. By the 1990 elections, it appeared that Mahathir had a clear upper hand over his rival, Razaleigh.

Thus, the nationalist ideological arguments used in UMNO factional struggles are important and should not be dismissed as merely a camouflage. The competing nationalist ideologies involved the strategic construction of nationalist vision of the Prime Minister and a challenger, responding to Malay community which made the wide constituency politically mobilised, affected by the factional dispute. Furthermore, the 1987 dispute followed the pattern set in the 1969
dispute—a clash of competing nationalisms, that is, the Prime Minister’s changing nationalist position from ethnocultural nationalism towards civic or multicultural direction and the challenger’s stronger ethnocultural Malay nationalism.

1 In my Introduction, I reviewed some of the major studies on the 1987 dispute and concluded that the existing research did not pay sufficient attention to the nationalist discourses in the dispute, which, I believe, can shed new light on UMNO factionalism and Malaysian politics. This chapter intends to remedy this shortcoming by examining the dispute from a different angle. Other than the studies focusing on the personal rivalries in the 1987 dispute, there are some studies with slightly different focuses. For example, Funston maintained that the changing nature of UMNO in the 1980s might have had an impact on UMNO dynamics. He observed that UMNO, which began as a party of ‘rural interests, particularly primary school teachers from rural area’ had become a party of ‘a more critical and competitive group of professionals and businessmen.’ (Funston, 1988: 365). Diane K. Mauzy noted that during the 1987 UMNO elections, a decline of the “Malay way” could be observed. She considered whether UMNO, despite its Western democratic institutional features, had been ruled by the “Malay way” which included such characteristics as avoidance of confrontation, courtesy and good manners, consultation and compromise (Mauzy, 1988). A journalistic study by Ranjit Gill provides us with a detailed account of the developments before and after the 1987 party elections, as well as the competing policy arguments which focused primarily on economic management and democracy (Gill, 1988). Gill’s work is useful as a source of valuable information about the 1987 dispute.

2 UMNO holds a general assembly annually and elections of the party leadership every three years. The posts of president, deputy president, the three vice presidents, and supreme council members are filled during the elections. In the Youth and Women Wings’ meetings just before the general assembly, the wing members elect their own leadership. The delegates voting in the general assembly elections are the representatives of individual divisions. Each division can send one delegate for every 500 members it has and the total number of delegates from one division cannot exceed seven, excluding the division chief, deputy chief, vice chief, Youth Wing chief and Women's Wing chief who are included in the division delegation. At the general assembly, 10 delegates each from the Youth Wing and the Women’s Wing are represented. Among the vice presidents and supreme council members, the hierarchy is decided by the number of the votes that a candidate gets. Thus, the vice president who obtains the biggest number of votes is regarded as the strongest candidate for the deputy president post, if it becomes vacant.

| UMNO Supreme Council (48 members)  |
|-----------------|-------|------------------|
| Post            | Number| Remarks          |
| President       | 1     | Elected          |
| Deputy President | 1     | Elected          |
| Vice Presidents | 3     | Elected          |
| Supreme Council members | 25 | Elected          |
| Appointed members | 15   | Appointed by the president, including Secretary-General, Treasurer, Information Chief |
Youth and Women’s Wing Chiefs
2 each Elected by the respective wings and hold ex-officio Vice President posts
Puteri Chief 1 Elected by Puteri wing

3 It has been and still is said to be an unwritten rule in UMNO that the Deputy President succeeds the outgoing President. Abdul Razak succeeded Abdul Rahman and Hussein Onn did the same when Abdul Razak suddenly died in 1976. Thus, there was hardly any question about Mahathir’s succession of Hussein Onn at the 1981 UMNO General Assembly, although Hussein Onn’s choice of Mahathir in 1976 was a little controversial, considering Mahathir’s ultra Malay nationalist image in the 1960s and UMNO’s seniority rule in promoting members. At the time of writing, Abdullah Ahmad Badawi, Deputy President elected in 2000, succeeded Mahathir, who resigned from the post of President in October 2003.

4 For a factual account, see (Selvaratnam, 1982; von der Mehden, 1982). Also, A. Ghani Ismail provides a detailed account of the 1981 competition between Musa and Razaleigh, explaining what made the vital 205 vote difference between them (A. Ghani Ismail, 1983).

5 A. Ismail Ghani provided a comprehensive explanation of the political developments between Musa and Razaleigh between the 1981 and 1984 party elections (A. Ghani Ismail, 1983). Also, Pathmanathan observed a new trend in the 1984 UMNO factional dispute. He argued that, as the growing Malay entrepreneurial and business class, thanks to the implementation of the NEP, began to exercise significant influence in UMNO politics in the 1980s in search for political patronage and power, consequently, there emerged a trend of money politics in UMNO politics (Pathmanathan, 1985).

6 For the details regarding Musa’s resignation and the political dynamics surrounding these developments, notably the uneasy relationship between Mahathir and Musa, see (Das, 1986).

7 According to Das and Fan, Musa was uneasy with Mahathir’s tactic of divide and rule between Razaleigh and himself (Das, 1986; Fan, 1989: 91-95). As long as Razaleigh was in the cabinet, he was a potential threat to Musa being appointed to the top party position. But, Mahathir did not discard Razaleigh on behalf of Musa, probably, to check Musa. There were two situations that strained the Mahathir-Musa relationship. The first was Musa’s handling of the Sabah affair in 1985, while Mahathir was away. When the formation of the Sabah state government was deadlocked, Musa ruled that the opposition party, Parti Bersatu Sabah (Sabah United Party; PBS) had the right to be sworn in as it was majority, to the disappointment of the USNO that had long collaborated with the BN. In the Memali incident in 1985, Mahathir was also reportedly unhappy with Musa’s handling of the incident. For a discussion of the Memali incident, see Chapter 4 and for details of the Mahathir-Musa tension, see (Das, 1986; Fan, 1989: 91-95).

8 The factions in the 1987 elections were readily evident because the UMNO elites were forced to show their support in the context of the party elections, in which the choice was either Mahathir’s Team A or Razaleigh’s Team B. Furthermore, the factional affiliations were evident when Team B members defected from UMNO after the party elections. During this election, the Mahathir faction included Ghafar Baba (Deputy Prime Minister), Daim Zainuddin (Finance Minister), Anwar Ibrahim (Education Minister) and all Menteri Besar (State Chief Ministers), notably, Wan Mokhtar (Trengganu), Rahim Tamby Chik (Malacca), Muhuyiddin Yassin (Johor) and Najib Razak (Pahang). Team B supporters included Musa Hitam (Deputy President), Abdullah Ahmad Badawi (Defence Minister), Rais Yatim (Foreign Minister), Radzi Sheikh Ahmad (Deputy Primary Industry Minister), Paduka Hajah Rahmah (Deputy Transport Minister), Zainal Abidin (Deputy
Energy Minister), Harun Idris (former Selangor Menteri Besar), Abdul Kadir Sheikh Fadzir (Deputy Foreign Minister) and Shahrir Abdul Samad (Welfare Service Minister). These names are drawn from (Gill, 1990) and various issues of Far Eastern Economic Review and Malaysian Business.

9 In the election, Mahathir beat Razaleigh (761,718 votes) while Ghafar beat Musa (739,699 votes). In the vice president elections, Wan Mokhtar Ahmad (935, neutral), Abdullah Ahmad Badawi (879, Team B) and Anwar Ibrahim (850, Team A) were elected, beating Rais Yatim (690, Team B), Ramli Ngah Taib (667) and Harun Idris (398, Team B). At the vice president level, Team A and B were equally matched as Abdullah Badawi was a Team B supporter, Anwar Ibrahim was in Team A, and Wan Mokhtar Ahmad was a neutral candidate. In the supreme council elections, among 25 elected councillors, 16 were from Team A and one elected (Ahmad Rithaudeen) was neutral, while the remaining eight were from Team B. The supreme council members from Team B included: Kadir Sheikh Fadzir, Rahmanah Othman, Shahrir Samad, Zainal Abidin Zin, Radzir Sheikh Ahmad, Marina Yusoff, Abdul Rahim Bakar and Ajib Ahmad. (Malaysian Business, 1987c: 13).

10 Michael Leigh, on the other hand, argued that the redirection of economic priorities, as shown by policies supporting deregulation and privatisation, should be viewed from the perspective of the changing relationships between the bureaucratic, political and business elites. While the bureaucratic elites, who favoured state intervention in the economy, were weakened, the relationship between the political and business elites became close and mutually beneficial. Thus, economic reform, which created a favourable business environment, was a reward for the business elites from the political elites in return for their political support (Leigh, 1992).

11 Mahathir became Prime Minister in 1981. That was also when the Fourth Malaysia Plan was revealed. Although the plan was announced by the preceding Prime Minister, Hussein Onn, as Deputy Prime Minister and Minister of Trade and Industry, Mahathir must have had a role in conceptualising the plan.

12 The Industrial Coordination Act (ICA) of 1975 required that business licenses to manufacturers would be issued on condition that there was 30 per cent Bumiputera equity, 30 per cent Bumiputera membership on the board of directors and 30 per cent Bumiputera workforce (Chan & Horii, 1986: 46).

13 The FIC, established in 1974, was assigned the task of monitoring the takeover of Malaysian companies by foreign capital. However, the committee monitored not only foreign capital but domestic capital as well when they acquired assets valued more than RM$1 million, effectively keeping an eye on the expansion of Chinese capital. (see Searle, 1999: 44)

14 The CIC’s regulations required all companies to have 30 percent Bumiputera equity before they could change their equity structure or list publicly (Chan & Horii, 1986: 48).

15 Nevertheless, some non-Malay and foreign capital survived by adapting themselves to the new environment. They became the main beneficiaries of Mahathir’s new approach that included private and foreign capital. Heng Pek Koon observed that ‘Although the NEP was conceived to advance Malay business interests, it has offered a framework within which these [Chinese business] men could significantly expand their fortunes. By adapting to the new rules established by the NEP, especially by forging close links to the centers of Malay power, these tycoons have achieved success far beyond that of Chinese businessmen who have remained within the traditional ghetto or Chinatown economy characterized by small-scale trading and manufacturing activities, and service industries such as small hotels and restaurants’ (Heng, 1992: 129). Also see (B. T. Khoo, 2001: 186-188) on the survival of foreign and Chinese capital.
In the case of the data for 1990, the sum of Malay, non-Malay and foreign capital does not add up to 100 per cent. This was because the government created a new category called ‘nominee companies’ that was part of the non-Malay category. In 1990, nominee companies accounted for 8.5 per cent of total share ownership. If the nominee companies’ 8.5 per cent portion were included in the non-Malay category, total non-Malay ownership would become 55.3 per cent, which meant that non-Malay ownership increased, not decreased. However, it has been argued that the nominee companies should be included in the Malay portion and not the non-Malay portion, which would significantly change the structure of ethnic ownership. Some Chinese groups, including Gerakan, had argued that, were the nominee companies’ share to be included in the Malay category, the NEP’s original 30 per cent Bumiputera target had almost been realised by 1990 (Parti Gerakan Rakyat Malaysia, 1984).

There is disagreement as to the number of entities and projects privatised. In 1987, the Ministry of Finance announced that 71 government entities had been privatised but Economic Planning Unit reported that, ‘nine projects have been privatised, 10 have been approved while 35 to 40 are in the pipeline’ (Chee, 1987: 94; Economic Planning Unit, 1991a).

It is ironical that Mahathir, before he became Prime Minister, expressed reservations regarding the privatisation of certain sectors. Although he did not oppose the general concept of privatisation, he was of the opinion that ‘certain types of industries should be State managed. Now these industries for example communications not mass media, but telephones, etc. should not be allowed to be managed by private enterprise. Railways, airlines these are essential for the country, we cannot think of them entirely in terms of profits’ (Malaysian Business, 1976: 15). However, in reality, under Mahathir’s privatisation policy, the national airline, Malaysia Air System, railways and Telekom Malaysia were all privatised.

Regarding the beneficiaries of the privatisation policy, a major issue was whether sufficient Malay or Bumiputera capitalists, with capacity to operate the projects and enterprises, were available at the time of privatisation, although the government had indicated that there was an increasing number of Bumiputeras with such capacity (Chee, 1987: 96). If the government was wrong, then the main beneficiaries of the privatisation policy were the non-Malays who were awarded privatisation projects and politically connected Malay companies or, actually, UMNO’s trustee businessmen and companies.

Those who benefited from the privatisation policy included: Halim Saad of Renong, Tajudin Ramli of Malaysian Air System, Wan Azmi Wan Hamzah, Samsudin Abu Hassan, as well as Mahathir’s three sons—Mukhriz Mahathir, Mokhazani Mahathir and Mirzan Mahathir. They are often regarded as “crony capitalists,” groomed by Mahathir.

The privatisation of state enterprises continued into the late 1980s and 1990s. Non-Malay entrepreneurs were never excluded. In the late 1980s and 1990s, Vincent Tan of the Berjaya Group was awarded the KL Linear City project. Another prominent Chinese businessman, Francis Yeoh, was awarded the Express Rail Link project and a few independent power supply projects all over the peninsula. In 1994, the controversial Bakun Hydraulic Dam project was contracted out to a Chinese businessman, Ting Pek Khiing. Ananda Krishnan secured a few lottery enterprises that the government was running. In fact, quite a number of non-Malay names can be found on the list of privatised projects that Mahathir produced at the 1998 UMNO General Assembly to counter charges of cronyism.

(This list is available at http://www.asiaweek.com/asiaweek/98/0703/nat_3_list.html, accessed 6 March 2003).
22 Khoo Boo Teik described the nature of the state enterprises under the NEP economic regime as follows: ‘the public enterprises were widely regarded by their officers as “social enterprises” which “are called upon to achieve legitimate social goals, not readily measured in terms of pecuniary values” and which “may appear unprofitable when viewed by the criteria appropriately used to measure private sector efficiency”. The government also allowed the public enterprises’ deficits, debts, and losses to be overlooked or absorbed by the state as the price of providing experience, employment, and skills to the Malays in order to achieve the NEP’s objectives’ (B. T. Khoo, 1995: 130). In other words, as state enterprises were viewed as social welfare organisations (to help the Malays) instead of profit-oriented business organisations, it was difficult for them to avoid incurring substantial loss and debt.

23 Between the Second Malaysia Plan (1971–75) and the Fourth Malaysia Plan (1981–85), the growth of the budget allocation for state enterprises was substantial, as shown in Table A below. In addition, since many state enterprises were supposed to be more like ‘social enterprises’ to help the Malays rather than business operations, many of them were “off-budget” enterprises, which meant that they were funded by the government but not under the auditor-general’s supervision. Their debts skyrocketed in a decade (Table B). The Chairman of Permodalan Nasional (National Equity Corporation; PNB), Khalid Ibrahim said in 1986, ‘Out of 825 government owned corporations, at least 50 per cent are struggling to survive’ (Malaysian Business, 1986a: 7).

| Table A. The Increase of Budget Allocation for Selected State Enterprises |
|------------------|------------------|------------------|------------------|
| Pernas | 150.0 | 382.0 | 233.9 |
| SEDCs | 200.0 | 493.0 | 525.3 |
| PNB | - | 500.0 | 2,922.9 |
| MARA | 252.2 | 231.9 | 303.9 |
| UDA | 169.0 | 300.0 | 691.4 |
| HICOM | - | - | 330.6 |

Source: (Jesudason, 1989: 85)

| Table B. Debts by the Government to Selected State Enterprises |
|------------------|------|------|
| Debts to the government (in USD million) | 1970 | 1982 |
| Felda* | 266 | 2,548 |
| MARA | 30 | 440 |
| UDA | - | 903 |
| Pernas | 5 | 441 |
| MISC** | 12 | 444 |

Source: (Ozay Mehmet, 1988: 134)

* Federal Land Development Authority
** Malaysian International Shipping Corporation

24 Razaleigh’s speeches, used here to elaborate his 1987 position, were made between 1991 and 1993 when Razaleigh was the president of Semangat 46’. While the latter arguments were not the same as those made during the 1987 UMNO dispute, there is good reason to use this material to show Team B’s arguments. The speeches were Razaleigh’s attempts to differentiate himself and his party, composed of former UMNO...
members who joined in Team B in 1987, from Mahathir’s position. In fact, as I have already indicated, the competition between Semangat 46’ and UMNO Baru was a de facto extension of the 1987 inner party squabble. The competing factions in the party elections did not have sufficient time to develop their ideological arguments in the few months leading up to the elections. It was only after the elections that the competing factions’ positions were clearly articulated, as we can see in the competition to gain the Malay community’s support when the factions’ leaders formed two separate Malay parties.

25 An assertion by Abdullah Ahmad, a Member of Parliament, captured the thinking of the pro-redistribution group, which supported the extension of the NEP, very well. He maintained, ‘Let’s face it. The NEP is simply not just some document of economic reform. To the Malays it has become a political, economic and an emotional thing now. After Islam and the national language I can’t think of anything more important. It has become one of the means to sustain Malay political power…the NEP must sustain Malay dominance in the political system in line with the social contract of 1957… Even after 1990 there must be mechanism for its preservation, protection and expansion in an evolving system.’ (Malaysian Business, 1986b: 8)

26 Jomo similarly observed, ‘The difference between the two has since emerged more clearly as Razaleigh continued to call for continuation of the NEP… Although Mahathir has been anxious to get on with his own new economic policy priorities… Razaleigh is keen to reaffirm the NEP’s original philosophy and objectives while criticizing defects in its implementations, especially since Mahathir became chief steward. This stance may well prove popular with a generation of Malays brought up in and dependent on the NEP’ (Jomo, 1996: 102-103).

27 Interview on 5 May 2003 in Kuala Lumpur with a former minister in the 1980s and currently a member of the UMNO Supreme Council. The interviewee, who was extensively involved with Team B, explained the continuity of the Tun Razak era and the end of said era in terms of the ups and downs of UMNO leaders as well. According to him, new elites such as Mahathir, Musa Hitam, Razaleigh Hamzah, Abdullah Badawi, Shahrir Samad and others were reinstated or rapidly promoted under Abdul Razak in the 1970s to carry out the NEP. However, when Mahathir became Prime Minister and shifted away from Razak’s idea, the remaining elites introduced by Abdul Razak resisted Mahathir’s new approach. They included, according to the interviewee, Musa Hitam, Razaleigh Hamzah, Abdullah Badawi and Shahrir Samad who were in Team B against Mahathir.

28 Interview on 5 May 2003 in Kuala Lumpur with a former minister in the 1980s and currently a member of the UMNO Supreme Council.

29 Interview on 5 May 2003 in Kuala Lumpur with a former minister in the 1980s and currently a member of the UMNO Supreme Council. The interviewee viewed the Abdul Razak era as not coming to an end in 1976 when Abdul Razak died but continuing until the 1980s. However, in the 1980s, when Mahathir became Prime Minister, the direction of his policies slowly changed. It was only after 1987, when Mahathir retained UMNO power and expelled challengers, that Mahathir had the autonomy to push his own policy direction forcefully. Mahathir’s era began in earnest in 1987, rather than in 1981 when he became Prime Minister.

30 Also, later in 1993, Razaleigh, in a similar vein, argued, ‘Subsidy for Malay peasants in rural area decreased. It was said that (the government) did not want the Malay having subsidy mentality. They forgot Japanese, American and European governments keep providing subsidy to their peasants. On the contrary, the government subsidises big projects such as Perwaja, Proton and Kedah Cement. Today, new policy replaces NEP. It
is called NDP [New Development Policy]. The core of the policy is how to develop economy, especially in industrial sector without thinking which class will get the benefit. We do not reject industrialisation, but we think that a country will be strong if a balance between industrial development and agriculture is achieved’ (Razaleigh, 1993).

31 In the 1980s, there were indeed a few well-known scandals. A subsidiary of Bank Bumiputera, Bumiputera Malaysia Finance (BMF), had invested a substantial amount of money, through Hong Kong-based Carrian Group, in the Hong Kong property market. In 1982, when the Hong Kong economy crashed, the Carrian Group declared bankruptcy and the BMF could not recover its investment in the Carrian Group. It was rumoured that the decision to invest in the little known Carrian Group were made at the top levels of the government and UMNO to finance the construction of UMNO headquarters. Eventually, the government-owned oil company, Petronas, was forced to provide funds to Bank Bumiputera to save the bank that was in financial crisis because of the loss incurred by the BMF. This scandal ended up with US$1 billion loss (see Means, 1991: 121-123). In 1982, when faced with falling commodity prices, the Malaysian government attempted to sustain the price of tin through speculative activities. The government, through a state enterprise Maminco, purchased futures and a huge amount of tin to bolster the price. However, the project failed, leaving reportedly RM 250 million loss to the government. (see Bartholomew, 1986)

32 It was Mahathir who won the race to use the UMNO name. Abdul Rahman, the first Prime Minister and a Team B sympathiser moved first. He tried to register UMNO (Malaysia). Soon after Abdul Rahman’s attempt, in early 1988, Mahathir tried to register UMNO 88. Both applications were rejected by the Registrar of Societies because the old UMNO had not yet been deregistered. Shortly after that, Mahathir announced that his new application for UMNO (Baru) had been accepted. Since the UMNO name was already registered by Mahathir, Team B could not use that name anymore.

33 Speculation that there was tension between Musa and Razaleigh was based on their bitter contests in 1981 and 1984. As Shamsul observed, although there was a united front at the elite level, there was still a division between the Musa and Razaleigh factions (Shamsul, 1988: 178). For example, after the elections, it was alleged that Razaleigh supporters were responsible for the split votes (41 votes), which would have changed the results at the Deputy President elections. Razaleigh supporters were allegedly reluctant to vote for Musa in the Deputy President election and some of them supported neither Musa nor Ghafar, thereby creating the split vote situation (Malaysian Business, 1987b: 10). Until 1988, especially when Shahrir Samad, a close ally of Musa, won the Johor Baru by-elections, a seat that he gave up in protest to Mahathir, the united front amongst Team B members was maintained. After the Samad victory, however, Musa was ambiguous towards both Team A and Team B. Finally, in late 1988, Musa and his allies switched to Mahathir’s camp altogether.

34 Mahathir attempted to regain Malay support by making reconciliation gestures to the Team B leaders to demonstrate that he was not power hungry and that he was prepared to accommodate on behalf of Malay unity. In November 1988, Mahathir invited Musa Hitam and Razaleigh Hamzah to join the new party on behalf of Malay unity. Shortly afterwards, the Johor Unity and Reconciliation meeting was convened between Musa and his allies on one hand and Muhyyddin Yassin, representing UMNO Baru, on the other. The Team B members who participated in the meeting demanded amendments to the UMNO Baru constitution that were more in line with the former UMNO constitution and automatic inclusion of all former UMNO members into UMNO Baru (Asiaweek, 1989: 23). Soon after the meeting, Musa joined UMNO Baru in February 1989, thereby delivering a blow to Team B. In addition, patronage power contributed to
the eventual victory of Mahathir. UMNO Baru became successor in interest to the old UMNO’s large economic assets by amending related laws, taking advantage of BN’s numerical power in the parliament. In 1988, when the old UMNO was deregistered, its assets were frozen by order of the court. To recover the assets, Mahathir amended the Societies Act. According to the new regulations, a political party can take over the assets of a deregistered party when the new party included more than half the members of the deregistered party. Furthermore, Mahathir used bureaucratic muscle to threaten those who were in Team B. Suddenly, Team B members, who had business interests, found their businesses in trouble because of sudden calls on their loans from banks or because of shortage of liquid funds. Many of them had no choice but to cross over to Mahathir’s side (Crouch, 1992: 33).

35 In addition, Mahathir tried to blame Team B leaders for the economic policies and their consequences because they were Deputy Prime Minister (Musa Hitam) and Finance Minister (Razaleigh).

36 In an interview, Mahathir clearly noted that it was Razaleigh rather than Musa who killed UMNO by taking UMNO to court. He said, ‘they decided to take the party to court. This was done by Tengku Razaleigh [Hamzah], not Datuk Musa [Hitam]. In fact, Musa was accepted in the party and appointed head of his old division… I rejected only those who were instrumental in causing the party to be deregistered, and Musa was not involved there’ (Abdoolcarim & Shameen, 1988: 29).
4. Unravelling Mahathir's Nationalism in the 1990s: Collectivist Civic Nationalism and Authoritarian Politics

What was Mahathir’s nationalist ideological position leading up to the 1998 dispute and why were the discourses of nationalism in the 1998 dispute different from those of previous disputes? Mahathir’s nationalist position deserves closer examination because, as one of the two competing nationalist views in the dispute, his views are crucial to understanding the 1998 dispute.

The prevalence of Mahathir’s civic nationalism significantly reshaped the nationalist ideological tensions in the 1998 dispute. Mahathir’s Prime Ministership in the 1990s—in fact, in the 1980s as well, although there was a short break right after the 1987 UMNO dispute—can be described as collectivist-authoritarian civic nationalism. Mahathir’s civic nationalism, which envisioned an economically affluent Malaysian nation, was relatively successful compared to the nationalist visions of former Prime Ministers. Mahathir’s nationalist vision substantially reduced the tension between ethnic identities and national identity. Mahathir’s vision of civic Malaysia, however, had collectivist-authoritarian characteristics, which justified not only the suppression of alternative views but also the indoctrination of the populace to accept his view. Mahathir’s rhetoric of internal and external threats to the Malaysian nation, based on his collectivist view of the nation, facilitated the spread of his nationalism and its success.

These developments reconfigured the nationalist tension in Malaysian politics. The success of Mahathir’s collectivist civic nationalism ameliorated the question regarding the relationship between ethnic loyalties and national identity
and thus reduced the tension between multicultural or civic nationalism on one hand and ethnocultural Malay nationalism on the other. Mahathir’s collectivist nationalist views, however, initiated tension regarding another unresolved question, the relationship between an individual and the community, which became the substance of ideological arguments in the 1998 dispute.

The three sections of this chapter present three arguments. First, Mahathir developed a vision of a civic Malaysian nation in the early 1990s. Mahathir was successful in persuading the Malaysian people to accept his vision, thereby easing tension related to the question of ambiguous national identity. Second, Mahathir’s nationalist view was collectivist nationalism. Mahathir’s authoritarian politics, which contributed to the success of his civic nationalism, is a reflection of his collectivist nationalism. Third, another feature of Mahathir’s collectivist nationalist view, rhetoric of threats to the national community from the West and from within Malaysia such as Islamic extremism and Chinese chauvinism was further harnessed to reinforce his nationalist vision and legitimacy and to silence any opposition to his idea.

4.1. Mahathir’s civic nationalism and its success

In the early 1990s, Mahathir’s nationalist vision and policy adjustments clearly indicated a civic direction. Mahathir’s vision involved the development of an integrated Malaysian nation where a Malaysian identity would replace ethnic identities as the primary identity of the Malaysian people. To realise this vision, Mahathir unveiled economic and cultural policies to increase optimism in the civic Malaysian nation. These policies moved away from the ethnocultural
nationalism that prevailed since the 1970s. Mahathir attempted to incorporate the Malay community into his civic vision by using the *Melayu Baru* (New Malay) concept as a model for the Malay community to emulate. The “*Melayu Baru*” was a more confident and competent Malay who could thrive in the civic Malaysian nation without state assistance. As Mahathir’s civic vision persuaded people to accept a civic Malaysian national identity and overpowered ethnocultural Malay nationalism, garnering Mahathir substantial support in the 1995 elections, it was not a small success.

4.1.1. Mahathir’s civic nationalist vision: *Bangsa Malaysia* and *Wawasan 2020*

Mahathir’s civic nationalist vision in the 1990s was epitomised by *Bangsa Malaysia* (Malaysian Nation) and *Wawasan 2020* (Vision 2020). *Bangsa Malaysia* was a vision for a new Malaysian national identity in which all Malaysians, regardless of their ethnic backgrounds, identified themselves as Malaysians first. It was an attempt to resolve the question of ambiguous national identity which had caused ethnic tension and conflict between different nationalist ideologies in Malaysia. *Wawasan 2020* was an economic vision that projected a very optimistic future for the Malaysian people in the new civic Malaysian nation. Such optimism would encourage Malaysians’ identification with the civic Malaysian nation.
Revival of civic vision in the 1990s

It should be noted first that Mahathir’s civic vision was not entirely a new development in the 1990s. Mahathir had tried to defeat Razaleigh by championing Malay nationalism after the 1987 UMNO factional dispute. However, considering Mahathir’s economic policy shift, as shown in the deregulation of the NEP and privatisation in the 1980s, the movement away from the stronger ethnocultural Malay nationalist NEP was already well in place in the early 1980s. As Khoo Boo Teik argued, ‘Perhaps one should really see Vision 2020 not so much as the launching of a new Mahathirst project which its association with the post-1990 National Development Policy but as the culmination of Mahathirism, as an ideological “summing up”, as it were’ (B. T. Khoo, 1995: 329). Hence, Mahathir’s civic vision in the 1990s was more a revival of what he was already pursuing in the 1980s, with a brief suspension in the late 1980s.

Two factors enabled Mahathir to return to a civic direction in the early 1990s. First, after winning the 1990 General Elections, Mahathir reconsolidated his political power. Throughout the elections, it was clear that Mahathir’s UMNO Baru had the support of a clear majority of the Malay community and the UMNO-led BN was still firmly in charge of Malaysian politics. This political strength enabled Mahathir to reintroduce the vision and measures that he had shelved temporarily when he faced an ethnocultural nationalist challenge in the late 1980s. Second, a quick recovery of the Malaysian economy expedited the reintroduction of Mahathir’s civic vision. The economic crisis in the mid-1980s had provided support for the opponents of Mahathir’s civic direction. The Malaysian economy, however, rebounded in 1987, and was almost fully recovered by 1989.
Undoubtedly, the economic recovery and the reassertion of political dominance boosted Mahathir’s confidence, enabling him to reassert his civic direction once again in the 1990s.

**Civic Malaysian national identity: Bangsa Malaysia**

Mahathir’s vision of an integrated national identity by the name of “Bangsa Malaysia” was made public in 1991 as part of *Wawasan 2020*. It was a significant development that Mahathir, once an arch-ethnocultural Malay nationalist, announced a concept of nation in which all the ethnic groups in Malaysia were supposedly blended. Although the term, *Bangsa Malaysia*, was new, Mahathir seemed to have had a picture of what an integrated civic Malaysia was like long before the concept was announced. For example, as early as 1981, Mahathir disclosed a perception of a nation and citizenship in quite civic terms. He stated:

Nations are not biological creations. In the modern world they are not even geographical creations. Nations are political entities that stay together… They may appear artificial at times, but they are nevertheless very real. Malaysia has chosen to be one of these political nations. Ethnicity or geographical contiguity is not as important to Malaysia as its political unity and integrity. We have decided that the people who have made Malaysia their home and who have given their loyalty to Malaysia should be nationals of Malaysia. They and they only should be accorded the privileges of citizenship. (Mahathir, 1981a)

Two years later in 1983, Mahathir, in a speech to Malaysian social scientists, mentioned his ‘vision of future Malaysian nation’. He asserted:

*The modern Malaysian nation is one which shares common values, identity and loyalty* in line with our basic socio-economic and cultural
policies. Ours will be a diligent, responsible, and active people whose potentials will be channelled for productive purposes so that there will be greater opportunities for all Malaysians in all aspects of Malaysian life. Ours will also be a disciplined and moral society, progressive and prosperous, united and living in harmony. (Mahathir, 1983c, emphasis added)

Based on the idea that Mahathir already had since the 1980s, Mahathir coined the term, *Bangsa Malaysia*, in a 1991 speech. He elaborated the concept of *Bangsa Malaysia* as follows:

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 up of one ‘Bangsa Malaysia’ with *political loyalty and dedication to the nation*. (Mahathir, 1991a, emphasis added)

Here, the concept of nation transcended the Malay community which ethnocultural Malay nationalist arguments referred to. It included all Malaysians united through a ‘common and shared destiny’. Compared to the former Prime Ministers’ visions for national integration, this concept was a significant development in the sense that it spelled out a new national identity. Among the former leaders, Onn Jaafar was only able to attempt to open UMNO’s door to non-Malays when he tried to change its name to United Malayan National Organization. His successor, Abdul Rahman, visualised a nation based on multiculturalism, in which individual ethnic groups would co-exist peacefully.

Mahathir was no different from his predecessors in that he shared their imperatives of ethnic integration and accommodation. As Prime Minister, Mahathir had to guarantee the co-existence of and, more ambitiously, the
integration of the major ethnic groups, a matter on which the legitimacy of the position of Prime Minister, not that of UMNO President, rested. This was what made Mahathir, formerly a leading ethnocultural Malay nationalist, adopt a civic nationalist position. Mahathir’s *Bangsa Malaysia*, however, was a more ambitious and bolder vision because it aimed to make people of diverse ethnic backgrounds identify themselves as Malaysian first and place their loyalty in the Malaysian nation rather than their individual ethnic groups.

**Wawasan 2020: optimism in a new nation through development**

*Wawasan 2020* was an economic vision that instilled optimism amongst the Malaysian people regarding their future in the new Malaysian nation. “Malaysia: The Way Forward”, the paper in which Mahathir announced *Wawasan 2020* and *Bangsa Malaysia*, was the most elaborate account of what he had pursued in 1980s and what he planned to pursue in the following decade. Mahathir’s main theme was that, by 2020, Malaysia would be a ‘fully developed country’ by which he meant:

a nation that is fully developed along all the dimensions: economically, politically, socially, spiritually, psychologically and culturally. We must be fully developed in terms of national unity and social-cohesion, in terms of our economy, in terms of social justice, political stability, system of government, quality of life, social and spiritual values, national pride and confidence. (Mahathir, 1991a)

Mahathir proposed a concrete goal: doubling real Gross Domestic Product (GDP) every decade between 1990 and 2020. Mahathir hoped that the Malaysian GDP would grow seven per cent annually for 30 years. Considering the progress the Malaysian economy had made in previous decades, Mahathir argued that such
a goal was realistic. Together with the National Development Policy (NDP), *Wawasan 2020* was a blueprint for the economic growth of Malaysia.

It was noteworthy that Mahathir’s vision of an integrated nation was revealed as part of his ambitious economic development plan. This indicated that, for Mahathir, economic growth and affluence were closely related to the realisation of *Bangsa Malaysia*. Thomas Williamson summarised Mahathir’s plan of building an integrated nation through economic development as follows:

> The Malaysian state’s long-standing emphasis on economic growth has aimed at completely reshaping a society split by ethnic divisions into one integrated through an imagined national economy… In Malaysia, growing affluence provides the parameters for conceiving a Malaysian nation. Economic growth, once the means toward a national culture, language, and kinlike ties—the ground for Malaysian nationalism—is becoming the primary model of Malaysian nationalism. (Williamson, 2002: 403)

This Mahathir strategy, ‘facilitated by economic development’, intended to instil ‘forward-looking optimism’ into the population, (Brown, 2000: 38-39). Where the Malays were concerned, ethnic competition with non-Malays over limited economic resources had been a major reason for ethnic tension and conflict. The economic disadvantage of the Malay community had been the starting point for ethnocultural Malay nationalist arguments. For example, the ethnocultural Malay nationalists interpreted the 1969 ethnic riots as an expression of the economic discontent of the Malays whose political dominance had not been translated into commensurate economic power.

In Mahathir’s economic vision, the population’s optimism, brought about by rapid economic growth and affluence, was supposed to reduce the stark ethnic
division, tension and competition over limited economic resource. In a 1992 speech, Mahathir asked, ‘By the year 2020 we would have had about two generations of independent Malaysians. Will we be a united “Bangsa Malaysia” or “Malaysian Nation” by then?’ He claimed that there were a few conditions for the building of an integrated nation. Mahathir explained the economic conditions for building an integrated nation as follows:

Managing our nation-building well will also entail that we redress the socio-economic imbalances among the various ethnic groups and the various regions in the country. Grow we no doubt must. If we do not grow we will not have the resources to redress anything. But redress we must too. If we do not redress we will self-destruct, which will reduce to naught all our growth. It is for this reason that Malaysia needs a policy of sustainable growth with equity in order to build a sound and resilient base for national unity… If we are indeed able to achieve this without unduly sacrificing growth and without undermining the legitimate rights of everyone, I would say we would have overcome the greatest single obstacle to national unity in this country. (Mahathir, 1992)

Mahathir believed that to build a genuinely integrated Malaysian nation, it was vital to address the problem of economic imbalance. The economy must be expanded first so that Malaysia had sufficient economic resources to solve the imbalance without resorting to depriving wealth from one group to distribute to another. Once the economy had been expanded and the problem of economic imbalance solved, it would then be possible for the population to place their Malaysian identity above their ethnic identities in anticipation of the benefits that the civic Malaysian nation would deliver. These developments would ultimately lead to the construction of a genuinely integrated Malaysian nation, according to Mahathir.
4.1.2. Policy adjustments supporting the civic vision

Further economic deregulation: the NDP

Mahathir initiated a significant change in his economic policies as a concrete step towards achieving his vision of a civic Malaysian nation: the further deregulation of the NEP’s ethnic redistribution rule, while maintaining its pro-Malay orientation. This change aimed to expedite economic growth by providing additional economic opportunities for the non-Malay community. Mahathir believed that the economic growth thus attained would contribute to the attainment of his Wawasan 2020 goals.

The new direction of the economy was enshrined in a new economic plan, the National Development Policy (NDP), which differed from its predecessor, the NEP, in that ‘while effort will continue to be made under the NDP to increase Bumiputera ownership, no specific time frame has been set for the attainment of the equity target of at least 30 per cent’ (Malaysia, 1991). In other words, while the NEP’s goal of 30 per cent Bumiputera ownership, which was supposed to have been achieved by 1990, was still intact, without a timeframe for its achievement, it was weakened. Instead of the restructuring emphasised in the NEP, more weight was placed on economic growth in the NDP. Geoffrey Stafford summarised two major differences between the NDP and the NEP, ‘growth has replaced restructuring as the primary goal of economic development policy…[and] the private sector is now seen as being instrumental to the goals of current economic policy,’ both of which were favourable to the non-Malays dominant in the private sector (Stafford, 1997: 567).
The new policy did contribute to the significant economic growth in the first half of the 1990s. After the difficulties in 1985–86, the Malaysian economy recovered in 1987 and by 1989, the Malaysian economy was undergoing significant growth. Between 1988 and the Asian financial crisis in 1997, the Malaysian GDP grew more than 8 per cent, which exceeded the goals set forth in Mahathir’s *Wawasan 2002*. In the 1990s, the national economy was structured differently from the 1970s, which was then based on agriculture and commodities. Agriculture’s and mining’s share of the GDP decreased from 18.7 per cent and 9.7 per cent in 1990 to 8.6 per cent and 6.6 per cent in 2000. On the other hand, sectors of the economy specified in the *Wawasan 2020*, such as manufacturing, contributed far more to the national economy. The GDP share of the manufacturing sector increased from 27.0 per cent to 33.4 per cent between 1990 and 2000 (Economic Planning Unit, 1991b;2001). In 1991, the unemployment rate was 5.6 per cent nationwide. Practically, however, Malaysia was near full employment and had to rely on workers from other countries. Foreign investment increased from the late 1980s (von der Mehden, 1992: 111-112). The proportion of the population living beneath the poverty line decreased from 16.5 per cent to 8.9 per cent between 1990 and 1995 (Malaysia, 1996: 72).

While the pro-Malay aspects of Mahathir’s economic policies were weakened, they were not dismantled. Mahathir reaffirmed the government’s commitment to enhancing the Malay community’s economic power. Mahathir emphasised that although a civic nation, *Bangsa Malaysia*, was Malaysia’s eventual destination, it was also equally important to lift the status and increase the economic power of an ethnic group that was relatively less advanced as the
first step towards becoming a fully integrated nation. Mahathir asserted, ‘We must aspire by the year 2020 to reach a stage where no one can say that a particular ethnic group is inherently economically backward and another is economically advanced’ (Mahathir, 1991a). To build this parity, Mahathir contended:

[W]e must not neglect the challenge of economic social justice today. Those who are backward must be helped. No one must be left behind. We must all advance together. We must all reap the benefits of rapid growth and advancing modernity... [I]f we ever forget our struggle for economic social justice, we do so at our own peril. (Mahathir, 1997d, emphasis added)

The government’s performance in economic restructuring proved that its pro-Malay policies were pursued simultaneously with its emphasis on economic growth. During the Sixth Malaysia Plan, the government pursued a policy to produce a “Bumiputera Commercial and Industrial Community” (BCIC). The Seventh Malaysia Plan reported that in 1995, 38 per cent of the executives and managers of some 290 Kuala Lumpur Stock Exchange (KLSE) listed companies and 845 of their subsidiaries were Bumiputera (Malaysia, 1996: 81). In 1990, while the percentage of Bumiputeras employed in the agricultural sector (33.4 per cent) was still larger than that of Bumiputeras in the manufacturing sector (17.5 per cent), in 1995, the situation was reversed, that is, 25 per cent in manufacturing and 21.4 per cent in agriculture (Malaysia, 1996: 77). The number of registered Bumiputera professionals increased from 29 per cent in 1990 to 33.1 per cent in 1995 (Malaysia, 1996: 84). In addition, the percentage of shares owned by Bumiputeras increased from 19.3 per cent to 20.5 per cent between 1990 and 1995, whereas overall non-Bumiputera share ownership decreased from 46.8 per cent to 43.4 per cent in the same period (Malaysia, 1996: 86).
In sum, the new emphasis on economic growth in the NDP worked very well, as demonstrated by the performance of the Malaysian economy in the early 1990s. The rapid economic growth would provide the basis of the population’s optimism in Mahathir’s vision of a civic Malaysia. The retention of some pro-Malay policies made the Malay community more competent and confident, thereby making it easier for the Malay community to accept Mahathir’s vision of a civic Malaysia.

**Moving away from ethnocultural cultural policies**

In the cultural realm, Mahathir enacted changes that reflected his shift towards civic nationalism. Together with economics, education and language have always been at the centre of ethnic tensions in Malaysia (Muhammad Ikmal Said, 1996; C. B. Tan, 1984). In the early 1990s, the government adopted more flexible policies regarding education and language. These initiatives included promoting teaching in the English language, amending the Education Act, permitting foreign universities to establish twining programmes and the establishing of private colleges. These policy changes enabled the non-Malay communities to pursue primary school education in the non-Malay vernacular languages with fewer restrictions and also provided them more opportunities for tertiary education.

Since 1971, the medium of instruction in Malaysian universities has been Malay and this was regarded as a disadvantage by non-Malay students (Kua, 1987b: Ch. 4). When policies promoting teaching in English were enacted, some courses in Malaysian universities were taught in English. Teaching in English was also encouraged in other educational institutions. The Education Act was also
amended to make it more favourable to the non-Malay communities. The act allowed Education Minister to convert Chinese and Tamil schools to national schools, where the teaching language was Malay, if necessary. The Chinese educationists had complained bitterly about this specific regulation of the Education Act. This specific clause was repealed when the Education Act was amended (Liak, 1996: 226-228). Non-Malay students who were unable to obtain places in the government-run universities because of a quota system which favoured Malay students were able to pursue tertiary education in twinning programs and private colleges (M. N. N. Lee, 1999).

Like the NDP, the easing of restrictive cultural policies persuaded the non-Malay communities to accept Mahathir’s prime ministership as well as his nationalist vision. The new policies showed a Malaysian state that was more inclusive and accommodating for the non-Malay communities. In the 1970s, the state was predominantly ethnocultural Malay nationalist. As the state became more ethnic-neutral, congruent with the civic Malaysian nation as envisioned by Mahathir, the non-Malay communities had strong incentives to increasingly identity themselves as Malaysians first. Empirically, the non-Malays’ acceptance of Mahathir’s new direction was demonstrated in the massive non-Malay support for the ruling BN, particularly in the 1995 General Elections.

4.1.3. *Melayu Baru* and Mahathir’s civic Malaysia

Mahathir attempted to include the Malay community, led by the newly rising Malay middle class, in his civic vision. Since the 1980s, the Malay middle class had grown significantly, largely due to the implementation of the NEP. To
capture the growing Malay middle class, that was believed to be more affluent, competent and confident, Mahathir used the concept of *Melayu Baru*, supposed to be viable in civic Malaysia. By putting *Melayu Baru* forward as a model for the Malay community to follow, Mahathir attempted to lead the entire Malay community beyond the state-protected niche of Malay favouritism and to accept his civic vision.

*The growth of a confident Malay middle class*

The new Malay middle class that emerged in the 1980s was different from its predecessor. As they were more affluent and independent, they were less dependent on the state and were more competitive with their non-Malay counterparts. Of course, it does not mean that they were completely independent from the state’s assistance. For example, when Mahathir retired in 2003, he still lamented that the Malay was not fully independent from the state despite his 20 years effort.4 Observations of the newly rising Malay middle and entrepreneurial class were made as early as the mid-1980s.5 Shamsul and Khoo Kay Jin, for example, found definite signs of the changing composition of Malay society in general and of UMNO grassroots members in particular. Shamsul argued that because of the NEP, there was an ‘almost phenomenal, expansion of the Malay middle class’ (Shamsul, 1988: 173). Likewise, Khoo Kay Jin noted that a ‘social structure resulting from the NEP was the creation of a more differentiated Malay community, in particular the rise of a differentiated capitalist stratum’, which was further divided into ‘large capitalists’ and ‘small and medium capitalists’ (K. J. Khoo, 1992: 62-63).
Shamsul provided us with an insightful description of the new Malay middle class (Shamsul, 1999). He categorised two distinctive Malay groups—Orang Kaya Baru (New Rich People) and Melayu Baru. According to Shamsul, the Orang Kaya Baru was the state-dependent middle class of the 1970s and 1980s. They were ‘old, manually oriented’ and based in rural areas, with mostly primary secondary school qualifications, which they had acquired before the implementation of the NEP. Through their influence at the grassroots level, they had political connections through which they secured development projects—from which they built their wealth—provided by the government under the NEP.6

On the other hand, the Melayu Baru had different qualifications, base and background and was from a different generation. The Melayu Baru is the ‘new, non-manual and mentally oriented middle class (for example, professionals and bureaucrats)’ (Shamsul, 1999: 100). These new Malays were primarily the product of the educational opportunities provided by the NEP in the 1970s and 1980s. Many Malay students, chosen from all over the peninsula and from different classes, received government scholarships to study at universities in the United Kingdom, United States and Australia. With degrees in business, science and technology, these new Malays had the practical knowledge and skills required in their jobs. The professional knowledge and skills made the Melayu Baru more competitive and more confident than their predecessors, the Orang Kaya Baru, in a competitive capitalist economic system and, more important, in the competition with their non-Malay counterparts. They were based in the urban areas, where their jobs were located. Their economic fortune and future were less dependent on state assistance or development projects of the 1970s and 1980s. These
characteristics of the *Melayu Baru* meant that they were more independent of the government and UMNO than the *Orang Kaya Baru*.

**Melayu Baru as a model for the Malay community in a civic nation**

Mahathir attempted to capture this new Malay middle class with the term *Melayu Baru* and to project this new class as the model for the entire Malay community to follow. This was part of Mahathir’s civic nationalist project to lead the Malay community into his civic nation vision. Mahathir’s civic vision, *Bangsa Malaysia*, required the elimination of favouritism for any particular ethnic group before the Malaysian identity would replace ethnic identity as the primary identity of Malaysian people. Mahathir believed that the characteristics of the new Malay—the capacity to survive independently without state assistance—were required for the Malays to carry on and thrive in the civic Malaysian nation.

Mahathir had long deplored what he believed to be a fundamental problem in the Malay community that had made this community non-competitive vis-à-vis the non-Malay communities. In the 1960s and 1970s, Mahathir denounced the ‘syndrome of lazy Malays’ (Mahathir, 1970: Ch. 3). Furthermore, after the implementation of the NEP, Mahathir found that state assistance, which was supposed to provide merely a head-start for the Malay community, had produced instead a complacent Malay community, continuously dependent on the state’s patronage.

The rising new Malay middle class, given its characteristics as described previously, would be ideal for Mahathir to put forward as a model for the Malay community.
community to emulate. Mahathir’s *Melayu Baru* concept was first announced in his 1991 UMNO general assembly address. Mahathir said:

> We must increase our efforts to turn ourselves into people who are able to take their appropriate place in this modern world. For this, we need new Malays and Bumiputeras who have culture appropriate to the current trend, who are able to face all challenges, who can compete without assistance and who are well educated, sophisticated, honest, disciplined, trustworthy and efficient. (Mahathir, 1991b, my translation)

Mahathir praised the *Melayu Baru*’s competence, confidence and independence from state assistance and favouritism. The *Melayu Baru* were described as being relatively comfortable when competing with non-Malays on a level playing field and were thought to be able to compete on an international stage without state patronage. They had the correct knowledge, skill and attitude to stand on their own feet when the envisioned civic Malaysian state substantially reduced assistance to them.

In 1993, Mahathir boasted of the achievements of the *Melayu Baru* who, equipped with the required knowledge and skills, were successful in modern economic sectors. Mahathir, in his presidential speech before the 1993 UMNO General Assembly, said:

> Today, we have Malays and bumiputera as heads of department, scientists, actuaries, nuclear physicists, surgeons, experts of medicine and aviation, bankers and well-known corporate leaders. In fact, there are some who manage companies with assets worth billions of ringgit and who are brave enough to buy big companies and well-known in the open market with ‘mergers’ and ‘acquisitions’ which are sophisticated and complex. (Mahathir, 1993a, my translation)

These *Melayu Baru* were no longer the peasants the Malay community used to be identified with. They were well-educated professionals who competed
equally with non-Malays, without the government’s help, in the fields where non-
Malays used to be dominant and where the Malay community was not properly
represented. Mahathir further noted:

   This is one of the successes that the Malays and Bumiputeras achieved. This success proves that Malays and Bumiputeras have ability and talent for progress and success in every area, if they really have the interest and if they are given a chance and sufficient training. (Mahathir, 1993a, my translation)

   Constructing the positive model of *Melayu Baru* was, for Mahathir, an alternative strategy to his exhortations to the Malay community to be independent from state assistance. To obtain Malay support for his civic vision and his policy shift towards civic direction, it was a prerequisite for Mahathir to make the Malay community grow beyond favouritism and state patronage. Otherwise, Mahathir’s move towards a civic direction might be rejected by the Malay community or might be vulnerable to an ethnocultural nationalist challenge by political rivals. When Mahathir praised the *Melayu Baru* as a model for the Malay community and when Mahathir encouraged the Malay community to emulate the *Melayu Baru*, it was Mahathir’s attempt to facilitate his selling of his civic vision to the Malay community.

4.1.4. The success of Mahathir’s effort: The Malaysian people supports his vision

   By the mid 1990s, as the Malaysian people began identifying themselves with the Malaysian nation instead of their ethnic backgrounds, Mahathir’s civic nationalist project appeared to be successful. In the Malay community, especially, the formerly very inflammable ethnocultural Malay nationalism weakened as the
euphoria of the civic Malaysian nation spread. Such development resulted in a resounding endorsement of Mahathir’s leadership during the 1995 elections.

Recession of ethnic identity and emerging Malaysian identity

Mahathir’s policies resulted in significant recession of ethnicity in Malaysian society in the 1990s, which has been studied by scholars of Malaysian politics and society. Thomas Williamson contended, ‘economic aims remain on center stage; the political consequences, like the political decisions about language, public assembly, and ethnic preferences that bring them about, receded from view’ (Williamson, 2002: 412). In other words, the prospect of and aspiration towards economic affluence overwhelmed the emotional attachments to ethnic symbols in the booming economy, which was specifically identified with Mahathir’s vision of a civic Malaysian nation. Abdul Rahman Embong similarly observed that increasingly development and growth replaced the concern about ethnicity. He argued:

[E]conomic growth, market expansion, and the growth of the new middle classes have impacted on personal values and practices…

“[D]evelopmentalistic” ideology has taken hold among these classes…

[T]his ideology has one important unintended consequence: it de-emphasizes ethnicity while highlighting development and growth. (Abdul Rahman Embong, 2001b: 62, emphasis added)

The population’s optimism, which had brought about the recession of ethnicity and growing inter-ethnic communication, appeared to be redirected more and more to the civic Malaysian nation. The population increasingly identified themselves as Malaysians first rather than with their various ethnic backgrounds. Halim Salleh observed that people became “proud to be Malaysian”. ‘This was
new unifying factor which took most Malaysians by surprise’ (Halim Salleh, 1999: 190). They hoped that the civic nation would provide more benefits than what they would get in return for being loyal to their ethnic identities. Thus, as Khoo Boo Teik observed, ‘Somehow Malaysians were inspired…to discover their ability to imagine themselves as a community, and to do so with a sense of the “ineradicable Goodness of the nation”’ (B. T. Khoo, 2003: 22, emphasis added).10

**Civic nationalism overwhelmed ethnocultural Malay nationalism**

There was a significant change in the Malay community as well. The practical benefits of the civic Malaysian nation seemed to have overcome potential ethnocultural Malay nationalist backlashes against Mahathir’s policies towards *Bangsa Malaysia*, especially in the cultural area. Ethnocultural Malay nationalists used to defend Malay culture and language as the cultural foundation of Malaysia. They argued that the cultural characteristics of Malaysia as a Malay nation should be based on Malay cultural symbols. Before the 1990s, the ethnocultural Malay nationalist considered the Malay language as the prime symbol of Malay identity and culture that should form the basis of Malaysian national identity. This was why the Language Bill issue in 1967 was controversial and also why the government, after the 1969 ethnic riots, introduced the Education Act, which legislated that Malay would be sole teaching medium in Malaysian schools.

Mahathir, in the 1990s, without much resistance, took a few bold measures in cultural policies towards the realisation of civic Malaysian nation. Under
Mahathir, in the first half of the 1990s, the government promoted the use of English as a teaching medium in schools and universities. There was resistance from Malay linguistic nationalists—dubbed as the ‘Malay lobby’—to the wider use of English as a teaching medium. But, as T. N. Harper observed, ‘the furore over language has not reached the pitch that it had in the past’ (Harper, 1996: 246). What prevented an ethnocultural nationalist backlash was not just Mahathir’s effective campaign to promote the use of English but the lack of widespread Malay enthusiasm to defend the extensive use of the Malay language. All over the peninsula, the use of English was widely accepted without mass uproar, unlike the 1960s when the Malays were reportedly unhappy with English or Chinese signboards displayed at non-Malay shops (see Von Vorys, 1975: 200-210). The upwardly mobile Malay middle class, in particular, did not want to be left behind or to lose its competitive edge by rejecting the use of English. A *Far Eastern Economic Review* article observed, ‘jingoism about the national language annoys liberal-minded Malays, who say the one who will lose out [when they do not keep up with the change] will be the Malays themselves’ (Jayasankaran, 1995a: 24).

Similar developments occurred in the field of education. There were reportedly 35,000 non-Chinese students attending Chinese schools in 1995. The phenomena were not confined to such ethnically mixed areas as Kuala Lumpur or Johor Baru but also such predominantly Malay areas as Kelantan (Hiebert, 1995). Harper described this development as ‘bourgeois ambitions… overcom[ing] ethnic scruples’ (Harper, 1996: 247). Malay parents—primarily the New Malays—were sending their children to Chinese schools, where Chinese was the teaching medium, for practical reasons. Shamsul once maintained that ethnic
groups in Malaysia may have to ‘sacrifice their traditions and ethnic identities’ because of Mahathir’s attempt to initiate a new national identity (Shamsul, 1998: 149-150). In Malay communities in the early 1990s, where the ‘sacrifice’ seemed to be made voluntarily, it was a victory of the practical appeal of the civic nationalist vision and policies over ethnocultural Malay nationalism.

**Mahathir’s leadership was endorsed in the 1995 elections**

In the first half of the 1990s, the political situation in Malaysia was stable, the economy was booming and the population’s economic needs seemed to have been met. Mahathir’s vision, *Wawasan 2020*, that is, Malaysia becoming a fully developed country by 2020, was well received and appeared achievable, if the momentum of growth was maintained. A more difficult task suggested by Mahathir, *Bangsa Malaysia*, did not seem impossible to realise. The majority of the Malays, led by the *Melayu Baru*, accepted the nationalist direction of the incumbent government, as long as the government could sustain economic growth and deliver material affluence. For the non-Malays, of course, Mahathir’s government in the 1990s was a better option than the strict NEP regime in the 1970s. The Malaysian people, by supporting Mahathir’s leadership that brought about the benefits, growth and stability, seemed to accept the civic nationalist vision of Mahathir.

The results of the 1995 Malaysian general elections confirmed the soaring support for Mahathir’s government from all ethnic communities. It is widely acknowledged that substantial increase of non-Malay support for the BN brought about the coalition’s historic victory in the 1995 elections (Gomez, 1996a: 31-39;
In the elections, the UMNO-led BN achieved its largest electoral victory since the 1969 elections. The BN won 162 of the 192 contested parliament seats (84.3 per cent) and 338 of the 394 state assembly seats (85.8 per cent) that were contested (Gomez, 1996a: 25). Regarding the popular vote, the BN won 65 per cent of the votes, the strongest win in the entire Alliance-BN’s history (Liak, 1996: 223). Although PAS retained the same number of parliament seats it secured in the 1990 elections (seven seats) and slightly increased its popular vote, the BN humiliated the DAP (20 seats to nine) and Semangat 46’ (eight seats to six).

In addition to the strong support of the non-Malay communities for the BN, there was an increase of Malay support for the BN, especially UMNO. UMNO increased its share of the parliament seats from 71 in 1990 to 89 in 1995—the highest number of seats until then. In the state assembly elections, UMNO’s share increased from 196 in 1990 to 230 in 1995. In terms of the popular vote, UMNO’s rival for the Malay vote, PAS actually increased its share slightly by 0.73 per cent (parliamentary elections) and 1.3 per cent (state assembly elections). Apparently, UMNO increased its share of the Malay votes at the expense of Semangat 46’, which share of the popular vote decreased by 4.3 per cent between 1990 and 1995 (Liak, 1996: 223-226).

In predominantly Malay constituencies, BN increased its share of the popular vote from 54.86 per cent to 59.25 per cent (Hwang, 2003: 329, Table 7.5). In Perlis, Kedah, Kelantan and Trengganu, the BN gained an additional one or two more parliamentary seats, compared to its performance in the 1990 elections. The increase of Malay support for the BN and UMNO was marginal, compared to
the increase of Chinese support in the 1995 elections. This was because of the already high level of support from the Malay community for UMNO and BN. However, the trend of increasing Malay endorsement of BN’s rule under Mahathir cannot be doubted.

4.2. Mahathir’s collectivist-authoritarian nationalist view

The other characteristic of Mahathir’s nationalist position that completes the picture is its collectivist view of the national community. Mahathir’s authoritarian politics reflect the collectivist aspect of his nationalist ideology. Mahathir’s collectivist nationalist view revolved around the collective community’s supremacy over individual rights and freedom and the political elites’ role as interpreter of the community’s common will and interests. In the name of the nation’s collective interests, Mahathir’s authoritarian control of the community attempted to suppress any ideological disagreement or opposition and to indoctrinate the audience, thereby contributing to the prevalence of his civic nationalist ideology.

This section will explore Mahathir’s collectivist nationalist view and its political reflection, authoritarianism. In this section, two main points will be developed. Firstly, Mahathir’s collectivist nationalist view revolved around the collective community’s supremacy over individual rights and freedom, and political elites’ pre-eminence as interpreter of community’s common will and interests. Secondly, reflecting this ideological view, authoritarianism was deliberately used in attempts to suppress opposition to Mahathir’s nationalist ideas and to indoctrinate the populace with his collectivist civic nationalist vision.
To be fair with Mahathir’s rule over 20 years, a note is needed before I explain the authoritarian aspect of his rule. To show Mahathir’s collectivist nationalism, this section exclusively discusses Mahathir’s suppression of opposing nationalist vision, indoctrination attempts and demonisation of opposing views and political forces. His rule, however, is not totally authoritarian. Perhaps, that is why many observers of Malaysian politics hesitate to call Malaysian politics authoritarian, inventing new appellation such as semi-democracy, semi-authoritarianism (Case, 1992;1993;1997), pseudo-democracy (Case, 2001b), neither authoritarian nor democratic (Crouch, 1992;1993), quasi-democracy (Zakaria Haji Ahmad, 1989).\textsuperscript{14} Obviously, the UMNO-led BN has taken power through reasonably fair elections. Actual application of suppression is hardly regarded full authoritarianism and has been done in carefully selective manner. Perhaps because of political cost, a harsh treatment such as imprisonment of opponents is used not frequently, but sparingly. Ruling political elites, together with threatening, demonisation and suppression, attempt to persuade electorate to support them.

4.2.1. Mahathir’s collectivist nationalism

\textit{Mahathir’s collectivist view of community}

Mahathir had never equivocated when arguing that individual freedom and right should be limited for the good of the entire community. Mahathir’s collectivist view was related to his Hobbesian view of human society. He asserted:

Man joined his fellow men in a group for his own purpose, in answer to his own needs. He gains safety in numbers but he loses to a certain extent his individual freedom. He was willing to do this when, in the primitive
setting, he was threatened with all kinds of dangers. But the modern man
has no experience of the dangers of individual isolation. He, therefore,
tends to see the restraint on his individual freedom as irksome and he
rebels against it. He has forgotten that there is a price to pay in order to
get all those things that society provides him. It is the lack of
understanding and appreciation of the limits of individual independence
in society that has resulted in the instability of human societies in many
parts of the world. (Mahathir, 1985)

Mahathir went so far as to link the promotion of individual freedom and
rights with the destruction of society and warned of the danger of ‘the
empowering of a vocal minority of political activists over the silent majority of
ordinary citizens’ (Mahathir & Ishihara, 1995: 82-83). He asserted that
unrestrained individual freedom and rights hurt the entire community’s interests.
Mahathir maintained, ‘Individual freedom knows no limit. In the name of
individual freedom anything can be done, even if it hurts the community’
(Mahathir, 1994).

The same logic of constraining individual liberty and rights applied to
ethnic groups, according to Mahathir’s view. Mahathir, in a speech made in 1983,
argued:

We have to be conscious as well as concerned with the ethnic dimension
of our Malaysian life… While we can blame history for it, it is a reality
that we have to accept and live with… I am sure all of us realise that this
is not an easy task, and it is made no easier by the pressures for open
discussions insisted upon by the so-called “democrats.”… It is obvious
that we are not going to achieve full unity, nor can we remove ethnic
conflict completely. Any course that we set for ourselves will result in
unhappiness for someone or others. If we are to favour one particular
ethnic group, we will make them happy, but the rest very unhappy indeed.
If we favour anyone of the other groups we are going to get the same
result. So, since we cannot make everyone happy and satisfied, nor can
we favour just one of the groups, the only choice left to us is to make everyone equally unhappy. (Mahathir, 1983c)

Mahathir blamed the “so-called democrats” who advocated for the liberty and rights of various ethnic groups, especially the minorities in a nation-state. According to Mahathir, they made it more difficult to cope with the situation of various ethnic groups coexisting in a nation-state. Mahathir maintained that as the government cannot meet all the demands of all the ethnic groups in Malaysia, the claims of all ethnic groups, whether they were in the majority or minority, had to be limited occasionally, in the interest of the nation’s stability and prosperity.

Instead of advocating on behalf of individual liberty and rights, Mahathir emphasised the need for strict ‘law and order’ in order to safeguard the peace, security and interests of the society as a whole. He maintained:

A healthy society cannot exist and continue to do so without law and order. Law and order mean limits on individual freedom. Freedom is limited because one individual’s freedom may affect the rights of others or the peace and security of the society itself… To enable each member of a society to attain his rights without affecting the rights of others and the collective right of the society itself, rules are set up to control freedom in the ‘methods’ of demanding rights. (Mahathir & Ishihara, 1995: 96-97)

Mahathir continued, ‘The very survival of a society depends on its organization and on the readiness of the members to obey the “dos” and “don’ts” laid down by the society’ (Mahathir & Ishihara, 1995: 137). Furthermore, according to this view, even if individual liberty and rights had to be limited for the sake of the community, it will eventually benefit individuals in the long term, if the community as a whole turned out to be successful. Mahathir argued:
Discipline... means limiting individual desires and interests to give priority to the interests of society. Interpretations of what constitutes the interests of the individual and the interests of society may differ from one society to another. But whatever the interpretation or evaluation, the aim of limiting the interests of the individual is the preservation of society.

For each member of society, the limitations placed on him as an individual may in the short term be frustrating, but the social security thus achieved will ultimately benefit him. (Mahathir, 1986: 136-137)

The Asian Values discourse reflected Mahathir’s collectivist view of the community. Mahathir was a pioneer and ardent advocate of the Asian Values discourse (Lily Zubaidah Rahim, 1998). As Emmerson argued, according to the Asian Values discourse, ‘community interest ought to override the interest of the individual when these conflict, especially when the security of the community is in jeopardy’ (Emmerson, 1995: 237). Mahathir, emphasising the need to impose limits on the individual for the sake of the community, summarised Asian Values as follows: ‘We speak of Asian values, meaning hard work, respect for authority, discipline, submission to the interest and the good of the majority and filial piety’ (Mahathir, 1996).

**Political elites as interpreter of the common will of the community**

For Mahathir, the common will of the community, to which individual rights and liberty were subordinated, must be a vision developed by political elites as the sole authority to interpret the community’s common will. This position constituted another pillar of Mahathir’s collectivist view on national community. Mahathir’s view on leadership provided political elites with the ideological
justification to indoctrinate the population with the vision developed by them as interpreter of the common will. Mahathir once told UMNO Youth members:

Leaders emerge because they have more ability than others. This ability is certainly based on the fact that they are more knowledgeable. They are then in a position to evaluate an issue more accurately and rationally… [T]he evaluation made must be conveyed to his followers for their guidance. (The New Straits Times, 1977)

Mahathir did not change his view when he became Prime Minister. He noted, ‘Leadership? For me, at least, it is the ability to provide guidance. And your guidance should be something superior to what your people can do by themselves and ideas that are not common’ (Rehman Rashid, 1986b). In other words, political leaders have the ability to interpret the will of the community as a whole and have the capacity to determine what is good and bad for the community. Ordinary people do not have such capacity. This paternalistic view of leadership is consistent with the understanding of leadership in the collectivist nationalist view.

Mahathir’s views on political leadership are far removed from the idea of the democratic representation of a population through their democratically elected political leader. Mahathir believed in the unconstrained power of an elected political leader, which K. Das had dubbed as ‘mandatism’. According to K. Das, the mandatism of Mahathir meant that once a political leader had been elected by popular vote, he or she had the unreserved power and right of decision-making during his or her tenure, regardless of what the voters thought (Das, 1986). Mahathir used this view to justify the suppression of any ideas that opposed or varied from the political elites’ vision for the community. According to this view, the vision of the elites should not be distracted by sectional or individual views
and interests as it will eventually benefit the community. Mahathir said, ‘if everyone is allowed to have his own way, nothing can be achieved’ (Malaysian Business, 1976: 8).

Hence, there was no room for civil society to debate the nationalist goal or common will and come up with alternatives. In Malaysia, civil society is seriously curtailed, or, at best, is subjected to state power (see Jesudason, 1995). As Lily Zubaidah contended, ‘[in] Asian way political model…the importance of a vibrant civil society and political opposition to ensure accountability and transparency is criticised for impeding the process of “good government” and undermining high levels of economic growth’ (Lily Zubaidah Rahim, 1998: 57). The characteristics of Malaysian semi-democracy—regular and relatively fair elections and the non-existence of civil liberties—that William Case observed, is a logical consequence in Malaysian politics under Mahathir (see Case, 1993).

In sum, Mahathir’s view was collectivist in the sense that a national community as a whole took precedence over individual liberty and rights, including ethnic liberty and rights as well. In addition, the population’s view must be shaped in accordance with the vision of political elites as the authoritative interpreter of the common will of the community. Therefore, individual liberty and rights and any ideas that might distract from the achievement of the common must be limited and suppressed for the benefit of the entire community. This collectivist view of a community justified the suppression of other ideas on the nature and goals of the national community that were different from the ruling elites and rationalised the elite’s monopoly on defining the national community and its goals.
4.2.2. Collectivist nature of Mahathir’s nationalism reflected in authoritarian politics

Mahathir’s collectivist view is reflected in his authoritarian suppression and manipulation of those viewed as opposing his nationalist vision. Mahathir’s nationalist vision and ideas had been challenged by opposition parties, Non-Governmental Organisations (NGOs), critical mass media and ethnic elites as well as individuals. According to the collectivist nationalist view, as ideological challenges to the elites’ nationalist vision are considered challenges to the common will of the entire community, they must be suppressed in the interest of the entire community. Furthermore, the elites attempted to indoctrinate society to accept their vision, which they viewed as the right answer for the community. Hence, Mahathir’s authoritarian politics, as demonstrated in how he suppressed challenges to his civic nationalist vision with legal devices and how he manipulated mass media to facilitate acceptance of his nationalist vision, warrants further exploration.

Authoritarian suppression of potential challengers to Mahathir’s vision

Malaysia, especially under Mahathir’s administration, has been viewed as a semi-democracy. According to William Case, its politics is closer to authoritarian politics than to democratic politics (Case, 1993;1997). Although opposition parties are permitted in Malaysia, Mahathir never regarded opposition as a necessary component in Malaysian politics. He once maintained in an interview, ‘opposition is…not absolutely necessary. There are places, which as you know, have no opposition at all and I think they progressed fairly rapidly’
The targets of Mahathir’s suppression included not only opposition parties but also social organisations and NGOs which were critical of Mahathir. Regarding pressure groups, that is NGOs and other critics of the government, Mahathir said:

The activities of pressure groups in our country must be monitored by the Government… If pressure groups are allowed to go so far as to set aside laws and the machinery of governmental power and to bring about a state of anarchy, the entire population will suffer. From anarchy there is no return to a life of peace and order. One power struggle after another will take place. When this happens, it will be rather late to dream of the old tranquillity. (Mahathir, 1986: 120)

The suppression of opposition parties, NGOs and other political forces was systematically and institutionally supported by various laws at Mahathir’s disposal. The Internal Security Act, (ISA) which allows the government to detain people without trial, was frequently used to crackdown on opposition parties and NGOs critical of the government. In 1987, for example, more than a hundred members of opposition parties, social and religious activists were detained under the ISA. The government also uses the Sedition Act and the Official Secrets Act frequently to harass individual opposition politicians when they make controversial comments or reveals government wrongdoings.

The government also uses the Societies Act, which requires NGOs involved in political activities to register as political organisations, to monitor NGO activities closely. In accordance with the Societies Act, social organisations carrying out lobbying or advocating particular political issues, or merely issuing statements of a political nature, are deemed political organisations and must be registered accordingly. The Registrar of Societies is also authorised to deregister
organisations challenging (1) the government, (2) Islam or any other religion, (3) the National Language, (4) the special position of the Bumiputeras, or (5) the legitimate interests of the country’s other communities. In addition, under the Police Act, opposition and NGO activities and gatherings require permission from the police, even if they are held on private premises.

The government also intervenes directly to ensure that the mass media reports only views favourable to the ruling elites or to prevent the dissemination of alternative and competing views. The most well known case involved the shutting down of *the Star*, *Sin Chew Jit Poh* and *Watan* during Operation Lalang in 1987. Before being shut down in 1987, the *Star* regularly published articles critical of the Mahathir government by the first Prime Minister, Abdul Rahman and a former opposition politician, Tan Chee Koon. *Watan*, owned by Khir Johari, a former minister and a close ally of Abdul Rahman, took a similar critical stance towards Mahathir and his government (Means, 1991: 213). In 1987, the government, without explanation, withdrew the licenses of the three publications. *The Star* resumed publication in 1988, only after a major shake-up of its editorial board.21

Such suppressive measures effectively constrain the activities of opposition parties, NGOs and individuals in airing their critical and alternative views and prevent them from disseminating their alternative views. Thus, Malaysian civil society is unable to construct and formulate effective alternative visions that can compete against the vision constructed by the state elites. The extensive indoctrination and the suppression of civil society consolidate Mahathir’s civic nationalist vision.
Indoctrinating the community with Mahathir’s vision

Mahathir used the mass media as an effective indoctrination tool. This strategy, while ensuring that Mahathir’s views were accepted, prevented, in even any indirect way, the disseminating of alternative ideas and visions among the Malaysian people. The Mahathir government exercised its control of the mass media primarily through the ownership of the media by the component parties in the ruling coalition. Through its trustee companies, the ruling coalition owns nearly all the mainstream mass media. Through its investing arm, Renong, UMNO owns the New Straits Times Press, which publishes such major Malay and English newspapers as *The New Straits Times*, *Sunday Times*, *Business Times*, *The Malay Mail*, *Sunday Mail*, *Berita Harian*, and *Berita Minggu* (Gomez, 1994: 74-76). In 1994, UMNO also obtained a major stake in Utusan Melayu, which publishes *Utusan Malaysia*, a mass circulation Malay newspaper (Gomez & Jomo, 1997: 123). Furthermore, other than the government-owned TV station, Radio Televisyen Malaysia (RTM), UMNO, directly and indirectly, owns or exerts influence on the private broadcasting stations, TV3 and Metrovision. The government’s dominance of the Malaysian mass media does not stop here. The major political parties in the ruling coalition, MCA and MIC own such English, Chinese and Tamil newspapers as *The Star*, *Nanyang Siangpao*, *Tamil Malar* and so on.

The government uses the mass media under its control to ‘construct its own version of the Malaysian social reality for its own political ends’ as Mustafa Anuar summarised (Mustafa K. Anuar, 1990: 84). The coverage of mainstream
newspapers and TV stations is significantly biased towards the ruling party and its leadership, Mahathir.\textsuperscript{24} Mustafa K. Anuar maintained:

The majority of these mainstream media are owned or controlled by individuals or groups who are closely aligned to the powers-that-be. And this means that generally the mainstream media have an ideological bent or a political preference that is collectively similar, i.e. fervently supportive of the government. This fervour can be felt especially in the run-up to general elections. (Mustafa K. Anuar, 2001: 8)

Such coverage maximises the exposure of the government’s propaganda or carries out “popular persuasion,” as termed by UMNO (Hilley, 2001: 157).\textsuperscript{25} The mainstream mass media is viewed as another arm of the ruling party. Muzaffar Tate described the behaviour of mass media as follow:

The coverage of the news by TV, the radio and the Press remains as selective as ever. TV and Radio still carry on with their brainwashing, reporting the opinions of ministers as statements of fact, identifying patriotism with the ruling party, and toeing the party lines the hallmark of democracy. The Press remains as sycophantic as ever to the people in power; it gives detailed coverage of mundane happenings around the country but provides the barest attention to matters of real import such as the epic trial of a former deputy prime minister. (Muzaffar Tate, 2000: 11)

Francis Loh and Mustafa Anuar argued that the government justified the mass media’s subservient attitude of following the government line as ‘responsible development journalism’ (K. W. F. Loh & Mustafa K. Anuar, 1996: 100). Every issue was depoliticised, so as not to criticise government activities, unless, of course, the issue would contribute to the popularity of the ruling elites, especially Mahathir. The issues were oriented towards the form of economic development that was the core basis of Mahathir’s civic nationalist vision. Thus,
the mass media promoted ‘a sense of “naturalised” affinity between the Barisan [Nasional] and the electorate through images of ethnic harmony, nation-building and other Vision emotionalism’ (Hilley, 2001: 123). According to Hilley:

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. (Hilley, 2001: 122-123)

Suppression and indoctrination were mobilised to advance Mahathir’s civic nationalist view, while preventing any potential ideological challenge. These authoritarian aspects of Mahathir’s rule show another side of the success of his civic nationalist vision.

4.3. Mahathir’s rhetoric of threats to the civic Malaysian nation

Mahathir’s rhetoric of external and internal threats to the nation contributed to the prevalence of his civic nationalist vision. Inculcating a siege mentality justified Mahathir’s authoritarian politics, strengthened Mahathir’s nationalist legitimacy and mobilised the Malaysian people towards his civic nationalist vision. This strategy characteristically reflects Mahathir’s collectivist-authoritarian nationalism. This section then explores Mahathir’s demonisation of
the West, which, according to Mahathir, was an external threat that encroached on the independence and interests of Malaysia and Chinese chauvinism and Islamic extremism, the internal threats to harmonious and peaceful ethnic relationships within Malaysia.

4.3.1. Case of external threats: demonising the West

Mahathir’s strident criticism of cultural, political and economic aspects of the West was an attempt to prop up his legitimacy as a protector of the national community. The heart of Mahathir’s criticism of the culture of western civilisations is that their declining culture, if emulated, would have a devastating impact on Malaysia. Mahathir observed that western culture had lost ‘respect for marriage, family values, elder, and important customs, conventions, and traditions’ and was ‘riddled with single-parent families, which foster incest, with homosexuality, with cohabitation, with unrestrained avarice, with disrespect for others and, of course, with rejection of religious teachings and values’ (Mahathir & Ishihara, 1995: 80). Declining western culture posed a threat to Malaysian society because western culture was copied ‘indiscriminately, without weighing whether what is copied is good or bad’ (Mahathir, 1986: 44-45). And Mahathir warned that the consequence might be disastrous. He argued:

Today, Malay values are changing without systematic study and without guidance. Anybody can attack the current system and set up new values. This results in senseless conflict and confusion. It is time the Malays realized this and thought out the right steps to ensure that such a vital and potent tool as a system of values was properly used for the good of the Malay community. (Mahathir, 1986: 103)
The economically powerful West threatened Malaysia’s small but prosperous economy, according to Mahathir. At the peak of the 1998 economic crisis, when Mahathir earned international attention with his accusations of unregulated capitalism and unruly globalisation, he made his point clear:

There should be globalization. There should be movement of funds. But movement of funds must be regulated so that we get the best and not destroy [the country]. We still go around asking people to invest in Malaysia. But when you come in to push up share prices and then dump share prices, that’s not contributing. That’s creating a lot of problems for us. That’s the kind [of investment] we can do without. (Chanda, Biers, & Hiebert, 1998)

Mahathir went so far as to suggest that the more developed (primarily western) countries deliberately attempted to undermine the newly found wealth and prosperity of such developing countries as Malaysia. In a speech at a 1997 World Bank meeting, Mahathir explained why the Asian economic crisis happened. His argument was that the strength of the developed countries’ economies, or even of a handful of major international funds, which cannot accept the realities of a prospering Asia, could undermine a developing country’s prosperity. He contended:

We dismissed the rumor that Malaysia would go the way of Mexico… We did not realize how close we were to a manipulated economic crisis… We know why it was suggested that Malaysia would go the way of Mexico. We know now that even as Mexico’s economic crash was manipulated and made to crash, the economies of other developing countries too can be suddenly manipulated and forced to bow to the great fund managers who have now come to be the people to decide who should prosper and who shouldn’t… Quite a few people who are in the media and in control of the big money seem to want to see these Southeast Asian countries, and in particular Malaysia, stop trying to
catch up with their superiors and to know their place. (Mahathir, 1997c, emphasis added)²⁷

When addressing a Malaysian audience, Mahathir was more upfront, raising the issues of recolonisation and foreign dominance in his diagnosis of the cause of the Asian crisis. Mahathir’s reasoning was that with such international economic regimes, ‘only by making the targeted countries poor to the extent of having to beg for help, colonisation can be achieved’ (Mahathir, 2000b). Raising the spectre of colonisation, Mahathir asserted:

We have seen how companies and banks in the neighbouring countries have been crippled and forced to be sold off to the Westerners. If we allow these multinationals to cross our borders, can we avoid the same fate from befalling us? We will become only workers in foreign firms…There will no longer be national industries. There will be no more NEP. There will be no more privileges for Bumiputeras in the economic field…even if we are paid higher salary, our status will be nothing more than slaves to them. Actually we will be colonised. (Mahathir, 2000b)

In addition, Mahathir argued that the West attempted to destabilise the already weak social fabric of Malaysia by spreading such Western (and hence unsuitable in the Malaysian context) concepts as democracy and human rights. He maintained that such political ideology was rooted in the West’s arrogance, even racism. He argued:

[The west] will not be satisfied until they have forced other countries to adopt their ways as well. Everyone must be democratic, but only according to the Western concept of democracy; no one can violate human rights, again according to their self-righteous interpretation of human rights. Westerners cannot seem to understand diversity, or that even in their own civilization differed over time… It comes from the perception that white people are better than colored people. It is a racial cultural phenomenon. (Mahathir & Ishihara, 1995: 75-76)
An example of how the Mahathir government dealt with so-called external political threats is the accusation it made against the former United States Vice President Al Gore, of meddling in Malaysian internal affairs. At the Asia-Pacific Economic Council (APEC) summit meeting in November 1998, Al Gore expressed his sympathy for Anwar, who had been sacked two months before the meeting, and for the Reformasi movement.\textsuperscript{28} Al Gore’s comment, instead of embarrassing the Malaysian government, incurred strong criticism instead.\textsuperscript{29} Then Mahathir’s deputy, Abdullah Ahmad Badawi, criticised Al Gore’s remark, reflecting Mahathir’s views. In an interview with \textit{Asiaweek}, Badawi said, “The Americans are inciting illegal political forces to overthrow a democratically elected government through violent means. Their aim is to destabilize our government” (Asiaweek, 1998).

The demonisation of purported external enemies united the population to rally behind the current political leadership. Abdul Rahman Embong observed that Mahathir’s rhetoric of Western conspiracy during the 1997–98 economic crisis transformed the population’s favourable and friendly perceptions of the West before the economic crisis to a hostile one (Abdul Rahman Embong, 2001a: 96-97).\textsuperscript{30} Indeed, Mahathir’s attempts brought about an intended consequence—political mobilisation in support of the incumbent leadership. Christine Chin observed:

During the early phase of the crisis, expressions of particularized identities and interests were subordinated to the larger and more patriotic concerns of defending the currency and the economy…Key social forces rallied to the defence of the Prime Minister. Wanita (women) MCA’s campaigns for women to come together and demonstrate their national love and pride had seen the participation of between 5000 and 10,000
women in each state, while Wanita UMNO’s Eshan Wanita Campaign encouraged women to save for the country. Malay and non-Malay middle-class women especially pledged to save as much as they could, to donate their jewellery as a way to increase the country’s reserves and, when possible, to buy only Malaysian-made products. (C. B. N. Chin, 2000: 1049-1050)

Mahathir’s anti-Western arguments created a siege mentality in part of the population. He claimed that culturally, Malaysia was threatened by the declining and decaying Western culture and that the small but prosperous Malaysian economy was vulnerable to manipulation by the superpowers in the international arena or even by a handful of multinational capitalists. Politically, the West attempted to forcefully impose their political system and ideologies which, according to Mahathir, did not fit into the multiethnic and thus fragile Malaysia. Mahathir adopted such anti-West arguments as an important element to support his nationalist legitimacy as a protector of the community who would speak up on behalf of Malaysia’s interests.

4.3.2. Ethnocultural threat from Chinese chauvinism

Mahathir also attempted to strengthen the support for his civic nationalist vision by identifying ethnocultural threats from the Chinese community, which he dubbed as ‘Chinese chauvinism’. In UMNO politics, demonising non-Malays has not only been a common tactic, it has also been effective in securing power within the party and guaranteeing general support from Malay society. Mahathir, as Prime Minister, effectively used this tactic too.

There is, however, a difference between the earlier ethnocultural Malay nationalists’ and Mahathir’s rhetoric. Mahathir’s demonisation of the non-Malay
community was sufficiently sophisticated to avoid extensive alienation of non-
Malays as his civic nationalist vision must be accepted by the non-Malay
community as well. Mahathir did not rebuke the entire non-Malay community. He
only criticised small and carefully chosen sectors of said community which he
considered as groups who attempted to impose their minority view on the majority
view or who appealed to non-Malay ethnocultural nationalism, thereby
destabilising a harmonious civic Malaysian society. Mahathir, in 1981, warned:

The dissenting minority, if they are true citizens, must accept what the
majority wills or tolerates. Of course they may express their opposition
and they may try by legal means to change things in their favour. But
their test of loyalty as citizens is their willingness to accept and live with
what they cannot change. Unfortunately, there are minorities who seek to
revolt or to migrate the moment conditions within their own country are
not as they wish them to be. They vociferously declare their loyalty but to
to them loyalty means simply having thing their way. (Mahathir, 1981a)

Mahathir implied that a substantial majority of the non-Malays, other than
the chauvinists, were contented with his civic nationalist vision, supporting whole
-heartedly the incumbent BN government. His criticism was carefully structured;
he used the term ‘minority’ instead of ‘non-Malay’ to avoid offending the whole
non-Malay community, while still targeting the small group intended.

The best known example of Mahathir’s action against the Chinese-
chauvinists was Operation Lalang in 1987, during which the police arrested more
than a hundred critics of the government, including opposition politicians, social
activists, educationists, in the tensions between the Malay community (led by
UMNO youth) and the Chinese community (led by DAP, MCA and Gerakan).33
According to Mahathir, it was one section of the Chinese community, specifically
the DAP, that had been chauvinistic, playing with racial rhetoric that had caused the ethnic tensions in 1987. In a speech to Parliament immediately after the mass arrests, Mahathir maintained:

The police found that a few opposition party members and their associates have purposely blown up issues relating to race. The DAP in particular has often been playing up issues relating to the Chinese and the Indian openly. They have been giving the picture that the government is oppressing these races. They held public meetings, rallies, demonstrations and other activities to inflame these people against the government and the Malays. (Mahathir, 1987b)34

Furthermore, Mahathir freed from blame the other Chinese parties in the ruling BN coalition that had aligned with the DAP. In the same speech, Mahathir contended, ‘[DAP] also challenged the Chinese and Indian political parties in the government and accuse them of not championing the rights of their people. The latter, thus challenged, have therefore tried to compete in playing up similar issues’ (Mahathir, 1987b). Hence, Mahathir’s argument was other sections of the non-Malay community, which truly agreed with his civic vision and did not intent to play up racial issues, did so only at the DAP’s instigation. By placing the blame squarely on the DAP and its supporters, Mahathir’s “divide and rule” tactic avoided offending the majority of non-Malays. His argument portrayed the majority of the non-Malays, who were innocent victims of the DAP’s manipulation, as pro-government, whereas the DAP, which was ethnocultural nationalist, was against his civic vision.

Mahathir also took the opportunity to showcase his commitment to maintaining an environment conducive to the building of a civic Malaysian nation. While blaming the ethnocultural nationalist or ‘chauvinist’, Mahathir, in the same
speech, stated, ‘our country has a multi-racial population that believes in different
religions. Therefore, it is not only difficult to achieve unity but we are also
susceptible to divisions and tensions because of the sensitivity of racial, religious
and cultural issues’. He pledged unequivocally that his government would take all
necessary actions to overcome such ethnocultural nationalist challenges: ‘The
government will not hesitate to take strict measures to curb those with intention to
cause disorder and stand in the way of the government’s responsibility and effort
to ensure peace and stability in the country for the prosperity of the people’
(Mahathir, 1987b).

By demonising a small group of non-Malays as ethnic chauvinist,
Mahathir attempted to tap the population’s fear of instability to bolster support for
his civic nationalist vision. Mahathir used the possibility of ethnic conflict as a
constant threat to the stability of multi-ethnic Malaysian nation to justify his
collectivist-authoritarian nationalist view. Using this fear factor, Mahathir was
able to consolidate support from a section of society that already agreed with his
vision, while undermining those who supported other nationalist positions.

4.3.3. Ethnocultural threat from Islamic extremism

Where the Malay community was concerned, Mahathir adopted a similar
approach of rebuking and demonising a small group of ethnocultural Malay
nationalists, that is, the Islamic extremists, to strengthen his civic nationalist
position while undermining ideas different from his vision of Malaysian nation. It
was, however, more complicated in the Malay community. Errors made while
handling any issue related to Islam would alienate the entire Malay community.
Although there had been a substantial boost of support from the non-Malays in the early 1990s, Mahathir had to maintain majority support from the Malay community for his political legitimacy. Accordingly, Mahathir’s approach with regards to the Malay community involved promoting a version of ‘progressive Islam’ that fitted into his civic vision, while reproaching and suppressing Islamic extremism as a threat to civic Malaysian nation.

**Mahathir’s progressive and tolerant Islam as alternative to extremism**

Mahathir’s “progressive Islam” was characterised by an emphasis on the modernising and tolerant aspects of Islam. Mahathir warned that a rigid interpretation of Islam would jeopardise economic development, one of the foundations of his civic nationalist vision. He emphasised instead some elements in Islam that would justify the stress he placed on economic development. Mahathir argued:

> the challenge for those who would try to seek out ways of Islamising the discipline of management by reference to old practices and books, is made more difficult by the neo-conservative approach of some Muslims who demand a total reintroduction of a hotch-potch of ossified ancient laws and regulations devised to deal with situations which have long since disappeared. (Mahathir, 1987a)

Mindful of the glorious past of Islamic civilisation, Mahathir asserted that Islamic teaching and culture, in fact, promoted the development of knowledge, skill and economy. He argued that, in its time, Islamic civilisation was a leading and ‘modernising’ force in the development of human society. He said, ‘Remember always that Islam, when it came, was a modernising force that
brought greatness to the early followers of the faith; greatness in the field of
economy, industry, the sciences, the arts and military prowess’ (Mahathir, 1984c).

At the same time, Mahathir promoted a version of Islam that emphasised
tolerance and justice, for Muslims and non-Muslims alike. As Mahathir must
avoid alienating the non-Malays, he kept a delicate balance between fostering
Malay Islamic identity while respecting the non-Malays’ fear of Islam. Mahathir
had to assure non-Malays, who were primarily non-Muslim, that there was a place
for them in Malaysia and that his moderate Islamic vision would not affect the
non-Malay secular way of life. Mahathir contended:

In multireligious Malaysia, the government, which is led by Muslims, has
to show to all quarters, Muslim and non-Muslim, that its administration
based on the concept and principles of Islamic justice is truly fair… It is
important that the administration in Malaysia led by Muslims, prove that
their rule is fair to all, is non-partisan and non-oppressive. (Mahathir,
1993b)

He emphasised that the Malaysian government, led by Muslim, was
tolerant. He stressed:

Although Malaysia is governed by a predominantly Malay Muslim
government, there has been no attempt to oppress non-Muslims. The
Malaysian government is very tolerant and shows respect for the religious
observances of the different religious groups. No one can say that by
being so is not Islamic… Though Islam has been accepted as the official
religion of Malaysia, other religions are allowed to be practised… [I]n
Malaysia where Islam is the religion of only 60 per cent of the people, not
only is freedom to practise other religions meaningful and important but
it implies an acceptance of tolerance and accommodation on the part of
the Muslim majority. (Mahathir, 1999b)

Mahathir portrayed his version of Islam as being secular, development-
oriented and tolerant of other religious beliefs or cultures, which was acceptable
by a majority of Malay Muslims and which did not alienate the non-Muslim non-Malay population. Mahathir’s version of Islam was probably the best compromise he could make while still committing himself to his civic nationalist vision.

**Demonising Islamic extremism**

While developing a version of Islam as an alternative to more extremist interpretations, Mahathir suppressed extremist Islamic groups to distance the Malay community from them. Mahathir depicted the extremist Islamic groups as a small, ethnocultural and fanatical section of the Malay community that threatened the future of the Malaysian people. By highlighting how extremism posed a threat to the comfortable and prosperous life of the Malaysian people, Mahathir could amass support for his civic nationalist vision, in which moderate Malay Muslims and non-Malays could co-exist.\(^{36}\)

Mahathir did crack down on militant or extremist Islamic groups: there was the Memali incident in 1984,\(^{37}\) the banning of *Al-Arqam* in 1994\(^{38}\) and more recently the *Al-Ma’unah* case in July 2000. A group of *Al-Ma’unah* members raided an army camp in Grik, Perak and escaped with firearms in an incident widely known as the ‘Grik Arms Heist’.\(^{39}\) The group was stopped by the military and police at a village called Sauk. Those involved in the heist were detained under the ISA.

Mahathir used the *Al-Maunah* incident to warn of the threat of extremism and the vulnerability of ethnic harmony, Mahathir specifically identified his government with promoting racial harmony and *Al-Ma’unah*—and by implication
any Islamic extremists—with threatening the stability of the nation. In an interview published immediately after the incident, Mahathir contended:

non-Muslims are now feeling uncertain, they fear that there is a move by the Muslims to victimise and kill them. This is a very unhealthy development in a multi-racial society like Malaysia. The Government has implemented programmes to instil *muhibbah* [literally, unity of nations] and promote good relationships between the people of various races. This has been successful, but these people do not even value the racial unity in the country. They set out to do something which they know will create distrust among the people, the perception that the Muslims are out to victimise the non-Muslims. (The Star, 2000b)

Mahathir also linked Islamic extremist groups with PAS. In the *Al-Ma’unah* case, Mahathir claimed, ‘*[Al-Ma’unah members] make up the extremist group among PAS supporters. Although the *Al-Ma’unah* is not PAS-owned, the members are people influenced by anti-government campaign carried out by PAS’ (Wan Hamidi Hamid, 2000). For Mahathir, PAS represented a threat to his civic vision as well as to his political power. While Mahathir attempted to keep the Islamic identity of Malay within moderate boundaries, PAS embraced a stronger version of Islam, aiming to establish an Islamic State. In addition, after more religious leaders were recruited, grassroots support for the PAS had grown substantially since the 1980s. As Mahathir viewed these developments as threats to his political power and the success of his vision, he attempted to cast an extremist mould on PAS to marginalise it and to keep the majority of the Malays within his vision of Islam.

Mahathir’s tactic of demonising Islamic extremism strengthened his civic nationalist argument. By exploiting the non-Malays’ fear of extremist Islam, Mahathir attempted to capture their support. By developing his own moderate and
progressive version of Islam, he attempted to capture the Malay community. Mahathir tried to marginalise all other Islamic forces, including independent and dissenting Islamic groups and the Islamic party, PAS. The Malaysian people, convinced by Mahathir’s rhetoric of the ethnocultural threat, were meant to be the base for his civic nationalist vision.

4.4. Conclusion

In the 1990s, Mahathir’s nationalism was civic and it eased tensions regarding the relationship between ethnic identities and national identity. At the same time, Mahathir’s nationalism was collectivist-authoritarian. It was collectivist in that individual liberty and rights were subordinated to the community’s collective interests and will, as defined by political elites. Such a view justified the political elites’ authoritarian control to facilitate the implementation of the political elites’ nationalist vision.

Mahathir attempted to resolve the issue of ambiguous national identity through his proposition of Bangsa Malaysia, in which the population identified themselves as Malaysian first. Mahathir’s economic vision, Wawasan 2020, and economic growth were strong incentives for the population to support Mahathir’s nationalist vision, which was supplemented by required changes in economic and cultural policies. Mahathir was especially keen to capture the new confident and competent Malay middle class with the concept of Melayu Baru and set it as a model for the larger Malay community to emulate. Mahathir believed that when the entire Malay community was confident and competent, they would accept his civic Malaysian vision. By the mid-1990s, Mahathir’s civic attempt had gained
some success in resolving the national identity question. Mahathir gained the population’s endorsement in the 1995 elections.

At the same time, Mahathir’s nationalism was collectivist. He effectively employed the coercive legal apparatus to suppress any potential challengers to his civic nationalist vision and manipulated the mass media to indoctrinate the population to accept his vision. Another aspect of Mahathir’s collectivist nationalism is his rhetoric of threats to the national community. Mahathir’s demonisation of the western threat propped up his nationalist legitimacy as the protector of the Malaysian nation. Also, Mahathir’s rhetoric of ethnocultural nationalist threats to the nation from Chinese chauvinists and Islamic extremists, sophisticated enough not to be merely another ethnocultural nationalist argument, was intended to further garner the population’s support for his civic nationalist vision.

This exploration of Mahathir’s nationalism and its success in the 1990s is crucial in understanding the 1998 UMNO factional dispute as it helps clarify why different nationalist languages were used in the 1998 dispute. The success of Mahathir’s civic vision explains why the dispute did not develop into an ideological conflict between Mahathir’s civic nationalism and his challengers’ exploitation of ethnocultural Malay nationalism. At least, as a significant portion of the Malay community was not opposing the civic nationalist vision, it reduced the appeal of ethnocultural Malay nationalism, which was once very explosive, as I explained in the examination of the 1969 and the 1987 disputes. In other words, Mahathir’s attempt to resolve the national identity issue was, to a certain degree, successful as it substantially reduced the advantage of championing ethnocultural...
Malay nationalism and the chance of ethnocultural Malay nationalism gaining enough support from the Malay community.

As an aspect of a problem becomes less urgent, the other aspect of the problem unresolved may rise on the surface of debate. An unresolved nationalist issue regarding the relationship between individual and community, then, became increasingly central in the issue of nationalist identity after the 1990s. The relationship between the individual and the community was rarely debated in the community as it had been imposed by political elites. As the tension between ethnic identities and national identity decreased, the question of the relationship between the individual and the community became increasingly important.

Although Mahathir successfully combined civic nationalism, collectivist nationalism reflected in his authoritarian control of society and very rapid economic growth in the first half of 1990s, it was not guaranteed that he would be able to maintain this particular combination. The growth of a more independent and confident Malay community produced not only strong supporters of civic vision among the Malays but also a demand for more liberal politics, which was potentially critical of Mahathir’s authoritarian nationalist control of society.42 While the criticism of Mahathir’s collectivist-authoritarian nationalism did not mean that Mahathir was bound to fail, it formed the beginnings of a potential challenge to his civic nationalism. Such a challenge would mature if the incumbent elites failed to maintain economic growth and if the challenging elites were successful in developing and spreading an alternative view.

1 Mahathir was Prime Minister of Malaysia for 22 years; this accounted for nearly half of Malaysia’s post-independence history. Many scholars considered the three defining
characteristics of the Mahathir administration to be economic development, authoritarian politics and the management of ethnic tensions. There has been substantial research on issues related to economic development in Malaysia. Several studies examined the commitment of the Malaysian political leadership, especially the Mahathir administration, to capitalist economic development (see Funston, 1998; Gomez & Jomo, 1997: Ch. 5; B. T. Khoo, 1995: Ch. 4; Searle, 1999). Many scholars considered Malaysian politics, especially the Mahathir administration, to be authoritarian in nature (Case, 1992; 1993; 1997; Crouch, 1992; 1993; 1996a; B. T. Khoo, 1997a; Munro-Kua, 1996). Ho Khai Leong focused on how Mahathir monopolised political power (Ho, 2001). Hari Singh argued similarly, ‘Political power among the ruling elite was no longer pluralistic but had become concentrated in one man. The prime minister was no longer the “first among equals”: he was the first, and brooked no equals. Suffice it to say that the traditional ground rules no longer applied. A different ideology was needed to legitimize a challenge to authority’ (H. Singh, 2001: 540). In a similar vein, Wang Gungwu described Mahathir’s style as “presidential”. He observed, ‘[Mahathir had] a tendency to centralize all constitutional power in his own hands, he prefer[ed] a cabinet loyal and accountable only to him, and he [was] determined to stamp his strong ideological values directly on the Malaysian people’ (Wang, 1986: 115). Saravanamuttu and Simon Tan studied the relationship between Mahathir’s authoritarianism and capitalist economic development (Saravanamuttu, 1987; S. Tan, 1990). Scholars of Malaysian politics observed that by the first half of the 1990s, there was growing emphasis on the Malaysian nation, beyond loyalty to individual ethnic backgrounds (see Abdul Rahman Embong, 2001b; Halim Salleh, 1999; Hilley, 2001: Ch. 2; B. T. Khoo, 2003: Ch. 2; S. Khoo, 1999; Williamson, 2002). In particular, Shamsul and Abdul Rahman Embong (Abdul Rahman Embong, 2001c; Shamsul, 1998) observed the growing ambiguity of Malay identity, in the context of the growing Malaysian identity. This chapter argued that the growing sense of the Malaysian nation or the recession of ethnic loyalties was a sign of success of Mahathir’s collectivist-authoritarian civic nationalism. This vision was based on economic growth as the main incentive for the population to accept the civic vision. In addition, Mahathir utilised authoritarian politics as a reflection of collectivist-authoritarian nationalism to suppress any ideological challenges to Mahathir’s civic vision.

2 These two concepts, Bangsa Malaysia and Wawasan 2020 were first announced in Mahathir’s speech, titled “Malaysia: The Way Forward” on 2 March 1991. See (Mahathir, 1991a).

3 In fact, creating a Bumiputera entrepreneurial class has been one of the foci of the NEP since its implementation in the 1970s. And, given Mahathir’s emphasis on private sector-led economic development since the 1980s, more emphasis was placed on the promotion of the Bumiputera Commercial and Industrial Community (BCIC). In the 1990s, creating the BCIC was a major element of economic planning in Malaysia. During the first half of the 1990s, the government implemented several programmes to create and promote the BCIC. They included the vendor development programme, the franchise development programme, the venture capital scheme, the upgrading of management and technical capabilities of Bumiputera businesses, and expanding entrepreneurial culture programmes to involve Bumiputera youth. See, (Malaysia, 1996: 74-77).

4 In an interview with the Star in 2003, Mahathir said, “As I said, one of my disappointment is that I cannot change the culture of the Malays, in particular, and the indigenous people. I want them to learn how to look after themselves and not be dependent on the Government. I want them to work hard; I want them to be honest and not try and get rich quickly. All these things I keep on hammering. I scolded, I praised, I
did everything but I'm afraid, as I have said before, there is improvement only to a little extent…” (The Star, 2003)

For a comprehensive review of studies of the Malaysian middle class, see (Abdul Rahman Embong, 1999). Another Abdul Rahman essay surveyed the newly rising Malay middle class, *Melayu Baru* or the new Malay extensively. See (Abdul Rahman Embong, 2001c). For statistical evidence of the significant growth of the Malay middle class, see (Jomo, 1999).

A. B. Shamsul discussed extensively how the development fund was misused at the local level and how politics intervened in the allocation of the development funds before and after the NEP. See (Shamsul, 1983;1986).

Mahathir pointed out that Malay settlers were not provided any incentives to strive for a better life or economic wealth. This was called the ‘syndrome of lazy Malays’ (Mahathir, 1970: Ch. 3; Syed Hussein Alatas, 1977). In the same book, he also examined how the Malay ethical and value system prevented them from getting fully involved in a capitalist economy and in the competition with immigrant ethnic groups. He argued that the Malays were captivated by ‘religion’, ‘formality’, ‘ritual’, and ‘fatalism’ rather than pursuing ‘worldly things’, ‘innovation’, ‘success’ or ‘effort to change’ (Mahathir, 1970: 155-159).

When Mahathir became prime minister, he pointed out a negative aspect or consequence of the NEP that perpetuated the old Malay value system rather than changed the Malay mindset. A consequence of promoting Malay entrepreneurs under the NEP in the 1970s was ‘a “dole”, “subsidy”, or “get-rich-quick” mentality among the Malays’ (B. T. Khoo, 1995: 127). Mahathir believed that the assistance provided by the NEP to the Malays aggravated already existing shortcomings and deepened their weaknesses, producing a middle class heavily dependent on the government’s assistance. Mahathir, in an interview, argued: ‘To say that the NEP has succeeded is to be optimistic. You say it has succeeded in creating this middle-class of Malay professionals. It has not. What has happened is simply the government makes it possible for them to survive. The economy is still basically the same. All these people depend on the government—the Malay contractors, the Malay lawyers, the businessmen’ (Jayasankaran, 1988: 9).

While empirical research on this development is hardly available in Malaysia, a recent survey shed light on this topic. Heng Pek Koon surveyed Malaysian university and college students (from University Malaya, University Kebangsaan Malaysia, HELP Institute and TAR College) in 1999-2000 (Heng, 2003). When asked to gauge the relative weight of ethnic identities and national identity, regardless of ethnic group, more than 50 per cent of the students answered that their national identity as Malaysian was more important than their ethnic identities. Also, quite a number of students responded that their national identity and ethnic identity were equally important. About 20 per cent of the students surveyed stated that their ethnic identity was more important than their national identity. This survey indicated that, as a significant majority of young Malaysians placed their identity as Malaysians before their ethnic identity, it might be possible that future generations in Malaysia might prioritise their national identities. When asked the reason for being patriotic or for being proud to be Malaysian, regardless of ethnic backgrounds, the respondents chose “multiracial harmony and cooperation” (41 per cent) as the most important reason, followed by “social/political stability”. In all ethnic groups, “multiracial harmony and cooperation” topped the list (48 per cent in Chinese, 55 per cent in Malay and 50 per cent in Indian students).

Related to this change in Malaysian society, A. B. Shamsul’s article (Shamsul, 2001) noted that, despite significant changes and transformation in the Malaysian political landscape, many researchers were still locked in the old framework of ethnicity
and communality in their interpretation of Malaysian politics. In particular, noting the rise of the Reformasi movement, Shamsul argued that a new politics, which he described as “‘interest-based’ politics, largely non-communal and non-ethnic in nature’ had emerged. And he asserted that it was time to ‘shift away from the colonially generated categories of race, ethnicity, and region’ (Shamsul, 2001: 223).

11 A report in the Far Eastern Economic Review quoted a Malay mother whose son was attending a Chinese school: ‘Mandarin is so widely spoken in Asia... Much business is done in Chinese. I’m helping him for a future career’ (Hiebert, 1995). So much so, the cultural deregulation was welcome by parts of the Malay community for highly practical reasons, which overcame the emotional and symbolic ethnocultural Malay nationalism of the 1960s.

12 Gomez showed a substantial increase of support for the BN in constituencies where more than 33 per cent of the voters were Chinese. In 49 out of 58 such constituencies, the BN obtained more than 50 per cent of the total votes (Gomez, 1996a: 32-33, Table 8). Furthermore, except in one constituency, the BN’s share in the 1995 elections increased in all the other constituencies by up to 27 per cent points, compared to the 1990 elections. In addition, according to statistics compiled by Maznah Mohamad, in ethnically mixed states such as Melaka, Selangor and Negri Sembilan, UMNO’s share increased more than 10 per cent compared to the 1990 elections (Maznah Mohamad, 2003: 73 Table 4.1).

13 The evidence provided here is indirect. In general, Malaysian elections statistics does not reveal voting pattern by ethnic groups. It is also difficult to obtain data regarding the performance of individual parties in the BN. Even the number of seats in parliament held by the individual parties is not officially announced in the case of BN component parties. Because of these reasons, conclusions regarding elections results can only be inferred.

14 For more, see section 1.2.2 in chapter 1.

15 Although Mahathir used this argument effectively, he was not the first Malaysian leader who emphasised the crucial role of political leadership. There had always been a strong tendency to consider the elites superior to the population in Malaysian politics, who were supposed to be in ‘need of strong government and a sense of “guidance”’ (Zakaria Haji Ahmad, 1989: 371). Hence, it is not surprising that political leadership in Malaysia has been described as paternalistic. David Martin Jones argued that paternalism has been one of the core elements of political culture in Asia. Especially in Southeast Asia, he discussed, ‘[people regard] [Zaman] Mas [golden era] created by the man of prowess...was a time of order, wealth and harmony. Conversely, it follows that if the efficient managers of the state sustain high level of growth and prosperity, such rule is not only legitimate, but also virtuous’ (Jones, 1995: 74-75). Specifically, in the case of Malaysia, Zakaria Haji Ahmad contended that political leaders, especially the Prime Ministers since the first Prime Minister, Abdul Rahman, have been paternalistic (Zakaria Haji Ahmad, 1987: 125). Furthermore, Chandr Muzaffar effectively showed the links between the modern political elites’ paternalistic view with traditional Malay political culture and how the modern political elites of UMNO successfully appropriated the authority of traditional rulers by claiming themselves as ‘protectors’ (see, Muzaffar, 1979).

16 K. Das observed, ‘To him the voter gives his power away when he votes for a candidate. Once he elects an MP, the voter has no more to say. He has a voice once in five years or so and then he has no more to say than a prisoner in Pudu gaol. That is [Mahathir’s] perception of the “mandate”’ (Das, 1986: 2).

17 Mahathir’s strategy disparaged the opposition and exploited the fear of the population. During the 1999 elections, the ruling coalition’s media advertisements had
such headlines as “Vote Opposition and You Vote the Country Into Chaos,” “Vote Opposition and You Vote Away Your Religious Freedom,” “Vote Opposition and You Vote Away Your Cultural Freedom,” “Don’t Gamble Our Future,” etc. (see, Mustafa K. Anuar, 1999).

In fact, Mahathir was not personally responsible for many of the authoritarian enactments. When Mahathir became Prime Minister, the Internal Security Act, Sedition Act, Society Act and Emergency (Essential Powers) Ordinance and so on were already in existence as they had been used by his predecessors to overpower political challenges. Mahathir used these laws extremely effectively to suppress his political and ideological opponents, thereby strengthening the trend towards authoritarianism in Malaysia. For a study of the fluctuations between democracy and authoritarianism in Malaysia since the independence, see (B. T. Khoo, 1997a). A report by Tommy Thomas listed 14 statutes, which “cause severe inroads, and, for practical purposes abrogate constitutionally protected fundamental rights”. Not surprisingly, these statutes were all introduced by the executive. The list included: Public Order (Preservation) Act, 1958, Prevention of Crime Act, 1959, Trade Union Act, 1959, Immigration Act, 1959, Internal Security Act, 1960, Societies Act, 1966, Police Act, 1967, Emergency (Public Order and Prevention of Crime) Ordinance, 1969, Universities and University Colleges Act, 1971, Official Secrets Act, 1972, Sedition Act, 1972, Essential (Security Cases) Regulations, 1975, Printing Presses and Publicity Act, 1984 and Dangerous Drugs (Special Preventive Measures) Act, 1975 (Thomas, 2001). A summary of this article was published on the Aliran Website at http://www.aliran.com/hr/tt3.html. (Accessed on 12 October 2004).

The ISA was initially enacted to counter the threat from the communist insurgency in the 1960s but it has become a convenient tool to cope with any individual or organisation deemed to be a threat to the government. Under ISA, the police does not have to charge the detainees in court. Often called ‘detention without trial’, the ISA allows the government to detain any person deemed prejudicial to the national security initially for 60 days, which can then be extended by two years by the Home Minister. This detention can be extended indefinitely (Ramakrishnan, 2001: 4).

The Official Secrets Act, first introduced in 1972, was amended in 1986, when Mahathir was Prime Minister. With the amendment, the government obtained more power to classify government information and documents as official secrets, which rendered them inaccessible to the public. Officials were required to report to the police anyone who sought the classified information (Means, 1991: 139; Suaram, 1998: 230).

Another example of the government’s ability to control the mass media was the crackdown of Harakah, PAS’s official organ, in 1999, right after a general election in November that year. After the sacking of then Deputy Prime Minister Anwar, the public, increasingly disillusioned with mainstream mass media which loyally delivered the government’s point of view, turned to such alternative media as Harakah, Malaysiakini, online discussion groups and Reformasi websites. The Harakah’s readership jumped from 65,000 before Anwar’s sacking to 360,000 immediately after the 1999 general elections; its website had more than 140,000 visitors a day. Similarly, Malaysiakini, an on-line newspaper critical of the government, claimed that they had at least 100,000 visitors a day. For Mahathir, these thriving alternative sources of information were threatening. Immediately after the 1999 elections, the government raided the Harakah and arrested its editor, Zulkifli Sulong, and the owner of the printing firm that published Harakah, Chea Lim Thye. Furthermore, a few other critical publications such as Detik, Eksklusif, Tamadun and Wasilah were served with government warnings (Netto, 1999: 4). Although the Harakah was eventually permitted to publish, its frequency of publication was
reduced from twice a week to twice a month and its circulation was strictly limited to PAS members.

22 TV3 was privatised in 1993. The company that was awarded the broadcasting license, however, was none other than the Fleet Group, which was wholly owned by Renong, an UMNO company (Gomez, 1994: 80-83). When Metro Vision, another commercial TV station, was privatised in 1994, the Utusan Group, owned by UMNO, was involved in the ownership of this new private TV station (Hilley, 2001: 121).

23 MCA owns the English daily with the highest circulation in Malaysia, The Star, through its holding company, Huaren Holdings. In 2001, MCA also owned a controlling share of the Nanyang Press, which published a Chinese daily, Nanyang Siangpao, and an English daily, China Press. It was widely believed that critical coverage regarding the leadership of the MCA, Lim Liong Sik (MCA Team A), in favour of his political rival, Lim Ah Lek (MCA Team B), prompted the MCA’s takeover of the publication (F. Loh, 2001). Also, MIC owns a Tamil daily, Tamil Malar.

24 Mahathir had never supported press freedom. He explained, ‘Nowadays, you say the press is free, but it is not really free. The press must be under the control of someone—the editor, the reporter, the owner or sometimes even the advertisers. So it is not free’ (Crovitz, 1994: 20). As Mahathir was Prime Minister and President of UMNO and as the government and UMNO collectively owned a majority of the newspapers and TV stations, Mahathir’s statement was, in effect, an admission that Malaysian mass media reflected his views and those of his government.

25 Mustafa K. Anuar, in a column posted at Malaysiakini, criticised the politicians’ (especially those associated with the ruling coalition) ‘patronising’ attitudes towards the public which were often expressed in the mass media. He argued, ‘Certain Barisan National politicians, in their desperate attempt to justify the unjustifiable, can be quite patronising towards the ordinary people. They would, with a straight face, insist that the Rakyat are not yet ready for open debate and a higher degree of press freedom because, so goes the insinuation, the latter are intellectually unrefined, emotional and politically naïve. These politicians have over time acquired the knack of ridiculing the intelligence of the people, including the so-called orang kampung. The multiethnic and multicultural nature of a society such as ours also comes in handy. It provides an “excellent” and convenient excuse for the ruling elite to restrict press freedom and curb certain civil liberties.’ (Mustafa K. Anuar, 2002)

26 Mahathir, of course, had been the most ardent champion of capitalist economic development amongst UMNO leaders. However, he distinguished between capitalism ‘as a way of earning a living,’ and capitalism as it existed in the West, which had become, in his opinion, an ideological justification of greediness (Mahathir, 1986: 57).

27 Mahathir’s reference to Mexico arose because Mexico experienced a similar economic crisis a few years before the Asian Economic Crisis. The initial symptoms of both crises -- sudden devaluation of currency and capital outflow -- were similar.

28 Al Gore said, ‘Democracy confers a stamp of legitimacy that reforms must have in order to be effective… And so, among nationals suffering economic crises, we continue to hear calls for democracy, call for reform, in many languages—People Power, Doi Moi, reformasi. We hear them today—right here, right now—among the brave people of Malaysia’ (Reyes & Healy, 1998).

29 It is true that Al Gore’s criticism did not help the Reformasi movement much. An opposition leader, Syed Husin Ali, president of PRM (Parti Rakyat Malaysia or Malaysian People’s Party), a BA (Barisan Alternatif; Alternative Front) coalition party, said, ‘We consider Al Gore’s speech as not being well-advised. It can be effectively used
by Dr. Mahathir as an opportunity to strengthen his position by whipping up the people’s patriotism’ (Reyes & Healy, 1998).

30 Abdul Rahman Embong noted that, after the economic crisis, only 49.6 per cent of the new middle class viewed major powers, for example, the United States as ‘economic friends’. Before the economic crisis, as much as two-thirds of the new middle class regarded the major powers as economically friendly. Also, only a third of the new middle class saw the major powers as political friends. Likewise, before the economic crisis, as much as 48 percent of respondents regarded the major powers as politically friendly.

31 Ethnocultural nationalists in the party had claimed that the presence of non-Malays was a major threat to the survival and prosperity of the Malay community. Mahathir, as one of the young ultras in the 1969 dispute, subscribed to such a view. The challengers in the 1987 dispute were no exception, although they were indirect in their criticisms of the non-Malays. In 1987, Team B’s argument in support of the NEP being extended meant that Team B still viewed the non-Malays as an economic threat to the Malay community.

32 It was ironical that it was Mahathir who pinpointed the ‘fear factor’ in collectivist-authoritarian nationalism. In an interview with a journalist, he argued, ‘you only cling to your race when you feel a sense of fear. If the Malays learn that there really is nothing to fear, that they have the ability to compete and succeed, I think the emphasis on seeking protection in their own community will disappear’ (Rehman Rashid, 1986a). He acknowledged that a sense of fear made one adhere to one’s own community. In Mahathir’s collectivist-authoritarian nationalism, his rhetoric of threat and enemies to the community actually played the role of making people cling to their own communities and support those who claimed they could protect them. Indeed, it was UMNO which, for a long time, claimed it was the protector of the Malays. In light of Mahathir’s argument above, UMNO’s rhetoric of being protector of the Malays contradicted its attempts to enhance Malay economic power through the NEP, as one made the Malays more dependent, while the other tried to make them independent.

33 For details regarding Operation Lalang, please see the previous section.

34 The ethnic tensions were primarily between the Chinese (an opposition party, DAP, and components in the ruling coalition, MCA and Gerakan, as well) and UMNO. However, while 16 members of DAP were arrested, only three from UMNO were arrested (Suhaini Aznam, 1987b: 13).

35 In the 1990 elections, when Mahathir’s UMNO Baru faced a formidable challenge from the opposition, notably, Razaleigh’s Semangat 46, a splinter group from UMNO, non-Malay support for the BN was decisive in saving the ruling coalition. The new trend of non-Malays supporting the ruling coalition was even more pronounced during the 1995 elections. Despite the surge in support from the non-Malay community for the ruling BN, non-Malay support could not replace Malay support, as far as UMNO was concerned. Being a Malay-based party, UMNO needed strong Malay support, at all cost. Compared to Malay support, non-Malay support was only of secondary importance. For example, the 1999 elections were disastrous because the party had lost the majority support of the Malay community, even though the ruling coalition maintained its 2/3 majority, with substantial support from the non-Malay community.

36 In his article, Malhi pointed out that Mahathir used a simple formula to persuade the Malaysian people (Malhi, 2003). The formula involved Mahathir describing his own version of Islam as modernist and progressive and PAS’s version as “traditional”, “backward-looking” and “obscurantist” (Malhi, 2003: 236-238). In a similar context, Martinez claimed that Islam in Malaysia has been subjected to subjective interpretations to serve the political agenda of the interpreters. She argued, ‘UMNO, PAS and even non-governmental organizations (NGOs) and political commentators often make claims on
behalf of constituencies whose views are essentially assumed and defined for them, rather than as a reflection of widespread listening and polling of what most Malaysians want or think. These claims are written largely in swathes of generalizations, rendering Malaysians into groups and categories that perpetuate schisms and stereotypes’ (Martinez, 2001: 467).

37 In November 1984, a group of villagers in Memali, Baling, Kedah confronted the police. The group, led by former PAS member, Ibrahim Mahmood, who was widely known as Ibrahim Libya, was attacked by the police. As a result, 14 people were killed. Ibrahim Mahmood, a graduate from the prestigious Al-Azhar University, helped Anwar Ibrahim organised peasant demonstrations in Baling in the early 1980s. He ran for a parliament seat in the general elections as a PAS candidate but was unsuccessful. Subsequently, the government attempted to arrest Ibrahim Mahmood and his followers under the ISA, charging them with practising a deviant form of Islam. Ibrahim Mahmood and his followers resisted arrest in Memali, resulting in the clash with the police.

38 Established in 1968, Al-Arqam began as an inconspicuous religious movement but by the 1990s, it had developed into a much larger movement, with networks in such neighbouring countries as Thailand, Indonesia and Philippines. Alarmed by the growth of the group, the Malaysian government banned Al-Arqam in 1994 and arrested key figures, including its leader, Ashaari Muhammad, under the ISA. Although the government claimed that it had kept Al-Arqam under surveillance for years and that the group was practising a deviant form of Islam, there was suspicion that the government’s sudden crackdown was a political measure rather than a religious one (Abdul Fauzi Abdul Hamid, 2000: 36-38).

39 Al-Ma’unah, meaning ‘inner power’, was established in 1998 near Klang in Malaysia. It has more than 1,000 members in Malaysia and overseas members in Brunei, Singapore and Egypt. They practice the traditional Malay martial arts, Silat, and membership is confined to Muslims. (From Al-Ma’unah website at http://members.tripod.com/~al_maunah/intro.htm) (accessed on 2 August 2000)

40 Some participants in the arms heist incident were former PAS members who were expelled when they became involved in Al-Ma’unah. PAS denied any relationship with the Al-Ma’unah (The Star, 2000a).

41 In the early 1980s, PAS changed its leadership from nationalist leaders to religious ones such as Nik Aziz Nik Mat, Fadzil Noor and Abdul Hadi Awang, who had graduated from Islamic universities in the Middle East or from the Dakwah (Islamic missionary) movement (Hussin Mutalib, 1993: 37-39). The resurgence of Islam in PAS was part of the growing influence of Islamic revivalism, Dakwah, in the 1980s. If Malays were persuaded by PAS, it meant, for Mahathir, a loss of political legitimacy and a grave threat to his civic nationalist vision. The resurgence of Islam among Malays had strong ethnocultural Malay nationalist implications. PAS’s performance in the 1999 elections, when it captured the Kelantan and Trengganu state governments and increased its parliament seats from seven to 27, was particularly stunning.

42 The political role of the developing middle class in Southeast Asia, and in Malaysia specifically, is a highly contentious issue. The majority view, where Malaysian politics is concerned, is that the developing middle class is highly supportive of the authoritarian state to protect the economic affluence that they enjoy (Brown & Jones, 1995; Crouch, 1992;1993; Jesudason, 1996; Kahn, 1996; Kahn & Loh, 1992; K. W. F. Loh, 2000). There are only a few studies that have concluded that the middle class is a force for democratisation in Malaysia (Saravanamuttu, 1989; H. Singh, 1991). On the other hand, Abdul Rahman Embong and others have argued that the middle class is not homogeneous
but fragmented (Abdul Rahman Embong, 1999). Given the rapid growth of the Malaysian middle class in the past couple of decades, which caused unequal development, these scholars believed it was problematic to view the Malaysian middle class as a homogenous class. However, even those who had downplayed the importance of the middle class as an agent of political change still acknowledged there could be situations where the Malaysian middle class could be critical of the state (Crouch, 1992; Jesudason, 1996; Kahn, 1996; K. W. F. Loh, 2000).

UMNO experienced another devastating factional conflict in 1998. Differences between Mahathir and his deputy, Anwar Ibrahim, resulted in Anwar’s dismissal from his cabinet post (Deputy Prime Minister) and party post (Deputy President) in September 1998 but that was, by no means, the end of the dispute. A political reform movement (Reformasi) emerged, expanding the UMNO factional dispute into a political conflict between the Mahathir-led BN and the opposition coalition, which succeeded Anwar and the Reformasi movement. In the end, the most of Malaysian society was polarised into two competing groups, making the 1998 UMNO factional dispute one of the most significant political developments in Malaysian history.

Observers have drawn parallels between Abdul Rahman’s fate in 1969 and Mahathir’s situation in 1998. One such observer, Cheah Boon Kheng, commented:

[Mahathir’s] “give and take” policies, or policies of accommodation and compromise, of appeasing one race and then another, that he was now practicing were reminiscent of those of Tunku Abdul Rahman’s policies that ironically Dr Mahathir himself used to criticize… [In 1969,] he had expressed strong pro-Malay nationalist sentiments and “anti-Chinese” views. In that same year he was expelled from UMNO for his “hate” letter to Malaysia’s Prime Minister Tunku Abdul Rahman, whom he had accused of being “pro-Chinese”. Ironically, thirty years later, as Malaysian Prime Minister, in the country’s tenth general elections in November 1999, Dr Mahathir found that like the Tunku, more than half of the Malay voters had turned their backs on him. “Must Prime Minister
As the quote indicated, there was no doubt that Mahathir’s position in the 1990s was similar to Abdul Rahman’s in the 1960s, in the sense that their nationalist vision was moving away from ethnocultural nationalism.¹ Mahathir also faced a political challenge, as did Abdul Rahman. There was, however, an important difference: Mahathir’s civic nationalist project was more successful than Abdul Rahman’s multicultural nationalism, which substantially reduced the potential threat from ethnocultural Malay nationalists to Mahathir’s nationalist legitimacy. A potential challenger to Mahathir, therefore, might have needed a more effective ideological argument than ethnocultural nationalism.

On the surface, the dispute between Mahathir and Anwar looks simple. As in existing studies, it can be another squabble of clashing political pragmatism and opportunism – a clash between will to hold on power and will to get it newly, a conflict between two competing patronage networks, a fight between two different political styles and so on. Or it can be explained as a struggle between Mahathir’s more authoritarian politics and Anwar’s more liberal politics in relative terms, of course.² They are not wrong, but this thesis is looking at the dispute from a different angle. What this research, in explaining the dispute, aims is to focus on different assumptions on national community, underlying the clashing political practices and outlooks – authoritarianism and liberalism. As I explained in chapter 1, we can explain different political outlooks and practices by different ways of defining national community. The different ways require different political outlooks and consequence different political practices. Thus, it becomes matter of
nationalism. What we can see on the surface is clashing political outlooks and practices, but they are essentially related to different perceptions on the characteristics of national community.

The competing nationalisms in the 1998 dispute -- Mahathir’s collectivist-authoritarian nationalism and Anwar’s individualistic-libertarian nationalism – were different from those in the 1969 and 1987 disputes. The two competing arguments in the 1998 dispute had different assumptions regarding the relationship between the individual and national community. Mahathir’s rhetoric of threats, the demonisation and authoritarian suppression of his political opponents reflected his collectivist nationalist view. Mahathir’s assumptions rationalised the subordination of individual liberty and rights to the vision and interests of the nation as defined by incumbent political elites, which were to be upheld and defended at all costs, including authoritarian suppression. Anwar’s reform agenda, which demanded democratic politics, civil society and tolerance of different voices, assumed that individuals had rights and it should be less constrained by the community’s interests and vision than the individuals in collectivist view.

The first section in this chapter briefly reviews the Mahathir-Anwar relationship to understand the differences that led to the 1998 dispute. The second section explores Anwar’s nationalist ideological perspective, contrasting it with Mahathir’s. The 1998 dispute was more than a personal power struggle between Anwar and Mahathir and involved significant differences in their nationalist ideological position. The third section will demonstrate how Anwar utilised his nationalist position to mobilise the Reformasi movement after his sacking and
how Mahathir responded with authoritarian strategies that reflected his collectivist nationalist position. The fourth section investigates how the dispute deepened when it was transformed into an electoral competition between Mahathir’s BN and Anwar’s opposition coalition in the 1999 elections. The final section will examine the aftermath of the dispute, the main theme being how Mahathir was able to mobilise support by using a garrison-under-siege strategy that amplified fear, through the manipulation of internal and external developments in the post-Reformasi period.

5.1. The Mahathir-Anwar relationship and tensions in the 1990s

Anwar first came to national prominence in the late 1960s as a student movement activist critical of the government. As Education Minister in 1974, Mahathir was responsible for monitoring and, if necessary, cracking down on student movements. In the early 1980s, Anwar led a coalition of NGOs that opposed Mahathir government’s attempt to amend the Societies Act (B. T. Khoo, 2003: 86-89). At that time, Anwar’s ideological position as a critic of the government was indirectly opposed to Mahathir, who was then at the centre of the government first as cabinet minister, then Deputy Prime Minister and finally Prime Minister. Anwar then championed social justice, eradication of poverty, opposition to oppressive government, Islamic issues and so on. The issues Anwar raised and the ideological assumptions underlying his student activism were consistent with his stance in the Reformasi movement.

The relationship between Anwar and Mahathir changed dramatically in 1982 when Anwar was co-opted into UMNO by Mahathir. After Anwar joined
UMNO, the ‘fierce and charismatic youth leader’ was promoted very rapidly, thanks to Mahathir’s patronage. Anwar gained experience in several cabinet positions as well as party posts. At first, it seemed that both Anwar and Mahathir gained from cooperating with each other. While Mahathir supported Anwar’s rise, Anwar repaid Mahathir by providing strong support during such political turmoil as the 1983 constitutional crisis, the 1987 UMNO dispute and Mahathir’s confrontation with the Sultans in 1993. Anwar’s support at the grassroots level was instrumental in resolving the 1987 dispute in Mahathir’s favour and Anwar was said to be Mahathir’s most important weapon against Team B. A *Malaysian Business* article reported, ‘[Anwar] is enormously popular with the grassroots. Indeed, some analysts go so far as to suggest that the education minister [Anwar] is Mahathir’s biggest asset’ (Jayasankaran, 1987a: 6). Also, Mahathir and his government needed Anwar’s Islamic credentials to deal with PAS and the rising force of the *Dakwah* movement. A close ally of Anwar asked, ‘Do you know of anyone else who can face PAS men at a public forum and debate openly on religious matters? …Whatever other leaders might say of Anwar, grass-root UMNO members know that they can’t afford to sacrifice him. Otherwise, UMNO will face a major problem with PAS’ (Pillai, 1987: 14).

In the 1990s, the relationship between Anwar and Mahathir became more complicated when Anwar fought for and won the Deputy President of UMNO post. In the 1993 UMNO elections, the ‘*Wawasan* Team’ (Vision Team), led by Anwar Ibrahim and powered by young politicians, won most of the party’s top posts, including deputy president (Anwar himself) and all three vice presidents (Najib Razak, Muhammad Taib, Muhyiddin Yassin), heralding the advent of a
new generation. In 1993, the members of the ‘Wawasan Team’ were in their 40s, while Mahathir and his deputy, Ghafar Baba, were close to their 70s. Anwar’s team also surprised many by its well-organised campaign, its strategic use of economic patronage (Vatikiotis, 1993a: 15) and its effective use of mass media, virtually blocking the coverage of opponent candidates, especially Ghafar Baba, who was then the incumbent deputy president (Vatikiotis, 1993c: 16-17). Although Mahathir was initially opposed to Anwar’s challenge to Ghafar, Mahathir could not stop Anwar, realising his substantial support within the party (Vatikiotis, 1993b: 27). When the party elections were over, rumours surfaced of Anwar’s impending challenge to Mahathir.

Shortly after assuming the post of Deputy Prime Minister in 1994, Anwar began articulating his own nationalist ideological position, which was often opposed to Mahathir’s. Hari Singh noted that Anwar needed to differentiate himself from Mahathir ideologically (H. Singh, 2001: 540). His attempts to ideologically distance himself from Mahathir, as I will show in later sections of this chapter, were reflected in his speeches from this time around. The expression of his differentiated ideological stance from that of Mahathir, of course, became crystal clear after his sacking in 1998. Along with the ideological differentiation, Anwar became identified as the leader of a new generation in UMNO. Considered UMNO’s flag-bearer of the Melayu Baru or Anwar’s Wawasan Team, this new generation of elites strongly supported Anwar as its leader, according to Ho Khai Leong (Ho, 1994).

If the 1993 elections were marked by the successes of Anwar’s faction, then the 1996 party elections were known for Mahathir’s attempts to check
Anwar’s political and patronage base and to prevent his further advancement (B. T. Khoo, 1998).  
Mahathir first strengthened his own grassroots support at the UMNO branch level and alienated Anwar’s supporters from such influential positions as UMNO branch and division heads (B. T. Khoo, 1997b: 163).  
Mahathir then banned all electoral campaigns for the party elections, fearing such campaigns would destabilise UMNO or undermined his own position (Jayasankaran, 1996: 24). Any challenge to the top two UMNO posts was prohibited as well. Overall, the 1996 elections were a setback for Anwar and his faction, as Mahathir’s faction regained all three UMNO Vice President positions (Kulkarni, Hiebert, & Jayasankaran, 1996: 22-23).  
Although Anwar’s faction won a couple of such high level positions as Chiefs of the Youth and Women’s Wings, Mahathir’s political manoeuvring effectively, albeit temporarily, considering what subsequently transpired in 1998, neutralised the political pressures from Anwar’s faction (J. Chin, 1997a; B. T. Khoo, 1997b).

Until 1997, although it seemed that there was tension over power and ideological differences between Mahathir and Anwar, they worked together as a team. According to John Funston, who follows Malaysian politics closely, ‘When and how Anwar succeeds Mahathir remain unknowable. But the parallel and intersecting aspects of their careers, and the tactical skills which both have demonstrated, make it likely that they will manage the change without a destructive contest’ (Funston, 1998: 31). Funston’s observation remained correct until 1997. From that point on, the division between the two leaders became increasingly apparent as the impact of the Asian Financial Crisis undermined
Mahathir’s efforts to maintain his blend of civic and collectivist-authoritarian nationalism.

5.2. Anwar’s individualistic-libertarian nationalism

Anwar’s agenda for political reform was based on assumptions regarding the relationship between the individual and the community that were different from those underlying Mahathir’s collectivist view. Three aspects of Anwar’s view will be examined: 1) the relationship between the individual and the community; 2) the need for democratic politics and civil society as a reflection of the individualistic-libertarian relationship between individual and community; and 3) the individualistic-libertarian rejection of the collectivist-authoritarian rhetoric of threats to the community. This exploration of Anwar’s ideological assumptions will facilitate our understanding of the different ideological positions of the competing elites in the 1998 dispute.

5.2.1. The individualistic view of the individual-community relationship

The ideological underpinnings of Anwar’s nationalist position and his agenda for political reform in Malaysia can be traced to the pre-Reformasi period when Anwar was still in UMNO and the government. Anwar deemed individual liberty and rights important because of ‘the inviolability of human life and property’. In a 1995 speech, Anwar, drawing from two different traditions, observed:

In the case of the Muslims, those who seek to exonerate tyrants and violators of human rights would do well to remember the Last Sermon of
the Prophet, in which he declared that the life of man and his property is inviolable and sacred till the end of the world.

Life and property are the foundations of liberty. When John Locke launched a revolution in political thought in the 17th century to emancipate man from political tyranny, at the core of his thought, as contained in his Second Treaties on Civil Government, is also the idea of the inviolability of human life and property. (Anwar, 1995a)

Having clarified the central importance of ‘the inviolability of human life and property’, Anwar considered developments in Asia and Malaysia. He observed that although various Asian countries had recently achieved significant economic development, individual rights and freedoms were still being ignored. On the contrary, economic success was widely used as an excuse for the further sacrifice of individual rights and freedom. He discussed:

So enamoured are they of their own success that they have proffered the so-called East Asian Miracle theory as a vindication of their self-styled Asian way… The basic proposition of this view is that in Asia society takes precedence over the individual. Democracy, and the dominant features of modern political systems, are said to be fundamentally incompatible with the Asian way of life. It has also been claimed that the notion of freedom, individual liberty and human rights is alien to the Asian psyche. Such a view although well articulated by a few should not be portrayed as the dominant and representative view of Asia. (Anwar, 1996c, emphasis added)

Significantly, Mahathir was one of the Asian political leaders who justified the subordination of “freedom, individual liberty and human rights” to the community’s (economic) development. Mahathir, together with then Prime Minister of Singapore, Lee Kuan Yew, was one of the most ardent defenders of Asian Values. Thus, Anwar’s arguments on behalf of individual rights and liberty
could be construed as a rejection of what Mahathir stood for. Anwar further elaborated this point in his book, *Asian Renaissance*:

> It is altogether shameful, if ingenious, to cite Asian values as an excuse for autocratic practices and denial of basic rights and civil liberties. To say that freedom is Western or unAsian is to offend our own traditions as well as our forefathers who gave their lives in the struggle against tyranny and injustice… *No Asian tradition can be cited to support the proposition that in Asia, the individual must melt into a faceless community.* (Anwar, 1996a: 28, emphasis added)

Contrary to those who espoused ‘less-than-liberal’ Asian Values to guarantee the community’s prosperity, Anwar asserted that economic growth and political liberalism were not contradictory but compatible. He contended:

> some may have entertained the idea that authoritarianism is the most efficacious means for economic success. To them, democracy is may be too cumbersome for orderly development. It may even be inimical to political stability, which is a pre-condition for rapid economic growth and social well-being. Even Asian, especially Confucian, values have now come to be invoked in support of that proposition. [However,] political liberality is not incompatible with strong economic performance… As for Asian values, they had produced great civilizations in the past. However, if these values are to contribute towards a renaissance of Asia, they must serve as a source of liberation. (Anwar, 1994a)

For Anwar’s ideological rhetoric against Mahathir’s position, economic development was not the final goal; democracy and civil society, as expressions of individual liberty and rights, were to be built also. Anwar argued, ‘increasing wealth should be the occasion for the extension of freedoms to all spheres, these being the legitimate expectations of a civil society’ (Anwar, 1996a: 52). When Anwar developed his countering ideological position in the mid-1990s, he developed a vision for Malaysia which would have democratic politics and a
vibrant civil society based on economic affluence. It should be again noted that
the ideological position of Anwar unravelled here does not necessary mean that
Anwar had genuine belief what he constructed. One might be suspicious, with
reasonable ground, of Anwar’s ideological path since his involvement in politics,
of Anwar’s ideological rhetoric. The explanation here, however, does not intend
to find Anwar’s true belief and intention, but the fact that Anwar attempted to
develop a contrasting ideological vision in his contest against Mahathir’s
ideological position.

5.2.2. Need of civil society and democratic politics

Anwar’s support for individual liberty and rights and his criticism of those
who suppressed them were translated into such concrete political practices as
support for civil society, tolerance of dissidents and opposition figures, and the
need to build a democratic political regime. In individualistic-libertarian
nationalism, the nationalist vision and common goal were to be achieved through
active participation and lively debates amongst the members of the community. In
that sense, Anwar’s emphasis on civil society and participation was an important
criterion that distinguished Anwar’s individualistic-libertarian nationalism from
Mahathir’s collectivist-authoritarian nationalism.

Anwar claimed that he had always championed such notions as
‘democracy, civil society and tolerance of dissent’ (Businessweek, 1998). Indeed,
positions on democracy, civil society and the need for dissent were distinctively
different from Mahathir’s. Anwar assumed that the role of ‘institutions of civil
society [was] to ensure order and stability, as well as protect the individual from the unwarranted denial of his rights’ (Anwar, 1994c). Anwar argued:

The civil society we envisage is one based on moral principles, where governance is by rule of law not human caprice, where the growth of civic organizations is nurtured not suppressed, where dissent is not stifled, and where the pursuit of excellence and the cultivation of good taste takes the place of mediocrity and philistinism. For that, we have to retrieve, revive and reinvigorate the spirit of liberty, individualism, humanism and tolerance. (Anwar, 1996a: 51)

Unlike Anwar, Mahathir had never been a champion of civil society. On the contrary, Mahathir believed that civil society hindered rapid economic development, hence delaying the achievement of his nationalist goals. Mahathir was also of the opinion that individual liberties might undermine the fragile ethnic fabric of Malaysia. A strong state had to overpower individuals and a state could not afford to foster a civil society, which might engender opposition to the leader’s vision. Anwar rejected such arguments.

Mahathir’s call for unity of the community was frequently translated into the suppression of internal dissent or opposition, going against democratic norms. Thus, not surprisingly, Mahathir, who embraced collectivist nationalism, argued that countries like Malaysia could not have unfettered democracy as it might destroy the fragile ethnic harmony and economic growth. Anwar rejected such an argument: ‘Democracy is not a luxury that Asians cannot afford, as some would have us believe. On the contrary, it is a basic necessity for responsible and ethical governance’ (Anwar, 1996a: 52). Furthermore, Anwar went beyond mere tolerance of dissent; he argued for ‘fostering’ a sound opposition. In a 1996 address, Anwar asserted:
A case can be easily made, not for mere tolerance, but rather the active nurturing of alternative views. This would necessarily include lending a receptive ear to the voices of the politically oppressed, the socially marginalized and the economically disadvantaged. (Anwar, 1996b)

Anwar’s encouragement of liberal political practices also applied to Malaysia’s ethnic situation. Anwar’s views on multiethnicity were distant from ethnocultural nationalism. Anwar believed that a multicultural society could prosper if there was tolerance among the different groups. Such tolerance was available when justice, especially for the minority communities, prevailed. He argued:

…tolerance and mutual respect can only come about in multicultural and multireligious community if there is justice in dealings, [and] if minorities are not marginalized on account of their faith, race and culture. Thus, social justice is a crucial element in sustaining solidarity in a multicultural community. (Anwar, 1996d)

Anwar went on to show that open politics with a healthy civil society, democracy and the tolerance of difference was the key for prospering multiethnic society which all ethnic groups and cultures can participate in and contribute to. He discussed:

I believe that for multiculturalism to thrive it must be predicated upon an open civic culture. A political environment has to be evolved to enable full participation and open interaction of all the diverse elements of the society. There must not be the feeling of alienation among any sector, much less acts of suppression or denial of participation. In this regard, we must be more open towards the institutions, practices, and standards of the modern political culture which have been evolved and tested, and found to be efficacious in preventing injustices towards individuals and minorities. This is so pertinent because virtually all Asian nation-states
have minorities—ethnic, linguistic or religious, and in many cases, the task of nation-building has yet to be completed. (Anwar, 1994b)

Anwar’s position of individualistic, non-ethnocultural nationalism was, to a degree, shaped by his base of support in Malaysian society. Anwar represented a new generation of Malays and a new generation of UMNO leaders. Anwar once claimed, ‘I represent a more liberal tradition within the party, a different generation’ (Mitton, 1997). In a broader context, Anwar represented a sector of Malay society with the following characteristics: ‘Firmly urban, many of them professionals, they move comfortably in the booming Malaysia corporate scene and have their sights fixed on the prime minister’s oft-stated goal of transforming Malaysia into a fully industrialised country by the year 2020’ (Vatikiotis & Tsuruoka, 1993). This sector of Malay society was also what Mahathir called Melayu Baru who, in Mahathir’s nationalist project, was supposed to lead the Malay community into a civic Malaysian nation.

Anwar had observed that narrow ethnocultural nationalism thrived amongst people who could not adjust themselves into a new and rapidly changing environment and thus felt threatened. He commented:

In times of accelerated change those unable to relate themselves to new situations often withdraw to find security and comfort within their ethnic milieu. The potential mobilization of these sentiments into narrow nationalistic and tribalistic political forces cannot be underestimated… Asians in the new century must avoid this danger by transcending their particularities to forge a new civilization upon what they already have in common and upon what they can make universal from their own specific experiences. (Anwar, 1994b)

Given the success and confidence of the new generation of Malays, which had identified Anwar as its leader, it was less vulnerable to narrow ethnocultural
nationalism. This partly explained why Anwar’s nationalist vision, when he challenged Mahathir, did not develop into a form of ethnocultural Malay nationalism.

5.2.3. Rejecting the rhetoric of threat to the community

As Anwar was committed to individualistic-libertarian nationalism, his attitude towards what Mahathir had identified as threats to the Malaysian nation -- the West, Islamic extremism and Chinese chauvinism – was different. Anwar would cooperate with the West to advance Malaysian society, while Mahathir viewed the West as a threat that attempted to recolonise the East. Anwar criticised Asian leaders who had given a false picture of the West. Dubbing views such as Mahathir’s as ‘protracted miscomprehension’, Anwar said:

Asian spokesmen, in their eagerness to fend off criticism, often indulge in stereotyping the West. Generally, the West is viewed as a morally decadent civilization. In the West, the institution of the family, regarded all over Asia as the very, foundation of a civil society, is in ruins. Religion and morality, being matters strictly within the individual domain, have ceased to have any bearing on societal mores. It is said that overindulgence in personal liberties has bred licentiousness to a degree which renders people no different from animals in the pursuit of wanton and depraved lifestyles. In short, the West is seen to be nothing more than a moral wasteland, a lost society of aimless wandering souls. (Anwar, 1996a: 38-40)

It was not difficult to infer that Mahathir was one of the ‘Asian spokesmen’ engaged in ‘stereotyping the West’ that Anwar criticised. Anwar believed that the West was an entity to ‘engage with’ and he argued for ‘symbiosis between East and West’ (Anwar, 1996a: 33: 45). According to Anwar,
the way to ‘engage with’ the West was to initiate a dialogue to shape ‘a common vision of the future’ and to ‘share the burden of reshaping the world’. To do this, the East must ‘transcend the pain and bitterness following their earlier encounters’ such as their colonial experiences with their newly found prosperity as ‘a confidence booster’ (Anwar, 1996a: 41: 43: 45).

Likewise, Anwar had a subtle but significant difference with Mahathir regarding the multi-ethnic reality of Malaysia. It should be noted that the audience of Anwar’s ideological argument in the Reformasi movement was not the Malay community exclusively, unlike the challengers’ in the 1969 and 1987 factional disputes. As indicated in the Permatang Pauh declaration, which was addressed to ‘the citizens of Malaysia of all culture and religious backgrounds’, Anwar clearly recognised all of Malaysians and not merely the Malay community as his audience, (Anwar, 1998a, emphasis added). How Anwar defined his audience was a stark contrast to the exclusively Malay audiences of Mahathir’s The Malay Dilemma, or of Razaleh’s “Menentang Kemungakaran Politik dan Ekonomi” (Fighting against Blasphemous Politics and Economy), which were the equivalents of the Permatang Pauh Declaration in the 1969 and the 1987 disputes respectively. In addition, one of the agenda items in the Permatang Pauh Declaration was ‘to reinforce a dynamic cultural identity, where faith in our noble cultural traditions is intact, but there is openness to all that is good in all traditions’. Hence, Anwar was clearly different from the previous challengers in the 1969 and the 1987 disputes in that he did not appeal to ethnocultural Malay nationalism.
Like Mahathir, Anwar did not defend extremisms. He cautioned against religious fundamentalism or ethnic extremism from either the majority or minority.\textsuperscript{11} Anwar, however, emphasised the “positive aspects” of multi-ethnic reality and constructive ways to build a nation out of multi-ethnic reality instead of demonising the extremist elements like Mahathir did. Anwar recognised that ethnic diversity posed problems to nation building. Nevertheless, he interpreted the ethnic diversity in positive ways and argued that the diversity need not be a weakness but can be a blessing instead. Regarding the multi-cultural and multi-ethnic realities of Malaysia, Anwar argued:

> Although we still face many challenges to maintain national unity and harmony, nevertheless we have found the situation far more enriching than had Malaysia been overwhelmingly a single community… [N]ations can actually grow and prosper by accepting the fact of cultural diversity, strengthening ourselves by learning about our differences as well as by reinforcing the values we share in common. (Anwar, 1994b)

To make multi-ethnicity strength for Malaysia, Anwar argued that ethnic groups should make efforts to know each other and this was, for him, a way to integrate the various ethnic groups. He argued, quoting the Quran, ‘Humanity has been created to form tribes, races and nations, whose differences in physical characteristics, languages and modes of thought are but the means for the purpose of \textit{lita'arafu}—“getting to know each another”’ (Anwar, 1994c). In fact, Anwar himself displayed keen enthusiasm in ‘getting to know each another’. He was the patron of inter-civilisation dialogue and he quoted and referred to not only the Quran but also the Chinese philosophers, Western thinkers, great Asian nationalists and so on.\textsuperscript{12} The best example of such a speech was the one Anwar delivered at the opening of the “International Seminar on Islam and
Confucianism: A Civilizational Dialogue” in Kuala Lumpur on 13 March 1995. In the speech, Anwar argued, ‘this seminar on Islam and Confucianism is merely a starting point of the quest for mutual understanding, which will pave the way for discourses on the other major Asian traditions such as Buddhism, Hinduism and Taoism’.

Despite wide recognition of Anwar as strong believer of Islam, his nationalist position, shown throughout the 1990s and especially during the Reformasi period, could reconcile with individualistic nationalist position. On the surface, Anwar’s individualistic nationalism and his Islamic credential do not match well, because tenets of Islam especially one related to the identity of a community is highly collectivist and communitarian. Anwar, in the 1970s, is characterised by his activities in Islamic organisations, championing religious causes and his concern with socio-economic reform, fighting for poverty issue, social justice, economic inequality and so on (B. T. Khoo, 2003: 87-88).

If we observe Anwar’s Islamic discourses in the 1990s carefully, Anwar’s advocacy of Islam itself – i.e. Islam as an end goal – is hardly found. An extreme expression of collectivist Islam might be an Islamic state. To apply the extreme Islamic tenet regarding a national identity in Malaysian context, Malaysia should be an Islamic state, dominated and led only by Muslim Malays. As I have shown earlier, Anwar’s view on Malaysia’s multiethnicity, of course, rejects this collectivist view and its political consequence. What Islamic Anwar in the 1970s left to Anwar in the 1990s, instead, were more universal –not a particular religion specific – values such as justice, equitable distribution of wealth, fundamental rights and liberties. He contended in his book, *the Asian Renaissance*:
By being moderate and pragmatic, Southeast Asian Muslims are neither compromising the teachings and ideals of Islam nor pandering to the whims and fancies of the times. On the contrary, such an approach is necessary to realize the societal ideals of Islam such as justice, equitable distribution of wealth, fundamental rights and liberties. This approach is sanctioned in a saying of the Prophet of Islam, to the effect that “the best way to conduct your affairs is to choose the middle path.” (Anwar, 1996a: 113)

In the Reformasi, Anwar’s Islamic credential earned support from Islamic organisations and from wider Malay community. Of course, Anwar’s image as a champion of Islamic causes might have struck a chord. Anwar, however, did not openly attempt to appeal to Islam in the Reformasi movement. From his speeches and statements after his sacking, his emphasis on Islamic tenets, excluding abovementioned universal values, is hardly found. Anwar needed to incorporate as many people from various ethnic and religious backgrounds as he could into his support base. Thus, instead of Islam, he talked about justice, democracy, freedom and multiethnicity of Malaysia.

Given Anwar’s Islam in the 1990s, it could now reconcile with his individualistic nationalist view. Islam was used as one of the valuable sources of the idea for political reform he sought after. In other words, Islam was not the end goal for Anwar in the 1990s, but was a valuable source of ideas and justification for political reform that he, as a Muslim, advocated. Therefore, Islam in such context has position as one of the valuable components of national identity, not as the central and absolute reference of national identity, having relatively liberal connotation. This also corresponds to his view on multiethnic situation of Malaysia I explained earlier.
In sum, Anwar’s ideas on nationalism differed from Mahathir’s. While Mahathir, as explained in the previous chapter, placed the community above the individual, which justified the sacrifice of individual liberty and rights, Anwar viewed the individual as important as the community. Anwar’s advocacy of civil society, as an autonomous space in which individuals can make their voices heard, was a political expression of his different nationalist ideology. Anwar also rejected the political elites’ exploitation of the rhetoric of threat by which collectivist-authoritarian political leaders, especially Mahathir, garnered political support and nationalist legitimacy. In the political conflict in 1998, these conflicting ideological points became justifications for their proponents’ political manoeuvring.

5.3. The 1998 UMNO dispute and competing nationalist views: from the 1997 economic crisis to the Reformasi movement

The 1998 factional dispute ranged from the onset of the 1997 economic crisis to the 1999 elections. Initially, the dispute was between Anwar and his supporters, who later became the Reformasi movement’s support base, and Mahathir who suppressed them. Subsequently, the contest became an electoral one—Mahathir’s UMNO-led BN was competing against the opposition coalition that supported Anwar. Thus, for the convenience of analysis, this study divides this dispute into two periods: from the 1997 economic crisis to the beginning of Reformasi and from Reformasi to the 1999 elections.

The underlying tensions between Anwar and Mahathir emerged when the Malaysia entered into an economic crisis in 1997 as the two leaders disagreed as
to how they wanted to cope with the economic crisis. As far as Mahathir was concerned, his deputy’s disagreement could be interpreted as a veiled challenge to his authority and power when tested by the sudden economic crisis. However, it is not just Mahathir’s and Anwar’s political manoeuvrings that warrant close examination. More important, the different nationalist ideological assumptions of the two competing elites which shaped their arguments and manoeuvring in the dispute should also be examined. The different nationalist ideologies—Anwar’s individualistic nationalism and Mahathir’s collectivist nationalism—were revealed in the different responses and remedies proposed in the economic crisis, Mahathir’s suppression of the Reformasi movement and Anwar’s agenda for political reform.

5.3.1. Economic crisis, legitimacy and Mahathir’s response

The economic crisis in 1997 threatened Mahathir’s political popularity which he had developed in the first half of the 1990s. More important, Mahathir’s entire nationalist vision, which projected that the Malaysian people would be integrated into the Malaysian nation (Bangsa Malaysia) in the optimism of a bright economic future (Wawasan 2020), was in jeopardy. When faced with this crisis, Mahathir accused multinational speculative funds and the economic superpowers of deliberately causing the crisis. Mahathir’s garrison-under-siege strategy, one of typical and practical strategy of collectivist nationalism, involved using his collectivist nationalism to defend the nation against these enemies, therefore justifying his political legitimacy.
Economic crisis as a threat to Mahathir’s legitimacy

The Malaysian economy recorded 7.7 per cent GDP growth in 1997 which soon contracted by 7.5 per cent points, recording only 0.2 per cent growth in 1998 (Mahani Zainal Abidin, 2000b: 2). In 1998, the manufacturing sector recorded – 2.5 per cent growth, while the agriculture and construction sectors contracted 4.4 and 3.2 per cents respectively (National Economic Action Council, 2002: Ch. 2). The devaluation of the Malaysian ringgit was an additional difficulty. Before the crisis, the exchange rate was RM 2.50 to 1 U.S. dollar. In January 1998, the Malaysian ringgit was devalued to RM 4.88 per U.S. dollar. Eventually, the exchange rate was fixed at RM 3.8 per U.S. dollar when Mahathir introduced the Ringgit peg in September 1998 (Mahani Zainal Abidin, 2000b: 2). The collapse of the stock market was devastating for the Malaysian economy. In the 6 months between July and December 1997, the Kuala Lumpur Stock Exchange (KLSE) Composite Index fell by 44.9 per cent and, in September 1998, the Index recorded 262.70 points, an 11 year low. In slightly more than a year from July 1997 to September 1998, the market capitalisation of the KLSE fell by 76 per cent (Mohamed Ariff & Syarisa Yanti Abubakar, 1999: 418). Market value decreased from RM 917 billion in February 1997 to RM 182 billion in September 1998 (Mahani Zainal Abidin, 2000b: 3). In 1998, the inflation rate was 5.3 per cent, which was twice that in 1997 and the unemployment rate increased sharply from 2.7 per cent in 1997 to 6.4 per cent in 1998.

At the onset of the economic crisis, concern with maintaining a comfortable lifestyle suddenly replaced the positive outlook of the Malaysian middle class in the first half of 1990s (Abdul Rahman Embong, 2001a: 92). Those
operating small and medium businesses, especially from the Malay middle class, suffered when the government reduced its spending\textsuperscript{13}, which deprived them of relatively secure and attainable business opportunities. The economic slowdown increased job insecurity, regardless of class backgrounds. Workers who were retrenched had to find jobs with lower status and pay. Many also suddenly found themselves living below the poverty line (Ishak Shari, 2003; Ragaya Hj Mat Zin, 2002: 15-17).

Furthermore, along with the economic difficulties, concern was expressed regarding widespread corruption, cronyism and nepotism\textsuperscript{14}, issues which only a handful of NGOs and opposition politicians were concerned about during the period of rapid economic growth in the early 1990s. An opposition figure commented on these issues as follows:

\begin{quote}
Of course, people like me, ordinary people, they are not dreaming of being given to run multi-billion projects. But, when you see, it is national aircraft, North-South Highway, this project, that project, always are revolving around Halim Saad, Tajudin Ramli, Wan Azmi. Massive Private Power Supplier (project are) also revolving around these people. It’s all this people. So, not that you think that you can run, why cannot other people. There are definitely other people. Rather than five we should have about 200 for example.\textsuperscript{15}
\end{quote}

The economic crisis and the discontent that followed threatened the success of Mahathir’s entire nationalist project. Before the economic crisis, the impressive growth rate (7 to 8 per cent growth annually for nearly a decade) kept pace with the growth rate specified in Mahathir’s \textit{Wawasan 2020} for a developed Malaysia by the year 2020. This impressive growth rate bolstered the Malaysian people’s optimism in their future, which led to strong support for Mahathir in the
1995 elections. Even Mahathir admitted that, due to the economic crisis, ‘Malaysia’s growth…has been put back 15 years’ which meant that the growth accumulated in the 1990s had been nullified, making the prospect for the success of Wawasan 2020 bleak (Mahathir, 1997b). As the economic crisis had such a drastic impact, popular support for Mahathir, which was based on optimism about the economy, was potentially in doubt. For instance, a survey by a local scholar indicated that those surveyed, by a wide margin, considered Anwar a better leader than Mahathir to tackle the economic crisis.16

More important, the economic crisis and the accompanying discontent challenged the basic assumptions of Mahathir’s nationalist vision. As economic optimism and civic nationalist vision were part and parcel of Mahathir’s vision, the population expected that they would benefit from the growing economy if they participated in Mahathir’s civic Malaysia. However, as Alagappa observed, legitimacy based on performance was volatile, as performance was bound to change (Alagappa, 1995: 41-43). When the Malaysian economy was hit by economic crisis in 1997–98, the economic incentive for people to accept Mahathir’s nationalist vision was substantially reduced. Before there was a deep-rooted ideological belief in the civic Malaysian nation, the performance-based legitimacy of Mahathir was already running out.

**Mahathir’s response: rhetoric of external threat to Malaysia**

When the economic crisis threatened the basic assumptions of Mahathir’s nationalist vision, Mahathir tried to bolster it with rhetoric of threat to Malaysia that reflected his collectivist position. As soon as the Malaysian economy felt the
impact of the economic crisis, Mahathir was quick to point an accusing finger at multinational currency speculators. Mahathir, in December 1997, claimed:

> It is the operations of the currency traders which had caused the devaluation of the currencies of Southeast Asian countries. There may be some inherent or fundamental weaknesses in their economies, but these have had only a minimal effect on the value of the currencies… It is clear that with the huge resources at their disposal, the currency traders can attack any country no matter how strong their economy may be. (Mahathir, 1997a)

While blaming international currency speculators as the culprits of the Asian Financial Crisis, Mahathir went even further to exonerate his government and himself from responsibility and to find external scapegoats. In 1998, Mahathir observed:

> We are told that all these things are happening because our governments are corrupt and our countries are badly managed. Considering that we have been able to develop and prosper our countries remarkably well, this accusation seems strange. If we were badly managed, surely we would not have prospered, surely we would have suffered devaluation long ago… We are told [that] now market forces have come to discipline us, to teach how to manage our countries properly. Who are market forces? Certainly there are not locals. These market forces are foreign, located in some countries where they cannot be seen. Taking advantage of their ability to breach borders with their capital, they are able to devalue currencies at will. And when our currencies are devalued, we will suffer. (Mahathir, 1998b)

On the other hand, during the crisis, Mahathir attempted to mobilise popular support by instilling fear of the crisis among the population. In his speech at the UMNO General Assembly, Mahathir asserted that the economic crisis caused by the currency attack was a work of ‘colonialist in a new way’. He reasoned that the weak ringgit and shares market would weaken local companies,
which in turn would reduce the government’s revenue. When the government could not make ends meet, it would collapse (Mahathir, 1998a). Mahathir kept painting a grim picture of what would happen if Malaysia surrendered to the new colonialism. He asserted that there would be ‘attempts to replace the incumbent leaders’, ‘local companies would be dominated by foreigners’ and ‘Bumiputera would be degraded to the status of slave again’. Mahathir advised the Malaysian people not to ‘believe the Western lies’ and claimed that only ‘UMNO could defend the nation’ against the attempts to recolonise Malaysia (Mahathir, 1998a, my translation).

Mahathir’s argument can be summarised as follows: the economic crisis happened primarily because of such external factors as currency speculation; the government did not do anything wrong; the weakening of the Malaysian economy is part of the West’s broader plan to exert influence on or to recolonise Malaysia and other Southeast Asian countries affected by the economic crisis; and by implication, the Malaysian people should be united behind the incumbent government, which would defend the nation resolutely. Mahathir’s argument reflected his collectivist-authoritarian nationalist views as it attempted to mobilise popular support for the incumbent leadership by identifying external threats. When Mahathir’s nationalist vision was challenged by the economic crisis, he especially needed this collectivist-authoritarian rhetoric to prop up popular support for him.
5.3.2. Anwar differed from Mahathir during the economic crisis

While Mahathir identified external factors as culprits of the economic crisis, Anwar’s stance was different. Anwar placed more weight on internal factors, criticising those who blamed external factors as avoiding responsibility for such problems as corruption and not taking concrete steps to remedy said problems. Like Mahathir, Anwar protested such external factors as the anarchy of the international financial markets that caused a mass exodus of foreign capital from Malaysia. However, Anwar differed from Mahathir in that he was equally critical of such internal problems as corruption and lack of transparency. In his speech before the Council of Foreign Relations in 1998, Anwar argued:

We must attempt to recreate as best we can the positive conditions which brought about the so-called East Asian Miracle. In the course of this turmoil, much of the good has been destroyed along with the bad and ugly. But we should not try to restore the status quo ante. Not only would it be an exercise in futility but it would also constitute an act of denial.

(Anwar, 1998c, emphasis added)

Instead of harking to the past, Anwar asserted that the crisis should be a chance to fix what was wrong and to prepare for future progress. In the same speech, Anwar argued:

To be sure, this is a crisis of nightmarish proportions, but it is no phantasmagoria. The consequences are severe, its effects are hard hitting, and the toll heavy. But the sooner we come to terms with it by trying to understand its real causes and deriving lessons from it, the sooner we will be on the road to recovery. Indeed, we must seize the moment to put into place the much needed reforms which can purge our system of its excesses and abuses. The gale which has swept through Asia is indeed an agent of creative destruction. (Anwar, 1998c)
Anwar implicitly criticised Mahathir’s position which manipulated purported external threats to shore up popular support. Anwar warned, ‘There are those who would pull up the drawbridge and man the ramparts of nationalism in response to the wrenching pain inflicted by globalization. Those who advocate such moves, however, are pandering to populist tendencies, refusing to believe in our ability to compete internationally’ (Anwar, 1998d). And Anwar announced, ‘there is no room for the rancid rhetoric of misplaced nationalistic sentiments and protectionists’ (Anwar, 1998c).

Indeed, in terms of concrete policy measures, Anwar was more concerned with eradicating corruption in the government and corporate sector. An ally of Anwar described Anwar’s position against cronyism under Mahathir as follows:

[Anwar used to argue,] ‘Our economic system has to be transparent. Corporate governance has to be transparent’. This is of course run counter the favouritism given by Mahathir to his cronies. Anwar did not question policies helping Bumiputera. But the manner [it] was carried out raised serious criticism. For example,…all privatisation is run [by only handful of people]. And when economic crisis came, [they] were demanding the government to save them. Anwar Ibrahim said ‘No, We can’t’ [to them]. The most important [thing is] to maintain the macroeconomic stability and to reform corporate sector. But Mahathir was against [Anwar’s view]. Anwar also said very strongly against the implementation of the Mega Project[s] which was not under the Ministry of Finance [of Anwar] but a lot to do with Economic Planning Unit under the Prime Minister.18

In 1997, Anwar had already begun his own campaign to differentiate himself from Mahathir’s policies and ideological positions. When Anwar was in charge of the government as acting Prime Minister, he showed his commitment to eradicating corruption in the government. Between April and June 1997, a
Menteri Besar, a Deputy Minister, two state executive councillors and one senator were dismissed on charges of corruption (Jayasankaran, 1997). Anwar’s actions received positive response from opposition politicians. Anwar also questioned and opposed such bailouts initiated by Mahathir and Daim as United Engineering Malaysia’s bailout of Renong, an UMNO company and Petronas’ bailout of Konsortium Perkapalan (Prasso, Clifford, & Bamathan, 1998).

When the Malaysian economy began feeling the impact of the economic crisis in the first half of 1998, Anwar adopted policies resembling ‘IMF-style austerity’, while closely working with International Monetary Fund (IMF), one of the targets of Mahathir’s criticism of ‘unruly’ international capital. According to Nesadurai, from the beginning of economic crisis to the end of 1998, there were roughly three phases of economic policy change (Nesadurai, 2000). In the first phase (from July to December 1997), while Mahathir was still in steering sit, emphasising growth, Anwar had his say as Finance Minister. In this period, modest fine-tunings of economic policy in the face of economic crisis were made. When economic crisis deepened, economic policy changed significantly in the second phase from the end of 1997 to May 1998. Nesadurai argued that the change in this period was a reflection of Anwar’s IMF-style austerity. After Anwar sacking in September 1998, Malaysian economic policy experienced another substantial change from austerity to ‘Mahathir-style’ rekindling growth by government spending. Notably, Mahathir, in this period, announced capital control and currency peg to provide shelter for Malaysian economy from the influence abroad (for detailed policy change see table 5-1).
Table 5-1 Major Economic Policy Change from in 1997-98*

<table>
<thead>
<tr>
<th>Phase 1 (Jul. – Dec. 97)</th>
<th>Phase 2 (Dec. 97-Aug. 98)</th>
<th>Phase 3 (Sep. 98 - )</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Lage infrastructure project yet-to-begin deferred²²</td>
<td>- Large infrastructure projects including some on-goings deferred - outward investment deferred</td>
<td>- Stock market restriction for new listing, imposed in December 1997, lifted to help capitalization of corporations</td>
</tr>
<tr>
<td>- Surplus budget (2% of GNP) - Corporate tax reduction (30% to 28%) - Public expenditure cut (2%)</td>
<td>- Public expenditure cut by 20% - Paycuts: Cabinet ministers by 10%, senior civil servants by 5% - Freeze on salary increase for middle-level civil servants - Ban on overseas trip for civil servants</td>
<td>- Development expenditure increase by RM 7 billion - Infrastructure fund established (RM 5 bil.)</td>
</tr>
<tr>
<td>- Interest Rate held steady (8.2%)</td>
<td>- Interest rate to be determined by market (expected to rise) - Restraint on credit to non-productive sector and for consumption</td>
<td>- Monetary policy eased: reducing bank’s statutory reserve requirement from 13.5% to 8% - Interest rate to be maintained</td>
</tr>
</tbody>
</table>

* Based on (Nesadurai, 2000).

Although Mahathir and Anwar shared the view that the international financial system was flawed, Anwar’s view on internal problems was analytically significant. First, Anwar did not fully agree with Mahathir’s diagnosis. In UMNO, where the president had the final say, any minor disagreement could be interpreted as a challenge to Mahathir’s political supremacy. Second, Anwar’s differing views might be understood as a denial of Mahathir’s past performance and track record in managing the Malaysian economy. Furthermore, Anwar’s measures to combat corruption actually threatened Mahathir’s associates. The disagreements between Anwar and Mahathir exposed by the economic crisis was, on one hand, a serious challenge to Mahathir and, on the other, a display of Anwar’s and Mahathir’s different ideological assumptions.
5.3.3. Anwar’s challenge (*Reformasi*) and Mahathir’s response

After Anwar was dismissed from the Deputy Prime Minister position in September 1998, Mahathir attempted to suppress Anwar’s *Reformasi* movement, while Anwar attempted to challenge Mahathir by organising grassroots support. The two elite factions attempted to mobilise the wider population with arguments and political manoeuvring that reflected their nationalist positions. Hence, the impact of the dispute was made more extensive than it would have been if it was merely a personal power struggle between Anwar and Mahathir.

Mahathir’s authoritarian persecution of Anwar and suppression of the *Reformasi* movement reflected his collectivist nationalist position. As was the case with the economic crisis, Mahathir used rhetoric of threat to the community. Mahathir justified his authoritarian suppression as being in the interest of the entire nation, which according to him, was jeopardised by Anwar and the *Reformasi* movement. Anwar, however, whose arguments were shaped by his individualistic nationalist commitments, offered a liberal alternative to Mahathir’s rule, which included promises of political reform, social and economic justice, participatory democracy and accountability. Significantly, Malaysians, regardless of their ethnic backgrounds, who were disillusioned with Mahathir’s authoritarian rule, supported Anwar’s reform cause.

*The UMNO dispute and the beginning of Anwar’s Reformasi movement*

When it became apparent that Mahathir and Anwar had different views on the economic crisis, the relationship between the two became visibly tense. The
1998 UMNO general assembly, held in June 1998, was a critical turning point in the relationship between Mahathir and Anwar. Before the assembly, a book titled, “50 Dalil Mengapa Anwar Tak Boleh Jadi PM” (50 Reasons why Anwar can’t be Prime Minister) was distributed to the general assembly delegates. The book contained various contentions regarding Anwar, including an allegation that he engaged in sodomy. It was believed that it would have been impossible to distribute the book to the delegates without Mahathir’s knowledge and consent (Case, 1999: 4-5). At the general assembly, Anwar’s close ally, Ahmad Zahid Hamidi, then UMNO Youth chief, mounted a veiled attack on Mahathir, with his criticism of corruption, cronyism and nepotism related to people in power. In an address before the 1998 UMNO general assembly, Hamidi asserted, ‘Nepotism will bring Malaysia to its knees’ (Hiebert, 1998).

The next day, Mahathir arrived at the general assembly with lists of the names of people who had received the government’s special allocations of corporate shares and who had benefited from the government’s privatisation policies. On the lists were the names of Anwar’s close allies, including Ahmad Zahid Hamidi, and family members. The lists were Mahathir’s counterattack to Anwar’s criticism of high-level corruption under Mahathir’s leadership. It was speculated that, after the 1998 UMNO General Assembly, Anwar could still count on being deputy prime minister, but his position as heir-apparent to Mahathir was uncertain (Jayasankaran, 1998a). Finally, on the last day of August 1998, Anwar received an ultimatum from Mahathir: ‘resign or be sacked with grave consequences’. When Anwar refused to resign, Mahathir dismissed Anwar from his government posts on 2 September 1998 and Anwar was expelled from UMNO.
Anwar’s dismissal began a new phase of the 1998 UMNO dispute. Upon his sacking, Anwar was deprived of the means to confront Mahathir within the system. Instead, to challenge Mahathir, Anwar mobilised grassroots support with his promise of socio-political and economic reforms. Anwar’s Reformasi rallies were held in Penang, Kedah, Malacca, Pahang, Trengganu, Kelantan, Johor and Kuala Lumpur. It was reported that at various rallies, between 20,000 to 100,000 people gathered in support of Anwar (Funston, 1999: 172). Throughout 1998, the momentum of Reformasi was maintained, even after Anwar’s arrest. Political commentators and ordinary people alike were surprised to see the magnitude of the Reformasi movement (Oorjitham & Ranawana, 1998). Even more significant, the Reformasi movement crossed ethnic lines, probably for the first time in Malaysian history. Although there were a few earlier instances of cross-ethnic alliances among some NGOs, the breakdown of ethnic lines in a massive anti-government movement was unprecedented. Ooi Kee Beng observed:

Over the years, the race-based discourse has defined the Malaysian identity to a large degree. It was hoped, both when the National Economic Policy (NEP) was introduced in 1971 after the racial riots of May 13, [1969] and in Mahathir’s promotion of economic nationalism, that increasing wealth would somehow make the contradiction irrelevant. When the financial crisis that hit in mid-1997 worsened, political battles that culminated in the destruction of Anwar Ibrahim were strikingly non-racial. (Ooi, 2001: 101, emphasis added)

Anwar’s ideological justifications for his political actions reflected his individualistic-libertarian nationalist position. Describing Mahathir’s regime as unjust, undemocratic, and irresponsible, Anwar promised extensive reform, positioning himself as opposite to what Mahathir did. Anwar’s arguments against
Mahathir during the *Reformasi* period was most evident in his Permatang Pauh declaration, announced on 12 September 1998 in his electoral district, Permatang Pauh, Penang, upon launching the nation-wide *Reformasi* movement.

In the declaration, before defining his reform agenda, Anwar clearly mentioned the inviolability of the individual, which was the fundamental assumption of individualistic nationalism. At the beginning of the declaration, Anwar defined his reform movement as follows: ‘A reform movement shining with a light radiating from aspiring and pure hearts; from the awareness that man is truly noble and free, with rights and responsibilities, that it is a sacrilege to abuse and denigrate any man or woman…’ (Anwar, 1998a). In more concrete terms, together with such reform agenda as ‘justice for all’, ‘economic justice’ and the eradication of ‘graft and abuse of power’, the declaration clearly indicated the need for democratic politics in Malaysia. In the declaration, Anwar argued for ‘[A] reform movement to sanctify the power of the people through democratic means, for democracy is an imperative: man’s instinct for justice makes democracy a possibility, but the existence of tendencies to oppress makes it a necessity’ (Anwar, 1998a).

**Mahathir’s authoritarian suppression of the Reformasi movement**

When faced with the political challenge from Anwar’s *Reformasi* movement, Mahathir tried to suppress it in a coercive manner. He also attempted to scare people away from the *Reformasi* movement by raising the foreign threat and painting a dire picture of political instability. In less than three weeks after Anwar was dismissed, he was arrested, initially under the ISA, but later charged
with sodomy and power abuse. On the day Anwar was arrested, heavily armed and masked police special units raided Anwar’s house, smashing down an open door. The manner of Anwar’s arrest, which happened in front of his children nonetheless, was not well received by the general population who was already troubled with Anwar’s unceremonious sacking. Furthermore, the UMNO-controlled mass media sensationalised Anwar’s sodomy charge, which offended Malay sentiment. Last but not least, the public was shocked by Anwar’s black eye, incurred through police brutality.25

In the unprecedented street demonstrations before and after Anwar was imprisoned, the Mahathir government used harsh authoritarian measures to stifle the anti-government protests. At every demonstration, the demonstrators faced heavily armed riot police and members of the Federal Reserve Units, who often outnumbered the demonstrators. Numerous people were arrested at these demonstrations and the number of those arrested at a single demonstration was frequently more than a hundred. University students who participated in the demonstrations faced such disciplinary action as suspension. Government servants who supported the opposition and the Reformasi movement were identified and pressured to resign.

Mahathir justified the authoritarian suppression in the interests of Malaysia, claiming that the Reformasi demonstrations would endanger the welfare of the majority of people. In 1998, Mahathir attempted to demonise the Reformasi demonstrators and warned of their dangers:

There are some parties who seem to prefer demonstrations… it is as if they do not believe in democracy and the social justice system. They prefer to solve problems by resorting to mob rule or street justice. If we
move in this direction, I am afraid that the people will suffer as what is
done by one party can also be done by the other party. This will create
clashes… And today, it is clear that there are some parties that like to
instigate chaos. For them, it is only a demonstration, but for the people it
will affect their income. For them, it is easy…just [to] go out and
demonstrate. For the majority of Malaysians, they face losses… That is
why we need a law which can put a stop to such demonstrations. (The
Sun, 1998)

Mahathir also alleged that the demonstrations were funded by foreign
forces attempting to undermine the incumbent Malaysian government. More
specifically, Mahathir alleged that Anwar endangered the stability of Malaysia at
the instigation of the foreign forces. He asserted:

When Dato Seri Anwar was sidelined, he began to endanger stability of
the nation. What he wished was the fall of Malaysian government like the
governments in other countries which toppled. People were instigated to
stage street demonstration and riot. This is clearly supported by foreign
media and people including leaders of countries that made speech in our
country so that people riot to topple the government that was elected by
the people democratically. (Mahathir, 1999a, my translation)

Mahathir’s response to the Reformasi movement reflected his collectivist-
authoritarian nationalist view. Because the incumbent political leaders were
supposed to define the vision and the interests of the community best, any dissent
or criticism of the incumbent leaders was against the community’s interests, from
the perspective of the collectivist-authoritarian nationalists, and, hence, should be
suppressed at all costs. At the same time, Mahathir demonised the opposition and
Anwar’s Reformasi movement as enemies of the Malaysian nation, who aligned
with foreign forces that wanted to destabilise Malaysian politics and economy.
The significant participation of ordinary Malaysians in Reformasi demonstrations and Internet activities in support of Anwar extended the 1998 UMNO factional dispute beyond a quarrel between the two elites or an inner UMNO affair. In addition to posing a serious challenge to Mahathir and his political legitimacy, the grassroots support for Anwar reflected the widespread disillusionment with Mahathir’s authoritarian rule, based on his collectivist-authoritarian nationalist view.

Anwar’s sacking meant that he was deprived of any opportunity to compete against Mahathir within the system. Anwar immediately held political rallies at the grassroots level to mobilise political support, claiming that there was a conspiracy against him. After Anwar was sacked, only a handful of high-profile UMNO members openly supported him. Anwar, however, for a long time, had cultivated an extensive network, linking himself with the grassroots through his former connections with ABIM (Angakatan Belia Islam Malaysia; Malaysian Islamic Youth Council). One of his close allies told me:

He, Anwar Ibrahim, was clearly grass-root man… He is loved by people… Anwar Ibrahim is much more active on the ground campaigning to the people [and] mobilising the masses [than Mahathir was]. So, people listen to him. They have access to him. He is the one, a leader who really goes to the ground. So, he has a lot of influence in the grass-root, much more than Mahathir.

The mass mobilisation did not mean that all Malaysians turned their backs on Mahathir. While there were still steadfast supporters of Mahathir, the extent of the grassroots support for Anwar and his Reformasi movement was unprecedented. There had never been any demonstration from the Malay or non-Malay
communities against the incumbent Prime Minister comparable in size to those organized by the Reformasi movement. Hence, while empirical measurements of popular discontent with Mahathir were unavailable before the 1999 elections, the demonstrations a few months after Anwar’s sacking were analytically significant, indicating the success of Anwar’s mass mobilisation and the decrease in support for Mahathir.

There have been various explanations for the success of Anwar’s mass mobilisation, such as Mahathir’s violation of Malay sentiments and Anwar’s Islamic appeal. In the Malay community, to the extent it was still relevant, Mahathir’s treatment of Anwar was against Malay tradition. As set forth in the Sejarah Melayu (Malay Annals)—‘[the ruler] shall never put their subjects to shame and… those subjects however gravely they offend shall never be bound or hanged or disgraced with evil words’ (Muzaffar, 1979: 4). Hilley observed that the fact that Anwar was within the establishment (UMNO) for a substantial period of time ‘was being offset by a distaste for the mercenary way in which he and his family had been persecuted, contrary to Malay mores 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’ (Hilley, 2001: 206). Also, Anwar’s Islamic credentials garnered him the support of a few prominent and influential Islamic organisations such as ABIM and JIM (Jamaah Islam Malaysia) (for details, see Farish A. Noor, 1999).

Although these explanations were convincing, they did not take into consideration the impact of Anwar’s agenda for reform, probably because the ideological aspects of the dispute were ignored. It should be emphasised that, in
addition to those factors, Mahathir’s authoritarian rule was exposed during the Reformasi movement and Anwar’s promise for political reform played an important role in the mobilisation of the Malaysian people. An opposition politician noted that the Reformasi movement was more than just support for a popular politician, Anwar; it was a demand for more democratic politics. As explained to me:

When [Anwar] was sacked by Dr Mahathir, when he was in jail, and when he was beaten up by the police chief, we looked at it from a different perspective... He became a victim. He became a brutal victim of Dr Mahathir. He became someone who has to be given full support not just by PAS but by the whole Malaysian society because if this can happen to Anwar, it can happen to any [one] in Malaysia. He was former Deputy Prime Minister. He was No. 2 man in Malaysia. Yet, he can be beaten up in police lock-up by the chief police of Malaysia. So we stood up not just to defend Anwar, but stood up for issues of human rights, issues of freedom, and issues of democratic process and reform.31

Viewed from the perspective of competing nationalist positions in the 1998 dispute, this development can be considered the result of growing political awareness in civic Malaysian society. When Mahathir increased his authoritarian suppression, disillusionment with his collectivist-authoritarian view grew because such a view was no longer compatible with the growing politically liberal and critical orientation in Malaysian society.32 Observing the growing political awareness, Clive Kessler noted:

The entire purpose and effect of the pro-Malay affirmative action policies since 1970, and especially under Dr Mahathir since 1981, had been to diversify Malaysia’s Malay community in all dimensions: economically, socially, culturally. The hope that this diversification would not find expression politically was vain... (Kessler, 2001: 25)
The sudden and explosive political mobilisation against Mahathir’s rule indicated that tension existed between the increasingly confident civic Malaysian society and Mahathir’s collectivist-authoritarian control of said society. Anwar’s unceremonious sacking, his ill-treatment by the government and the authoritarian crackdown of the Reformasi movement showed the authoritarian aspects of Mahathir’s rule. It was this exposure of Mahathir’s authoritarianism that ignited the underlying tension.

Francis Loh once assumed that ‘mass consumerism promotes persons becoming individualistic’ and observed that, in Malaysia, after substantial economic growth, ‘one consumes consciously as an individual, not as groups or as communities’. However, according to Loh, what was missing was ‘individuality, by which is meant expression of one’s own autonomy, freedom and identity’ (K. W. F. Loh, 2000: 84). After investigating the rising demand for liberal politics and political reform in the Reformasi movement, Francis Loh’s missing ‘individuality’ seemed to have been found. In other words, the uncomfortable relationship between the increasingly confident, Malaysian society and Mahathir’s collectivist-authoritarian control was finally shattered by the Reformasi movement and Mahathir’s authoritarian suppression. The disillusioned Malaysian society was captured instead by Anwar’s alternative ideological position of individualistic-libertarian nationalist view.

5.4. Institutionalisation of Reformasi and competition between the two ideological positions

This section argues that the Reformasi movement was institutionalised into an opposition coalition in anticipation of the 1999 elections and that Mahathir lost
significant support during the political crisis due to Anwar’s successful ideological mobilisation of the Malaysian people. Although the loss of support did not result in Mahathir being displaced as Prime Minister, the loss of support, especially of Malay support, for UMNO was a significant development, considering the unquestioned and stable Malay support UMNO had enjoyed since the 1969 elections. The opposition coalition formed to compete against Mahathir’s BN successfully organised various Reformasi groups into a viable political force. Furthermore, the coalition was not just an electoral alliance; to a certain degree, it also reflected Anwar’s individualistic nationalist position. The opposition coalition’s mobilisation resulted in the withdrawal of Malay support for Mahathir and the BN coalition, which was empirically proven during the 1999 elections.

5.4.1. The opposition coalition and its ideology

The Institutionalisation of the Reformasi movement

In 1999, the intermittent Reformasi demonstrations became institutionalised as an opposition coalition which included established opposition parties as well as nongovernmental organisations critical of the government. Despite Mahathir’s suppression of Reformasi, mass rallies and demonstrations, protesting against Mahathir and his treatment of Anwar, continued throughout the rest of 1998 and early 1999. Until April 1999, Reformasi was organised around such organisations as ABIM; Pergerakan Keadilan Sosial (Social Justice Movement) led by Anwar’s wife, Wan Azizah Wan Ismail; Gagasan Demokrasi Rakyat (People’s Initiative for Democracy), a loose organisation formed around
the DAP; and Majlis Gerakan Keadilan Rakyat (People’s Justice Movement Council) which main force was PAS (Weiss, 2001: 83). These organisations transformed the initial enthusiasm for Reformasi into a coherent political action by providing political and ideological alternatives and a symbol to unite and organise Reformasi supporters.

Parti Keadilan Nasional (National Justice Party; widely known as Keadilan), a party identified with Anwar, was formally launched in April 1999 a few days before a verdict was rendered on Anwar’s corruption charge. The founding members of Keadilan chose a multiethnic leadership: Wan Azizah Wan Ismail as President; a renowned critic of the government and social scientist, Chandra Muzaffar, an ethnic Indian, as Deputy President and a Chinese labour activist, Tian Chua, as one of three vice presidents. The first party supreme council was multiethnic as well. Although the council members were predominantly Malay, there were Chinese councillors. The party leadership clarified that ‘despite its Malay background, Keadilan’s leadership is opening its doors to all communities, and its ideals and issues are multi-ethnic in nature’ (The Star, 1999). With Anwar as the central icon of the Reformasi movement, Keadilan would be the bridge for the culturally, ethnically, religiously and ideologically diverse opposition groups to form the opposition coalition.

After Anwar was sentenced on the corruption charge on 14 April 1999, there was another surge of anti-Mahathir protests. Around this time, the components of the Reformasi movement began discussing organising a united front against the Barisan Nasional coalition. Opposition parties such as PAS and DAP had already come out in support of Anwar’s cause and had organised
effective mass demonstrations, even before the idea of forming an opposition coalition was proposed. In addition to their common political position against Mahathir’s UMNO and BN, the parties had their own personal connections with Anwar. When Anwar was an ABIM leader, before he joined UMNO, he developed close relationships with the PAS leadership and even campaigned for the party in the 1978 elections. Even after Anwar joined UMNO, he maintained his ties with the Islamic opposition, especially former PAS president, Fadzil Noor, who served as acting president of ABIM when its president Anwar was detained under ISA in 1974. Before his dismissal, Anwar had expressed his sympathies for Lim Guan Eng, a DAP Member of Parliament, who was detained after he disclosed a scandal connected with a high-ranking UMNO member (Aliran, 1998a: 40).33

The opposition parties, including PAS, DAP, Keadilan and PRM (Parti Rakyat Malaysia or Malaysian People’s party), were aware that without a united front against the BN, it was impossible to challenge the BN in the elections.34 As Mahathir was expected to call snap general elections (which were due by April 2000) they began a series of talks in mid-1999 to discuss a potential electoral pact. It was not an easy task, given the opposition parties’ different ethnic backgrounds and ideological differences which had divided them for decades, weakening their electoral power vis-à-vis the BN. As Husin Ali, PRM president asserted, ‘[BA] political leaders themselves should go beyond party interest’, which included individual party’s ethnic backgrounds (Shahanaaz Sher Habib, 1999).

Eventually, the four parties worked out a coalition framework, the Barisan Alternatif (BA or Alternative Front), and issued a joint statement on 20 September
1999. In the statement, the BA clearly stated that it was presenting itself as an ‘alternative government’ to the BN coalition. It proposed Anwar as ‘its candidate for Prime Ministership’ on the condition that ‘a judicial inquiry will be held into the political conspiracy which has led to Anwar’s imprisonment’ if the BA won in the coming elections (reprinted in Aliran, 1998b: 6). It also pledged far-reaching political reforms, should it take power. Although the BA was not legally recognised, unlike the BN, the coalition was still effective in avoiding electoral competition among the opposition parties. Last but not least, it provided political support for Malaysians who opposed Mahathir’s BN.

**BA ideology: temporarily resolving differences in the name of democratic reform**

To tap the extensive popular support for Anwar’s causes, the opposition coalition defined itself as a flag bearer for Anwar’s causes. The opposition parties played down their ethnic, cultural and religious differences and conceded their differences to avoid being ethnocultural nationalists. They highlighted instead their commitment to political reform, which reflected an individualistic-libertarian nationalist view. These developments were readily apparent in the BA’s electoral platform, “Toward a Just Malaysia” in the 1999 elections (Barisan Alternatif, 1999). Anwar’s support for democracy, civil society and tolerance of dissidents, that is, the political practices of individualistic nationalism, were translated into criticism of the oppressive and authoritarian legal and institutional features of the Mahathir government and into policy and institutional reform programs.

The BA’s manifesto set forth its position on the repressive laws, misuse of the mass media by the government, human right issues and its proposed remedies.
First, the manifesto identified the laws it considered repressive: the ISA, detention without trial, Official Secrets Act, Sedition Act, Police Act, University and University Colleges Act, Printing Presses and Publications Act. The coalition pledged that, should it take power, these laws would be reviewed and whatever ‘violates basic human rights’ would be repealed. The BA also promised to ‘sign and ratify the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights’, which the Mahathir government had refused to do. In the same vein, the BA manifesto assured that the Human Right Commission (Suhakam) would be able to act free from political interference. The Commission would also provide human rights education for government officials and all levels of educational institutions.

Like Anwar, the BA rejected Mahathir’s collectivist nationalism and its authoritarian tactic – mobilising through the rhetoric of threats. The BA’s election manifesto clearly recognised, denounced and rejected the BN’s authoritarianism:

the BN government has attempted to frighten the people by threatening that such dissent will result in racial conflict. They threaten that chaos will result should the strong position of the BN government be questioned. They have mobilised the mainstream mass media which is completely under their control, and have used it to vilify the dissent, spreading lies and fear. Their sole aim is to cause fear and disunity. They hope their campaign of lies and fear-mongering will prevent the people from coming together for change towards a just and democratic nation.

To deflect popular discontent, the BN government attempts to manipulate racial sentiments. They foster mutual suspicion between the racial groups and create antagonisms between one group and another. The BN highlights racial strife in other countries where the situation is utterly different and of no relevance to us. The BN leadership also slanders the Alternative Front parties as agents of foreign powers and interests—while
claiming that foreign investors have no confidence in the alternative parties and will run away if the BN is not massively returned to power. But they also try to scapegoat foreign powers for their own failure in managing the country’s economy. The people are no longer so easily fooled by those who have for a long time collaborated with foreign powers from both West and East. This mischievous game of divide-and-rule is increasingly ineffective. (Barisan Alternatif, 1999, emphasis added)

The BA pointed out that the BN’s strategy of controlling people was based on ‘foster[ing] mutual suspicion between the racial groups and creat[ing] antagonism between one group and another’ and by ‘scapegoat[ing] foreign power[s]’. The BA’s Common Manifesto condemned the BN’s collectivist nationalist and authoritarian methods of mobilising the population through inculcating a ‘siege-mentality’.

At the same time, given the composition of the opposition coalition, the BA was not immune to the BN’s politics of fear. Among the constituent parties in the BA were PAS, which advocated for an Islamic State and had been dubbed ‘Islamic extremists’ by Mahathir, and the DAP, which advocated for a Malaysian Malaysia and had been dubbed ‘Chinese Chauvinists’ by Mahathir. To avoid the BN’s attack, it was crucial to demonstrate that PAS and DAP could work together despite their different religious and ideological positions. When drafting the Common Manifesto, the component parties took pains to compromise: while PAS would not force its goal of an Islamic State in the manifesto, the DAP would recognise the ‘special position’ of the Malays. The election manifesto recognised:

The position of Islam as the religion of the Federation, coupled with the principle of the freedom of worship;
The position of Bahasa Melayu as the national language, the language of knowledge and the official language, whilst safeguarding the right to use and learn other languages;

The special position of the Malays and the Bumiputera of Sabah and Sarawak, and the legitimate rights of other races; and

And the BA Common Manifesto confirmed that the BA would:

create a favourable atmosphere—through the provision of infrastructure, education and legislation—towards affirmation of Islam as a way of life (ad-deen) among Muslims, while ensuring the rights of non-Muslims to practice their respective religions or beliefs. (Barisan Alternatif, 1999)

By resolving issues of ethnic and religious differences among the BA’s component parties, the BA presented itself as a reliable alternative to the BN. The component parties, despite their potential ethnocultural nationalist characteristics, strongly upheld Anwar’s individualistic nationalist position and attempted to present themselves as a coalition for liberal politics rather than ethno-religious champions.

5.4.2. The 1999 elections: collectivist-authoritarian nationalism discredited

The 1999 general elections could be viewed as a showdown between the two nationalist ideological positions—Mahathir’s collectivist nationalism and authoritarian politics, and Anwar’s individualistic nationalism and liberal politics—represented by the BN and the BA respectively. An analysis of the 1999 elections, in particular the electoral support for UMNO and BN, will demonstrate the impact on Mahathir’s legitimacy of his authoritarian response to the Reformasi movement and Anwar’s ideological mobilisation of the grassroots. Through the
analysis of the significant reduction of support for UMNO and the BN in the 1999 elections, the erosion of Mahathir’s political legitimacy and support will be proven empirically.

On 11 November 1999, Mahathir dissolved parliament and polling date was set for 29 November 1999. Both the BN and the BA were awaiting the elections, but for different reasons. The BA wanted to mobilise the *Reformasi* movement, deny the BN a two-thirds majority and, if possible, gain a simple majority. The BN wanted to regain political ground lost after Anwar’s sacking and the emergence of *Reformasi* movement. The 10th general elections to elect 193 Members of Parliament and 394 State Assemblymen had its share of controversies from the beginning. There were complaints from the opposition parties of gerrymandering, fraudulent postal voting and so on. The most contentious issue, however, involved some 680,000 potential voters who were not registered to vote, although the Election Commission had adequate time to put them on the electoral rolls. As most of these potential voters were young, the opposition claimed they would have been more likely to vote for the opposition. Last but not least, the period to campaign was only nine days, the shortest in Malaysian history.

The election results showed that the BN achieved their two-thirds majority by winning 148 seats in the parliament, which was reduced from 162 seats in the 1995 elections. The opposition parties made a substantial gain, increasing its share of parliament seats from 30 to 45. In terms of popular vote, the BN’s share was reduced by 9 percentage points from 64 per cent in 1995 to 56 per cent in 1999. The opposition parties, however, increased its share of popular vote from 34 per cent in the 1995 elections to 44 per cent in the 1999 elections.
Of particular interest was UMNO’s performance, especially Malay support for UMNO versus the newly formed opposition coalition. There was general consensus among observers of Malaysian politics that UMNO’s loss in the 1999 elections was significant. The performance of UMNO was described as a ‘disaster’ (Kessler, 2001: 22), ‘setback’ (B. T. Khoo, 2000: 309) or ‘blow to UMNO’ (Abbott, 2001: 300). William Case said, after examining the election results, ‘UMNO had been greatly weakened’ (Case, 2001a: 49). Funston described the elections results as ‘the worst electoral setback UMNO has experienced since the first post-independence elections in 1959’ (Funston, 2000, 51). Furthermore, he observed, ‘leading Malay politicians and commentators reacted as if UMNO had lost [the election]’ (Funston, 2000: 51).

UMNO’s share of popular vote decreased by seven percentage points from 36.5 per cent in the 1995 elections to 29.5 per cent of the 1999 elections (B. T. Khoo, 2000: 120). This seven percentage point drop might not have been that serious in other countries. In Malaysia, however, UMNO’s electoral might and Malay support for UMNO had been very stable and strong. Thus, the 7 percentage point drop was very significant in that it indicated that UMNO might be in serious trouble.39 In addition, the party’s share of parliament seats decreased from 89 seats (1995) to 72 seats (1999)—the biggest drop in a single election since the formation of the BN in 1974. Because of this drop, UMNO’s share in the BN became less than 50 per cent (48 per cent in the 1999 elections) for the first time—it meant that the BN maintained its two-third majority only because of the non-Malay components in the coalition, especially the Chinese parties. It was also embarrassing for UMNO that some major figures in UMNO lost or almost lost
their seats. For example, Mustapha Mohamad, second Finance Minister; Megat Junid Megat Ayub, Domestic and Consumer Affairs Minister; Annuar Musa, Rural Development Minister; and Hamid Othman, Minister in the Prime Minister's Department, in addition to six Deputy Ministers, lost their seats. Najib Razak, an UMNO vice president, who became Deputy Prime Minister in 2004, was almost defeated, securing his seat with only a 241 vote majority (K. S Nathan, 2000: 26-27).

Table 5-2 Major Parties’ Performance in Recent Elections: Parliament Seats

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<tr>
<td>UMNO</td>
<td>71</td>
<td>89</td>
<td>72</td>
<td>PAS</td>
<td>7</td>
<td>7</td>
<td>27</td>
</tr>
<tr>
<td>MCA</td>
<td>18</td>
<td>30</td>
<td>28</td>
<td>Keadilan</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>MIC</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>DAP</td>
<td>20</td>
<td>9</td>
<td>10</td>
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<td>5</td>
<td>7</td>
<td>7</td>
<td>PBS</td>
<td>14</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Total*</td>
<td>127</td>
<td>162</td>
<td>148</td>
<td>Total*</td>
<td>53</td>
<td>30</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: (based on Gomez, 1996a; Khong, 1991b; Liak, 1996; The New Straits Times, 1995). * Total number of seats included the share of smaller parties. Therefore, the sum of the number of the seats in the table does not tally with the total number of seats.

It is noteworthy that the reason for UMNO’s poor performance was the withdrawal of Malay support. As shown in Table 5–2, UMNO, leading the BN, performed well in such ethnically mixed states as Johor, Selangor and Negri Sembilan. In these three states, UMNO, assisted by its coalition partners, soundly defeated opposition candidates. This was in marked contrast to the electoral results in the ‘Malay Belt’. In Trengganu, all BN candidates—almost all BN candidates in Trengganu, Kelantan and Kedah were UMNO candidates while there were sizeable non-UMNO BN candidates in the states where the BN fared well—were defeated by the opposition. In Kelantan, another Malay concentrated state, only one candidate, Razaleigh Hamzah, was returned. Also, in Kedah, the
BN won seven seats, while the opposition won eight seats. In the state assembly elections, a similar trend was observed.\(^{40}\)

Furthermore, in the 60 parliamentary electoral districts on the peninsula where UMNO was successful, the margins were substantially smaller than those from the 1995 elections. UMNO increased its margin only in two districts. In 35 districts out of these 60 districts, the winning margins of UMNO candidates were half those from the 1995 elections (Kamarudin Jaafar, 2000: 24-25, Table 1). An UMNO official reportedly admitted, ‘[in] 41 parliamentary constituencies with an 80 per cent predominance of Malays, UMNO won only 45.3 per cent of the popular vote’ (Stewart, 2003: 188). This meant that opposition parties, including a Chinese party in the opposition coalition, won more Malay votes than UMNO did. Such a performance hurt UMNO’s pride and legitimacy as a Malay nationalist party.\(^{41}\) Reflecting on the substantial decrease of Malay support for UMNO and for the BN, Maznah Mohamad argued, ‘[f]or a party that has been so used to getting almost undivided Malay allegiance and loyalty, this is a signal that it can no longer take its premier status in the league of Malay parties for granted’ (Maznah Mohamad, 1999: 5).
### Table 5-3 Parliament elections results of selected states/ selected parties

<table>
<thead>
<tr>
<th></th>
<th>UMNO</th>
<th>MCA/MIC</th>
<th>Keadilan</th>
<th>PAS</th>
<th>DAP</th>
<th>BN</th>
<th>BA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kedah</td>
<td>5</td>
<td>2</td>
<td>8</td>
<td></td>
<td></td>
<td>24</td>
<td>12</td>
</tr>
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<td>Kelantan</td>
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<td>3</td>
<td>10</td>
<td></td>
<td></td>
<td>2</td>
<td>41</td>
</tr>
<tr>
<td>Trengganu</td>
<td></td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td>4</td>
<td>28</td>
</tr>
<tr>
<td>Selangor</td>
<td>8</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td>42</td>
<td>6</td>
</tr>
<tr>
<td>KL</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>N.Sembilan</td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Johor</td>
<td>13</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>40</td>
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</tr>
</tbody>
</table>


The opposition parties did not achieve their professed goal of denying the BN a two-thirds majority in the parliament. Nevertheless, the performance of the opposition BA was still impressive. The coalition garnered 10 per cent point more votes than the opposition parties did in the 1995 elections. Given the constraints and electoral irregularities, the 10 percentage point increase was substantial. Opposition parties were denied access to the mass media which was controlled by the ruling coalition and the government. The electoral districts were delineated unfavourably for the opposition parties. Outdoor rallies, which the opposition parties were strong at, were banned. Furthermore, the opposition coalition was only a couple of month old when it began campaigning and one of its component parties, Keadilan, was established only 6 months before the elections. On the other hand, the ruling coalition had full access to the national mass media and could also use the government machinery for its campaigning. Because of this unlevel playing field, opposition parties had never achieved a 10 percentage point increase in the popular vote in a single election in Malaysia.

At the centre of the opposition’s impressive performance was PAS’s increase in its share of parliament seats from merely seven seats in 1995 to 27
seats in 1999. In terms of the popular vote, PAS obtained 17.4 per cent of the votes in the 1999 elections, compared to seven per cent in the 1995 elections (Gomez, 1996a: 30; B. T. Khoo, 2000: 120). PAS also increased its share of state assembly seats from 33 in the 1995 elections to 98 in the 1999 elections. In Trengganu and Kelantan, UMNO parliament seat candidates were soundly defeated by the cooperation of PAS and Keadilan. In addition, in Kedah, PAS and Keadilan won eight parliament seats out of 15 contested. Furthermore, PAS captured the Trengganu state government in the 1999 elections, adding one more state government under its control. As Kelantan and Trengganu are states with predominantly Malay populations, they have symbolic importance for any party which claim to represent the Malay community. For PAS, capturing the state governments of Trengganu and Kelantan was a great boost in its competition with UMNO as to which party represented the Malay community.

If PAS undercut Malay support for UMNO in states with predominantly Malay population, Keadilan channelled Malay discontent with Mahathir in the more ethnically mixed regions in southern part of the peninsula. Keadilan won five seats, including one by Wan Azizah Wan Ismail in Anwar’s constituency, Permatang Pauh. In terms of popular votes, the party only obtained 11.2 per cent of the popular vote cast (Funston, 2000: 52). The performance might appear to be poorer than expected.

To assess Keadilan’s performance fairly, however, it must be noted that Keadilan contested primarily in ethnically mixed, urban areas such as the Klang valley around Kuala Lumpur and in the southern states. Keadilan went into the heartland of the BN, instead of contesting for safer seats in the northern states,
where there was more support for the opposition coalition because of PAS’s influence. In southern states such as Negri Sembilan, Selangor, Melaka, Johor and Federal Territory, Keadilan fielded 21 candidates, including Chandra Muzzafar, Tian Chua, Ezam Nor, Zainur Zakaria, Khalid Jaafar and Marina Yusoff. In all 21 constituencies, Keadilan candidates failed to be elected. Nevertheless, the margins between the BA and the BN were reduced by an average of 20 percentage points in those districts, compared to the 1995 elections. 43 The problem Keadilan candidates faced in those states was that significant numbers of non-Malay voters were holding the decisive votes in those ethnically mixed states. In other words, the support of Malay voters was not enough for Keadilan candidates to defeat BN candidates who had overwhelming non-Malay support. Overall, Keadilan’s performance was not an insignificant achievement for a six months old political party against the more than 50 years old UMNO, supported by its efficient party machinery and the 30 years old BN coalition.

In addition, in terms of the popular vote, Keadilan’s performance cannot be compared with that of Semangat 46’, without considering the differences between the two parties. Unlike Semangat 46’, which contested in constituencies favourable to the opposition and had such well-known candidates who had left UMNO as Razaleigh and Rais Yatim, Keadilan did not have such advantages. With the exception of Anwar, Keadilan members who left UMNO were not so well known. Furthermore, unlike the Malay nationalist Semangat 46’, Keadilan defined itself as a multiethnic political party—a tactic that has been seldom successful in the Malaysian political terrain so far. The party tried to capitalise on its multiethnic characteristic by fielding candidates in ethnically mixed
constituencies. In sum, the popular vote of Keadilan, unlike that of Semangat 46’ had to be built almost from scratch.

The 1999 elections results indicated significant erosion of support for Mahathir and UMNO. In the eyes of the Malay community, especially after Anwar’s sacking and the establishment of the Reformasi movement, Mahathir and UMNO lost much of their political legitimacy. Nathan argued, ‘UMNO has emerged a weakened party after this election, which raises doubt as to Dr. Mahathir’s ability to provide strong and credible leadership for the Malays in particular, and the country in general’ (K. S Nathan, 2000: 26). Regarding UMNO, Abbott maintained that the election results were ‘a blow to UMNO’s traditional role as the historical guarantor of Malay rights and privileges’ (Abbott, 2001: 300). It meant that the serious erosion of Malay support for UMNO in the election undermined the traditional legitimacy of UMNO. Even Khoo Boo Teik cautiously predicted that the election results signal ‘the end of UMNO’s hegemonic stability’ (B. T. Khoo, 2003: 121-131). Mahathir’s loss of support indicated the magnitude of disenchantment with Mahathir’s authoritarian rule displayed in the sacking of Anwar and in the suppression of the Reformasi movement.

5.5. Mahathir mobilises people with a collectivist “garrison-under-siege” strategy

After the 1999 elections, the most important issue Mahathir and UMNO faced was how to regain lost political support. In October 2003, when Mahathir stepped down from being Prime Minister and UMNO president, he seemed to have recovered the political ground he lost in the 1998-99 political crisis (see for example, Jayasankaran, 2001; Kessler, 2001). Hence, it will be significant to
examine Mahathir’s strategies in the post-1999 election period to recover the lost support from the perspective of nationalist ideology.

In terms of nationalist vision, after the 1999 elections, Mahathir reasserted his commitment to civic Malaysia and attempted even harder to promote his vision to the Malaysian people. Mahathir reemphasised his commitment to the integration of different ethnic groups into Malaysian national identity, instead of the assimilation of minorities into a majority culture. The assurance Mahathir provided as to his civic nationalist commitment served to consolidate non-Malay support. As Mahathir and UMNO lost substantial Malay support in the election, the BN was victorious primarily because of non-Malay support. When Malay support could no longer be guaranteed, Mahathir had to first consolidate existing non-Malay support as a safety net.

In addition, since 1998, as measured by various economic indicators, the Malaysian economy was recovering. The quick recovery enabled Mahathir to take credit for managing the economic crisis. In particular, he emphasised that his controversial capital control was the right tactic to lead the Malaysian economy out of the crisis. He asserted:

The [capital] controls have apparently succeeded in bringing about the recovery of the Malaysian economy. Although many still condemn capital controls other now say that controls can resolve the problem brought about by the rapid devaluation of the currency by currency traders. Some even recommended that other countries open to attacks by currency speculators should adopt currency controls. (Mahathir, 2002a: 44)

Other than silencing Mahathir’s critics, the economic recovery had another implication as far as Mahathir’s nationalist legitimacy was concerned. As I
already argued in the previous chapter, in the mid 1990s, Mahathir’s civic nationalism was successful because of the economic optimism Mahathir induced in the population. The economic rebounded after the economic crisis enabled Mahathir to argue, with confidence, that his vision was correct. For Mahathir, reviving the formula which had provided him with the strongest support from all ethnic communities was crucial in regaining his legitimacy. Therefore, the quick economic recovery became the platform from which Mahathir tried to persuade the population to support him again.

What was decisive to Mahathir’s recovery of his political support, however, was his strategy of garrison-under-siege. Using a rhetoric of threat to the national community, manipulating related political developments, notably the resurgence of fundamentalist of Islam in Malaysia and the September 11, 2001 attacks in the US, Mahathir effectively recovered the lost support. This strategy was not new but was part of Mahathir’s nationalist position and strategy. In the post-1999 election period, the intensity of the rhetoric was much stronger. To regain the support, Mahathir instigated fear of Islamic extremism (including PAS), of ethnocultural nationalists from both Malay and non-Malay ethnic groups and of a political opposition allegedly linked to the West bent on undermining Malaysia. Mahathir depicted them as threats to a stable and prosperous Malaysian nation. Judging from anecdotal evidence and the BN’s performance in several by-elections, Mahathir’s strategy was successful in persuading most, if not all, of the Malaysian people.
Rhetoric of threats from Islamic extremism and 911 incidence

Arguably, the most frequently chastised enemies of Malaysia by Mahathir after the 1999 elections were Islamic extremism and PAS. Mahathir attempted to alienate Malaysian people, especially moderate Muslim Malays and non-Malays, from Islamic groups and PAS by maximising their fears. This is understandable in two ways. First, in the 1999 elections, PAS seriously challenged UMNO’s supremacy in the Malay community. Second, the terrorist attacks on September 11, 2001 in the United States provided Mahathir with a good opportunity to promote his version of moderate Islam and to tarnish PAS and what Mahathir dubbed as “Islamic extremism” as well.

After the 1999 elections, Mahathir depicted PAS and such Islamic groups as *Al-Ma’unah* and *Kumpulan Mujahidin Malaysia* (KMM; Malaysian Mujahidin Group) as extremist. As an alternative, Mahathir argued for acceptance of his version of Islam which he considered more progressive and moderate and one which would permit the coexistence of Malay Muslims and non-Malays. In August 2001, the government arrested 10 members of the *Kumpulan Mujahidin Malaysia* (Malaysian Mujahidin Group or KMM) under the ISA. The government alleged that the group was involved in a bank robbery, a church bombing and the assassination of a local politician. The detainees included a son of PAS leader, Nik Aziz Nik Mat. Soon after, on 11 September 2001, there were terrorist attacks in the United States. Mahathir took the opportunity to increase his rhetoric regarding the threat posed by such “fundamentalist” Islamic organisations as KMM. A few months later, in January 2002, the government arrested 31 additional members of the KMM group (Aliran, 2002: 30). After the arrests,
Mahathir asserted, ‘There is one party which is supported by militants and does not believe in democracy’, thereby linking PAS with Islamic extremism (Tong, 2001). He continued, ‘[PAS] will accuse the West of being anti-Islam in an effort to whip up support for themselves. They have split the Malays and Muslims here and will do anything to gain an advantage’ (The Star, 2001).

In addition to linking PAS with Islamic extremism, Mahathir also depicted the form of Islam associated with PAS as regressive and anachronistic, contrasting it with his version of progressive and moderate Islam. Mahathir asserted, ‘Malaysia under PAS rule is not going to be politically stable and will not develop. Malaysia will probably retrogress’ (C. Tan, 2000). In a speech before the 2002 UMNO General Assembly, Mahathir contended:

> In order to improve their lot then…[Muslims] must be more skilled and successful in administering and developing their countries; acquire all knowledge and skill necessary for this purpose. What is…unfortunate is that as soon as the government of a Muslim country tries to develop the country…by acquiring knowledge in science and technology, there will emerge groups which would oppose such attempts because according to them it is secular and unIslamic and the Government must be overthrown… Although they call themselves…Islamic Party, they do not hesitate to ignore the teachings of Islam by declaring the governments are not Muslim and they are prepared to kill the government leaders and other Muslims in order to prevent the progress which they declare to be secular. (Mahathir, 2002b)

11 September 2001 was a decisive day in Mahathir’s journey towards political recovery. Mahathir capitalised on the terrorist attacks in the United States to demonise Islamic extremism and to gain the upper hand in the competition with PAS. Mahathir tried to demonise the Islamic opposition during Reformasi. However opposition to his authoritarian politics drowned out his rhetoric of the
Islamic extremist threat, leading people to support the opposition coalition instead. After 911, however, the fear factor promoted by Mahathir loomed large, overpowering the possibility of democratic political reform invested in the opposition, including PAS. Hence, 911 had a significant impact on the competition between Mahathir’s BN and the opposition coalition.

September 11 helped Mahathir in two different ways to capture both the Malay-Muslim and the non-Malay community. First, immediately after the terrorist attacks on September 11, Mahathir denounced what had happened. His firm stance against Islamic extremism and terrorism was psychologically comforting for the non-Malays in Malaysia, who were, after all, living in a country with a Muslim majority population.48 Mahathir said, ‘we will fight to the end these factions which oppose Islamic teachings because we don’t want the people in our country to be oppressed like the people in Afghanistan’ (Utusan Malaysia, 2001a). He also argued, ‘There is no justification in the act of terrorism although it was said to be for a noble cause’ (Utusan Malaysia, 2001c).49

Second, Mahathir strongly criticised the United States-led invasions of Afghanistan and Iraq to tap the Malay Muslims’ antipathy towards the invasions. He contended:

[Afghanistan] was attacked with weapons which recognise no one. Many innocent people, civilians, old and young women, children, the sick, were killed or wounded and millions of the people of this unfortunate country fled to neighbouring countries where they live in miserable conditions… But terrorism has not been stopped… Defeating Afghanistan has not given any effect in the fight against terrorism…We are sure that the principal case of the terrorism by Muslims is their anger…[regarding] the oppression of Muslim countries and Muslims all over the world. If terrorism is to be stopped then the injustice and the oppression of Israel
against Palestine and its people must be stopped quickly first. (Mahathir, 2002b)

Mahathir’s condemnation of the invasions and the ensuing repression in Afghanistan and Iraq rejuvenated his image as a strong and outspoken leader of a Muslim country among the Malay Muslims. Mahathir did not stop there: he appealed to Malay Muslims to unite under his progressive vision of Islam to avoid the fate of Muslim countries that were being oppressed by the West. He asserted in 2003:

They want to oppress us. Look at what happened to Afghanistan, Iraq and the threat to Syria. Do not think for one minute that only the Arab countries are facing such pressures. If we are weak, the superpower will do the same to us. But, if we are willing to master new knowledge and pray to god, Insyaallah… our prayer will be answered. (reprinted in Aimon Mohd, Sajahan Waheed, & Ahmad Fairuz Othman, 2003)

Mahathir demonised Islamic extremism, including PAS, primarily to counter the surging popularity of PAS after the Reformasi movement and the 1999 elections and to regain the support of the Malay people. This rhetoric was a typical garrison-under-siege strategy of collectivist nationalism. However, it received much more play after the 1999 elections which seriously threatened Mahathir’s political hegemony. September 11 demonstrated graphically what Mahathir warned regarding the dangers of Islamic extremism. Mahathir’s vocal condemnation of the terrorism and the invasions of Afghanistan and Iraq appealed to the non-Malay community and enabled the Malay Muslims to vent their anger against the invasion, thereby increasing Mahathir’s stature as an articulate leader of the Muslim world.
Discrediting the ethnocultural nationalist elements

Mahathir also used a strategy of demonising what he called ‘small extremist groups’ within both the Malay and non-Malay communities. His rhetoric reminded the Malays of the dangers posed by non-Malay groups to Malay special rights and privileges. At the same time, Mahathir would warn the non-Malays of the threat from Malay ethnocultural nationalists to their presence and interests in Malaysia. By generating fears of ethnic instability, Mahathir intended to emphasise the continuing threats to ethnic harmony and coexistence in Malaysia. In this context, Mahathir attempted to show that as he did not overlook such threats in Malaysia, he was still the best option for multiethnic Malaysia.

Mahathir assumed that the vast majority of Malaysians accepted his vision of a civic Malaysian nation. He praised them for accepting “Malaysian” culture and their ethnic tolerance. In 2000, Mahathir said:

Only those who cannot accept Malaysian culture feel that the integration of the Malay, Indian and Chinese cultures has been mixed up and it was something which was not good… Just now, we saw Chinese children wearing Malay traditional costumes. Indian children also wear Malay costumes. These are the true Malaysians… the ordinary Malaysians… This is very good and cannot be found in most other countries. We should be thankful for it. (S. Singh & Chow, 2000)

However, when Mahathir faced any opposition to his initiatives, he did not spare any harsh remarks and would dub his opposition “extremists”. When Mahathir pushed his plan for Vision Schools and the teaching of science and mathematics in English, there was opposition from the Chinese community, especially from a Chinese educationist group called the Dong Jiao Zong (a united body of the Chinese School Committees Association of Malaysia and the Chinese
School Teacher Association of Malaysia) which was concerned about the impact the schemes would have on the right of the Chinese community for Chinese education and Chinese medium schools (Koh, 2002). Mahathir strongly criticised these Chinese educationists, arguing:

As if they (the educationist group) do not admit to being Malaysians or that they have to be close with other races. They want everything to be separated… Chinese schools to be separated from other schools until they become foreign schools… Any attempt to isolate the Chinese from other races will obstruct unity among the various races. My criticism is directed towards this small group. Its number is not big, but it is acting as if to intimidate or threaten the Government. This is why I consider them as extremists and I will criticise extremists whether they are Malays, Chinese or Indians. There is no place for extremists in Malaysia. (P. Singh, 2000)

However, Mahathir was careful enough to describe the Chinese extremists as a ‘small group’, to avoid offending the majority of the Chinese community who had supported the government in the 1999 elections. A few days after Mahathir made the above remark, he clarified his criticism and even apologised to the Chinese community, which he described as moderate (J. Tan, 2000).

When it came to the language issue, that is, the growing emphasis on English as a teaching medium, there was opposition from the Malay community as well. Dewan Bahasa dan Pustaka (Language and Literature Council) and PAS spearheaded the Malay community’s criticism of the government’s attempt to expand the use of English (Yi, 2002). Mahathir responded to the criticism, saying ‘Mastering English will not make us any less Malay or Islamic. Actually the growth of the Malay language is not at the expense of rejecting other languages,
but rather through the mastery of other languages’ (Mahathir, 2001). Mahathir went so far as to redefine Malay linguistic nationalism. He contended:

> Malay students themselves think that if they learn English, they are not being nationalistic, they are not supporting the Bahasa… We believe that a nationalist is someone who has mastered all the knowledge and all the skills and is capable of contesting against the rest of the world. That is the true nationalist. But they think that just being able to speak Malay makes you a nationalist, and that is wrong. (Mahathir, 2000a)

Mahathir also reprimanded a small group within UMNO that called for the defence of Malay special rights. In 2001, the group, called *Barisan Bertindak Melayu* (BBM) or Malay Action Front (MAF), organised a rally in Kuala Lumpur. They alleged their purpose was to unite the Malays and invigorate Malay dominance, which contradicted Mahathir’s civic nationalist vision. Mahathir did not welcome this kind of Malay nationalist group and clearly distanced himself, saying ‘we don’t want to make it seem as if we were going to fight the Chinese or something like that’ (Utusan Malaysia, 2001b). He cut all UMNO support to this group to silence the ethnocultural Malay nationalist rhetoric (Holland, 2001: 18).

These episodes demonstrated how Mahathir tried to show he was resolute in tackling potentially destabilising issues in multi-ethnic Malaysia. Mahathir highlighted the ethnocultural nationalist or chauvinist threat to instil fear. By doing that, Mahathir attempted to show he was still relevant and a better option compared to the untested opposition coalition because only he could guarantee the peaceful coexistence of the various ethnic communities in Malaysia.
Opposition as a threat to Malaysian nation and authoritarian suppression justified

Mahathir also linked the political opposition, especially Keadilan and the Reformasi movement, to the foreign threat trying to undermine Malaysia’s independence. This rhetoric instilled a sense of fear so that the population withdrew their support for the opposition. In addition, Mahathir justified authoritarian measures to suppress the opposition in the interests of the entire national community. Such logic was typical of Mahathir’s collectivist nationalist view.

After the 1999 elections, the first major crackdown of the opposition coalition occurred on ‘Black 14’, the anniversary of Anwar’s being sentenced to six years imprisonment on charges of corruption on 14 April, 1999. At the Black 14 demonstration in 2001, the police arrested several Reformasi activists and Keadilan leaders under the ISA. They were also accused of attempting to overthrow the government by force. A week before the arrests, Mahathir raised the foreign threat, claiming that ‘foreign sympathisers’, at the instigation of a foreign power, were trying to topple the government (Jegathesan, 2001). A few months later, Mahathir asserted:

Pressure on the government can be imposed by anyone, including foreigners. As a result not only economic recovery becomes impossible, but, independence which once was a source of pride is now almost non-existent. This is the result of “reformasi” and street demonstrations. Do we want to see all these brought to our country by this “reformasi” group? … They [the foreign force] only used the opposition as a tool to achieve their evil intentions. If there are certain people that they wish to promote to mobilise the people and influence the world into believing the bad practices of the Government which they detest, then the seemingly misfortune of that person will be capitalised. (Mahathir, 2001)
According to Mahathir, foreign forces intent on undermining Malaysia’s stability and prosperity used opposition parties and Reformasi to achieve their aims. Hence, Mahathir believed he was justified not only to suppress the opposition but also to use such authoritarian measures as the ISA. Mahathir who was in Washington justified the use of the ISA to detain opposition politicians on Black 14 in 2001. He denied that he had been undemocratic and said, ‘If we wanted to really paralyse the opposition, we would have to arrest their leaders, not some of these people who are minor “lights” in their own party… They say things that stir people up, so we have to take action against them’ (Yap, 2002). After the terrorist attacks in the United States on 11 September 2001, Mahathir found new grounds to rationalise the use of detention without trial. He asserted:

…there are terrorists in this country. That is why we have the ISA. When we used the ISA to stop terrorists, we were blamed as being undemocratic, unjust and all that but now they are doing exactly what we have been doing, they are learning from us. (Firdaus Abdullah, 2001)

Mahathir intended to alienate the opposition parties which had seriously threatened his political supremacy in the 1999 elections. The fear that Mahathir instilled was expected to encourage Malaysians to support Mahathir instead. Mahathir used authoritarian measures, which also warned the population not to support the opposition if they did not want to experience the same fate as the arrested opposition leaders. These authoritarian measures, which reflected Mahathir’s collectivist nationalism, were justified by the interests of the national community.
**Mahathir’s recovery as shown in by-elections results**

Mahathir’s attempts to recover political support did change Malaysia’s political landscape. In an interview I conducted in 2003, an UMNO Youth Supreme Council member stated that the concerns of the population, especially the Malay community, were then quite different from those during the Reformasi movement’s heyday. He contended:

> [during Reformasi period] emotions were high. There was the Black eye [of Anwar] and that sort of things. So of course, there was slight shift in strategic outlook of Malay community. But, today, issues of long-term prosperity, issues of challenging globalisation and issues of Malay economic participation [are] back on agenda [of Malay community].53

The changing attitude of Malaysians towards UMNO was partly reflected in the results of a series of by-elections following the 1999 elections. Table 5–3 shows the by-elections results. There had been nine by-elections and the Sarawak state assembly elections since the 1999 general elections. The by-elections results, before and after 2001, when Mahathir began regaining his dominance in UMNO, show a marked difference. Also, the results of the Sarawak state assembly elections, which were held a week after the 911 incidents and after Mahathir’s escalated rhetoric of the threat from Islamic extremists, show an even more marked difference. In the by-elections held before 2001, the opposition coalition significantly reduced the BN’s majority earned in the 1999 general elections. The BA coalition even achieved an astonishing victory in the Lunas state assembly seat in Kedah, Mahathir’s hometown, thereby denying the BN a two-thirds majority in the state assembly (Saiful Azhar Abdullah, 2000). However, an examination of the post-2001 by-elections results indicates that, first of all, in
Likas, the BA was humiliatingly defeated. Although the BN had a clear upper hand in East Malaysia, the margin that increased from its performance in the 1999 elections was substantial. After the 911 terrorist attacks, the electoral performance of the BN improved even more substantially. Other than the BN’s clean sweep of the Sarawak state elections, the BA also lost the parliamentary seat (Pendang) held by the late PAS president, Fadzil Noor, and almost lost the state assembly seat, winning it only with a margin of 508 votes. Except for the Bukit Anak state assembly seat, in all other contests, component parties of the BN won their seats with a substantially increased majority from that of the 1999 elections (Syed Arabi Idid, Abdul Rashid Moten, & Saodah, 2003).
Table 5-4 By-elections from 1999 General elections until the end of 2002

<table>
<thead>
<tr>
<th>Date</th>
<th>District</th>
<th>State</th>
<th>By-elections</th>
<th>1999 election</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2000</td>
<td>Sanggang</td>
<td>Pahang</td>
<td>BN won by 1,963</td>
<td>BN won by 4,970</td>
</tr>
<tr>
<td>June 2000</td>
<td>Teluk Kemang</td>
<td>N. Sembilan</td>
<td>BN won by 5,972</td>
<td>BN won by 9,942</td>
</tr>
<tr>
<td>November 2000</td>
<td>Lunas</td>
<td>Kedah</td>
<td>Keadilan won by 530</td>
<td>BN won by 4,700</td>
</tr>
<tr>
<td>July 2001</td>
<td>Likas</td>
<td>Sabah</td>
<td>BN won by 7,500</td>
<td>BN won by 4,962*</td>
</tr>
<tr>
<td>September 2001</td>
<td>Sarawak State</td>
<td>BN swept all 62 seats in the election, while DAP and independent won 3 and 2 seats in 1996 state election</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 2002</td>
<td>Indera Kayangan</td>
<td>Perlis</td>
<td>BN won by 2,592</td>
<td>BN won by 1,974</td>
</tr>
<tr>
<td>March 2002</td>
<td>Kethari</td>
<td>Pahang</td>
<td>BN won by 2,204</td>
<td>BN won by 231</td>
</tr>
<tr>
<td>July 2002</td>
<td>Anak Bukit</td>
<td>Kedah</td>
<td>PAS won by 508</td>
<td>PAS won by 1,840</td>
</tr>
<tr>
<td>July 2002</td>
<td>Pendang</td>
<td>Kedah</td>
<td>BN won by 283</td>
<td>PAS won by 2,939</td>
</tr>
<tr>
<td>October 2002</td>
<td>Gaya</td>
<td>Sabah</td>
<td>BN won by 11,932</td>
<td>BN won by 4,117*</td>
</tr>
</tbody>
</table>

Source: Based on Election Commission Website (http://www.spr.gov.my) and various issues of newspapers * 1999 March state elections results

5.6. Conclusion

In the 1998 UMNO factional dispute between Mahathir and Anwar, the discourses used to justify their positions and political manoeuvres were based on different ideas of national community. While this research does not reject the importance of other variable such as personal rivalry, patronage clash, power struggle, policy difference and so on, that they put forwarded different politics resulted from different perspectives of nationalism was also important to understand the dispute. While Mahathir and Anwar did not disagree much on the civic nationalist direction, their differences were clearly evident in their views on the relationship between the individual and the national community, differences which would result in different political consequences: authoritarian rule and democratic politics.
Mahathir’s concept of the national community was collectivist. In the dispute, Mahathir’s view was expressed in the authoritarian suppression and demonisation of political opponents in the interest of the Malaysian nation. On the other hand, Anwar’s agenda for political reform, which was an ideological alternative to Mahathir’s views, reflected the individualistic assumptions regarding the national community. As the individualistic view was typically expressed in demands for democratic reform, fostering civil society, and tolerance of political opponents, Anwar’s ideological position was clearly in opposition to Mahathir’s collectivist-authoritarian nationalism. Anwar’s individualistic nationalism can be summarised in the following three aspects: the importance of individual rights and liberty against the community’s suppression of individuals; political democracy and fostering of civil society as a reflection of individual rights and liberty; and opposition to the collectivist-authoritarian rhetoric of threat to the community.

The 1997 economic crisis that hit Malaysia was a serious challenge to Mahathir’s nationalist legitimacy which was based in part on the population’s optimism in a prosperous economic future. To maintain his support and legitimacy, Mahathir demonised external factors, accusing international speculative funds and economic superpowers. This was a typically collectivist-authoritarian nationalist response. On the contrary, Anwar had different remedies for the economic crisis, which increased the tension between Mahathir and him. The rising tension eventually brought about Anwar’s sudden dismissal in 1998, which was the beginning of the Reformasi movement demanding economic and political reform. Mahathir’s collectivist-authoritarian nationalist position was
clearly revealed in his treatment of Anwar and his authoritarian crackdown of the Reformasi movement.

After Anwar’s imprisonment, the Reformasi movement was succeeded by the opposition coalition, BA, which articulated concrete reform measures, reflecting individualistic nationalism in its common election manifesto. Despite the ethnocultural nationalist characteristics of the BA’s component parties, their shared individualistic-libertarian nationalist position for political reform bound them into a coalition. The competing positions were tested in the 1999 elections and the elections results showed that Mahathir lost substantial political ground to the challenge mounted by the individualistic-libertarian nationalist position.

After the elections, Mahathir attempted to recover lost ground, leaning on the strategy of garrison-under-siege, that is, a rhetoric of threat to the national community. Mahathir reasserted his commitment to a civic nationalist direction to consolidate non-Malay support. The quick economic recovery emboldened Mahathir to recover the lost support. Mahathir’s rhetoric of the threat from Islamic extremism, the dangers posed by ethnocultural nationalist extremists and the perils of an opposition backed by foreign forces to undermine Malaysia’s stability and prosperity resonated with the fear and chaos caused by the 911 incidents. Indeed, as demonstrated by the results of several by-elections held after the 1999 elections, Mahathir regained substantial although not all of the support that he had lost in the 1999 elections, thereby demonstrating the resilience of Mahathir’s nationalist ideology and rhetoric in Malaysian politics.

The pattern of nationalist ideological conflicts identified in the 1969 and 1987 disputes was repeated in the 1998 dispute, but with a major twist. There was
a similarity. The 1998 dispute was a challenge from Anwar (with a new nationalist assumption reflecting the community’s discontent with the Prime Minister’s nationalist vision) to the Prime Minister’s collectivist-authoritarian nationalist position. The difference arose from the fact that the nationalist question that had dominated the previous disputes had been, to a certain degree, addressed and a new nationalist question had emerged. Accordingly, the 1998 dispute revolved around a conflict between collectivist-authoritarian nationalism and individualistic-libertarian nationalism. Finally, if the previous pattern can be a guide, it is likely that the new competing nationalist positions will shape UMNO factional dispute in the future, if any, until the question is resolved.

1 Mahathir’s own remarks confirmed that the direction in which he attempted to lead Malaysia was not much different from Abdul Rahman’s, who he criticised strongly in 1969. Mahathir once said, ‘I am sure that the Tengku [Abdul Rahman] is satisfied with the success of the formula he initiated, a formula which we are duty-bound to continue for the benefit of future generations… The formula is working wonderfully well in our diverse cultural setting. Today we have a great responsibility to sustain and enhance it… We should be grateful because we can co-exist. We are not asking for racial assimilation but for greater tolerance… This is a fact of life in Malaysia, something that we must learn to be grateful’ (Bingkasan & Ridu, 2003). Analytically, Abdul Rahman’s multicultural nationalism and Mahathir’s civic nationalism have been differentiated in this thesis. However, insofar as both leaders attempted to move away from ethnocultural Malay nationalism, they shared a similar nationalist direction, although their assumptions about national identities and institutional characteristics were different. Furthermore, in academic studies of national identity and the political elites’ attempts to develop national identity in Malaysia, multicultural and civic nationalisms were not truly differentiated, but generally referred to as “more accommodating” nationalism, “more inclusive” nationalism, or “Malayan or Malaysian nationalism” against “Malay nationalism”.

2 Reflecting the significance of the 1998 dispute, there are a number of studies done. Hwang argued that the dispute is out of personal rivalry between Mahathir and Anwar (Hwang, 2003). Similarly, Stewart was of opinion that the dispute was out of personal rivalry between the two which was culminated during the economic crisis. He added that Mahathir permitted no challenge to him and this was why he took initiative in the rivalry by sacking Anwar (Stewart, 2003). Cheah observes that the personal rivalry between Mahathir and Anwar has been in the party and it became visible because of different remedies during the economic crisis (Cheah, 2002). Muzaffar did not hesitate to conclude, quite simply, that the dispute was a power struggle between the two top leaders of UMNO (Muzaffar, 1998). Fundson had similar opinion that the dispute is about power struggle between Mahathir and Anwar and he added that when Anwar “outshine the Master” i.e. Mahathir (Funston, 1999). Case explained that the dispute was a complex of
patronage struggle and power struggle. Also, there was a bit of policy disagreement between Mahathir and Anwar regarding how to remedy Malaysian economy (Case, 1999). Hilley recognised that there was an ideological difference between Mahathir and Anwar. But, he said that the difference was not to a level of causing the dispute. Instead, what was decisive for the outbreak of the dispute was differing approach to economic crisis of Anwar from that of Mahathir and the very difference was regarded as undermining what Mahathir has done last 20 years to develop Malaysian economy (Hilley 2001). Lastly, Khoo argued that an analysis of Mahathir-Anwar dispute required a complex explanation. He maintained that the dispute was a complicated consequence coming from different economic policies, power struggle and ideologically, Anwar’s liberalism against Mahathir’s more authoritarian politics (B. T. Khoo, 2003).

3 Anwar held different posts in the government. He was first appointed Deputy Minister in the Prime Minister’s Department (1982–83), after which he held such posts as Minister of Culture, Youth and Sport (1983–84), of Agriculture (1984–86), of Education (1986–1991) and was appointed Finance Minister in 1991. Also, in UMNO, he was elected Youth Chief (1982) for three terms until 1987, after which he was elected Vice President.

4 According to a close ally of Anwar’s, when Mahathir did not appear to have a chance of winning in the 1987 party elections against Razaleigh, Anwar’s allies tried to persuade Anwar to switch to Razaleigh’s camp. In reply, Anwar reportedly said, ‘No way! No deals! I am behind Mahathir. And don’t you dare make a secret deal with them. If Team B wins, I will resign, even if I win the Vice Presidency. My loyalty is to Mahathir. I promised Mahathir my support and I will not go back on my promise’ (Aliran, 2003: 21).

5 Anwar’s Islamic credentials have seldom been questioned. Anwar majored in Malay studies at the University of Malaya. During his university student days, Anwar was involved with the Malay Language Society of University Malaya. After graduation, Anwar was involved with many domestic and international Islamic organisations such as ABIM (Angakatan Belia Islam Malaysia; Malaysian Islamic Youth Council) (as president in 1974), World Assembly of Muslim Youth for Asia and Pacific Region (committee member, 1976-1982), International Islamic Federation of Student Organisation for Asia and Pacific Region (committee member, 1976-1982), International Islamic Thought (committee member, 1981-1982), International Islamic Council (committee member, 1981-1984), International Islamic Charitable Foundation (committee member, 1982-) and Islamic Consultative Body Malaysia (member, 1982-). In addition, after Anwar joined UMNO, he implemented major Islamisation policies that Mahathir had initiated in the early 1980s. An example was the establishment of the International Islamic University in Malaysia. Anwar has been President of the University since 1988 (for the details of Islamisation policy, see Hussin Mutalib, 1990). Before Anwar joined UMNO, as student activist and ABIM leader, he worked closely with PAS. In a few general elections, he openly supported PAS and actively campaigned for PAS candidates. One of the main reasons why UMNO brought Anwar into the party in 1982 was to counter the growing Islamic rhetoric of the PAS and to co-opt the grassroots Dakwah movement. After Anwar’s dismissal in 1998, some even argued that Anwar could have set up an Islamic State in Malaysia, if he succeeded Mahathir as Prime Minister. Given that Islam is a central part of Malay identity, Anwar’s Reformasi movement could have taken an ethnocultural nationalist position. However, it seemed that, despite Anwar’s Islamic credentials, the religious aspect had not been highlighted much. Rather, it was the discourse of democracy, social justice and political reform that attracted most of Reformasi’s followers. In other words, although Anwar’s Islamic credentials contributed to the upsurge of the Malay community’s support for Anwar, it is hard to say that the
Reformasi movement had a strong religious component. If that was the case, the Reformasi movement would not have entered into a coalition with DAP and other non-Islamic NGOs such as Suaram, a NGO advocating for human rights. Also, in an interview with me, a close ally of Anwar categorically rejected any insinuation that linked Anwar with an Islamic state or theocratic rule. The interviewee maintained, ‘There is no worry about Anwar’s Islamism or Islamicity. When he was in the government, I have not heard [any complaints]. This is probably a sort of backward projection of current [issue]. But he pronounced much more moderate, much more sensible [Islam than people think]. Anwar was in a way quite sophisticated intellectual, not very crude like PAS ulamas [religious teachers] or something like that’. (From a 19 May 2003 interview in Kuala Lumpur with a leader of Keadilan who was close to Anwar.)

Prominent members of the Mahathir faction in 1996 included Abdullah Ahmad Badawi (Minister of Foreign Affairs), Najib Razak (Education Minister), Rafidah Aziz (Minister of Trade and Industry), Abdul Rahim Thamby Chik (UMNO Youth Chief), Hishamuddin Hussein (won Deputy Chief of UMNO Youth Wing post in 1996), Sabbaruddin Chik (Minister of Culture, Arts and Tourism) and Sanusi Junid (former Agricultural Minister and UMNO Secretary-General). Meanwhile, Anwar’s faction consisted of Muhuyiddin Yassin (Johor Menteri Besar), Siti Zaharah Sulaiman (Deputy Health Minister), Ahmad Zahid Hamidi (UMNO Youth Information Chief), Osman Ariff (Kedah Menteri Besar), and Salleh Said Keruak (Sabah Chief Minister).

The fact that, to a certain degree and to a certain level, the democratic electoral process, that is, popular voting is observed makes strength at the grassroots level important. A delegation, which votes in the general assembly elections, is composed of leaders from the grassroots level. An example was the proxy dispute between Mahathir and Anwar over the post of the Kedah Menteri Besar post. In 1996, Mahathir wanted to replace Osman Ariff, an Anwar supporter, with Sanusi Junid, a staunch Mahathir supporter, causing rancour at the grassroots level, which was embarrassing for Mahathir (Jayasankaran, 1995b: 8).

In the 1996 UMNO elections, Abdullah Ahmad Badawi, Najib Razak and Muhammad Taib (the latter two switched to Mahathir’s faction after the 1993 elections) were elected as Vice Presidents. Also, the Supreme Council positions were occupied by Mahathir loyalists. Anwar’s faction claimed victories only in the elections for UMNO Youth wing and Wanita (Women) wing, whose chiefs were Anwar loyalists.

Khoo Su-ming described Anwar’s ideological background as follows: ‘Certainly, it is widely perceived that Mahathir’s chosen successor, Anwar Ibrahim, will bring a new phase to nationalism in Malaysia. His rise has been accompanied by the concomitant rise of other leaders in the mould of “new Asian intellectuals”. Speaking of civil society, Asian renaissance and a new era in politics (“era baru politik”), Anwar seems poised to redefine nationalism and modernization yet again when he moves into the position of power as Prime Minister. With impeccable Islamic as well as secular credentials and with a popular cultural pluralist platform…, a new phase in hegemony is approaching’ (S. Khoo, 1999: 145).

It is interesting to note that, in addition to arguments on behalf of civil society, individual liberty and democracy, Anwar actually criticised a few concrete aspects of Mahathir’s government and Mahathir’s views, although he did not name Mahathir or his government specifically. First, Anwar criticised personal rule and power concentration, saying ‘For humane governance, it is essential that power be vested in a democratically constituted authority rather than in the hands of an individual’ (Anwar, 1996a: 52). One of the most distinct trends under the Mahathir government was the concentration of power in the hands of an executive dominated by Mahathir (Ho, 2001). In addition,
Anwar touched on press freedom arguing, ‘the usual contention is that since freedom cannot be absolute, the press must be restricted. This argument is fallacious… Those who contend that press freedom is luxury for developing countries, their societies being too fragile and not ready for the dissent and conflict generated by a free press, ignore 200 years of Asian history’ (Anwar, 1996a: 46). Mahathir had always argued that there should be restrictions on the press for the sake of national interest and security. Anwar was also critical of the Malaysian judiciary, which was under the control of the government, describing it as ‘apologists for the executive’ (Anwar, 1996a: 64). And finally, Anwar advised caution regarding one of Mahathir’s central policies, privatisation. He discussed: ‘Notwithstanding the virtues of privatisation, a caveat must be lodged at the outset. Privatized entities must be fully conscious of their social responsibility. Measures must be instituted and moral suasion exercised to ensure that privatized entities and beneficiaries of the policy are not driven solely by profit motives. Privatization has to be transparent and subject to a regulatory framework, lest the public fall prey to corporate Titans ganging up to form monopolies’ (Anwar, 1996a: 90-91). This aspect of social responsibility was not mentioned in the government’s privatisation plan, which emphasised only economic rationality.

11 Anwar argued, ‘one must…guard against religious fanaticism and ethnocentricism, whose destructive consequences are self-evident enough’ (Anwar, 1995b). And he proposed fostering a ‘moderate majority’ as a way to counter the extremism. Regarding an approach Anwar called a ‘middle path between anarchy and absolutism’, he debated, ‘In the multicultural, multi-religious, and multi-ethnic context that we live in, this approach takes on added significance. Each community will always have its extremist fringe, which if given free rein would whip up sentiments to plunge entire nations into turmoil and even bloodshed. It is crucial that we have a moderate majority, one that will be prepared to act firmly and decisively against extremist elements’ (Anwar, 1996a: 53).

12 Even the Financial Times has noticed Anwar’s propensity for quoting from diverse sources: ‘Mr Anwar sprinkles his conversation with references to de Tocqueville. His last budget included quotations from the German thinker Reinhold Niebuhr, the Koran and little-known Neo-Confucian scholars’ (Kyunge & Montagnon, 1996).

13 According to the government’s recovery package, revealed in December 1997, government spending was cut 18 per cent across the board and an additional 2 per cent in selected areas. In addition, credit growth was suppressed by government policy, creating capital shortage for already struggling small and medium businesses (Nesadurai, 2000: 94).

14 There were bailouts of politically connected companies at the peak of the economic crisis. United Engineering Malaysia, for example, bailed out Renong, an UMNO company. This bailout caused financial loss for minority UEM shareholders. Petronas, the national oil company, bailed out Konsortium Perkapalan which was owned by Mahathir’s son. Even before the economic crisis, there were alleged corruption and cronyism cases such as the awarding of the privatisation of the North-South highway project to UEM, owned by Renong. Because of the obscure bidding process, there were numerous allegations of corruption associated with the privatisation projects. Edmund Terence Gomez has conducted extensive research regarding UMN0’s business involvement and alleged corruption and cronyism cases. See (Gomez, 1990; 1991; 1994; Gomez & Jomo, 1997)

15 From a 19 May 2003 interview in Kuala Lumpur with a leader of Keadilan who was close to Anwar.

16 Opinion surveys regarding politically sensitive issues are not readily available in Malaysia. From the economic crisis to the Reformasi movement that followed, there were
no reliable opinion surveys, except some anecdotal observations regarding the population’s opinions on these developments.

A survey published in Asiaweekly, conducted by a Malaysian scholar, Rozhan Othman of Universiti Kebangsaan Malaysia (National University of Malaysia) showed some interesting aspects of Malaysian opinion during the economic crisis (Suh, 1998). (It must be noted that the number of people surveyed -- primarily corporate sector employees, academics, entrepreneurs and bureaucrats with no significant political affiliations -- was not large enough.) When the respondents were asked to choose from Mahathir, Anwar and Daim Zainuddin the best leader to deal with the economic crisis, Anwar received the highest score, followed by Daim, then Mahathir. Also, to a question asking who was the best leader to steer Malaysia through the economic crisis, 64.4 per cent answered, “Anwar”, followed by 16.7 per cent who answered, “Mahathir”. To a question asking if there were any policy differences between Mahathir and Anwar, 70 per cent answered that there were. To a question asking whether (as Mahathir claimed) the international speculative fund was solely responsible for the economic crisis, 88.6 per cent answered ‘No’. To a question asking whether Malaysia needed “political” reform to survive the economic crisis, 65 per cent answered “Yes” while 21 per cent answered “No”. Although this survey showed a part of public opinion in Malaysia, it should be noted that the absolute majority of respondents were in favour of Anwar and political reform rather than of Mahathir’s rhetoric and his leadership.

17 In a 1998 speech, Anwar argued, ‘It is unfair…simply to blame the governments of affected economies for the crisis… If the fundamental flaws in the global financial system…are not remedied soon, the world is headed for a series of financial convulsions of increasing severity’ (Anwar, 1998e).
18 From a 19 May 2003 interview in Kuala Lumpur with a Keadilan leader who was close to Anwar.
19 Lim Kit Siang, long-time critic of the government and then DAP secretary general, said, ‘For the first time in three decades, I’m beginning to dare to hope that the government might be prepared to embark on an all-out war against corruption’ (Jayasankaran, 1997).
20 UEM is a subsidiary of Renong, which in turn is a business arm of UMNO. After being awarded the North-South Highway construction project in 1987, UEM became a cash cow for Renong. During the economic crisis, Renong had financial problems because of its heavy debt servicing. To solve the problem, cash-rich UEM bought its parent company, Renong, which resulted in a loss for UEM shareholders, as a result of the high premium paid to Renong. Anwar ordered an investigation of the deal and discovered irregularities but the punishment meted out was relatively light.
21 In early 1998, Petronas, the cash-rich national oil company, took over $220 million assets of the $490 million debt-ridden Konsortium Perkapalan, owned by Mahathir’s son, Mirzan Mahathir.
22 The projects deferred in October 1997 included the Bakun Dam, Kuala Lumpur Linear City project, North Region International Airport (planned to be built in Alor Star, Mahathir’s hometown and capital city of Kedah) and Phase 2 of Putrajaya and so on.
23 The list, available at http://www.asiaweek.com/asiaweek/98/0703/nat_3_list.html, includes the names of beneficiaries of privatisation projects, receivers of special share allocations from the government, government contractors, and beneficiaries of various transportation business licenses. (Accessed on 23 April 2001)
24 From early 1998, Mahathir attempted to undermine Anwar’s power base. First, Mahathir appointed Daim (who was entrusted with the Malaysian economy in the 1980s) Chairman of the National Economic Action Council (NEAC). As the supreme economic
decision-making body, the NEAC increasingly overshadowed the Finance Ministry, which was then headed by Anwar. Also, at the 1998 UMNO general assembly, Anwar’s image was tarnished by the extensive distribution of anonymous letters against Anwar and of a book, 50 Dalil Mengapa Anwar Tak Boleh Jadi PM (50 Reasons Why Anwar Can’t Become Prime Minister) which could not have been possible without Mahathir’s knowledge and consent (Case, 1999: 5). Soon after, Mahathir removed Anwar’s close allies in the mass media, such as Johan Jaafar of Utusan Malaysia and Nazri Abdullah of Berita Harian, in an attempt to curb Anwar’s influence with the mass media (Jayasankaran, 1998b). After these political moves by Mahathir, it was clear Anwar was no longer Mahathir’s heir apparent, although he was still Vice President of UMNO.

25 When Anwar first appeared in court, he had a black eye, an injury caused by police brutality. His black eye later became a symbol of government brutality and there were numerous demonstrations protesting how the police treated Anwar. Mahathir, who first claimed that the injury might have been self-inflicted, was forced to order an investigation. Subsequently, police chief, Rahim Noor, who admitted that he mistreated Anwar, was charged in court.

26 Challenging an incumbent leader from outside UMNO has been always very difficult. As Hari Singh put it, ‘those who severed links with UMNO automatically signed their political death warrants’ (H. Singh, 1991: 716). Onn Jaafar’s challenge from the outside, forming another political party, failed miserably in a series of electoral defeats at the hands of Alliance coalition. Abdul Aziz Ishak’s confrontation with Abdul Rahman failed when he was expelled from the party (see Von Vorys, 1975: 171-183). More recently, Razaleigh’s defector party, Semangat 46’ again failed, even though the party, after failing in its multietnic experiment with DAP, attempted to identity itself as a Malay nationalist party by inserting a word, “Melayu” in its name.

27 Immediately after his dismissal, Anwar insisted that his dismissal was a political conspiracy by corrupt UMNO elites to undermine his commitment to reform. On 3 September 1998, at a press conference immediately after his dismissal, Anwar said ‘[I] made it clear in no uncertain terms that I’m not prepared to submit to this conspiracy, a political conspiracy to undermine my position and defeat me through nasty schemes’ (Anwar, 1998b). Days later -- on the day he was arrested -- Anwar elaborated about the conspiracy, naming the individuals he believed to be involved in his sacking. He said, ‘from the beginning, I have indeed emphasised that there is a political conspiracy at highest level. Of course, I was reluctant to involve a name, Datuk Seri Dr Mahathir Mohamad, because I hoped that he has reasonable and rational consideration and sympathy. But, clearly all this has disappeared since he is power- and wealth-crazy, and wanted remaining years and power that in the end will be used fully to strengthen the interests of his family and his faction. Truly, Datuk Seri Dr Mahathir Mohamad supported me and I also strongly supported him. Because at that time, I was confident about his principle of struggle although I accept that human being is not perfect. But eventually, [the conspirators] were not sure if I could protect their interests, their groups and their families. This is the reason why they launched a campaign that is so wicked to me’ (Anwar, 1998f, my translation).

28 In the 1998 dispute, elite-level defections from UMNO were relatively few, compared to the significant grassroots mobilisation in support of Anwar. It was widely believed that Mahathir’s patronage prevented many of Anwar’s allies from following him when he left UMNO. An opposition politician I interviewed confirmed this. In his opinion, only a few of Anwar’s allies, who did not have substantial business interests, followed Anwar and defected from UMNO. For those who had substantial business interests, the stakes were too high. He observed that those who defected from UMNO,
such as Ezam Nor, Ruslan Kassim or Saifuddin Nasution Ismail, did not have substantial business interests (from a 2 April 2003 interview in Kuala Lumpur with a deputy president of an opposition party).

29 From a 3 April 2003 interview in Kuala Lumpur with a former vice president of an opposition party.

30 From a 19 May 2003 interview in Kuala Lumpur with a Keadilan leader who was close to Anwar.

31 From an 18 May 2003 interview in Kuala Lumpur with a Member of Parliament from PAS.

32 Rustam Sani also observed a similar political awakening of the community. He maintained that the BN’s feudal political control no longer worked in Malaysia. He argued, ‘They are no longer content to accept a mute politics of deference, disguised and often self-servingly promoted in the name of historic tradition under the high-sounding labels of respect [hormat] and loyalty [setia]’ (Rustam A. Sani, 2001: 95). On the same theme, UMNO insider, former Deputy Prime Minister Musa Hitam, said, ‘The Malays have become so well educated, mature and bold, bold in taking a stand on all kinds of issues, whether it is politics, administration, economy, education, etc. This is undoubtedly a result of UMNO’s own efforts. We should face this situation with pride and determination, but also adapt our thinking and action to it. If we only demand that they thank us continuously as before, they will regard us as being behind the times. So many Malay youths, when I’m exchanging views with them on current issues, complain to me that, “The trouble with the leadership is that whenever they try to explain issues to the public, they seem to insult our intelligence.” In other words, they are no longer prepared to accept a statement wholesale without thinking critically. We have lost credibility; their trust in us has been eroded.’ (Musa Hitam, 2000: 8).

33 After Anwar’s imprisonment, the relationship between Anwar and Lim Guan Eng became close. Anwar paid his respects to Lim Guan Eng in a letter, saying, ‘Your sincere fight for the downtrodden, regardless of their ethnic origin, has woken Malaysians to the fact that a bigoted attitude only helps corrupt politicians to remain in power and retards any effort towards reform’ (Aliran, 1999a: 4). Lim Guan Eng responded: ‘Your role in translating the ideals and vision of Reformasi into truth, justice and a new Malaysian consciousness will be most critical. Many Malaysians share in your dream of “We are all in one family” and are willing to cross the bridge with you’ (Aliran, 1999b: 7).

34 It has been said that a major weakness of the opposition parties in Malaysia is that they are divided on the basis of religion, ethnicity and so on (Crouch, 1996b: 116-117). Opposition parties, positioned at opposite ends of the ideological, cultural, religious and ethnic spectrum, often fought each other, thereby helping the BN during elections.

35 Meredith Weiss observed the ethnic dimensions of the BA component parties as follows: ‘The BA…includes no race-based parties, though by dint of being open only to Muslims, PAS is, for all intents and purposes, a Malay party. The DAP is known as Chinese, but can count Malays and Indians among its top leaders and support base. Similarly, PRM has done its best to style itself as not just a Malay party, but as a party of the proletariat in general. Keadilan also has tried not to become too overwhelmingly Malay in membership and leadership’ (Weiss, 2001: 87).

36 Traditionally, rural Malay and East Malaysian voters have been the strongest supporters of UMNO, whereas the urban areas where the Chinese are concentrated have been often closer to the Chinese opposition or ideological parties. Thus, the government has always maintained the election district bias for rural districts, that is, the overrepresentation of the rural population and under-representation of urban population (Jomo, 1996: 109) and this has been one of the most important factors that contributed to
the ruling coalition’s dominance of the parliament. For example, in the 1999 elections, the highest (Ampang Jaya-Selangor)/lowest (Hulu Rajang-Sarawak) population ratio in election districts was 6.1 times. While Selangor (including Kuala Lumpur) accounts for 18.9 per cent of population, it only has 14 per cent of the seats. On the contrary, Sarawak, which accounts for 8.9 per cent of population, is allocated 14.5 per cent of the seats (K. S. Lim, 1999c).

37 Before the elections, the election commission ruled that some 680,000 voters, mostly young voters, registered between April and May 1999, could not be registered in the 1999 general electoral rolls. This ruling was severely criticised by the opposition parties (K. S. Lim, 1999b). In the elections, the total number of registered voters was 9,564,071 and out of this, 6,880,947 votes were cast (71 per cent). Hence, the unregistered 680,000 voters accounted for about 10 per cent of the total votes cast. In addition, the number was twice the number of mailed in votes, 234,926 votes. After the elections, the opposition claimed that, given the narrow margins in many districts, the 680,000 voters barred from voting could have changed the outcome of the entire election. In terms of popular vote, the difference between the BN and the BA was 12 per cent, which meant that a 6 per cent swing towards the opposition could have made a significant difference in the elections result. Considering this, 680,000 unregistered voters, which was 10 per cent of the total votes cast, was substantial, especially when the opposition claimed that the unregistered voters were primarily pro-opposition.

38 Until the 1969 elections, the campaigning period was about 30 days and the period between the dissolution of parliament and nomination day when official campaigning began, was between 17 to 23 days, making the period from dissolution of parliament to polling more than 50 days. However, after the 1969 ethnic riots, using the political tension and security issues as excuses, the government reduced not only the campaigning period (around 10 days) but also the period between dissolution to nomination (mostly less than 10 days) (K. S. Lim, 1999a). In 1999 elections, the campaigning period was only nine days and all outdoor rallies were banned.

39 What was so striking was the fact that ‘the UMNO members were so absorbed in power’ that they could not admit even a small electoral setback especially after phenomenal electoral victory in previous election (From a 4 April 2003 interview in Kuala Lumpur with a former vice president of an opposition party). Also, see (Maznah Mohamad, 1999: 5).

40 For example, the BN won all the state assembly seats in Johor (39 seats), Negri Sembilan (32 seats) and fared very well in Perak (44 seats out of 52), in Penang (30 seats out of 33) and in Selangor (42 seats out of 48). However, in Kelantan, the BN only won two seats out of the 43 contested and in Trengganu, four seats out of 32. Also, in Kedah, its two-thirds majority was threatened when the opposition won 12 seats out of the 36 contested. Later, in 2001, the BN’s two-thirds majority in the Kedah state assembly was lost when the coalition lost in the Lunas by-elections.

41 Official elections results do not reveal the share of votes and seats of individual parties in the BN coalition. (Legally, BN is deemed as a single party during elections.) These statistics must be obtained from anecdotal sources, newspapers or the calculations of other researchers. Furthermore, it is virtually impossible to determine the extent of ethnic support for a particular party in BN.

42 The DAP’s performance was unsatisfactory as it failed to recover its loss in the 1995 elections. Furthermore, such major DAP figures as Lim Kit Siang and Karpal Singh were defeated in the contests for both their parliament and state assembly seats. Although the DAP’s performance fell short of expectations, it is hard to conclude that the DAP was disadvantaged by joining the opposition coalition. At least, the DAP secured more
popular votes than it did in the 1995 elections. As the DAP’s loss in 1995 has been described as ‘not a temporary phenomenon but… a permanent shift’, it can be argued that the DAP actually gained marginally in the 1999 elections (J. Chin, 2001: 299). A former opposition leader agreed with this argument to a certain degree. He argued that the BN government has already attempted to address such issues as Chinese education and the university entrance quota, which the Chinese community has raised and the DAP has championed in the past decade. Hence, the Chinese community generally did not see good reason to risk what it has by switching to an opposition which, in its opinion, does not have a proven track record (From a 4 April 2003 interview in Kuala Lumpur with a vice president of an opposition party).

### 1999 elections results of selected Keadilan-contested seats in the southern states

<table>
<thead>
<tr>
<th>District</th>
<th>State</th>
<th>No. of Voters</th>
<th>1995 margin</th>
<th>1999 margin</th>
<th>Change (% points)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shah Alam</td>
<td>Selangor</td>
<td>93,468</td>
<td>40,715</td>
<td>1,440</td>
<td>42.0</td>
</tr>
<tr>
<td>Kuala Pilah</td>
<td>N.S.</td>
<td>44,363</td>
<td>20,600</td>
<td>2,818</td>
<td>40.1</td>
</tr>
<tr>
<td>Sabek Bernam</td>
<td>Selangor</td>
<td>34,154</td>
<td>14,452</td>
<td>901</td>
<td>39.7</td>
</tr>
<tr>
<td>Hulu Langat</td>
<td>Selangor</td>
<td>71,276</td>
<td>30,812</td>
<td>3,761</td>
<td>38.0</td>
</tr>
<tr>
<td>Wangsa Maju</td>
<td>KL</td>
<td>75,356</td>
<td>27,890</td>
<td>5,718</td>
<td>29.4</td>
</tr>
<tr>
<td>Selandar</td>
<td>Melaka</td>
<td>50,131</td>
<td>23,180</td>
<td>10,447</td>
<td>25.4</td>
</tr>
<tr>
<td>Ampang Jaya</td>
<td>Selangor</td>
<td>98,954</td>
<td>31,309</td>
<td>7,767</td>
<td>23.8</td>
</tr>
<tr>
<td>Bandar Tun Razak</td>
<td>KL</td>
<td>59,416</td>
<td>14,735</td>
<td>1,224</td>
<td>22.7</td>
</tr>
<tr>
<td>Lembah Pantai</td>
<td>KL</td>
<td>52,879</td>
<td>13,361</td>
<td>1,417</td>
<td>22.6</td>
</tr>
<tr>
<td>Batu Berendam</td>
<td>Melaka</td>
<td>88,993</td>
<td>22,325</td>
<td>7,105</td>
<td>17.1</td>
</tr>
<tr>
<td>Ledang</td>
<td>Johor</td>
<td>57,511</td>
<td>23,361</td>
<td>13,507</td>
<td>17.1</td>
</tr>
<tr>
<td>Hulu Selangor</td>
<td>Selangor</td>
<td>53,433</td>
<td>15,925</td>
<td>8,595</td>
<td>13.7</td>
</tr>
<tr>
<td>Pagoh</td>
<td>Johor</td>
<td>40,604</td>
<td>17,599</td>
<td>12,805</td>
<td>11.8</td>
</tr>
</tbody>
</table>


43 In a few situations following the 1999 elections, Mahathir emphasised ‘integration’ and rejected the idea of ‘assimilation’. In 2000, at the General Assembly of a Chinese coalition partner, Gerakan, Mahathir said, ‘There will be no assimilation of one race into another. In other countries, people of one race are assimilated into the main population but not here. We want integration… No other country in the world allows its migrants population to set up its own schools. Although we have no wish to assimilate them into the general population, we should at least integrate the races’ (Lau, 2000).

44 Hitting rock bottom in 1998 with a 7.5 per cent drop in GDP, the Malaysian economy recovered in 1999, with a 6.1 per cent increase in GDP. In 2000, it recorded 8.3 per cent growth, although it was down again in 2001 with 2.0 per cent growth. Since then, the increase in Malaysia’s GDP has been stabilised at 4-5 per cent a year. Given the sharp decline of the economy in 1997–98, the recovery was impressive. Consumer prices, which recorded 5.3 per cent growth in 1998, have stabilised at 1 or 2 per cent growth a year since 2000, while the unemployment rate is steady at 3 per cent (Ministry of Finance Malaysia, 2002: appendix vi). The Ringgit peg against the US Dollar is still in place, providing some predictability for business. The Kuala Lumpur Stock Exchange has recovered as well. Total market valuation in the middle of the economic crisis was RM 285.88 billion (1998 June). It increased to RM 572.31 billion in June 2000 (Kuala Lumpur Stock Exchange, 2002: 2).
After Anwar was dismissed, Mahathir announced capital control measures, including a ringgit peg against the US dollar and banning short-term (one year) investments. When Mahathir first introduced these measures, they were widely described as “unorthodox” and “unconventional”, compared to the actions taken by other crisis-hit Asian countries which accepted the IMF bailout and prescriptions. Mahathir expected criticism when he said, ‘You might laugh at us if we tell you what we want to do’, two months before the introduction of capital controls, in replied to a question of what measures he had in mind (Chanda et al., 1998). With the exception of the Malaysian government, there was hardly any positive response to the capital control measures initially, in particular from the liberal economic schools represented by the World Bank and the IMF (for some of the risks they identified, see Athukorala, 1999). After the introduction of capital controls, the Malaysian economy soon recovered, enabling Mahathir to argue that they were the correct measures to take. Mahathir’s position was supported by the Bank Negara and some Malaysian academics (for example Mahani Zainal Abidin, 2000a). On the other hand, others were sceptical, noting that there was overall economic recovery in other crisis-hit Asian countries, some of which performed even better than Malaysia. The sceptics concluded that currency controls did not make any difference in the recovery of the Malaysian economy (Mohamed Ariff & Syarisa Yanti Abubakar, 1999). K.S. Jomo was sceptical about the measures, both in terms of their implementation and consequence. According to him, ‘Mahathir’s capital controls and recovery package were well designed and enforced, but too late, biased and unnecessary... the capital control had questionable practical value – except to prevent further ‘bleeding’ and perhaps to weather another crisis due to the huge Ringgit overhang in Singapore’ (Jomo, 2003: 34). Some other economists also differed. For example, internationally renowned economist, Joseph Stiglitz, admitted that the measure provided much needed stability to the Malaysian economy after the crisis and succeeded in attracting foreign investments (Stiglitz, 2002: 124-125). Meanwhile, the IMF, which was initially sceptical, changed its opinion. The positive economic growth led the IMF to reassess the measure, pointing out that the control gave the Malaysian economy “breathing space” in the crisis (The Edge, 1999; Zainul Arifin, 1999), although they were still unsure whether the measures actually contributed to the growth of the economy (Mustapha Kamil, 1999).

According to the government, the group was first known as the KMM, Kumpulan Mujahidin Malaysia or Malaysian Mujahidin Group. For unknown reasons, the group increasingly came to be called Kumpulan Militan Malaysia (Malaysian Militant Group) by the government and mass media and was alleged to have links with Al-Qaeda.

For non-Malays in a Muslim majority country, Mahathir, despite his authoritarianism, was a better option. For the non-Malays, it might be preferential to deal with Mahathir’s version of moderate Islam, rather than risking unknown options. Reflecting on this, an official of a Chinese party, Gerakan, said, ‘We are dealing with an extreme end of the spectrum versus a more moderate end. The onslaught from the extreme end is coming on strongly. If we don’t work with the moderate, we would be overwhelmed. Sometimes, it is a matter of survival. We cannot have a purely secular state, so the only way is to work with the moderate Muslims. Only by working with them and making them feel comfortable that we are able to check extreme policies’ (Yap, 2003).

Even before 911, Mahathir said, ‘We’ll preserve the sanctity of Islam by spreading true teachings of Islam. We’ll take on any attempts to spark off racial riots through extremist demands. We’ll protect the rights of all communities as enshrined in the country’s constitution’ (Utusan Malaysia, 2000).
The ‘Vision School’ plan would integrate national schools, where the teaching medium is Malay and which are primarily attended by Malay children, Chinese and Tamil schools, which are called national-type schools, so that school children from all ethnic groups mixed. This plan faced some opposition from both non-Malay and Malay communities. But, Mahathir argued, ‘If we love our children, if we love our brothers and sisters, do not use education as a political issue, don’t gamble with our children’s future… We want to do things together. If every race heads in a different direction, we can never be united’ (Firdaus Abdullah, 2002).

They revived an old Malay nationalist slogan from the 1960s—‘Tak akan Melayu hilang di dunia’ (Malay will not perish from the earth). A speaker at the rally, Mazlan Harun, a former UMNO Youth leader, told reporters, ‘If the Malays do not realise the threat of these enemies [Chinese extremists] as similar to the extremists during the communist era and May 13, 1969, then we are in trouble’ (Loone, Ein Azmi, & Leong, 2001). Another prominent participant, a former UMNO Youth Chief, said, ‘Malays are the tuan (boss) of this country. Don’t forget that’ (J. Tan, 2001). Given the slogan and the comments, it was clear that this group was ethnocultural Malay nationalist that reminded people of the Malay counter show-of-force in the 1969 ethnic riots.

Those detainees included Ezam Noor, Keadilan Youth Chief and Anwar’s former secretary; N. Gopalakrishnan, Keadilan deputy Youth chief; Tian Chua, Keadilan vice president; Saari Sungib, Keadilan policymaking council member; Hishamuddin Rais, Reformasi activists and Malaysiakini columnist; Raja Petra Kamarudin, Reformasi activist and FreeAnwar campaign organiser; and Abdul Ghani Haroon.

From a 9 May 2003 interview in Petaling Jaya with an UMNO Youth Supreme Council member.

In Sabah and Sarawak, except for the strong presence of the PBS, which oscillates between the opposition and the ruling coalition, local BN parties, organised by local indigenous people, have been always dominant in elections. The PBS in Sabah is based on an indigenous ethnic group, Kadazandusun. The PBS began as an opposition party against the BN’s presence in Sabah and in every local election has shown a strong presence in Sabah politics. In the mid 1980s, mainly because of the federal BN government’s intervention, the PBS joined the ruling coalition. At that time, the federal government encouraged PBS members to defect from the party and threatened the party, detaining its leaders under the ISA. In the 1990 elections, at the very end of the election campaign, the PBS defected from the ruling coalition, upsetting Mahathir. After a few years in opposition, the PBS rejoined the ruling coalition in November 2001.
6. Conclusion

This thesis argued that competing nationalist discourses had a real political importance in UMNO factionalism and it merits a due status in the analysis of the disputes. UMNO factionalism has often described as a conflict between clashing personalities, between competing patronage networks, or between power ambitions. These pragmatic and opportunistic variables are, of course, important and directly cause the dispute. The analysis of UMNO factionalism, however, is not complete without a proper look at the ideological clash. The ideological aspect can be a disguise of genuine political intention or can be out of real conviction. Whatever the case, the clashing nationalist ideologies were found important because of a few reasons. First, the ideological discourse constrained the political actors’ behaviours. Second, the discourses to a certain degree reflected the nationalist perception of wider community. Third, because of the ideological elements in the disputes, the impacts of elite level disputes spilt over to wider constituency, mobilising it, making divisions in it or exacerbating existing divisions. In addition, this research, by analysing nationalist discourse by elites over four decades, noted a change in the contents of competing nationalisms over time as a question of national identity is, to a certain degree, answered.

Both UMNO factional disputes and nationalism have a central importance, not just in UMNO politics but also in Malaysian politics. The three cases of UMNO factional disputes examined here—the 1969, 1987 and 1998 disputes—have been associated with major political developments in Malaysia. The 1969 dispute happened right after the 1969 ethnic riots and is connected with the shifting focus and emphasis of the Malaysian state towards ethnocultural
nationalist direction the early 1970s. The 1987 dispute split UMNO into two competing secular Malay nationalist parties for the first time. The developments around the 1998 factional dispute, especially Anwar’s sacking, brought about unprecedented mass protests against the government, the Reformasi movement, which seriously threatened the political legitimacy of UMNO.

The reason why nationalism occupies central stage in the ideological arguments of UMNO factional dispute is that the questions of national identity were not resolved. First, there is a question of the relationship between ethnic identities and national identity—Malay Malaysia or Malaysian Malaysia. At the beginning of multiethnic Malaysia, political elites were unable to define the national identity of Malaysia. Since then, national identity in Malaysia has been a contested one. Malaysian politics has been an arena of competing constructions of national identity. Second, there is a tension between collectivist and individualist definitions of national identity. In Malaysia, the collectivist nationalist view has justified the subjection of individuals to the collective interests and will of community defined by political elites. In this context, authoritarian politics has been justified with the imperative of imposing national identity and a vision of the collective national community defined by the political elites, thus providing a solution to the unresolved question of national identity. This elite imposed view could be challenged when the question of national identity is to a certain degree answered. These unresolved questions of national identity provide room for political elites to construct and manipulate nationalist ideologies.

This research attempted to analyse the nationalist arguments of UMNO elites with two models of competing nationalisms. This framework is useful in
understanding the unresolved nationalist questions in Malaysia and, thus, in analysing the nationalist positions of competing UMNO elites. The first set of competing nationalisms consists of different ideas on the relationship between ethnic identities and national identity. This revolves around three competing ideological positions i.e. ‘Malaysia is Malay nation’; ‘Malay is a part of Malaysian nation’; and ‘there is no Malay (i.e. no ethnic denomination), but only Malaysian’. These arguments represent ethnocultural, multicultural and civic nationalisms respectively. The second question is the relationship between individual liberty and rights and the supremacy of community’s common will and interests. There are two competing ideological positions, that is, collectivist-authoritarian nationalism and individualistic-libertarian nationalism that are practically reflected in authoritarian politics and in more liberal politics.

This models or categorisations adopted in this research are ideal types or a guide to help understanding the elites’ construction and counter-construction of nationalism. The purpose of this thesis is not to fortify a theoretical model by analysing exemplar cases of nationalism categorisation or to fit particular cases into a black-white distinction. Therefore, when a case is described by a certain type of nationalism, it should be understood as a matter of tendency in relative term. Methodologically, this research focused on elite level ideological discourse. We should pay attention to two words – elite level and discourse. The analysis of elite discourses did not intend to reveal real political intention behind the ideological rhetoric. Regardless the discourses were merely disguises of real intentions or reflection of genuine conviction, still it has political importance as it has real political impacts, deserving an analysis as it is.
Through this investigation of three UMNO factional disputes, a pattern of UMNO factional dispute in relation to the competing ideological arguments was found. UMNO factional disputes examined in this research are conflicts between the Prime Ministers, who are also UMNO presidents, and UMNO elites, who challenged the top leader. In general, the Prime Ministers attempted to capture the Malay community with their nationalist visions that were expected to resolve the question of national identity. The success of the attempts was expected to strengthen the Prime Minister’s nationalist legitimacy and to ease ethnic tension. On the other hand, the challengers disagreed with the vision proposed by the Prime Minister and attempted to put forward alternative nationalist ideologies, which, as they claimed, reflected the Malay community’s nationalist aspiration better.

The three disputes examined all follow this pattern. The dispute in 1969 was a clash between Abdul Rahman’s shift towards multicultural nationalism and newly rising elites’ ethnocultural Malay nationalism. For national integration, Abdul Rahman’s position moved from ethnocultural Malay nationalism towards a multicultural nationalist direction. Against this, some UMNO elites contended that the Malay community should be dominant politically, culturally and economically. The dispute reached its peak right after the 1969 ethnic riots when ethnocultural Malay nationalists openly demanded Abdul Rahman’s resignation. The 1987 dispute was between Mahathir’s move towards a civic nationalist direction and the challenger’s criticism. Mahathir’s economic policy in the 1980s indicated a significant move from ethnocultural nationalist policies from the 1970s to more civic one. The critics of Mahathir demanded a return to the
ethnocultural Malay nationalist economic policy of 1970s—reinforcement and extension of the NEP to put Malay community above other communities economically.

During the three disputes, the contents of the nationalist arguments held by the elites in each dispute changed. Initially, the question regarding the relationship between ethnic identities and national identity was dominant. When the question was to a certain degree resolved, another question regarding the relationship between the community and the individual became prominent. In the first half of the 1990s, Mahathir’s civic nationalist vision was successful, which meant that the unresolved question regarding the relationship between ethnic identities and national identity was tackled to a certain degree. Mahathir’s *Bangsa Malaysia* and economic vision, *Wawasan 2020*, projected a civic Malaysian nation vision in which people identified themselves as Malaysian, instead of members of their own ethnic groups.

The 1998 dispute between Mahathir and Anwar, however, unfolded in a different way—a conflict between Mahathir’s collectivist-authoritarian nationalism and Anwar’s individualistic-libertarian nationalism. The two positions have different assumptions on the relationship between the individual and the community. In the former, an individual is subjected to the community’s interests and will, as defined by political elites, hence justifying Mahathir’s authoritarian control of the society. Anwar’s position opposed the authoritarian politics and demanded liberal political reform. This position recognises that individual rights and liberty are not constrained by the demands of the collective community.
In this concluding chapter, a brief discussion on the causes of UMNO factional disputes is appropriate. This research rather focused on the analysis of nationalist arguments of competing elite factions to shed a new light on UMNO factionalism. Nevertheless, from the analysis of this thesis, it can be inferred that the cause of UMNO factional dispute is neither pure power struggle nor completely an ideological dispute. In fact, the cause of UMNO factionalism might be a mix of both in varying degrees.

In this regard, it would seem that the 1987 dispute is the least ideological one. The ideological position of the challenger in 1987 was constructed hastily before the dispute to contest Mahathir’s nationalist direction. On the contrary, the 1969 and 1998 disputes appeared more ideological. In both disputes, the ideological positions of the competing political forces show a stark contrast and have been developed for a while before the disputes. The ideological assumptions of the challengers produced policy alternatives to the current direction of the Prime Minister (1969 dispute), and different approaches to economic crisis and political reform agenda (1998 dispute). These alternatives were perceived as serious personal challenges by the incumbent Prime Ministers, as policy and leadership are highly personalised in Malaysian politics. For example, Anwar’s economic remedy posed a serious threat to what Mahathir has achieved in the past 20 years, giving him the popular title, “Father of Malaysian Development”. It shows how ideological disparity and the dispute that springs from it are easily translated as personal attacks. Therefore, the 1969 and 1998 disputes seemed to be personal power struggle, although there were clear-cut ideological differences underlying the disputes.
The long-term consequences of the disputes are determined by the successful or unsuccessful mobilisation of the community by the factions. The immediate results of the disputes, such as the expulsion of ethnocultural nationalist challengers in 1969 and Mahathir’s win in the 1987 party elections do not really reflect the degree of mobilisation of the community. The immediate results were determined more at the elite level or by inner party political dynamics. A long-term consequence, which shapes UMNO and Malaysian politics in a more significant way, is different. In the 1969 dispute, the long-term consequence, that is, the advent of the ethnocultural Malay nationalist state in the 1970s illustrated the successful mobilisation of Malay community by the challengers. The mobilisation was shown in the Malay community’s protest against Abdul Rahman that undermined his authority and legitimacy. In the 1987 dispute, despite his victory in the party elections, without depending much on ethnocultural rhetoric, Mahathir had to quickly and tactically employ an ethnocultural nationalist position to mobilise the Malay community for a more extensive struggle against Razaleigh Hamzah over the Malay mandate and legitimacy.

On the surface, it appeared that after the 1998 dispute, Mahathir was able to regain lost political ground by using a strategy of garrison-under-siege. Mahathir attempted to mobilise the Malaysian people by instilling fear of Islamic extremism, non-Malay threat to the Malay community and demonisation of the opposition parties. In particular, the 911 incidents worked for Mahathir in his attempt to make his point. A few by-elections results show the changing political support of Malaysian people. Despite some difficulties in the 1999 elections and by-elections right after the election, Mahathir’s UMNO and BN recovered
political support in later by-elections. Mahathir used internal and external developments effectively to regain lost support.

Furthermore, this observation was strengthened by the 2004 elections results. UMNO and Barisan Nasional, under the new leadership of Abdullah Ahmad Badawi, who succeeded Mahathir in October 2003, achieved an impressive victory over the weakened opposition parties. The coalition increased its popular vote by almost 10 percent and the BN’s share of parliament seats increased from 148 seats in the 1999 elections to 198 seats in the 2004 elections. The coalition, while retaining its strongholds in the southern states, managed to win back Trengganu with a big margin, winning 28 state seats out of 32 contested. Trengganu has been under PAS’s control since the 1999 elections.

There are a few explanations for the BN’s impressive victory. One is that the victory was not the BN’s victory but rather the opposition’s loss. In other words, voters were driven away from the opposition because of the following factors: PAS’s increasing Islamic state rhetoric which was rejected by moderate Muslims and non-Muslims; DAP’s return to support from only the Chinese community; Keadilan in limbo swamped with internal problems; and the dwindling influence of Anwar. However, to a certain degree, these issues faced by the opposition were a result of Mahathir’s campaigning to tarnish and to corner the opposition parties. Some observers claimed that the new leader’s ‘low-key, collegial style’, which was different from Mahathir’s, made the difference (Lopez, 2004). They also claimed that the voters were willing to give the new leader, Abdullah Badawi, a chance. However, even before the inauguration of Abdullah Badawi, as was shown in the results of a few by-elections, the performance of the
coalition was already improving, which was not much affected by the Abdullah Badawi factor. Therefore, it seems that Mahathir’s campaign to reassert his nationalist view after the 1999 elections, to a certain degree, contributed to the BN’s big win in the 2004 elections.

Then, can it be concluded that the unresolved nationalist question raised in the 1998 UMNO dispute was resolved? This question should be answered, together with a discussion of the future prospects for ideological arguments in UMNO factional disputes. While there is no doubt that political support for the ruling coalition has recovered, does the recovery indicate a resolution of the fundamental issues raised by the Reformasi movement? Does it mean the demands of the individualistic-libertarian position have been addressed somehow? As seen in the Reformasi movement, a substantial number of Malaysians demanded political democratisation, economic reform, social justice, tolerance of dissidents and so on. What did Mahathir and Abdullah Badawi do regarding these issues? If these demands are not met, the rising political support for the BN cannot then be understood as a consequence of the resolution of the nationalist question raised.

In fact, upon becoming Prime Minister, Abdullah Badawi implemented some measures, particularly in economic reform, including fighting corruption, austere management of national budget, accountability of civil service, redirection of economic policy. However, it remains to be seen whether Abdullah Badawi’s initiatives are just temporary or substantive, addressing at least some of the demands raised by supporters of the individualistic-libertarian view. The reason why one can doubt the efficacy of Abdullah Badawi’s reforms is that new leaders
often break from past practices to obtain political support. However, such reforms do not last long and do not address fundamental problems. For example, when Mahathir released ISA detainees when he became Prime Minister, he was described as a liberal political leader. However, this liberal image did not last long and now Mahathir is remembered as the most authoritarian of the four Prime Ministers Malaysia has had. Thus, it remains to be seen whether the fundamental issues are resolved.

If the new Prime Minister manages to resolve the emerging nationalist question, then the ideological arguments in future UMNO factional disputes may take a different shape. But, investigation of this new configuration is beyond the scope of this thesis. Instead, it can be said that the same nationalist tension as that of the 1998 dispute will play a major role, as an ideological element, in future UMNO factional disputes, if the new Prime Minister cannot address the nationalist tension emerged in the 1998 UMNO factional dispute. As argued in this research, the question regarding the relationship between ethnic identities and national identity has moulded the ideological arguments in the 1969 and 1987 disputes. Only after Mahathir’s successful handling of the question in the first half of the 1990s did the contents of competing nationalist ideologies take a different configuration. And, if the same question keeps shaping the ideological arguments in future UMNO disputes, the competing positions are likely to be expressed in the form of justification of the status quo and demand for reform and political democratisation, as was the case with the 1998 dispute.

\[1\] For example, see Raja Petra Kamaruddin’s analysis right after the elections (Raja Petra Kamaruddin, 2004). Raja Petra Kamaruddin argued that PAS could not see the
reality of Malaysian politics as they were mired in their own argument for an Islamic State, which estranged voters. He also pointed out that Keadilan’s leadership had to engage in soul searching regarding the ability of its leadership. Regarding the DAP, he maintained that the party, by demolishing the hard-built multi-ethnic opposition coalition, turned ‘the clock…back 30 years’. Similarly, Deputy President of Keadilan (the original Keadilan merged with PRM just before the 2004 elections, but retained its acronym, Keadilan, while its full name became Parti Keadilan Rakyat), Syed Husin reportedly pointed out the lack of discipline by which he meant “putting party interest above the coalition’s interests”. He mentioned in particular the problem of PAS leaders who behaved in an arrogant way because of PAS’s influence with Malay voters (see Yi, 2004).

In 2003, Keadilan merged with another BA partner, PRM, under the name of Parti Keadilan Rakyat, retaining its acronym, Keadilan (Yi, 2003). Wan Azizah Wan Ismail was selected as President and Syed Husin Ali, former PRM president, was selected as Deputy President.

After becoming Prime Minister, Abdullah Badawi undertook a few bold policies and measures. Many of them involved issues that have been the rallying point of the opposition and NGOs during the Reformasi period and during the elections. Corruption has been one of the most widely debated issues in Malaysian politics. In fact, during the Reformasi movement, this issue was damaging to the government. Upon becoming Prime Minister, Abdullah Badawi pledged to tackle this problem at his first cabinet meeting (S. Singh, 2003). To Badawi’s credit, the Anti Corruption Agency (ACA) in the Prime Minister’s Office arrested two high-profile business leader and government minister. In February, Eric Chia, former Trengganu Steel managing director, was arrested with a charge of corruption. He was appointed managing director of the company by Mahathir in the mid 1980s to rationalise the management of the company. Shortly afterwards, Land and Cooperative Development Minister, Kasitah Gaddam, was arrested for corrupt practices (Malaysiakini, 2004; Yoon, 2004). In December 2003, Abdullah Badawi announced that the government would ‘postpone indefinitely’ a RM 14.5 billion railway double-tracking and electrification project. The company that secured the project was MMC-Gamuda, which was owned by Al-Bukhary, a close ally of Mahathir. He secured the contract when Mahathir was Prime Minister, although initially the contract was awarded to a consortium of Chinese and Indian national railway companies. The government explained that the government could not afford to implement such a major project, given the tight government budget (Diana Onn Abdullah, 2003). In January, Abdullah Badawi unveiled the National Integrity Plan, a guideline for public as well as private sector employees. The government also plans to set up a Public Ethics Institute that would carry out research, education, training and conference for the plan (Bernama, 2004). In February, he announced a list of commissioners for a 16-member Royal Commission on the Police force to root out corruption and power abuse by the police. While the Commission on the Police force itself was already surprising, the list of commissioners surprised people even more. Abdullah Badawi appointed Salleh Abas, former Lord President, a supreme judge sacked in 1988 when Mahathir attempted to tame the judiciary and currently Executive Councillor of Trengganu government under PAS; Tengku Abdul Aziz Tengku Ibrahim, head of Transparency International Malaysia; and Kuthubul Zaman Bukhari, head of the Bar Council, a body frequently critical of the government (The New Straits Times, 2004).
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