



THE STATE OF MALAYSIA

Ethnicity, equity and reform

edited by Edmund Terence Gomez

RoutledgeCurzon

Contents

	<i>List of illustrations</i>	vii
	<i>List of contributors</i>	viii
	<i>Preface and acknowledgements</i>	ix
	<i>Abbreviations</i>	xii
	Introduction: politics, business and ethnicity in Malaysia: a state in transition?	1
	EDMUND TERENCE GOMEZ	
1	Testing Malaysia's pseudo-democracy	29
	WILLIAM CASE	
2	Transethnic solidarities, racialisation and social equality	49
	SUMIT K. MANDAL	
3	The Internet, <i>reformasi</i> and democratisation in Malaysia	79
	JASON P. ABBOTT	
4	Political crisis and reform in Malaysia	105
	CLAUDIA DERICHS	
5	Real change? Elections in the <i>reformasi</i> era	130
	BRIDGET WELSH	
6	Governance, affirmative action and enterprise development: ownership and control of corporate Malaysia	157
	EDMUND TERENCE GOMEZ	
7	Privatisation, patronage and enterprise development: liberalising telecommunications in Malaysia	194
	LORRAINE CARLOS SALAZAR	

vi *Contents*

8 Islamisation, patronage and political ascendancy: the politics and business of Islam in Malaysia	229
KIKUE HAMAYOTSU	

<i>Index</i>	253
--------------	-----

Introduction

Politics, business and ethnicity in Malaysia: a state in transition?

Edmund Terence Gomez

Mahathir hegemony, modernisation and reform

In June 2002, Mahathir Mohamad made an announcement of epochal proportions, informing the nation that he would resign as prime minister of Malaysia within 16 months, that is in October 2003. Mahathir, by then the longest serving prime minister in the world, had assumed the post in July 1981 proclaiming a vision to transform Malaysia into an industrialised country. Among the most notable outcomes of the Mahathir era include the rise of a large middle class, conspicuous infrastructure and technological development and considerable rural-urban migration. Mahathir's style of governance has also decisively re-shaped his country's politics. By 2002, the dominant features of Malaysian politics were serious intra-ethnic Malay divisions and deep factionalism in the party Mahathir leads, the United Malays' National Organisation (UMNO), the hegemonic party in the multi-party ruling coalition, the *Barisan Nasional* (BN, or National Front).¹ Considerable transformations have also occurred involving the autonomy of government institutions. The monarchy, judiciary and parliament are reputed to have lost the capacity to check the executive, while the bureaucracy, military and police have apparently become extremely subservient to the office of the prime minister where enormous power has come to be concentrated. At the same time, however, the emergence of the middle class has contributed to the rise of non-governmental organisations (NGOs) that play a more pronounced role in society, including the promotion of political reforms.

Although analysts of Malaysian politics have long debated whether this country has a semi-democratic, semi-authoritarian, soft authoritarian, authoritarian or an authoritarian populist political system, probably none of them have questioned Mahathir's hegemony over the state.² These qualified terms on the state of authoritarianism suggest that democratic norms do remain, but since the political crisis of 1998 it has become patently clear that even the minimal conditions necessary for the practise of democracy, particularly fair elections, adequate opportunities for political opinion-making and political organisation and minimal protection for the individual from arbitrary state power, do not prevail in Malaysia.

The capacity of the prime minister to undermine democratic norms by circumventing constitutional constraints on the office of the executive indicates one key aspect of Malaysian politics during the Mahathir era, that is the expansion of executive power and its impact on the issue of separation of powers. The foundation of the doctrine of separation of powers rests on the capacity of key institutions, specifically the legislative and judicial arms of government, to hold accountable the executive for its form of governance. Mahathir hegemony has, however, brought into question the relevance of political institutions, such as the BN, its component parties – including UMNO – and parliament as well as the judiciary. Are these institutions merely functioning bodies, allowed to retain their institutional presence to provide the Mahathir regime with a veneer of democracy? Some analysts would contend that there was an element of check and balance in government with the rise of other powerful leaders, in particular, the former deputy prime minister, Anwar Ibrahim (see Gomez and Jomo 1998; Hwang 2003). While Mahathir controlled the Malaysian state through the office of the prime minister, where he concentrated power, Anwar had developed a grassroots base within – and outside – UMNO, giving new relevance to this institution. Mahathir's dominant political presence and the rise of Anwar had, however, so extremely personalised Malaysian politics that all discussion on development and change would revolve around the capacity of these two men to enforce their respective visions (see Hwang 2000).³

Mahathir's controversial dismissal of Anwar as deputy prime minister and UMNO deputy president in September 1998 and the latter's subsequent arrest under widely-believed trumped-up charges of sexual impropriety and corruption led to the emergence of the *reformasi* (reform) movement. The primary concern of the reformists was to transform the way authority was exercised, to check Mahathir's now total domination of the state. Institutions outside the state began to acquire new meaning, while the manner of Anwar's public humiliation and prosecution visibly revealed the subservience of the media, police and judiciary to the executive. The *reformasi* movement quickly evolved into an unlikely coalition that united socialists, Islamists and social activists. The newly-established multi-party coalition, the *Barisan Alternatif* (BA, or Alternative Front), comprised the leading opposition parties, the Islamic party, *Parti Islam SeMalaysia* (PAS), and the socialist-oriented, multi-ethnic Democratic Action Party (DAP) which had long been unable to forge a common pact against the BN. Anwar's dismissal helped bring NGO activists into mainstream politics through the formation of the *Parti Keadilan Nasional* (Keadilan, or Malaysian National Justice party), whose members included an UMNO faction.⁴ The *Parti Rakyat Malaysia* (PRM, or Malaysian People's Party) was the other component party in the BA. Anwar was declared the *de facto* leader of the BA.

The formation of the BA indicated a resistance against another prevailing feature of the Malaysian state that had become quite obvious with the ousting of Anwar – unaccountable abuse of power to protect vested political and economic interests. These post-1998 developments led to public discourses on the nature of democracy and form of economic development that had been accompanied by