MAHATHIR

Great Malaysian Hero

SECOND EDITION

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HASAN HJ. HAMZAH

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Great Malaysian Hero

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HASAN HJ. HAMZAH

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To Dato' Haji Abdul Aziz Mohamed, D.I.M.P., A.M.N., P.J.K
Your contributions in making this book materialised are deeply appreciated.
Wishing you best of luck in whatever area you strive in.

To my parents,
Haji Hamzah Haji Mat Shah and Hajah Masiah Haji Shamsuddin,
I love you always. May Allah bless you.

To my brothers and sisters,
Be a good servant of Allah.

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Preface

AS the fourth Prime Minister of Malaysia, Datuk Seri Dr. Mahathir Mohamad is facing a lot of challenges. Crisis after crisis has rocked his government and even his leadership is at stake. But he never loses the battles. Ironically, he carries Malaysia through to the new era. No matter how strong the waves to drown him, he is still there. He shrewdly faces all the challenges. No matter how big the obstacles are, one way or the other, he always comes out with a very good solution. He is brave enough to confront his enemy and soft enough to deal with those who want a compromise.

Malaysian politics in the past has been full of dramatic events. Datuk Seri Dr. Mahathir Mohamad keeps anticipating each of them in an unprecedented manner that sometimes never crosses our "bare mind." Above all, I think, the challenge by (then) Minister of Trade and Industry Tengku Razaleigh Hamzah, backed by former Deputy Prime Minister Datuk Musa Hitam for the presidency of UMNO, was the most crucial one. Since then, Malaysian politics has never been the same.

Political competition and conflict in an organised society arise over 'position scarcity' and 'resource scarcity' within an organised structure of rewards. Political scarcity occurs because no two people can occupy the same position at the same time in the reward structure. Nor can one individual occupy two different positions simultaneously — with a few exceptions, of course. Only a small number of people can occupy these positions of great power, privilege and prestige.

Since many people seek these positions, as Tengku Razaleigh, Datuk Musa and company tried to oust Dr. Mahathir from the top post, and only a few can fill such a limited number of valuable positions, conflicts frequently develop. All these exist and keep happening around us today. The pattern of Malaysian politics lately is being dominated by the so-called "power struggle." Having out-manoeuvred Tengku Razaleigh in the

murky backdoor plays over party registration, Dr. Mahathir now has him outside of the UMNO. Once outside, Tengku Razaleigh formed Semangat 46 and now associates with PAS, HAMIM and BERJASA in what they call *Angkatan Perpaduan Ummah* (APU). APU further allies itself with the Democratic Action Party (DAP) — the opposition party known as the most racialist and comprising of chauvinistic Chinese.

Why did Tengku Razaleigh do that? The answer is obvious, to become a Prime Minister at any price. As for Dr. Mahathir, he has "a crab story" which he relates in Chapter 1. Conflict occurs when competitors disregard the rules. It becomes more complex when they seek to destroy each other in their quest for scarce positions and scarce resources. As in any game, they sometimes cheat. Political competitors "more or less" follow rules unless they can find ways to effectively circumvent them. But in the political game, it is understood that changing or violating these rules is acceptable. Thus, Dr. Mahathir amended several laws and some parts of the Constitution itself simply to anticipate the violators.

What further strengthened Mahathir's hand is the power of state and party patronage. There has always been a degree of interaction between party and state machineries from the top down to the *kampung* (village) level, whether it involves the granting of trading licences or the awarding of public-works contracts and so on. The politics of patronage grew dramatically during the 1970s under the twin influences of the New Economic Policy's (NEP) push to create a Malay property-owning and commercial class and the buoyancy of government revenues due to the oil boom. In theory, it is expected to flatten out in recent years as government spending has had to be curtailed and more emphasis is placed on private-sector initiative, but it has not quite worked like that for several reasons.

The 1980s, indeed, was full of drama, challenges and excitement. Dr. Mahathir is a master at governing and managing political crises. He is arguably the most analysed Prime Minister ever, the most relentlessly examined and the most controversial.

This book is a compilation of analysis based on news and events that have taken place during Dr. Mahathir's era as Prime Minister since July 1981. I hope it can contribute something as a remembrance to our Prime Minister, Datuk Seri Dr. Mahathir Mohamad, for his courage and guts to lead a "Greater Malaysia." No doubt, it is a challenge for every Malaysian to appreciate his

visions. And by compiling most of the major events in one book, I hope it can remind us what a great task Dr. Mahathir took on.

This book is about politics, economics and social reformation in Malaysia during Dr. Mahathir's era. It is a full account of the many controversial issues, from solely politics up to merely marriage problems that needed his immediate attention. Some might not agree that Dr. Mahathir is a "Great Malaysian Hero." But as a human being, nobody is perfect. Not Dr. Mahathir and, moreover, not me. Everybody is bound to have his own weaknesses.

Since he took office in 1981, Dr. Mahathir has sought to change the country through a series of new ideas, policies and slogans which have won the support of most Malaysians. However, in contrast to the early years, some of the policies and decisions "backfired" and met with resistance and criticism from various quarters. But this in no way dampened the determination of the leadership to forge a "Greater Malaysia." Thus, while there were severe tests, the events must be seen as pieces being formed and reformed to lay the foundation of the future nation in a greater and broader perspective.

The Malaysian should not ask whether or not "Dr. Mahathir is doing the right thing," for none has provided a complete answer to the perennial problems of politics. Rather, the question should be, what insights created his visions? Those who condemn must first look deep inside of themselves. Are you better? Or, in other words, look who is talking! I'm not saying Dr. Mahathir has "done nothing wrong." But, as nobody can avoid not making a mistake, I think Dr. Mahathir is "our great leader," who is working towards a greater Malaysia.

This book is about the leadership of Dr. Mahathir Mohamad. It describes how he managed this country with vision and courage. I have attempted to convey the very positive view of his leadership. I believe the task of a Prime Minister is the most precious, challenging and rewarding one for a politician. Although, many eye the post, at a certain periods of time, only one can fill it. Tengku Razaleigh and others must wait with a great patience, otherwise the "Malays will eat each other" in the quest for power while others will, of course, laugh at us. Even now, some already call the politician a "primitive," as described by Tun Suffian. We are still lucky not to be called "man-eating politicians." But we will, unless we stop quarrelling and return to the fold.

The problems our society face today and most likely, the problems it will face in the foreseeable future, require both large and small scale solutions which only a strong government and a well-determined leadership can provide. Thus, as Dr. Mahathir is trying his best, we as *rakyat* (citizens) must not "blind our eyes" or "deaf our ears" from the truth. We must see and accept the fact that Dr. Mahathir is doing a great job up there.

In completing this book, I owe great thanks to many friends, fellow journalists and institutions. It would be too long for me to list all of them here. To them, I can only express my great gratitude. After three years of "exile" living overseas, I realise that Malaysia is the only nation I shall belong to. When my former boss, Tun Datuk Patinggi Haji Abdul Rahman Ya'akub no longer held the power in Sarawak, most of his aides found their ways overseas. They were "thorns" for the Chief Minister, Taib Mahmud. So was I, having served as an editor of *Sinar Sarawak* and having done "groundwork" for Tun Datuk Patinggi Haji Abdul Rahman Ya'akub since 1979. I had to make a decision. It was tough but living overseas helped my heart heal. To Tun Datuk Patinggi Haji Abdul Rahman Ya'akub, Cikgu Haji Mohd. Deli Haji Abdul Rahman and Zaiton Haji Abdul Rahman, for different reasons, I always remember the years when we were together.

To Datuk Haji Abdul Aziz Mohamed, I thank you for your attention when we met out of the blue in Sydney. Your contributions in terms of ideas and financial helped me in making this book into reality. To my brothers Abdul Rahman and Osman Haji Hamzah, I would like to tell you one thing: "Be a good intellectual."

I would like to thank these people who have assisted me in various ways in preparing the final manuscript. They are students of University Sains Malaysia, Osman Hamzah (Manjah), Cikgu Fadhil, Wak Dos, Jimmy, Azmi, Mat Det, USM librarians, USM Desasiswa Cahaya, National Library, Residents of the Kepah, New South Wales University, University of Sydney, Australian College of Journalism, Residents of 21, Terry Street, Sydney, Mohamad, Bujal, Amir, Abdullah Ali and Heider in Quackers Hill, Australia.

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To the readers, enjoy reading. I hope this book (a revised edition) — MAHATHIR: GREAT MALAYSIAN HERO — can contribute as a valuable reference.

October 1990 **Hasan Haji Hamzah**

1
Great Malaysian Hero

> **"I used to tell the story of crabs sold by a man in the Isles of Man. I was watching these crabs march to the sea wall and there was a man selling crabs. Suddenly the crabs were all over the place and some were trying to climb the wall (next to the sea). I said to the man selling crabs: 'If you are not careful, the crab would climb over the wall and back into the sea.' And the man said, 'No way. Before that crab can climb over the wall, another crab will pull him down.' So I think, I'm the crab who is up and at the moment everybody is trying their best to pull me down. And believe me, the next man who climbs up and holds this position is going to have the same treatment."**
>
> **— Dr. Mahathir**

DEMOCRACY persists partly because of "silent majorities," economically and politically satisfied people who have neither the time nor ambition to take an active role in politics. If all citizens hold opinions very strongly and if all of them choose to become actively involved in *politics*, political chaos would be a likely result because satisfying most active participants would be extremely difficult. Silent majorities, therefore, help keep political struggles manageable and they diminish the potential alienation or bitterness that could result from hyperactive citizens pursuing many different policy alternatives with great passion.

Competition involves striving for scarce resources according to sets of rules governing the tactics to be used by competitors. Total destruction of the opposition is not considered to be competition. Conflict occurs when competitors disregard rules or when they seek to destroy one another in their quest for scarce resources. A clear distinction between competition and conflict cannot easily be made in the real world. Just as competitors in foot-

ball or basketball sometimes cheat, political competitors "more or less" follow rules unless they can find ways to effectively circumvent them. One of the tacitly understood rules of the political game is that changing or violating these rules is acceptable as long as violators don't get caught and are willing to pay penalties if they do.

Governing, no matter who does it, is always in some part philosophy and in some part exigency, and it is never easy to assign precise percentages to each component. Leaders are usually anxious to offer the public a lofty philosophical framework for their actions which may in fact be based on a combination of philosophy, politics, payoff or panic.

Datuk Seri Dr Mahathir Mohamad has rarely given his initiatives a lofty philosophical framework. But he has not lacked vision, which is curious because leaders who project better things for their people and are tireless in exhorting them to these, usually have to resort to a little poetry. Otherwise ordinary people cannot look up from the strife of personal interests and be exalted by someone else's vision.

However, Dr. Mahathir has the other qualities needed for leadership — a sense of majesty, dignity, and a tolerance for what is imperfect. And he has courage.The courage to do what he must with little thought about personal consequences, for dangers and obstacles — the courage without which greatness in leadership is not possible. This courage is tempered with the salutary fear that while he should push society to its limits, he must not overstrain its fabric. For only the most courageous and seasoned politician acknowledges that society's margin for change is small, the margin where a leader can influence events. If he exceeds the margin he gets bogged down; if he falls below it, he becomes inconsequential. He has to be a master of relativity. Shakespeare, that man who had something profound to say about everything, observed this about leadership: "Uneasy the head that wears the crown."

The great physicist Albert Einstein was asked once by a colleague why mankind, on one hand, has been able to unlock the secrets of the atom but, on the other hand, has been unable to devise the political means necessary to keep the atom from destroying civilisation. Einstein replied, "***This is simple, politics is more difficult than physics***." Dramatic political developments have followed so fast upon each other that Malaysians have had little time

to assess the impact of one before being engulfed by the next. To get a picture of the forest rather than the trees is even more difficult. Is it all just politics as usual at a higher pitch — as political combatants in a traditionally open and plural society set about each other? Or do recent events add up to a change in the name of the game?

The one thing that most of the recent events have in common is that they are either challenges to Datuk Seri Dr. Mahathir Mohamad — whether as leader of the United Malays National Organisation (UMNO) or as Prime Minister — or responses to that challenge. In 1987 Mahathir was hanging on to power by his fingertips. The question was: How much longer could he last? The questions now are: Who can stop him? How long will he want to stay on?

He has turned adversity to advantage, meeting each challenge by raising the stakes, using the executive powers at the disposal of a Prime Minister to change the rules to the disadvantage of his opponents. The net result of the past years is that Mahathir has greatly strengthened his grip on the party. The party has strengthened its grip both on the ruling National Front coalition and on the bureaucratic machinery. And the central government has increased its power relative to the courts, the state governments and assorted institutions, including the press.

Taken in isolation, each of Mahathir's steps may be seen simply as a response to a particular predicament. But the consistent way in which he has reacted to challenges has convinced many, admirers and critics alike, that he wants to change Malaysian society and institutions more than many had suspected. He is neither the amateur patrician politician after the style of his predecessor, Tun Hussein Onn, nor the consummate master of the politics of feudalism and money patronage, as is his arch rival, former Finance Minister Tengku Razaleigh Hamzah.

Instead, his is the politics of centralisation; of party, federal and bureaucratic power. His immediate aim: cohesion and executive efficiency through curtailing checks and balances, and eliminating unnecessary intermediaries. The ultimate aim: the creation of a centralised state with a strong (Malay) bourgeois along East Asian lines.

Has a major shift taken place in the way politics is conducted? If so, what are the likely consequences for Malaysian institutions, for race relations, for the economy? Are changes a

reflection primarily of the Prime Minister's outlook and personality? Or are they a consequence of more fundamental changes in society? If Mahathir has not expressed this in so many words, his attitudes come through in his book, *The Malay Dilemma*, his Look East policy, Malaysia Incorporated and so on. Moreover, if Prime Minister Lee Kuan Yew and People's Action Party (PAP) can do it in Singapore, so why not Dr. Mahathir and UMNO copy some of it?

Dr. Mahathir has a national vision, and he has no patience with "muddling through," even less with institutions derived from colonial times which might stand in the way of his perceptions of Malay and national goals. Most likely, he would appreciate the comparison with Lee but perhaps not the comparison which others sometimes make between him and Ferdinand Marcos of the Philippines and Sukarno of Indonesia in their middle years — before corruption in one case and personality cult in the other overshadowed the goal of replacing political and ideological bickering with centralised, national leadership.

But Malaysia is not Indonesia or the Philippines. Even less is it Singapore or South Korea. It is a relatively prosperous, multi-ethnic society, with a large middle class and a specialised, outward-looking economy. Many doubt whether, over the medium term, a more authoritarian government system, however clear its national concepts, will help either multi-racialism or development. There are many who say that Mahathir is not as authoritarian as his critics maintain. They argue that UMNO has always, with the exception of Hussein, had authoritarian leaders who had expelled those who had challenged them — as Mahathir and his former deputy, Datuk Musa Hitam, found in 1969 when they bitterly criticised the then Prime Minister, Tunku Abdul Rahman, for neglecting the economic advancement of the Malays.

There is one evident, if very superficial, difference with previous UMNO leaders, who were all lawyers and thus accustomed to debate and compromise. Mahathir is a medical doctor, believing in scientific precision and unaccustomed to having his patients dispute his diagnosis. This amalgam of science and theories of social behaviour came through strongly in *The Malay Dilemma*, in which he described Malays as less capable than Chinese because they were accustomed to an easy environment in which even the weak could survive. He represents one side of the Malay "dilemma," which he described as between the Malays' "desire to

assert their rights and arrogate to themselves what they consider to be theirs, and the overwhelming desire to be polite, courteous and thoughtful of the rights and demands of others."

Who is Mahathir?

ESSENTIALLY a private person, almost a shy and reticent individual, yet the public perceives him as a blunt, no-nonsense go-getter wielding the new broom. This, perhaps, is Mahathir's personal dilemma. Not only is the man and his image poles apart, but friends and colleagues also seemingly cannot agree on who is Mahathir.

An aide sees him as bustling with change; yet paradoxically he remains a traditionalist at heart. The man has a depth of perception which must surely qualify him to deal with the complexities peculiarly Malaysian. In his own quiet way Mahathir is laying the groundwork for Malaysia to take its rightful place among the nations of the world. But first things first, he has the difficult task of pointing the people in the right direction, of convincing them of the need to change their attitudes to help the country become more developed. Though there's no more fanfare, the Look East policy — all about work ethics and the management methods of the Japanese, South Koreans and Taiwanese — and the *Bersih, Cekap dan Amanah* campaign are still very much the cornerstones of this vision. Comments Mahathir, "***Success doesn't come easily. You've got to batter your head against the wall quite a number of times before the wall breaks... or your head. I suppose you've got to do that. I don't believe in giving up***".

Most analysts, however, agree that luck has a lot to do with how a Prime Minister rates and, in this context, Mahathir might be said to be unlucky. He took over the administration at a point when the country was sliding into its worst peace-time recession since 1932. "The key is economics," says an academic, "and when the cake starts to shrink, people will take out their frustrations somewhere. And the buck stops with him."

According to some people, Mahathir cannot understand that it was he himself who sowed the seeds for change within UMNO. Says an UMNO veteran, "***Our politics used to be very veiled, very obtuse, typical*** **wayang kulit** ***stuff. Mahathir started this blunt, abrasive approach. In a way, he's helped to alter our political culture.***" Others are not so sure. "***The stakes are so much***

higher now," says a political scientist. "*Some people see politics as a sure-fire way to money and power.*"

By all accounts, Dr Mahathir is something of an enigma. He is a politician whose blunt, no-nonsense style clashes oddly with a political culture that is essentially consensual. More than anything else, according to his friends, he is a shy, reticent individual and yet his combative public image barely hints at this. And in an occupation where public relations is, to say the least, important, the man, much to the despair of many of his aides, simply does not bother. "*I think he privately feels he's much misunderstood*," says a Deputy Minister, "*but he doesn't seem to give a damn.*"

In the process, he is said to have alienated many people, including some elements in the civil service. Explains an aide, "*He came in bustling with ideas for change. Other PMs used to let the civil service have their own way. That was safer, there could be no controversy. Not him. He shook them up. What do you expect?*" Another friend has a more personal explanation. Says he, "*It's very difficult to read the PM's mind. He looks and sounds exactly the same whether he's bored, indifferent, excited or pleased. And he's never been known to compliment anybody. So it's very frustrating not knowing whether he likes your idea or not. But, I've never seen him lose his temper either, although he can be very sarcastic. That's part of his make-up. So people don't know what he wants or how he feels and so, I guess, they feel uncomfortable.*"

A foreign journalist recalls being astonished by Mahathir one morning in August, 1986. It was 4am in the Putra World Trade Centre and it had become plain that the Barisan Nasional, especially UMNO, had won massively in the 1986 general elections. Says the reporter, "Here was a guy who should have felt vindicated after all the speculation that the Barisan might lose. I mean, he could have at least looked happy." Not so. Mahathir was, according to the journalist, "like ice."

It is, above all, a clinically practical approach which gets manifested in everything he does. A Deputy Minister recalls the day after the recent Internal Security Act (ISA) arrests. It was a Wednesday and the PM had just finished his speech in Parliament where he had detailed the reasons for the arrests and the closure of three newspapers. Says the deputy, "After his speech, he was supposed to chair a post-Cabinet meeting with all Deputy Ministers and Parliamentary Secretaries in the PM's Department. Every-

body came because we hoped that we might get some more information about the arrests. I mean, it was the biggest thing to happen for a long time. But he didn't talk about that at all. Instead, the whole meeting was devoted to the beautification of Kuala Lumpur." All of which lends itself to his mystique which grows relentlessly out of all proportion to the man himself. ***Mahathir is arguably the most analysed Prime Minister ever, the most relentlessly examined, the most controversial.***

Whether dispassionate historical analysis will bear this out is a moot point but that is the perception today. And perception is certainly relative. Opinions about the man, among people who have worked with him, differ enormously, even over the most commonplace things. Stand-out example: Some of those interviewed believe, and quite firmly, too, that the PM has no sense of humour whatsoever. (He has, according to friends, a dry wit. When asked once by Alex Lee, the Deputy Agriculture Minister, what kind of exercise he engaged in, the PM replied succinctly, "Breathing.")

And yet, paradoxically, Mahathir remains a traditionalist at heart. "He's a great believer in the grand traditions of UMNO," says a friend. Alex Lee agrees somewhat ruefully, "When it comes to seat allocations between the Malaysian Chinese Association (MCA) and the Gerakan, he'll always go for the MCA, not so much because that's the right thing as that it is the traditional thing. You know, in the Alliance tradition."

Has he changed over the years? Many people think so. They read his once-controversial *Malay Dilemma* and they conclude that this is not the same man who is now the Prime Minister. Mahathir does not think so. "***I'm the same person***," he says. Neither do some of his friends. Some assert that he has grown more reclusive, more secretive but, according to Alex Lee, "He has always been very private." His political secretary, Mohamad Nor Azam, concurs. Says he, "One Saturday I went to see him about some ISA detainees, about when they might be released. He didn't tell me anything at all. This was in the afternoon. When I got home, there was this news on TV about 16 detainees having been released. I mean, the PM definitely knew about this when I was talking to him only a few hours before but he didn't say anything. You see, that is the man."

The country's first Finance Minister, Tun H.S. Lee, once described the Tunku as a classic case of the "iron hand within the

velvet glove." Mahathir, apparently, is exactly the opposite. "He puts on a tough act," says a friend, "and so people get intimidated by that. They find it difficult to get close to him. ***Maybe he feels that he should put this on to hide that velvet hand.***" A political scientist compares Mahathir to Lee Kuan Yew and the Tunku and concludes startlingly, "I would actually say he's weak. The other two would have crushed their enemies absolutely. Mahathir lets them remain." And the Prime Minister seems to be aware of this, his so-called "weakness."

Many of his friends agree. Says one, "After Musa resigned, a lot of us advised him (Mahathir) to drop Musa faithfuls as candidates for the 1986 elections because we anticipated trouble later on. But he refused. Fully 99 per cent of final UMNO candidates were those picked by the state liaison committees. The PM simply didn't interfere." As the Home Minister, he took it upon himself in October, 1986, to bring sanity back to a nation that was feeding on its own fears. He is also deeply concerned that Malaysia be spared the dadah scourge, which undoubtedly was a factor in his gaining the chairmanship of the United Nations conference on dadah in Vienna in late June, 1987.

As a medical doctor, Mahathir knows only too well the cost dadah abuse can exact on a young developing nation, one he hopes to see join the ranks of the newly industrialised countries. And sharing his concern in this is the First Lady, Datin Seri Dr. Siti Hasmah Mohamed Ali, one of Malaysia's representatives at the concurrent meeting of non-government organisations in Vienna, who at a panel discussion told Austrian women and community leaders of Malaysia's tough stand against dadah traffickers. Her involvement in the battle against dadah abuse was recognised by Nancy Reagan who invited Siti Hasmah and 16 other wives of Prime Ministers and Presidents to a First Ladies Summit on dadah abuse at the White House in April 1985.

Dr. Mahathir may be a "leader who performs better when under pressure." He is tough and blunt. Nobody dares to stop him when he "is doing the right thing." He would "crush" his opponents, regardless of whether they were world leaders or just his own Cabinet Ministers. If anyone were to stop him from instilling good values in the human race, especially Malaysians, definitely Mahathir would object strongly.

Does Mahathir feel exposed and lonely at the top? "Well, if you have decisions that involve studying, you have to choose one.

You feel responsible and you become more involved. There is no way of running away. You feel lonely at such times. I think I have many people who give me a lot of support. I can work with most people. I have that easy personal relationship and I am not a difficult person to get along with. I can tolerate silly fools for hours if necessary," answers Mahathir.

Mahathir apparently feels that he hasn't got time, that he has to push things through as fast as possible. He took over the Premiership when he was 56, at a time when the National Economic Policy (NEP) was slated to expire in nine years. "Maybe, at the beginning, he thought he'd have to do 20 years' work in nine years," Nor Azam says. "Many people have told me to tell him to slow down, that he was introducing new policies too fast for people to comprehend, that people were getting antagonistic."

Mahathir's answer, according to Nor Azam, ***"I don't know how long I'll be here. If you're going to have to wait for everyone to agree with you before you start something, you'll never get anything done. You can wait, retain the status quo, but that's not what leadership is all about."*** Criticism, according to the man, will always be around, no matter what anyone does. Indeed, it is a familiar situation to the lot of all leaders who attempt change. Robert Kennedy was once reported to have said, "At any given time, at least one quarter of the people will be against everything you do." It was a telling remark, born out of the frustration Kennedy harboured over the labels that were pinned on him.

In Mahathir's case, however, people allege that he has changed, that he has grown increasingly intolerant of criticism. Former Deputy Home Minister Datuk Radzi Sheikh Ahmad was picked by Mahathir personally. Radzi remembers the excitement he felt when he got a call from the PM "inviting me to become a Parliamentary Secretary." Radzi still cannot forget his first meeting with the PM. "He told all of us to set examples," he recalls. "That we couldn't go around tinting our (car) windshields, for instance. That we shouldn't flaunt our wealth, even if it was legitimate. That our wives shouldn't be seen draped with diamonds. He told us... you can accept the odd hamper or two but not the three or five per cent cut. He warned us that he would know. I have tried to live my life according to that speech. It was the most inspiring thing I had ever heard."

That was then. Radzi is now out of government and thinks that the PM has changed. "He's intolerant," says Radzi. "Once

he's judged you, made up his mind about you, you're finished. He does not look at the other side of the story." Others disagree with this assessment. "I think he's received, and accepted, the most criticism any Prime Minister has ever had to put up with," says the political scientist. "After so much, you've got to re-teach everyone the rules of democracy. It's like a hockey game. If people get too rough, you rap them on the shins, you take them out of the game for a while."

In the complexity that makes the man Mahathir — his reticence yet bluntness, traditionalism yet boldness in bringing change — one quality which stands out is his consummate political skill. By midnight, 26 April, 1987, a hush of expectancy had settled over the large throng milling about restlessly in the spacious grounds of Seri Perdana. Finally, Kamaruzaman "Kip" Bahadun, the former executive secretary of UMNO, approached Mahathir with the official results. Recalls Kip, "I told him he'd won and gave him his margin of victory over Tengku Razaleigh Hamzah. He was impassive, showing no emotion whatsoever. He asked about Ghafar and I told him that Ghafar had won, too. Then I offered him my congratulations. He smiled slightly."

Considering the stakes of that particular victory (the presidency of UMNO and hence the Prime Ministership of the country) and the magnitude of the challenge put up by the Razaleigh-Datuk Musa Hitam faction, it might be an understatement of sorts to call Mahathir a controlled individual. Says an academic who has had occasion to work with the Prime Minister, "He's a cold fish."

Again, it would be understating it to say that Mahathir has had a meteoric rise. He was an UMNO member in 1946 but he only joined the government in the 1970s. Why? "He was seen to be left of centre," says Datuk Abdullah Ahmad, Tun Razak's former political secretary, "and UMNO was very conservative then." The man has had perhaps more than his fair share of setbacks. He entered Parliament in 1964 but was a backbencher. In 1969, he lost his seat and, shortly after that, got himself expelled from UMNO when he incurred the wrath of the Tunku. He remained close to Tun Razak, however, and this stood him in good stead. After Tun Razak took over, Mahathir was made chairman of Fima and then a senator. Recalls Abdullah, "Even his senatorship was opposed by Kedah UMNO Youth. Razak had to intervene personally."

After that, Mahathir's rise was meteoric; he became Education Minister and, after Tun Razak's death, Deputy Prime Minister and Minister of Trade and Industry. In 1981, when Tun Hussein Onn stepped down citing ill health, Mahathir assumed the highest office in the land. Much had happened since then. There have been numerous mini-crises, the resignation of his Deputy Prime Minister, Datuk Musa Hitam and an unprecedented challenge from Razaleigh, but they all seem to have left him unmoved. In an interview with *Asiaweek*, Mahathir described himself as a "political genius." Few would dispute that contention. He went into the 1986 general election against the advice of some of his advisers and pulled off UMNO's biggest victory since 1959. And, despite severely formidable opposition, he has managed to carry UMNO. How does he do it? "***Mahathir is his own counsel, his own best friend,***" replies Abdullah. "***All of what you hear about certain people having tremendous influence on him is a myth.***"

Today the PM seems to be in as much of a hurry as before. He goes to work before eight and rarely leaves before six. At least two nights a week he has to go towards speaking engagements. He reads voraciously — storybooks, economics and books on management mostly — and likes the theatre. Who were his biggest influences? "Among present world leaders?" asks the PM, then answers his own question, "None. But I had great admiration for (Winston) Churchill for the way he conducted the war. Among Malaysian politicians, I suppose it would be Tun Razak."

He doesn't think his job is all that stressful either. "When I was a private practitioner, I used to work longer hours and there was greater stress. Then, people's lives could be in my hands. Now, of course, they could be, too, but in an indirect way. Anyhow, now I don't act alone. There is collective responsibility." And what would he like to do when he retires? Would he go for something else? There is speculation, for instance, that he would not be averse to the post of UN Secretary–General. "No," says he. "When I retire, I don't want to be involved in anything else."

What the Doctor Orders

MAHATHIR loves to eat *nasi kandar*, a rich meal of rice and curry. Another of his favourites is squid and egg. These days, he stays away from both. Having suffered a heart attack in January, 1989, the 64 year-old Premier is

watching his diet. And if his attention should stray, his physician wife Siti Hasmah Ali, 64, is there to remind him. At a rally in Penang recently, Mahathir chuckled that Siti Hasmah "always looks over my shoulder when I am eating. She tells me I cannot eat this, I cannot eat that."

That Mahathir should be criss-crossing the country gearing his party for a bruising general election instead of in retirement is testimony to the speed and fullness of his recovery — and probably also to the ministrations of his devoted spouse of 34 years. Even his official biography makes a point of stating that for Mahathir, "being with his wife is a form of relaxation." Says one veteran diplomat: "There is tremendous mutual respect and support for each other."

The two met while studying medicine at the University of Malaya in the late 1940s. Though Mahathir eventually gave up medicine for politics, his wife earned a name for herself in medical administration and family planning. She continues to maintain a high profile, active in various charities and accompanying her husband abroad. Years ago, during the height of the bitter party leadership battle, the opposition spread a rumour that the two had split. A few days later, the tables turned when a newspaper picture showed the Premier talking by telephone to his wife in Japan, where daughter Marina had just presented them with a grandchild. Says one UMNO Baru leader: "Mahathir enjoys a stable family life, which is a good credential for stable leadership." Evidently good for the health, too.

Unthinking Unity

"A GREAT figure in Islamic history, the Fourth Caliph Ali Abu Talib, talked to a well. This is because he faced the problem of receptivity. When he gave an instruction his commanders did otherwise. When he almost won a battle the enemy employed a simple trick that made his soldiers stop fighting. He confronted numerous crises and had to contend with oppression, injustice and conflicts during his time. In that situation one is inclined to feel the need to talk, even to a well.

So far in Malaysia we have not reached that stage. But people do talk when they are alone, either to themselves, to pets or to plants. In certain areas we do have communication problems. For example, in Malaysia it's very, very difficult to talk about politics. It is not because it's forbidden but because there is infantility in political thinking. Even pronouncements and judgements on current political events can take a very infantile form.

Look at the way the public is manipulated by political actors. Every now and then they talk of unity. Everybody wants to unite everybody else. What kind of ploy is this? Unity is not a value in itself. Where it's necessary to disunite, you disunite.

Where it's necessary to unite, you unite. That's the law of life. Sometimes you unite with another human being, you marry her. But if there are irreconcilable differences, you disunite. You cannot insist on unity as a fundamental value. Unity should have a purpose, a wider goal, it should come naturally. There's no point having it if it will bring you down, obstruct your plans or create tension.

We have a lot of this unity talk in connection with the UMNO problem. This is how it started. First there was a group of people wanting to take over UMNO. They started by agitating and making remarks here and there. And then, through events, some of their own making, some the making of others, the group was left out of the main body.

Now that they're left out, they talk of unity. But the public doesn't ask: "If they're interested in unity, why didn't they behave when they were in the party? Why didn't they unite when they were in the party, instead of opposing and trying to overthrow the other group?"

The same thing occurred when UMNO was fighting the Malayan Union. There were some group within UMNO who were not in support of the leadership. These groups — there were at least three — eventually left the party. When they left, there was a sense of relief. UMNO's founder president Datuk Onn bin Jaafar was then able to concentrate on the problem of Malayan Union and independence.

Unity should be fostered between people of similar outlook. For example, unity between the police and the Mafia is a dangerous unity. There should be unity between the police and police, and we should hope for no unity among the Mafia. Because in one instance the unity of one is detrimental to society and the unity of another group is an advantage to society. Any sane and moral human being would be in favour of unity. But it should be a genuine unity — not a camouflage for other aims which are not respectable if publicly known. There are also various permutations of unity. In every society there are several united groups which could emerge. For example, why should a particular community unite under certain leaders who are out to challenge the leadership? Why should they not unite under the leadership in power? The choice of which is the best group to unite under is a moral one. The best unity is one that is derived from a rational and moral calculation.

People should not be distracted by slogans. If you look at political parties in other countries, if you open the Indian, Pakistani and Filipino newspapers, they don't talk about unity. Nobody would believe a politician who talks about unity. Politicians in other countries talk about policies. They criticise government policies and suggest alternatives. That's the basis of politicking — not sloganeering or singing songs of unity.

In the past 30 years there have been many sing-songs in Malaysia. After 1957, the sing-song was for a happy, prosperous, peace-loving, picnic-going Malaysia. Then we had a sing-song for development. Now it's a sing-song for unity. Why all these sing-songs? Because there's no thinking. Reactors do not like to think. They don't think of problems and suggest alternative programmes and policies. The public is uncritical and doesn't demand it.

In such a situation, the level of political thought in the country remains infantile. In fact there is no political philosophy in the country. There are political expressions and pronouncements, but there is no political philosophy. The fact that you talk about politics doesn't mean that you have a profound understanding of it. Many men talk about women but that does not make them experts in female psychology. Do you become an expert in meteorology just because you talk about the clouds?

You can spend a lifetime talking about politics, but that doesn't mean you're qualified to guide others. Our biggest problem in this country is the prevalence of unqualifed political guidance. I refer to political guidance in the broad sense. For example there are journalists who do not completely understand political issues. Many important issues have not been raised."
—Wrote Professor Dr. Syed Hussein Alatas in Malaysian Business 16 Nov. 1988.

The Critic Criticised

MAHATHIR seems to attract criticism but he is quite resigned to it. He will not let it bog him down. Instead he gets satisfaction out of achieving something in spite of it. In one sense, Datuk Seri Dr. Mahathir Mohamad is like a lightning rod, with a magnetic attraction for criticism. He has been in the vortex of rumour-mongering.

Mahathir cynically attributes such criticism, indeed all criticism, to a basic trait in our society that adulates the underdog but is intolerant of any one in a high position, especially the one at the

top, that spends more time in talking, debating, rather than in doing. His descriptive metaphor is that of crabs whose only occupation is to ensure no one reaches the top. He says: "***When I was an underdog, by God, I was the most popular man. I could do no wrong. People would like to see you a hero but down and out. They wouldn't like to see you go up. Once you go up, then the process of pulling you down will begin. I recognise that.***"

"Thus there begins the probe for chinks, for corruption, in everything he does. Anyone who is successful is now my friend. They become successful because of me. The fact that these people were successful even before they knew me is, of course, totally forgotten," Mahathir sums up. There is another interpretation of all criticisms levelled at him: That he's making too many enemies by pushing too fast, introducing new policies which are not agreeable to others, that rudely shake up top civil servants ensconced in the lethargy of bureaucracy. He recognises the danger signals. "***I realise that I make enemies. I have no choice. Either I come here and sit comfortably and be nice to people and do nothing, or else I try to do something, even at the expense of becoming unpopular. I don't think I'll be permanent here.*** And I don't think I'll be forever unpopular, so it doesn't really matter and, so long as I achieve something, being unpopular doesn't really matter. Even being thrown out of office doesn't really bother me."

There are actually two perspectives to criticism. These critics, because they debate and discuss, have emerged to be a barrier, the *cordon sanitare* (which he calls *cordon insanitare*) through which Mahathir's concepts, policies and ideas filter through to the majority of people. But because Mahathir often locks horns with these critics, he only succeeds in antagonising people. More importantly, he fails to get his message across to people. Mahathir recognises this barrier. But he will not stop. Again, he attributes this problem to a flaw in society. Mahathir rationalises: "I realise, in Malaysian society, more time is spent on debating the merits and demerits of a plan than on the implementation of a plan. "When you want to do something, you find that a number of people suddenly have got vast knowledge about what you want to do, even interpreting you before you interpret yourself. They give numerous reasons why it is the wrong thing to do. It doesn't matter.

"Supposing today I decide we should never build a car in this country because it is uneconomical, I am sure a lot of aca-

demics are going to write long papers to say why we should build a car. It is just a habit in Malaysia. It is not personal. But it is just a way of showing that I know better than the other chap." Seen in this perspective, whatever Mahathir does or does not do becomes an issue for criticism.

But Mahathir declares that criticism would not bog him down. *"I've got to be prepared to endure all this. So let me try in whatever way I can to overcome it. If I can achieve a fraction of what I set out to do, then it is satisfying. If I can't, I would have the satisfaction of having tried. Well, if you succeed, that's it."* A tinge of weariness is perceptible, nevertheless. [1]

Liberal or Intolerant?

THE government, says Mahathir, is willing to accept constructive criticism which can contribute to efforts to develop the country. One recurring charge levelled at Mahathir is his increasing sensitivity to criticism and his growing intolerance. Many find this ironical since he was once the epitome of constructive criticism, especially in the Sixties. People say now that he is in the government, he can't accept criticism.

To which Mahathir replies that he has not changed. "When I was outside, I criticised and I expected the government to rebut and tell me off — but my criticism was constructive. It is a kind of manipulation and half-truths that are thrown about now. That does not affect me but it affects the ability to implement new things that are planned. That is what hurts. I will tolerate it to a certain extent, but I will not allow such things to get in the way of the development of this country. You must admit that I am more liberal than most Prime Ministers in the past with regard to criticism. For example, when I took over, I told the Press: "Criticise us." I regard it as a feedback system. We have given KDNs liberally — so much so that people are using them in a way that shouldn't be used. Some depend on rumours, some on dirty stories, girlie pictures and ghost stories, all of which are not healthy for this country.

"Because I want to be liberal, I allow that. If you look around, there are more newspapers and magazines since I became Prime Minister. If that is not a sign of willingness to accept criticism, I don't know what is. Now we subject ourselves to questions and if we can't reply, people do not trust us. I told the Minis-

ters to face the public — to go up on stage and answer these questions. That has not been done before. I have exposed myself by coming here — but there must be constructive criticism. You see all kinds of imagined things behind simple things and this hurts efforts to build the country. That I cannot tolerate.

"During Tun Abdul Razak's time, they accepted my criticism and implemented it because I came out with ideas on what to do. I didn't just say, "You are wrong," and when asked for possible solutions, I did not reply, "That's your business. All I can say is that you are wrong." But these people just criticise for no reason. I tolerate this, but I have a right to reply. Why shouldn't I? People say it's unbecoming of me to do so. But if I don't, these things will go on." [2]

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1. Malaysian Business, 1 April, 1984.
2. Ibid.

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PART ONE (1981)

2
Fourth Prime Minister

> "I realise in Malaysian society, more time is spent on debating the merits and demerits of a plan than on the implementation of a plan. When you want to do something, you find that a number of people suddenly have got vast knowledge about what you want to do, even interpreting you before you interpret yourself. They give numerous reasons why it is the wrong thing to do."
>
> — Dr. Mahathir

IN the 1981 UMNO general assembly, they came from strongholds of their culture in *kampungs* and from urban centres where many of their rural forbears migrated only decades ago. Among them were teachers, village elders, small traders and fat cat businessmen. Collectively, they formed Malaysia's most important political overseership: their 1,245 votes would decide the leadership of UMNO, the backbone of the country's ruling multiracial coalition, the Barisan Nasional (National Front). More sadly, they had come to Kuala Lumpur to say farewell to their leader of the past five years, Tun (then Datuk) Hussein Onn, 59, who had been catapulted to the highest office in the land upon the death of Prime Minister Tun Abdul Razak and was now resigning because of a recurring heart ailment. And they had gathered to welcome a new helmsman, Datuk Seri Dr. Mahathir Mohamad, 55, a doctor from northern Kedah who seemed likely to give Malaysia its most vigorous national leadership in years.

Every UMNO general assembly has its controversies, its battles for power — and this one didn't disappoint anyone. Set apart from the struggle was Mahathir, whose unopposed accession to the party presidency at the triennial assembly ensured he would be installed as Malaysia's new Prime Minister in mid-July. Left to UMNO delegates from 114 divisions across the country was the

task of electing 20 members of the party's Supreme Council, three vice presidents and — in a contest that captured all attention — one deputy president. Indeed, in the excitement of the race for UMNO's No. 2, which traditionally carries with it the deputy premiership, the farewell to the old president and the welcome to the new were almost forgotten. Demurred victorious Datuk Musa Hitam as reporters thronged around him: "It is really Dr. Mahathir's day."

For weeks, Education Minister Musa, 47, and Finance Minister Tengku Razaleigh Hamzah, 44, had been embroiled in a hard-fought battle to win the party vote for deputy president, but that wasn't the only reason for the tension surrounding the election. Party faithfuls knew that whoever won would be close to the pinnacle of power for a long time, given the UMNO tradition that incumbents are not challenged. Not that the tradition has always been regarded as sacred. In 1987, disaffected party stalwart Sulaiman Palestine challenged Hussein Onn for the presidency and garnered 250 votes to the Premier's 898. Palestine had set out to buck the system, and though he didn't quite succeed, he served notice that the old must give way to the new, that a young generation of UMNO leaders who did not adhere to tradition must be accepted.

Interestingly, the new team of Mahathir and Musa symbolised that new generation of leaders. Both were "Young Turks" of the party who challenged the leader of Malaysia's independence movement, first Premier Tunku Abdul Rahman, shortly after the traumatic 13 May race riots in 1969. Impatient for action to redress the national economic imbalance in favour of Malays, they had exhorted the "old guard" leadership to take swifter measures. Both were expelled for their trouble. Now, twelve years later, Mahathir and Musa were at the head of the party, completing a cycle of successions that began with Tun Razak assuming the premiership when the Tunku stepped down in 1970. After his deputy, Tun Dr. Ismail bin Abdul Rahman died, Razak asked brother-in-law Hussein to fill the position.

Vaulted from relative obscurity to deputy Premier, the mild-mannered ex-army captain stepped up to the premiership when Razak died in London in 1976. His choice for No. 2 was Mahathir, who had been elected an UMNO vice president the previous year. Speculation about possible candidacies and combinations for UMNO's top ranks began late 1980 when it became

known that Hussein would be undergoing heart surgery in London in January. Though the Premier's impending resignation quickly became the subject of coffee shop gossip, it wasn't until 15 May that Hussein announced he would be relinquishing office. Then, while UMNO camps intrigued, punting fever swept the country. By the time assembly opened, illegal bookmakers were as anxious as the delegates about the outcome of the Musa-Razaleigh rivalry.

From the beginning, the betting was on Razaleigh. At 44, he was one of the youngest Finance Ministers in the world and had long been tipped as a future leader of Malaysia. In 1965, at the tender age of 28, he was appointed to the UMNO Supreme Council. (The president can appoint seven members of the Council in addition to the 20 elected). From here on, his climb was meteoric. The architect of the country's bumiputera (ethnic race) economic policies, the Kelantan prince also scored points for political organising when he masterminded UMNO's return to power in the 1987 home-state election, ending 20 years of rule by the Parti Islam (PAS), now a federal opposition party. Later that year, he polled most votes (763) in the election of UMNO's three vice presidents, heading off party veteran millionaire Ghafar Baba (705), and Musa (699). The tables were turned in dramatic fashion in the deputy presidential race where was only one winner; Musa polled 722 to Razaleigh's 517.

What went wrong in Razaleigh's carefully-laid plans to move up a step in the UMNO hierarchy? "Perhaps," one party insider told, "his plans were just a shade too carefully planned." Razaleigh's first shot in the campaign was a bold one. "It's high time for me to be promoted from lance-corporal to sergeant after all these years in the party," he said. "I will definitely stand for the post if there is a vacancy. I am confident of an easy victory." Though he protested the next day that his remarks had been taken out of context, the damage had been done. It was further compounded when Razaleigh vowed that if he didn't win he would quit the Cabinet. He also dropped a strong hint that the loss of UMNO's confidence might force him to reconsider his future in the party — a threat that worried UMNO veterans and sparked talk, quickly squelched by Mahathir, that Malaysia might create a second deputy premiership. Razaleigh's high-handed approach and his announcement early in the game that he would go for broke, standing only for the deputy presidency, alienated some delegates, said party watchers. Realising his mistake, Razaleigh

made no more statements about his candidacy and refused interviews with the press. After his election loss, he told reporters in a subdued voice: "I have made my decision and taken a stand. It remains to be seen what I will do for my future."

Another factor in Razaleigh's undoing was his opponents' success in making an issue of an attempt by Multi-Purpose Holdings, an investment arm of the MCA, to buy a 51% share in the United Malayan Banking Corporation. UMNO politicians took a dim view of the takeover bid and, in deal which had yet to be announced, the Finance Minister was said to have quietly defused the situation by giving Multi-Purpose 40% of the bank and increasing the share of Pernas, a government corporation, by 10% to 40%. Allegations flew that the MCA was backing Razaleigh.

The most plausible reason for Razaleigh's downfall was simply that Mahathir preferred Musa as his deputy, though the incoming president denied such rumours: Fumed one Razaleigh supporter: "UMNO recently has had a history of intervention. In the Tunku's days, there was a free election for all, but under Tun Razak and Datuk Hussein, the policy of choosing favourites seems to have become a habit." If Razaleigh's style was bold, Musa's was slow and calculating, so much so that he appeared to be a reluctant candidate. He kept the nation guessing for weeks as to whether he would stand at all, and after he did decide to stand, it wasn't known until the final hours of nomination day that he would seek only the deputy's post. Indeed, he submitted papers for deputy president and vice president on the day, then withdrew the latter. In the conference hall, associates conceded, there might have been a strong, non-political sympathy for the former University of Malaya economics and administration lecturer; an estimated 40% of the UMNO delegates were teachers.

Barely overshadowed by the Musa-Razaleigh struggle was the astonishing performance in the vice presidential stakes by the former Menteri Besar of Selangor State, Datuk Harun Idris, who was serving a six-year sentence for forgery and corruption. Harun, 59, polled 757, trailing only the 869 votes collected by National Front secretary-general Ghafar Baba, 56, who had been a vice president for 19 years. Foreign Minister Tengku Ahmad Rithaudeen, 49, took the third vice presidency. Even UMNO power brokers hadn't expected Harun's acknowledged charisma to influence the assembly from a distance; heavily tipped instead was Datuk Rais Yatim, 39, the Menteri Besar of Negri Sembilan who did

well on his first try to score 706, five votes behind Rithauddeen. Though Harun could not accept the vice presidency unless he got exemption from the Registrar of Societies (under the recently-amended Societies Act, which forbids convicted persons from holding political office until five years after their release), he was also then awaiting a decision on an application for a pardon which, if granted, would ensure his return to political life. Harun was not very surprised at his win, his son Mazlan, an UMNO division head, told *Asiaweek*.: "He is gratified and happy that he has the support of so many in UMNO. It certainly proves that it pays to persevere." Opined Mazlan: "I think he has suffered enough and should be given a chance to hold office. Keeping him out for another five years in the political wilderness would not be fair to him at all."

Of Harun's as yet tentative victory, Tunku Abdul Rahman said in his column in *The Star*: "What must have been a surprise to many was the choice of Datuk Harun as vice president when he is still serving his sentence in prison, not for a political offence but a criminal one. This surely is unprecedented in the history of democratic election anywhere in the world." A lesser surprise in the same race was the failure of tough anti-communist battler Home Affairs Minister Tan Sri Ghazali Shafie in his third try for a vice presidency. In polling only 228, Ghazali's hand had been weakened in any deliberations preceding Cabinet changes Mahathir was likely to make after he was installed as Prime Minister on 16 July. Some observers believed it was far from certain Ghazali would retain the Home Affairs portfolio he had held since 1973.

As the session closed with a tearful farewell to Hussein, many delegates were mindful of the difficult tasks ahead. Said a popular lawyer who won a seat on the Supreme Council: "Now that we have chosen the leaders, we must prepare for general elections [which aren't due until 1983 but are expected to be called in 1982 by the new leadership]. The real issues, though they did not get a chance to be discussed, are national unity of the Barisan National components, the control of the extreme elements in our society, and the pursuance of the goal of giving the *bumiputeras* a share in the economy." The Barisan Nasional's members and their strengths in Parliament in 1981 were: UMNO 69, MCA 20, Malaysian Indian Congress (MIC) 3, Gerakan 4, (all peninsula-based parties), Sarawak United People's Party 6, Sarawak National

Party 8, United Bumiputra Party (Sarawak) 8, United Sabah National Organisation (USNO) 4, and Berjaya (Sabah) 11.

Oppositionist Lim Kit Siang saw the challenges for the incoming leadership in a different light. "Both Dr. Mahathir and Datuk Musa have political pasts which have raised apprehension among the non-Malays about their future," he said. "I only hope they are aware of this apprehension, having been exposed to the 1970s, as distinct from the 1960s, and that they will be more conscious of a Malaysian approach to matters. They must slow down the extremists in their midst, and must be the leaders of all Malaysians, not only of the Malays." Given Mahathir's exhortations to all sectors of the community during the assembly, there was little doubt that his no-nonsense style of leadership would be applied to Malays and non-Malays alike. And if Malaysia, as it indeed seemed, needed more vigorous government to tackle the problems of the 1980s, then the blunt-spoken doctor from Kedah appeared to be a prudent choice to deliver the remedial measures. Many knowledgeable observers were betting that the Mahathir-Musa team would, in fact, turn out to be Malaysia's strongest yet.

Hussein Out In Humble Glory

IN a farewell address to the UMNO, outgoing Prime Minister Datuk Hussein Onn asked for forgiveness for what he described as his faults and weaknesses during his term. But there were very few in the packed ballroom of the Kuala Lumpur hotel on June 26 who would have considered that apologies were necessary for Hussein's 2,000 days in office. There were political and social problems aplenty after January, 1976, when Hussein found himself Prime Minister following the death of his predecessor, Tun Abdul Razak. But even as he dealt with successive political crises, seeing one top Malay politician jailed for corruption, toppling another who was using a state as his private fiefdom and expelling yet another from his National Front ruling coalition for chauvinism, the economy boomed and the threat from the communist insurgency, which had peaked when he took office, was smashed.

As Hussein said farewell, many delegates to UMNO's 32nd annual general assembly wept: whatever his mistakes were, he was no power-hungry politician and he never went out of his way to seek popularity, either within his party or with the electorate. Hussein stood down because of his heart ailment — he underwent

a coronary by-pass operation in London early that year — and few doubted that he resigned simply because he believed that a sick man could not do justice to the Prime Minister's job. Hussein came from an aristocratic family in Johor, where his father had been Menteri Besar. His father, Datuk Onn Jaafar, had founded UMNO in 1946 following a campaign against the British administration, which tried to reduce the power of the nine Sultans in the peninsula by forming a union of the states.

Onn Jaafar and his son, having frustrated the British — who were bent on ensuring that immigrant Chinese and Indians would enjoy the same status as the native Malays — dreamed of a new society where there would be equality for all, but without disadvantages to the Malays, who were in an economic backwater. UMNO rejected the vision as fantasy, and both father and son left the party in 1951. Their subsequent efforts to create multi-racial parties repeatedly failed and Datuk Onn died with his dream unrealised. Hussein returned more than 15 years later. A lawyer practising in Kuala Lumpur, he spoke heatedly of his hatred for corruption and told intimates that if he got the chance, he would attack it most vigorously. Tun Abdul Razak, who had married Hussein's sister-in-law, persuaded Hussein to stand for Parliament in the late 1960s and the virtually forgotten Johor aristocrat became Education Minister in 1971.

Once in the Cabinet, and being a relative by marriage of Tun Razak, he was expected to gain more prominence. But Hussein, shy and timid, remained in the background and when he stood for one of the three UMNO vice presidencies, he managed only third place. When the incumbent UMNO deputy president and Deputy Prime Minister, Tun Dr. Ismail, died, Hussein unexpectedly emerged as his successor. When Tun Razak died and Hussein became Prime Minister, doubts remained about his capacity to run the party and the government. It was widely held that he was no politician. If ability to conduct intrigue and horsetrading were prerequisites for the job, Hussein was certainly unqualified. He repeatedly surprised the country by making politically unpopular decisions. He dropped one of the most consistently successful power brokers in UMNO — Ghafar Baba — from the Cabinet. He appointed a man who was unpopular among the Chinese, Datuk Seri Dr. Mahathir Mohamad, as Deputy Prime Minister.

Then, to the amazement of his party and the country, he expelled from UMNO one of the most charismatic leaders the Ma-

lays had produced — Datuk Harun Idris, Menteri Besar of Selangor and head of UMNO's then powerful youth wing — following charges of corruption against him. This Harun-Hussein confrontation dominated his entire premiership, creating divisions within UMNO which are still to heal. But with massive deployment of police riot squads, tensions created by Harun's supporters were not only defused, but the country was made to understand that political pressures would not be allowed to influence the law. Harun went to jail.

A Chief Minister, Tun Mustapha Harun of Sabah, who ran his state with an iron hand and became extremely rich, was eased out of office in a typical Hussein ploy: he made sure the state elections in 1976 were clean. Mustapha's power base, built on money, collapsed. Datuk Asri Muda, a third powerful Malay leader, head of militant PAS, was not only destroyed, but his power base in Kelantan, built on chauvinism and religious extremism, was itself taken away in a state election in 1978, and UMNO ruled in Kelantan for the first time in 19 years. Hussein, who was always a great believer in the rule of law, left the scene after making such inroads into the Constitution and laws that he may well be remembered as the man who put political expediency first. In his time, the ISA — first designed to combat the communist insurgency — was used to detain trade unionists without trial in the name of security. Labour laws were changed to increase the powers of the Minister of Labour, and the Society Act of 1966 was changed to make political discussion outside the parties extremely difficult. The Constitution was changed to make it possible to declare a state of national emergency merely in anticipation of a crisis situation.

3
Dr. UMNO's Cure

> **"The man has a depth of perception which must surely qualify him to deal with the complexities peculiarly Malaysian. In his own quiet way, Dr. Mahathir is laying the groundwork for Malaysia to take its rightful place among the nations of the world. But he has the difficult task of pointing the people in the right direction, of convincing them of the need to change their attitudes to help the country become more developed."**
>
> **— A Diplomat**

THIRTY-TWO years ago, a quiet, serious Malay student entered the King Edward VII College of Medicine at the University of Malaya in Singapore, aged 23. College being college, the older students were on the lookout for suitable victims: in one "ragging" session, the new kid was made to spend a full night under the bed of a senior. Today, that meek student is Prime Minister of Malaysia, capping a turbulent political career that has been anything but timid.

At 55, Dr. Mahathir Mohamad — or just "Dr. UMNO" — is a feisty, outgoing politician whose words have landed him in hot water on more than a few occasions. When he took over in July 1981 from Prime Minister Datuk Hussein Onn, he was the only leader in the region, possibly the world, whose book was banned in his own country. A harsh but fair-minded view contending that Malays had been held back by colonial policies in cultivating their own culture, *The Malay Dilemma* (1970) advocated "constructive protection" to help Malays match Chinese economic power. "All I was asking for was fair treatment for the Malays," Mahathir says now. "In those days, the number of bumiputera indigenous students in the universities was minute; there was hardly any Malay business."

In the decade since he wrote the book, of course, that situation has changed dramatically. Mahathir wrote *Dilemma* after yet another

controversy over his outspokenness had led to his expulsion from the UMNO that he now heads. Shortly after the May, 1969 election in which Mahathir lost his seat, Malaysia's most serious rioting ever led to a declaration of emergency. Mahathir spearheaded an attempt to depose Prime Minister Tunku Abdul Rahman, the country's founding patriarch. In a letter to the Tunku, Mahathir voiced deep concern for the plight of the Malays and castigated the coalition government's "gentility and caution and reluctance to take drastic action." Within weeks, he was banished from the party.

A year later, however, the Tunku was out. Tun Abdul Razak was in and the way was paved for a more restrained Mahathir's return to the party in 1972. By 1974, he was Education Minister, championing the need for Bahasa Malaysia as the unifying national language of the country. By 1976, he had soared to heir apparent status: Hussein, taking over after Razak's death, needed Mahathir as Deputy PM for his broad following among Malays and, ironically, his high standing in the party.

Mahathir's concern for the Malays began early. Born in Alor Setar, Kedah, to a Malay mother and a Muslim-Indian school teacher father (who once taught the Tunku), Mahathir was at 21 writing articles in the *Straits Times* (pseudonym: C.H.E. Det) centring especially on the problems of rural Malays. Then, as now, he saw British colonialism as a major root cause of the Malay dilemma. "It's his favourite hobbyhorse," one ruffled European diplomat groused to *Asiaweek*.. But Mahathir characteristically stood firm. "We were accused at one time of being lazy," he told an interviewer. "The *Encyclopaedia Britannica* described a Malay as indolent. (In an indirect reference while discussing cultural stereotypes within Southeast Asia, *South-east Asian Cultures*, 1979 edition). If they can say that, and say that openly, I see no reason why we cannot say what we believe about them — especially if it is factually correct."

Indeed, a more immediate hobbyhorse of Mahathir's was his determination not to follow the modern British example. Paying high prices for British goods, he complained, merely served to support "laziness and wage increases, and to provide feather-bedding. For what? A welfare state? Whose welfare? Not ours." On the eve of UMNO's assembly in July, 1981, Mahathir was already voicing a work-hard theme likely to become an ethical hallmark of his reign. "If Malay workers and students are over protected," he said, "they will bring adverse consequences to their people, the nation, religion and themselves. There is nothing more destructive than pampering."

That in a nutshell is Mahathir's clear-eyed and promising view of the delicate Malaysian body politic. It is not one-sided. Constructive protection, yes; indulgence, no; Malays, must work for their gains. "What is required of the Malays in particular," he said "is no longer the politics of championing demands, but the recapturing of honourable attitudes and values which they had relinquished as a result of the administrative policies of colonial rulers."

Man With a Mission

AT meetings of UMNO's Supreme Council, Mahathir Mohamad sometimes chastens in a humorous way members who aren't punctual. Late-comers are told in a stern schoolmaster's voice that they will have to stand in the corner. Nobody obeys, of course — it's all in good fun. During one session, however, the Prime Minister was himself tardy, and one member decided to give the doctor from Kedah a taste of his own medicine: Mahathir was ordered to go stand in the corner. "Am I late?" the PM asked innocently. When politely told that an aide evidently had got the meeting time wrong, the joke was enjoyed by all.

That glimpse tells much about Mahathir as a leader and man. He can be as good a loser as he is a winner, though clearly he isn't put to that test too often. Sharp, determined, he won't go down without a fight and, in fact, seems to relish a verbal joust, no matter how brief. "If you're tough and can face him," says the Supreme Council member who dared make sport of the late-arriving PM, "you earn his respect." Then, too, demanding punctuality of himself and others is, for Mahathir, but a symptom of a total, disciplined character.

Just as representative of the Premier is his renowned straight-talking style. "Even his sense of humour," says a senior UMNO official, "is blunt." Today, Dr. Mahathir has mellowed considerably from the years when he was regarded as an UMNO ultra. But as evidenced by his opening address to the recent UMNO general assembly, his capacity for speaking his mind has not diminished. "If the PM has a weakness," notes a prominent local businessman close to him, "it's that he is frank almost to a point of brutality. If he thinks you're talking rubbish, he'll tell you so. When I have to brief him about a project, I can't sleep the night before; he is very penetrating and has an uncanny mastery of technological subjects."

Indeed, Mahathir is known to take a detailed interest in the progress of development projects. "The PM is applying the principle

of business to government. Government decisions tend to be over-cautious but his are bold. He's like an entrepreneur." Widely described as "a man in a hurry," Mahathir does run the danger of proceeding a bit too quickly. "It's like running the hurdles," says one businessman. "He'll go so fast that though he'll win the race, he'll knock over a few hurdles on the way." Observers say many senior government officials and sections of the public have not been able to grasp the thrust of the numerous policies he has introduced since he became Prime Minister. In fact, Mahathir had to circulate a lengthy memorandum to all department heads re-explaining the meaning of his Look East, Malaysia Inc., Privatisation and Leadership by Example policies. Even his decision-making is rapid. Explains a one time aide to Hussein Onn during his premiership: "Hussein was very tough, very careful when making decisions. But with Mahathir, people aren't as quick as he is. So he has to backtrack, reassess, re-explain, which wasn't necessary with Hussein."

Another difference between Mahathir and Hussein, says an insider, is the greater access people from all walks of life have to the current Premier. Even a gardener or a hawker from Mahathir's home state of Kedah can meet him. Insiders add that Mahathir consults a wide variety of people before making a major decision but that ultimately he relies on himself — he is enormously self-confident — and a small group of adviser-friends who have proven themselves to him.

While Mahathir claims no clique, analysts say he does run the risk of being identified too closely with certain prominent individuals. Says an UMNO Supreme Council member: "Unfortunately, a few people close to him are exploiting the friendship by using his name in public. I just hope the PM's aware of this." Others feel that unlike, say, Tunku Abdul Rahman, Mahathir does not consult the opposition enough. Parliamentary leader of the opposition Lim Kit Siang and Mahathir virtually never meet to discuss key issues. Oppositionists say Mahathir displays little respect towards them in public, yet can be quite approachable in private.

When the Democratic Action Party's (DAP) Lee Lam Thye met Mahathir, he presented a petition against imminent rent increases signed by 3,500 Kuala Lumpur low-cost housing tenants. After studying the memorandum, Mahathir, relates Lee, agreed to review the situation. Soon after, the Federal Territory Ministry postponed the planned hikes. "I got the impression," says Lee, "that the PM was sympathetic to the appeal and the plight of the poor."

Observers say Mahathir's public disdain for the opposition may stem partly from his view that the current batch is too abrasive, unlike the so-called gentlemen-oppositionists in the past. Others say Mahathir places a premium on loyalty and that he lives in a black-white political world, with anyone in the other camp regarded as a kind of enemy. "Politically," says a senior UMNO official, "he is a little naive." Or is it that Mahathir is impatient with political intrigue? Observes Ahmad Mustapha Hassan, his former press secretary: "He is no schemer. He has political strategies but is not a political planner on the whole. He doesn't worry so much about his public image. If he thinks he's right about something he'll go ahead with it. He's above petty bickering. That's part of his innocence."

Mahathir's work style seems to extend to his home. The PM likes to cook once in a while, usually *nasi goreng* or *sukiyaki*. "He throws everything in at the same time or in the wrong order," wife Siti Hasmah, also a doctor, once told local reporters, "but in the end the dish comes out as tasty as ever." Verbal jousts are also not uncommon at home. Said Siti Hasmah: "The children [there are five] have probing minds and argue with him about certain issues. Sometimes they play the devil's advocate, just to see what his answer would be, but he hates to let disagreements drag out." By all accounts, the Mahathir family makes up a happy household. The problem, if nothing else, seems to be to find enough time to spend together. Mahathir is up early for morning prayers and light exercise, breakfast perhaps with bread and curry and clocks in at his office shortly before eight. He often has close to twelve-hour days. The PM is "driving himself too hard." Aides describe him as "a workaholic and a hard taskmaster."

He is also described as a man with a mission. The consensus is that Mahathir quickly wants to develop Malaysia into a country that is looked up to by the international community. "I don't know how much time I have," the PM told his aides. "I am a mere mortal, I may drop dead tomorrow. So I just cannot waste the time I have. I feel that I need to do things and to do them quickly. I have always been like this, from the time I was small. I want to see results." One result he would dearly love to see is respect for the Malays. Attending a poetry-reading session last year, Mahathir told his audience: "It's my dream to eliminate and remove all the ridicule and abuse that have been thrown at us." Added the PM emotionally: "I do not want to see my race ever run down again."

Like any human being, Mahathir is a multi-faceted personality. To different people, he can be a different man. "That people have

definite views about him," says a Deputy Minister, "shows that he has already made an impact." Still, says one oppositionist, Mahathir is a difficult man to assess. It's hard, adds a senior government official, to place the PM in a nutshell. Notes a former ministerial aide: "There's a Malay saying — *baling batu sembunyi tangan* — which is commentary on people who throw stones and then hide their hands. The only sure thing you can say about Mahathir is that it could never apply to him."

4
A Solid Team

> **“Organisations may have objectives but very little responsibility. If as a result of their agitation there is a riot and people are killed, it is not their responsibility to stop the killing, it is our responsibility. The government has a duty to stop such people before we come to that stage.”**
>
> **— Dr. Mahathir.**

“I feel great,” Malaysia’s new Prime Minister said, “but there will be nobody to turn to if I’m in trouble.” With that typically candid assessment, Dr. Mahathir Mohamad, (then) 55, began his term as the nation’s fourth Premier, just after he had ceremonially kissed the hand of the King, walked three steps back, taken the oath, bowed and signed the instrument of office. But as he waited to move into the office of his newly titled predecessor, Tun Hussein Onn, Mahathir was clearly bent on getting men he could turn to in the key positions in his new Cabinet. After taking over unopposed as head of the UMNO in June, he had said there would be “little change” in the ruling group. But when the unveiling came, some of Malaysia’s best-known personalities had new jobs.

Indeed, though no Minister was dropped from the Cabinet, some observers wondered what a big change would look like. By far, the most significant action centred on the Home Affairs Ministry, guardian of the nation’s internal security apparatus. The new Minister: Musa Hitam, 47, who was also the new Deputy Prime Minister and, by most reckonings, the man personally closest to the new PM. He replaced the man who had held the job for just under eight years: zealous communist-hunter Ghazali Shafie, 59, whom Mahathir appointed Foreign Minister and who provided a spectacular Soviet spy bust only days before his reassignment. The incumbent, Tengku Ahmad Rithauddeen, 49, returned to the

International Conference on Cambodia just in time to be sworn into Mahathir's second former portfolio, Trade and Industry.

In the days before the announcement — advanced two days at the King's request so that all 48 Ministers and Deputy Ministers could be rounded up in time for swearing in two days later — the loudest speculation had centred on the Finance post. Would highly respected Finance Minister Tengku Razaleigh Hamzah, 44, stay in the Cabinet? A month before, delegates to the UMNO general assembly had chosen Musa over Razaleigh in a hotly contested fight for the party's deputy presidency. Razaleigh had vowed he would not return to the Cabinet if defeated. But in keeping with UMNO's esprit de corps — and at the urging of virtually everyone from Mahathir downwards — Razaleigh, after some soul-searching and a short rest abroad, opted in. Mahathir told reporters there were no conditions attached to the job and that he wasn't aware of rumours in the capital that Razaleigh would stay on only until September. Said the PM firmly: "You don't play around with the Cabinet."

Thus, the old team remained intact — but playing some very different positions. Though Mahathir said his administration would differ from Hussein's more in style than substance, he was already indicating some taps on the tiller, notably in foreign investment. "For certain purposes," he said, "we may even relax a little bit on the conditions we impose." Another was the sensitive question of cases tried under the tough ISA. Mahathir said all such cases (then) before the courts would be reviewed; the government would also examine the cases of people imprisoned under the ISA. Said he: "They have not been forgotten." That task will fall to Musa, as Home Minister, and onlookers agreed the job was in good hands. While still at Education, Musa approved the hiring of gentle, popular ex-Deputy Minister Abdullah Majid, 54, a four-year detainee released in February, 1981, to compile an English-Malay dictionary.

Above all, the key word for the Mahathir-Musa administration then, was "implementation." Both men were concerned that while the country's policies were on the right track, they were not always being carried out as efficiently as possible. As Deputy Prime Minister, Musa played a key role in getting Ministers to knuckle down. At Home Affairs, too, he got to wield a new broom — cautiously. The ISA review notwithstanding, there was no doubt he would maintain vigilance against the communist

influences pursued so efficiently by Ghazali. But he was known to have other concerns, among them a worrying trend to lower-level corruption in agencies such as the police and immigration. Ghazali, meanwhile, was sure to become a forceful presence on the international scene. His keen intelligence, much valued within the Cabinet, made him a natural choice for Foreign Affairs. Said one: "He can stand up to men like Philippines Foreign Minister Carlos Romula, Singapore's Rajaratnam, even Mochtar Kusumat-maadja, his Indonesian counterpart." Still, there was plenty of other speculation in Kuala Lumpur coffee shops over reasons for the shift.

Then, government insiders maintained that Ghazali himself wanted to be phased out of an unpopular job he felt he had done too long. At his last press conference as Home Minister, Ghazali seemed to be alluding to that sentiment when he spoke of reaction to his security initiatives: "I was a real people's spittoon." But two top-level sources also told that while it was by no means a paramount consideration, the potential power that could be wielded by a suddenly hostile Home Minister was a factor in Mahathir's decision to put his own man in the post. Asked whether he was pleased with the way Home had been run, Mahathir told simply: "Generally speaking, yes." Ghazali did not lack experience for his new job. Ambassador to India for three years in the late 1950s, he came home to head the Foreign Ministry for ten years as Secretary-General before becoming a Senator in 1970.

Aside from shifting around the Cabinet's top guns, Mahathir also promoted some newer blood. Sarawak dental surgeon Sulaiman Daud had spent only three months as Federal Territory Minister when he was moved up to Education, replacing Musa. Reviving a post created by Founding Premier Tunku Abdul Rahman, the PM named ex-Home Affairs Deputy Sanusi Junid, 38, Minister of National and Rural Development, in keeping with his determination to aid the mainly Malay countryside. (Sanusi's replacement at Home, not insignificantly, was Abdul Rahim Thamby Chik, formerly Parliamentary Secretary in Mahathir's Trade Ministry) The other new ministerial face was Abdullah Ahmad Badawi, 42, bumped up to Minister in the PM's Department from Federal Territory Deputy. Late premier Tun Abdul Razak's son Najib, at 28 the youngest Cabinet member, also got a boost to a Deputy Ministership in Finance from the same spot in Education. Maintaining a tradition kept by Razak and Hussein,

Mahathir kept Defence for himself. All in all, many Malaysian observers (then) saw a promising team set to usher in the Mahathir era. Time would tell on that point but to some, there was an unaccustomed excitement in the air around Kuala Lumpur's scattered government buildings. Certainly, there was in Musa's office. Said he: "I'm raring to go."

"I LIKE TO SPEAK MY MIND" — (Dr. Mahathir 24 hours before sworn in)

Q : **What is the greatest challenge Malaysia will face in the 1980s?**

PM: *To quicken the pace of development and of implementation of the New Economic Policy, so as to achieve the 1990 target which calls for a 30% Malay share in the economy. We have to do more for much less increase in percentage terms because of the changing size of the cake. The non-bumiputera sector is not remaining static. They are growing and growing at a very fast rate. So the faster they go, the faster we have to run to catch up with them.*

Q : **What will Malaysia be like after, say, five years under your stewardship?**

PM: *All I can say is that I hope to maintain the steady growth of this country. The world is experiencing a very bad period economically, and it's going to be difficult for me to maintain Malaysia's rate of growth. We will continue, of course, to stimulate both local and foreign investment; we'll continue our programme of industrialisation, and generally I would say that policywise there won't be any significant change. But I hope to pay more attention to the implementation side. Perhaps Malaysia might sound a little bit more brash, because I'm not a very nice personality. I like to speak my mind and I may offend people in the process. But apart from differences in style and abrasiveness, perhaps, there will be very little change.*

Q : **Whom can you imagine offending?**

PM: *Well, when I said the Europeans had become lazy, people got annoyed. I don't know why. I was just stating the truth. Most people wouldn't say it; they would agree with me, but they wouldn't say it. But I will say it.*

Q : **Are you expecting to offend some people in Malaysia?**

PM: *In a way, I've always been offending them. I have offended the Chinese, as you know, and I have offended the Malays. Because just as I tell the Chinese that they must accept the effect of multiracialism and that kind of thing, I have often told the Malays that if they want their share, they have to work for it, that there's no way they can get it for nothing.*

Q : **How would you characterise Malaysia/Singapore relations?**

PM: *I think they're very good. Bilaterally we have very few problems. We have a few issues still left dangling after the separation, but these can be handled through amicable dialogues. So relations are as good as could be.*

Q : **What are the chances of Harun Idris (a veteran politician serving a jail term for corruption) getting a royal pardon?**

PM: *I won't pre-empt what the King is going to do or what the Pardons Board is going to do. That's entirely left to them. I will not influence publicly the decisions that are to be made by a committee that probably will have to consider this matter. In other words, to me it is almost sub-judice.*

Q : **Protests against the amending of the Societies Act (requiring certain groups to register as political societies) are continuing. The issue seems to be refusing to go away.**

PM: *It is a matter of stamina. If they can maintain their pace, we can maintain ours. We'll see who will last longer. We've had legislation before that was disliked by certain people. However, if we think it is no good for the country, we need no pressure from anybody. We will make our own decision.*

Q : **You have indicated a belief that there should be limits to how far the process or public organisation should go. What's your basic philosophy on this?**

PM: *There should be, of course, a balance, if that can be achieved. But where a balance cannot be maintained voluntarily — in other words, where both sides cannot appreciate the limit hey should go to — then I think it is the government that has the right to delineate the limits. The government is elected; pressmen are not elected. They are there because they happen to be able to write well and they happen to have a job, and it is in their interest to maintain that job and go*

up in life. Organisations may have objectives but very little responsibility. If as a result of their agitation there is a riot and people are killed, it is not their responsibility to stop the killing, it is our responsibility. The government has a duty to stop such people before we come to that stage.

Q : **Is that a core philosophy, or one designed for Malaysia's special circumstances?**

PM : *Basically it is Malaysia, but I think it could very well be applied to a lot of other countries, including those in the West. The hooliganism which is rampant in the West, the rioting found in Britain today, is the result of laxity allowed to go to such a stage that you can't reverse it that easily. (Then) there's no more democracy, just mob rule. That is not what we are striving for.*

5
A Good Beginning

> **"The basic ideas are still the same. Maybe the words I used then sounded rather harsh but I think I was on the right track then and I still think I should keep on the same track now. However, there are many roads to the same destination."**
>
> **— Dr. Mahathir**

PREMIER Datuk Seri Dr. Mahathir Mohamad kept to his pledge when he took office on 16 July, 1981, that "ISA detainees will not be forgotten." The slate was being cleaned — and with a swiftness and scope that surprised most observers. Not since 1967, when the late Premier Tun Abdul Razak released 147 detainees held under the no-trial powers of the 1960 Act, had there been such a sweeping amnesty. Among the 21 freed on 30 July were four famous names. Apart from Chan Kok Kit, a DAP founder member and the party's deputy national treasurer, there was Chian Heng Kai, 41, an MP and state assemblyman of the DAP, Datuk Abdullah Ahmad, 44, who was a Deputy Minister in the Prime Minister's Department under former Premier Hussein Onn, and Kassim Ahmad, 47, chairman of the Partai Sosialis Rakyat (Malaysian People's Socialist Party).

Abdullah Ahmad's homecoming closed the case of the so-called "Tiga (three) Abduls." Abdullah Ahmad had made headlines when he was detained in 1976 along with former Deputy Labour and Manpower Minister Abdullah Majid, 51. The "Dolahs" had been accused of spreading pro-communist propaganda under the guidance of leading journalist Abdul Samad Ismail, who was arrested earlier the same year under the ISA. Both Samad Ismail and Abdullah Majid were released early February, 1981. Under the ISA, the DAP's Chan and Chian were held for "knowingly or unknowingly, directly or indirectly, wittingly or unwittingly, assisting the communist United Front by champion-

ing the cause of mother-tongue education." Chan and Chian had been stridently vocal in supporting Chinese-language education in Malaysia, a stance directly in opposition to the government's policy of promoting the national language, Malay. Kassim Ahmad's "mistake" was to push for "socialist Malaysia." The gifted writer had once bitterly complained to *Asiaweek* about the "extremely antagonistic and repressive government in Malaysia." Now, Kassim, too stunned by his release to mouth party rhetoric, would only say, "Those whose freedom had not been taken away will not understand the happiness I feel." Among the other freed detainees were eleven members of the radical Muslim underground group Pertubuhan Angkatan Sabilullah (Holy Army), or PAS. They had been held one and a half years ago for involvement in demonstrations over rice subsidies in Alor Setar in January, 1980. Six others, including three women, were also released, but the reasons for their detention were not specified.

As news of the release of the 21 spread, rumours that Harun Idris would also go free spread like wildfire. Reporters camped in the corridor of Ward 7 in Kuala Lumpur's General Hospital where the former Menteri Besar was being treated for arthritis. When officers of Pudu Prison walked into his room just after midnight on 1 August, the speculation ended abruptly. Harun was informed that he had been granted an early remission from his six-year sentence for receiving a US$113,000 payment from the Hongkong Shanghai Banking Corporation and diverting funds from the state-owned Bank Rakyat. (He had been due for release next February, 1982, through a one-third remission of sentence) After putting his thumb print on eight release papers, the slightly dazed Harun walked out of hospital a free man with $67.29, the balance of his prison allowance.

The one-time leader of the Youth wing of UMNO, acknowledged to be Malaysia's most controversial and charismatic politician, quickly let it be known that he had "done nothing technically wrong" — and made it clear he would return to political centrestage. Whatever the future was to hold for Harun, Malaysians followed his political progress with fascination. Ismail Kassim, regional correspondent of the Singapore daily *New Nation* and a knowledgeable commentator on Malay politics, offered a thought-provoking assessment. "With his (Harun's) release from prison through a remission in sentence, an era in UMNO politics has ended. Another has just begun." Kassim thought it unlikely that

Harun would challenge the party leadership. "He did it the last time and had to pay a heavy price for his bravado," he wrote. "The key to the whole issue is whether Harun was more influential when he was in jail, or now."

Retorted Home Affairs Minister and Deputy Prime Minister Datuk Musa Hitam (who said there were now 568 people detained): "The government will take a dim view of any party deliberately misinterpreting this decision among the people to create the impression this government under the leadership of Datuk Seri Dr. Mahathir Mohamad has changed its course towards a stance which is less anti-communist."

A curious item on the amnesty list was the ban — imposed by first Premier Tunku Abdul Rahman eleven years ago — on Mahathir's book, *The Malay Dilemma*. A no-holds-barred look at the plight of Malays in Malaysia, the book had been declared "prejudicial to the security of Malaysia." Among his other Hari Raya "gifts," Musa announced that the ban was lifted. Publisher Times Books International was preparing an expanded print run for the Prime Minister's uncompromising examination of the Malay psyche, behaviour and traditions. Asked recently about his attitude to the book now, Mahathir told: "The basic ideas are still the same. Maybe the words I used then sounded rather harsh but I think I was on the right track then and I still think I should keep on the same track now. However, there are many roads to the same destination."

Moscow's Secret War

HE was, said Mahathir, "a very ordinary chap, rather quiet." He seemed to his colleagues nothing more than an ambitious, if incompetent, political secretary in the Deputy Prime Minister's office (Mahathir). Some, no doubt, wondered why he hadn't been fired; it was becoming abundantly clear that he wasn't doing much work of value, and he was a little odd. Then just three days before Mahathir was due to be sworn in as Malaysia's fourth Premier, the stunning news broke. The political secretary, Siddiq Mohamed Ghouse, 43, had been arrested as a spy for the Soviet Union; three members of the Soviet Embassy had been given 24 hours to leave the country. Siddiq, announced Home Affairs Minister Ghazali Shafie, had been "turned" into an operative for Russia's intelligence network, the KGB, by the three embassy

men, all KGB agents themselves. To Mahathir, the most serious aspect of the case was the expulsion of diplomats, something Malaysia had never had to do before. "In this country, we have intelligence agents ourselves and we get information in order to keep us abreast of what is happening in other countries," he said. "Everybody has. But when you try to do something like penetrate into the organisation or the office of a senior officer of a country, and try to steal secrets, then that is not tolerated."

ASEAN diplomats in Kuala Lumpur expressed shock at the revelation of a KGB agent strolling the corridors of power. "Just think where he might have ended up," said one. "Needless to say, we are very relieved about it (Siddiq's arrest)." The concern felt throughout ASEAN was well justified. The grouping's security officials by and large are well-schooled in the tactics and techniques of Vladimir Lenin's definition of "scientific concept of dictatorship." KGB stands for Komitet Gosudarstvennoy Bezopassnosti, or committee for State Security. Its forerunner organisation, the *Cheka*, was founded only weeks after the 1917 Revolution, and was responsible for setting up the infamous network of concentration and labour camps of the time. To Lenin, that meant — and to the Kremlin it still means — "neither more nor less than unlimited power resting directly on force, not limited by anything, nor restrained by any laws or absolute rules."

The malevolence represented by the KGB is awesomely powerful, far reaching. Ilya Djirkhelov, who worked for the KGB for 30 years before defecting to England, estimates that the organisation employs as many as 700,000 people, and has an "unlimited budget" which in practice amounts to about US$5 billion a year. At home, the KGB's surveillance over Soviet citizens is pervasive. In the Soviet Union and overseas, any group of Russians that has dealings with foreigners is guaranteed to have KGB agents in place. That could include journalists in South-east Asia, officials of the Ministry of Foreign Trade or Intourist (which is a virtual KGB monopoly) in New York, or chambermaids in Moscow hotels.

Officers of the KGB and its military subsidiaries are said to occupy a majority of posts in embassies and consulates, comprising as much as 80% of the staff in some Third World capitals. Within the embassy, the services of legitimate diplomats can be commandeered by the resident KGB chief, and these "co-opted personnel" find themselves devoting huge chunks of their time to

the organisation. Tales abound of reversals of roles, such as an embassy "chauffeur" giving orders to an ambassador. Because of the many KGB men deployed overseas, Russian diplomatic missions are notoriously overstaffed. In 1971, for example, Mexico had five men with diplomatic immunity in Moscow; the Russians had 60 in Mexico City. Now, there were fears in at least one ASEAN country of a similar crowded Soviet Embassy. The KGB's work in foreign capitals can range from direct espionage to obtain secret information, dirty tricks to harass or embarrass, and the planting of "moles" — KGB agents such as Siddiq who may lie inactive for many years as they climb to, or come close to, positions of power. Siddiq was held under the ISA, which permits indefinite detention. Despite a call by oppositionist Lim for a public treason trial, Mahathir put paid to the idea. He told *Asiaweek:* "We don't intend to bring him to trial."

But top government men, including Mahathir and Ghazali (now Foreign Minister), were convinced Siddiq, who had been under Special Branch surveillance since early 1979, caused little serious breach of security. "What he has done amounted to little more than selling information to the Russians and possibly to other people," said the Premier. "Because we were interested in his activities, we allowed this to go on. But nothing of value was allowed to pass through."

Some months ago, in 1980, according to Mahathir, the police first told him of his political secretary's secret life. "I was informed," said Mahathir, "because by then the police had gathered sufficient evidence to convince me of what he was doing... and I am not easily convinced." If he needed any more convincing, the clincher came a few months later from a surprising source: Siddiq himself. After police had first confronted him in 1981 with his misdeeds, Siddiq, apparently unaware that Mahathir knew, sent him a note. "He more or less indicated that this was what he had been doing," said Mahathir. "He said some of the things he's doing are of interest to the KGB. But what sort of interest he didn't say."

Now, aware he was constantly being tailed, possibly aware that his telephone, according to an intelligence source, was tapped, Siddiq took another curious action. Several times in the weeks before his arrest, he asked the Ministry to issue a press statement confirming that he was the DPM's only political secretary. He wrote to the local press himself, reiterating this same,

five-year old piece of information. Said press secretary Mustapha: "We thought that this obsession to let the public know must be some sort of message that his cover had been blown."

With enough evidence in hand, all that remained was the delicate matter of timing the arrest. Top UMNO strategists maintained that it was put off until after the party's general assembly in May, 1981, so as not to affect voting; Mahathir was set to be confirmed unopposed as president and Ghazali was running for a vice-presidency (he lost). But Mahathir said the UMNO meeting was "irrelevant." Primarily, he explained, "I (didn't want) to carry on this masquerade after I became Prime Minister. (But) it was quite obvious it (the arrest) shouldn't be too early because the police would want to have as much time as possible to do their tracking. So I left it to the very last moment." Though then PM Hussein Onn was kept abreast of events, Mahathir said, he made the arrest decision together with Ghazali.

PART TWO (1982)

6
Anwar Joins Mahathir

> "He was moving into politics now because he was satisfied that changes initiated by the new government were fundamental."

PRIME Minister Datuk Seri Mahathir Mohamad pulled off his biggest political coup since he took office almost nine months by making an ally of the country's most charismatic dissident before the 22 April, 1982, general election. On 29 March, he announced that Anwar Ibrahim, one of the government's most active critics and president of the (then) 40,000-member Malaysia Muslim Youth Movement (ABIM), had resigned his post to join UMNO. By joining the main party in the ruling National Front, 34-year old Anwar had shattered the hopes of Party Islam (PAS), the extreme theocentric opposition party of which he was long perceived to be a clandestine supporter. PAS was expecting to give the National Front a tough fight at the polls. Indeed, there had been wide speculation that Anwar might come into the open and join PAS or even lead the party. Some analysts said that Anwar was too late in declaring himself because PAS had already thrown up two significant leaders in Ustaz Abdul Hadi Awang and Ustaz Fadzil Noor to take over from Datuk Asri Muda.

Anwar, who was detained without trial under the ISA for 22 months after leading student demonstrations in Baling, Kedah, in 1974 had been a vocal critic of the ISA. The Baling episode, following the collapse of rubber prices and reports of starvation among the smallholders in the area, resulted in a crackdown on Anwar's followers. Anwar was in the news again in 1979 when he led a demonstration against the Soviet Embassy in Kuala Lumpur following the invasion of Afghanistan. Then, he led the protest against the Societies Act (Amendments) Bill which threatened to prohibit anyone but politicians and political societies from com-

menting on political matters. The controversy which followed made Anwar the central figure as hundreds of registered societies representing various religions, races, philosophies and interest groups rallied around him and elected him their spokesman. Such a spontaneous movement was not anticipated.

Therefore, Anwar's move into partisan opponents of PAS. But there were serious reservations among others because Anwar and his group had long been seen as having an important non-electoral role. The president of reform movement Aliran, Chandra Muzaffar, told: "I regret his decision to be participant in partisan politics. In Third World countries where the electoral process does not bring about fundamental changes, there is a great need for individuals and groups outside the electoral process who are seriously interested in articulating ideas and initiating actions directed towards the root causes of social maladies. I thought Anwar was an individual who had some vision of this role of groups outside the electoral process." Anwar himself, at a press conference where he was introduced by Mahathir, expressed confidence that he could initiate important changes and declared that he would not compromise his principles after joining UMNO. He said he was persuaded by the performance of Mahathir's administration that changes were being made by a government committed to disseminating the real value of Islam and to eradicating such evils as corruption, inefficiency and neglect of the poor.

Anwar, who had long declared that he would not go into politics, explained that he was aware of the contradiction arising out of his move. He was moving into politics now because he was satisfied that changes initiated by the new government were fundamental. Many observers, however, pointed out that it was not yet clear that the changes were indeed fundamental. As one critic pointed out, while action against the corrupt was now widespread, the new Anti-Corruption Agency is not an independent body in the same way as the judiciary or the Election Commission, so that the commitment to change appeared to be only cosmetic. Also it was disturbing, one respected academician said, that corrupt politicians were still being used as power-brokers in the run-up to the election. While it was believed some of these corrupt politicians were on the point of being arrested or removed, their continuing influence was seen as not reassuring.

As a vocal critic of the ISA, Anwar appeared embarrassed by the fact that the day he resigned from ABIM, the government

arrested nine members of a fanatical religious sect and detained them under the ISA. Surprisingly, he was apologetic about the law and indicated that its implementation rather than the principle was questionable, thus making the extraordinary suggestion that the draconian laws could be handled in a reasonable manner. He also said there should be at least a review — he did not insist on repeal — of the ISA. This significant retreat from his original hardline position was then expected to lose him support among a large number of liberal thinkers who saw him a few months before as the focus of a multi-religious, multi-ethnic and liberal future leadership.

The acceptance of Anwar into UMNO is seen by many observers as indicating the government's need for a more credible platform for its position on religious matters. While many people in the past have labelled ABIM as fundamentalist, it is without doubt the most liberal of the Islamic movements in the country. Anwar was wooed not only by PAS and UMNO but could also communicate with the Chinese-based DAP.

Many observers believed that the entry of Anwar into UMNO politics would pose a threat to a good number of ambitious second-echelon politicians. Anwar's connections with Mahathir go back to the difficult year of 1969, when the race riots in Kuala Lumpur set in motion fundamental changes in Malaysian political life, including the launching of the New Economic Policy. Anwar was then a student activist believed to have been instrumental in the rise of Mahathir from comparative obscurity to the centrestage of politics.

When asked why he had waited so long to join the establishment despite the rise of his erstwhile fellow idealist Mahathir, who became a Minister in 1974, Anwar said he had to be sure that the principles to which Mahathir was committed in the late 1960's were tested. He said he was not satisfied that the (then) leadership's commitment to cure society of its ills was genuine.

Cracking Crypto

A FANATICAL movement calling itself Crypto and said to be aiming to overthrow the government came to a sudden end on 27 March, 1982. But it was revealed to be more absurd than dangerous. Nine of its leading members were detained under the ISA after it was discovered that its mixed following of Muslims and oth-

ers believed in a "government of theocracy," in which the Jewish race was supreme.

The followers were, quaintly enough, not subject to any taboos, except on smoking tobacco. Sexual promiscuity was actively encouraged by the group. But there was evidence, according to the police statement, that the movement's 100 followers had a shadow government which had already printed samples of currency, passports, identity cards, uniforms and even a flag.

While no mention was made of weapons, it is understood that the government was worried that the group might lead its followers into violence comparable to the Batu Pahat episode in October, 1980, when 15 fanatics attacked a police station. Eight of the attackers were shot dead, but not before they had badly wounded 23 policemen and civilians.

Like the Crypto fanatics, the Batu Pahat attackers had strange teachings which, among other things, enjoined their followers to ignore Mecca and face any direction when praying, on the grounds that God was everywhere.The arrest of the nine Crypto leaders who persuaded their followers that membership of the group meant immortality made several observers wondered if the ISA did not have some value after all.

One observation was that the group's leaders could get away with pleading insanity in a court of law, given the fact that their rites included holding up both hands towards the sky for 10 minutes at 3am and waiting for power to enter them. If the 10 minutes produced no results, the faithful were asked to raise their legs for 30 minutes and wait for power to flow into them. The police believed that while they might have picked up the ringleaders of the cult, there might have been others in the country, and at least one family had publicly appealed for an errant member who had joined the group to go home. One expert on Islamic deviationists told that there were many groups still in the country which promoted stranger and more ridiculous practices. The police were concerned not so much with small isolated groups who believed in reinterpreting the Quran as with those who wanted to do it with politics, guns and swords.

7
Ambitious New Era

> **"I realise that I make enemies. I have no choice. Either I come here and sit comfortably and be nice to people and do nothing or else I try to do something even at the expense of becoming unpopular. I don't think I'll be forever unpopular, so it doesn't really matter and so long as I achieve something, being unpopular doesn't really matter. Even being thrown out of office doesn't really bother me."**
>
> — Dr. Mahathir

ESTABLISHED Asian tradition, always suspicious of individual talent, came to a crossroads in Malaysia in May, 1969, with mob violence and two notable non-conformists who fell victim to the clash between tradition and its challengers. After the race riots in Kuala Lumpur, Mahathir was expelled from UMNO and Musa Hitam lost his political job in the party. Both were regarded as extreme rightwingers in a delicately balanced Chinese-Malay milieu. They had offended the Malay establishment and upset the Chinese community which had until then thrived on the indifference of the traditional elites to Malay ambitions. Thirteen years later, Mahathir and Musa, as a Prime Minister and Deputy Prime Minister, were the targets of a rather odd whispering campaign which labelled them as socialists.

But as they geared up for elections for Parliament and 11 state assemblies on 22 April, 1982, it was clear that tradition must indeed make considerable way for individual talent in what was commonly called the 2M (Mahathir-Musa) era. In total contrast to the Prime Minister of 1969, Tunku Abdul Rahman, Mahathir does not accept the vision of the happy native thanking providence for small mercies. And the ambitious demands he has made upon politicians and bureaucrats alike will surely influence the election. Without ostentatiously pushing traditional values out of sight, in

less than 100 days after taking office in July, 1981, he pleased the liberals by partly unshackling a fettered press and releasing dozens of ISA detainees. But he also shocked the ruling establishment by turning the National Bureau of Investigation (now restored to its original title, the Anti-Corruption Agency [ACA]) loose upon corrupt politicians and civil servants. Mahathir also ordered government employees to clock in and out of work, implying that too many hours were lost playing golf and in other pastimes.

Political analysts were quick to calculate that the 500,000 civil servants and their dependents could mean more than a million hostile votes, but they did not reckon on the energy and ability of the two returnees from the political wilderness. The largely symbolic Public Complaints Bureau was taken out of the inner recesses of the Home Ministry and made accessible to the public. But there was dismay when Mahathir announced that, despite the traditional trade links with Britain, henceforth buying British would be discouraged if there was any other reasonable choice. If the cutting of traditional links with Britain was acceptable to some who saw in it the beginning of a wider ranging foreign policy, the attack on traditional attitudes within the country was not so easily understood.

Musa shocked a large number of sinecure job holders in the countryside by closing down unprofitable enterprises which enjoyed sacred-cow status under the State Economic Development Corporations (SEDCs). These were supposed to assist the *bumiputeras* (indigenous people, largely Malays) to learn to go into business, but clearly gave rise to too much corruption and abuse of public funds. Protesting voices even from the UMNO ranks were ignored. The NEP notwithstanding, anyone who thought that the SEDCs were basically institutions for political patronage had to think again. Musa also ignored the signals that it was dangerous to antagonise the political power brokers ensconced in these institutions primarily designed to help uplift rural Malays. But there was no turning back. Instead, word was out that the tradition-bound veterans must go and make way for young technocrats. In Johor, with establishment figures known to be corrupt, only two of the 32 incumbents in the state legislative assembly were nominated for the elections. In the Selangor assembly, only five of the 33 were to survive the clean-up.

The struggle was interrupted by an unexpected controversy over education. The civil servants implemented the policy of

stressing the basic skills of reading, writing and arithmentic (the 3Rs) by trying to force the use of the Malay language in those primary schools which were designed to teach in Chinese and Tamil. The effort was clumsy and the opposition parties, which had been comparatively quiet in the face of the 2M barrage of programmes, brought the issue to the fore again. Chinese educationalists, still incensed over the government's earlier refusal to grant a charter for a Chinese-language university, joined in a protest which threatened to spill into the streets. Protest rallies were quickly banned but Mahathir and Musa assured the Chinese and the Indians that a mistake had been made. Syllabuses were partially revised and assurances given — short of repealing an earlier anabling act that could convert Chinese and Tamil schools into Malay-medium schools — that Chinese and Tamil primary education would continue as long as the two races wanted it.

While the more extremist elements in government and Malay political parties looked upon this as a retreat, the fact was that the government was admitting, however reluctantly, that there were serious faults in policy implementation — something previous administrations were extremely reluctant to do. A desire not to sweep problems under the carpet was seen early, when Mahathir began his term of office by reviving the National Action Council which was first used by the late Premier Tun Abdul Razak to monitor the work of his colleagues and various government departments. But this conflicted too strongly with the notion of traditional elites being treated politely at all costs and the council was quietly abandoned.

Another remarkable difference between the present administration and the earlier ones was the way in which the Deputy Prime Minister was working in tandem with the Prime Minister. Previous Deputy Prime Ministers — including Razak and Tun Hussein Onn, and even Mahathir — despite their good relations with the Prime Ministers they served, tended to remain in the background. Succession plans in the past took a long time to mature. But Musa was now very much Mahathir's appointed successor, playing roles that his predecessors were rarely allowed to play. Both men were obviously aware of the need to pull together. They were said to have a private hot-line between their offices in the same building because they did have detractors within their own party and even in the Cabinet. Their hunt for talent, not only in politics but also in the civil service and other government agen-

cies, had produced whispers about their being indifferent to traditional values. Although there was no rush on their part to promote non-Malay civil servants or politicians, it was clear they were not about to tolerate individuals simply because of their past connections.

Their detractors were put in their place by a series of actions. It must be noted that, Mahathir's Indian blood and Musa's Chinese blood notwithstanding, their Malayness did not have to be proved because when they suffered from being labelled as extreme Malay nationalists until the early 1970s much to the discomfiture of non-Malays, they enjoyed the adulation of Malays. The Malay detractors could not change their tune now. The opposition PAS, mounting a campaign that Mahathir's party was not very Islamic, quickly got a taste of its own brand of obscurantist politicking. Mahathir wasted no time after becoming Prime Minister in making a pilgrimage to Mecca and followed it with several trips to the Middle East. After his visit to the Gulf States in February, Mahathir announced the establishment of an Islamic university in which the Arabic language and English would be the mediums of instruction. The guiding philosophy of the university, he said, would be Islamic. PAS could hardly counter these moves or question Mahathir's devoutness.

Mahathir also pulled off a coup when he persuaded ABIM president Anwar Ibrahim to join UMNO. Anwar not only represented the most respected Islamic revival movement in the country but also, as a respected intellectual and dissident, underscored Mahathir's search for able men. While Anwar's move was greeted with dismay by the liberals who saw him a future champion of religious and racial tolerance, there was no doubt that the move enhanced Mahathir's own image of being far more tolerant of non-Malay, non-Muslim aspirations, because Anwar himself was a dissident who last year rallied non-Malay supporters to protest against harsh legislation which sought to proscribe political statements by non-political organisation. While the opposition groups, including the DAP and the party Rakyat Sosialis Malaysia, were obliged to concede that the 2M administration had several positive attributes, they, together with non-political reform-oriented groups and individuals, remained uneasy, doubting whether the government's moves were merely directed at holding on to power.

After nine months at the helm, Mahathir still made no attempt to institutionalise policy changes through legislation. The

ACA had its new name, but was still not independent. No attempt was made to repeal the enabling act which could convert Chinese schools into Malay schools. The draconian ISA was still on the books. The amendments to the Societies Act, which the Home Minister said would be reviewed, had not been repealed. In many ways, the sword of Damocles still hung over a population that had merely been assured that it would not drop. The optimists said that with a fresh mandate there would be a new liberalism. Mahathir and Musa had, of course, tasted the bitterness of being ostracised for their non-conformist views, but whether or not their sympathy for the new generation of non-conformists would be translated into action would be clear only when they win their own mandate to govern on 22 April.

The First 250 Days of the Double-M Administration

1981

16 July: Datuk Seri Mahathir Mohamad takes office.

18 July: New Cabinet announced with Datuk Musa Hitam as Deputy Prime Minister and Home Minister.

23 July: Revival of the National Action Council which will monitor the work of Ministries and government agencies.

30 July: Musa announces the release of 21 Internal Security Act (ISA) detainees.

1 August: Datuk Harun Idris, former Menteri Besar of Selangor, released from jail 13 months before his six-year sentence for corruption is over.

3 August: Mahathir warns civil servants to shape up. Clocking-in introduced for all civil servants.

8 August: Chinese Premier Zhao Ziyang makes three-day visit to Malaysia and is told that Mahathir does not accept the Chinese formula of government-to-government relations being unrelated to party-to-party relations.

9 August: Musa directs two subsidiaries of the Johor Development Authority to close down and gives two others six months to shape-up or close down.

13 August: Mahathir visits Jakarta, where he declares that Vietnam is no immediate threat to the region. Musa announces that public officials must declare all their assets.

24 August: Musa orders the closure of two loss-making subsidiaries of the Perlis Economic Development Corporation.

25 August: Musa announces new laws on non-Muslim marriages and divorces to be implemented in early 1982.

2 September: Mahathir announces that the government will introduce legislation to check manipulation on the stock exchange. He also announces his decision not to attend the Commonwealth Heads of Government Meeting in Melbourne as he had more important things to do.

7 September: Permodalan Nasional Bhd. (National Equity Corporation) takes over Guthrie Corporation.

15 September: Musa says the government guarantees the freedom of the press but will not compromise on the media exploiting communalism.

10 October: Mahathir announces that tenders and awards to British firms in future must be cleared by his department and indicates that the government will buy British only if it has no other choice.

26 October: Mahathir says the government plans to set up a special department to combat corruption.

12 November: The government confirms moves to amend the controversial and restrictive Universities and University Colleges Act.

20 November: The government announces that civil servants opting to retire early must declare all their assets six months before their last day of work.

28 November: Visa restrictions on foreign wives of Malaysians relaxed.

4 December: Musa announces the standardisation of Malaysian time and that Sabahans and Sarawakians can travel to the peninsula without passports as of 1 January, 1982.

15 December: Mahathir announces his Look East policy, for closer relations with Japan and South Korea.

1982

4 January: The controversial 3R (reading, writing and arithmetic) system of basic education is introduced on a trial basis in 302 schools. Protests erupt throughout the country.

5 January: Chinese school associations hold a meeting and urge parents to resist the implementation of the 3R programme.

12 January: Musa gives an assurance that the character of Chinese and Tamil schools will not be changed. He also undertakes to rectify the shortcomings of the 3R plan.

2 February: Mahathir declares that Malaysia may have to withdraw support for the Khmer Rouge.

4 February: Musa offers the remaining detainees under the ISA for "adoption" by other countries.

8 February: Mahathir meets British foreign secretary Lord Carrington but does not make any changes in the policy of not buying British if there is an alternative.

27 February: Mahathir makes a 10-day visit to the Gulf States.

3 March: Mahathir announces that an Islamic university using English and Arabic is to be set up in Malaysia.

8 March: Musa undertakes to review the controversial amendments to the Societies Act.

16 March: The government announces the closure of the livestock authority, Majuternak, because of mismanagement and alleged corruption.

27 March: Nine people are arrested under the ISA for plotting to overthrow the government.

29 March: Charismatic Muslim youth leader Anwar Ibrahim, who has been critical of the government's policies for almost a decade, is persuaded to join Mahathir's political party.

8
Reformist's Mandate

> **"If the world economy were better, we would be in a better position to deliver the goods quickly. That is the single most important problem we face."**
>
> **— Dr. Mahathir**

"I DIDN'T think we would win by so much." That delighted pronouncement by Mahathir pretty well summed up the election he had just sailed through nine months after becoming Malaysia's fourth Prime Minister. Never was there any doubt that the ruling Barisan Nasional coalition, dominated by UMNO, would win the day. But the strength of the victory came as a surprise to many observers besides the PM, and as a downright shock to the hard-hit opposition DAP. When all the returns were in, Mahathir had reaped an impressive vote of confidence.

The Barisan, which shared among its eleven member parties the right to contest Parliament's 154 seats and the 312 state assembly races in Peninsular Malaysia, had won 132 of the parliamentary seats. That was one more than its total at the previous 1978 election. But the comparison was skewed this time by localised contests in Sabah and Sarawak. In the politically dominant peninsula, the Barisan had raised its share of federal seats by nine to 103, run rampant through the states and increased its slice of the popular vote by 4% to 61.28%. The DAP, meanwhile, fell back a percentage point and lost nine seats on the peninsula, though it made striking gains in Sabah and Sarawak. The other closely watched opposition party, PAS, ballooned in the northeast at state level, but floundered federally.

For Mahathir, (then) 56, and his right-hand deputy, Musa Hitam, 48, the result seemed a clear endorsement of their go-ahead, reformist style of government. In their first nine months, the 2Ms had instituted a system of time-clocks to counter tardy

civil servants, led a high-profile campaign against corrupt officials, released hundreds of political detainees and urged their countrymen to work harder. The Barisan's campaign slogan, which blanketed the country in an unprecedented poster and media barrage, echoed Mahathir's stated creed: "Clean, Efficient and Trustworthy" government. Some thoughtful Malaysians, though, wondered if the ruling coalition hadn't had too many built-in advantages in the campaign: a huge budget, a controversial share of media air time, partisan newspapers, a ban on public rallies. Opositionists had no doubt. Declared DAP leader Lim Kit Siang: "We found it very difficult to get our message across. The politics of money reached its highest watermark in Malaysian history." Mahathir dismissed such complaints as "excuses" for a poor showing. And as Lim himself agreed: "The people have spoken."

Mahathir now had a clear, unfettered mandate to carry out his own programme for up to five years. Any few initiatives he and Musa might be planning were being kept close to the chest, but there was no doubting their determination. Musa told: "If ever people think we are going to go easy after the elections, then they are wrong. We are going to clock in as much as we did before. We mean what we say. We need to trim the fat out of the meat in administration and get the country going."

The key task for the new administration would be dealing with global recession. Said the PM: "If the world economy were better, we would be in a better position to deliver the goods quickly. That is the single most important problem we face." Such worries, however, seemed far from the minds of the 2Ms as they sat joking together on a long couch at the Rumah Malaysia official guest house, the Barisan headquarters, for an election night that lasted near to dawn. Flanked by four mini-computers that delivered the results considerably more quickly than the state-owned television service droning nearby, the two men seemed to chortle their way through the long night. Johorean Musa joked gleefully in dialect at one point: "Very embarrassing Johore, majority too high, please don't mention it." The cheers and applause from among an UMNO Who's Who of supporters told the election story. "Asri had lost." "Kit Siang is down." And eventually, very late, "San Choon has won."

Those three names encapsulated the key elements in a race oriented much more towards politics and personalities than issues. Mohamed Asri Muda was the charismatic leader of fundamental-

ist PAS, striving for a comeback in the north-eastern "Malay belt" states and deeply worrying UMNO in the process. Lim Kit Siang was the fiery secretary-general of the DAP, which this time hoped to consolidate itself as the true representative of the Chinese. Lee San Choon was the embattled leader of the Barisan's MCA, who had staked his career on a head-to-head fight in Seremban with the DAP's national chairman, Chen Man Hin. When the slow count on the peninsula was complete, life had changed for all of them. PAS was well up at state level in the north-east, picking up seats in the Kelantan, Terengganu and Perlis assemblies, but isolated federally. Though its tally of five parliamentary seats remained unchanged, four were now concentrated in Kelantan; its previous seat in Penang was gone and only one of two former Kedah MPs remained. Asri's fortunes were similarly mixed: he lost his parliamentary race but regained a state seat in Kelantan.

For the DAP, the peninsula results seemed like a rout. Its fifteen seats won in the 1978 election came crashing down to six. Most distressing, it had lost in a number of urban constituencies peopled by a majority of Chinese voters — territory that, as the champion of "Chinese rights," it had long believed inviolate. Lim won his parliamentary seat but lost a state race; peninsula-wide, the DAP's state representation plummetted to twelve from 25. Dejected after that round, Lim asserted sombrely: "As I had said on nomination day, this election would either be the life or the death of the DAP." There was better news for the DAP five days later, however, when the results from Sabah and Sarawak's staggered parliamentary voting came in. The DAP had increased its majority in its one Sabah seat, and made history in Sarawak. It became the first peninsula party ever to win seats in the resource-rich state, taking two and narrowly missing a third. Said Lim this time: "I am glad we did so well in these two states or Malaysia would have had the weakest opposition in history."

However, that impressive win was unlikely to ameliorate by much the victory of Lee San Choon in Seremban. The burly MCA president had finally risen to Lim's challenge to take on the DAP in an urban Chinese constituency — and squeaked to victory by a margin of 845 votes. By all appearances, Lee's call for the Chinese to unite behind him in Seremban had been largely ignored, but the psychological effect was immense. Moreover, the MCA was up seven seats over 1978, apparently settling the question of who could most effectively claim to represent the peninsula's Chi-

nese. Said Khoo Kay Kim, professor of Malaysian history at the University of Malaya and a keen observer of the nation's politics: "I think the 'Chinese Unity' theme did work and this gives me some discomfort. But I also think the Chinese have got a good deal of faith in the 2Ms, that Mahathir is prepared to play fair, that he is not going all out to shield his people. If it is necessary, he will punish, no matter what race it is. I think that message has gotten across." Added a University of Malaya colleague: "The middle-class Chinese have realised that a strong opposition will not make a great change as a strong representation operating in government."

Ironically, the DAP had reason for euphoria at the start of the campaign. PAS, the DAP men believed, would draw away a significant portion of Malay votes from the Barisan in constituencies contested by both opposition parties. Musa made it a key point of his campaign to claim that PAS, the party of fundamentalist Malays, and the DAP, champion of the Chinese, had formed an "unholy alliance" to draw off Barisan votes in seats where the other race dominated. Indeed, there were 26 such seats where both parties opposed the coalition. "To tell you the truth," confided a senior PAS strategist, "there was an 'unholy alliance." There was an assessment of each other's strength in a particular area. But it wasn't a formal arrangement - "We didn't meet with the DAP."

Confident that the DAP would not only retain all its seats — twelve of them in urban Chinese-majority constituencies — but add a few marginal suburban ones as well, Lim held out his now-famous take-us-on challenge to Lee San Choon. It was a clever strategy. If Lee'd declined to take up the challenge, DAP could capitalize on the issue, branding him a coward and adding to the DAP's urban-supremacy legend among the Chinese. If Lee rose to the bait and lost, it would likely split the already besieged MCA and end Lee's political career. A crushing defeat for Lee would also result in heavy infighting between the MCA and rival Chinese-based party Gerakan for dominance within the Barisan. Internal bickering, so the scenario went, would eventually snowball, boosting the alternative DAP in the public eye. But Lee's final decision to contest Seremban — after first trying to persuade his MCA arch-rival Labour Minister Richard Ho to run there — came as a tonic to the MCA nationwide. "None of us thought he would accept the challenge," said an MCA worker. "But once he did, we all took the election as our biggest challenge."

For once, candidates for the cash-rich MCA were entering urban races as underdogs. Lee's gutsy-looking battle in Seremban, in the belief of many analysts, tipped the balance to the Barisan among many undecided Chinese votes. Across the peninsula, the DAP crumbled on election night. Down went Damansara in Kuala Lumpur, lost by outspoken trade unionist V. David, down went Lim's old seat in suburban Petaling, two in Chinese-dominated Penang State, Kluang in Johore, and all four in heavily Chinese Perak. Amid the disaster, there was one consolation. The DAP notched up hotly contested Kepong in Kuala Lumpur, where the Barisan's Ker Kim Tim of Gerakan, a prominent Chinese educationist, had been tipped to win. Observers believed the timely entry of Kepong's former MP, retired "Mr. Opposition" Tan Chee Koon, on behalf of the DAP, saved the day.

Tan, though, was hardly complimentary about the DAP's conduct in the campaign. "The opposition was disunited, and the DAP adopted the wrong strategy. They were too puffed up with their own importance. Too cocksure. I hope they have learned a lesson from the fall. They also fielded too many candidates. If you are in government, then you just open your drawer and the cash comes in. If you're in opposition, you're treated as a leper," he commented. But DAP leaders insisted that there was no single reason for the party's stunning defeat among the federal constituencies. Better known opponents, they said, were troublesome in two seats: in Perak's Bruas, MCA defector Michael Chen of Gerakan easily knocked out the DAP man; in Damansara, unionist David lost to multi-millionaire Tan Koon Swan, (then) managing director of Multi-Purpose Holdings, the MCA's fast-growing investment arm. Said David disgustedly: "It was big-money politics vs. the poor man."

In Penang, the DAP men pointed out, the party had been plagued by internal dissent. In 1981, two of its MPs and all three assemblymen defected to the MCA and Gerakan. The long-standing feud within the Penang Barisan between the MCA and Gerakan had also been patched over that year with Mahathir's help. Even so, the DAP men noted, the party lost by only 834 votes to another much-touted Chinese pedagogue, Koh Tsu Koon of Gerakan. The party took two state seats this time, up from nil; it also polled 48% of the vote in Penang's federal Chinese-majority seats and more than trebled its vote share to 30% in mixed-areas. Peninsula-wide it was still top-dog in vote share in Chinese-

majority seats, but the figure had fallen 2% to 46.7%. Said Lim: "In the Peninsula we may be a little down, but we are certainly not out yet."

A more subtle factor behind the results was the changing ethnic face of Malaysian towns. In Damansara, for example, the Chinese once formed more than 55% of the electorate. Now they were a minority of 42%; Malays constituted 41%, Indians 17%. It was a scenario repeated throughout the urban constituencies to varying degrees. Due in large part to the nation's NEP, designed to provide Malays with a 30% share of the economy by 1990, ever-growing number s of Malays are leaving the *kampungs* for new opportunities in the towns. The changing ethnic composition is visible in almost all major cities. In the Perak state capital, Ipoh, for example, a long-time DAP stronghold until its defeat, the electorate increased to 76,613 from 63,408 in four years. Some of this 20% jump was due to newly eligible young voters, much was due to the rural-to-urban pull.

In the northern areas that have always been peopled primarily by the Malays, meanwhile, the changes wrought by NEP-sparked developments were the fundamental issues in the head-on battle between the Barisan and PAS. Concentrating primarily on the Malay states of Kelantan, Terengganu, Kedah and Perlis, PAS's team of fiery orators — known as the "air force" — drove home the theme that Barisan-style development was not guided closely enough by Islamic principles. PAS believed it had its best chance in Kelantan, the state it had ruled for nearly 20 years until 1978. That election had followed a violent split in PAS ranks over the Barisan's appointment of Menteri Besar Mohamed Nasir, who later left PAS to form his own Barisan component, Berjasa. As the memory of the dispute faded, PAS activists had been hard at work in the state. By January, 1982, newspapers were reporting that in many areas PAS and UMNO followers were burying their dead in separate graveyards. PAS started off in Kelantan with a head start. Two state seats fell into its lap by default when Barisan nomination papers were rejected for simple errors that hardly helped Kelantan UMNO chief and Finance Minister Razaleigh Hamzah in his continuing rivalry with Musa. Mahathir, according to Barisan sources, was so furious that he summoned Razaleigh and demanded an explanation.

On the day, PAS added another eight state seats to those two, gained in large part at the expense of Mohamed Nasir's Ber-

jasa. Razaleigh, meanwhile, was undoubtedly satisfied to learn that Hussein Ahmad, the state's deputy Menteri Besar and a Musa man, also went down. In neighbouring Terengganu, the focus was on charismatic PAS vice-president *Ustaz* (religious teacher) Hadi Awang, described by many as Malaysia's most stirring orator. The party went from 0 to 5 in the state assembly but failed completely federally. Ustaz Hadi slipped into a state seat by 133 votes. PAS gained a single state seat in Perlis. In Kedah, Mahathir easily fended off a PAS challenge from arch-rival Ustaz Yusof Rawa, the man who had beaten him by a small margin in 1969. During the campaign Mahathir repeatedly invited PAS to join the Barisan government, where it had been from 1973 to 1977. But leader Asri retorted to the press: "What he has said is a political gimmick. I don't think it's a question to consider at all."

The party's roughest setback came in Penang's Permatang Pauh, its only federal seat outside the Malay belt. But Anwar, 36 and no mean orator himself, finally crushed incumbent PAS candidate Zabidi Ali by a majority of more than 14,000. Sabah produced the trickiest outcome for Mahathir, when the United Sabah National Organisation (USNO), the once-powerful vehicle of former Chief Minister Tun Mustapha Harun, was trounced in all five seats it contested by "independents." Those candidates were all open supporters of Chief Minister Harris Salleh's Berjaya party, USNO's sworn enemy at state level but a Barisan partner federally. USNO seemed close to expiring. Berjaya had already whipped it in state elections in 1980: Along with the independents, it swept all but the DAP seat.

In Sarawak, two ex-Barisan Sarawak National Party (SNAP) candidates, expelled for running against the coalition, wound up back in Parliament. In other states, there was no stopping the UMNO-led Barisan steamroller. Most significant was the emergence of youthful new Menteris Besar in the 2Ms mould. In Malacca it was Musa's former Home Affairs deputy, Abdul Rahim Thamby Chik; in Johore, former Musa political secretary Abdul Ajib Ahmad, 36; in Pahang, Najib Abdul Razak, son of late Premier Tun Abdul Razak. An exception was Selangor, where the highly successful Barisan campaign was run by powerful former Menteri Besar Harun Idris, back in action after serving time in prison for corruption and no friend of the 2Ms. His hand-picked state executive council was to include son Mazlan, who won a state seat comfortably.

In Selangor, too, the two ultras — UMNO Youth president Suhaimi Kamaruddin and MCA Youth's Lee Kim Sai — both became MPs. Throughout the campaign — at fifteen days, the briefest ever — there had been some nagging doubts about the Barisan money and media onslaught. "I think the government overdid themselves on the propaganda," commented National University political scientist Zakaria Ahmad. Lim called the state-owned Radio-Television Malaysia's coverage of the opposition "a complete news black-out." Government leaders, it was true, rated considerable coverage for their public duties. The government provided no open television time to candidates: its offer of proportionally allocated radio time was rejected by the DAP and PAS as being unfairly loaded for the Barisan; major newspapers, all owned by Barisan interests, were unsubtly partisan. To that, however, former Information Minister Senu Abdul Rahman, close associate of founding Premier Tunku Abdul Rahman, countered: "There is no law in this country which prevents opposition parties like the DAP or PAS from owning a daily newspaper. It's a free market economy." There were also complaints that the longstanding ban on public rallies, replaced by more confining indoor *ceramahs* (gatherings), put a crimp in opposition campaigning. But police Inspector-General Hanif Omar defended the ban. Said he: "The ability to inflame people's emotions is cut down quite a bit; from a police angle it's a very good thing. It would take more than a decade to see any substantial reduction in racial sensitivities." For Senu Abdul Rahman, the key worry was the size of the 2Ms victory. "I hope the Barisan doesn't become too dominant," he said. "If one party has almost total control of the Parliament, then the trend is unfortunately towards autocracy, even authoritarianism. But I am convinced it won't happen and we will see Malaysia becoming more liberal." Indeed, the nation could already count itself easily the most democratic Asian nation east of India and south of Japan. Said Musa on election night: "I think we can be proud of our democracy as a model for the whole developing world.

Facing up to Declining Wealth

DR. Chandra Muzaffar comments: "It is perhaps not surprising, given the nature of Malaysian elections, that so little attention was given in this campaign to what might well be the most significant issue of the next five years: the decline of the national economy.

After magnificent growth rates for more than two decades, there was now the spectre of falling prides for primary commodities, reduced revenue for manufacturing exports, a heavy balance of payments deficit, dwindling foreign reserves and increased dependence on loans. This is bound to have adverse consequences for the nation as a whole. Problems of inflation, poverty, unemployment and income disparities could become quite serious. Even the middle and upper classes — hitherto the main beneficiaries of rapid growth — may discover that the expansion of opportunities and the accelerated mobility to which they have become accustomed cannot be taken for granted. It is always dangerous for an expanding economy to lose its momentum since frustrations arising from unfulfilled expectations may affect the entire social fabric."

Indeed, one can guess what impact a strained economy would have on one of the government's most formidable tasks: maintaining stable ethnic relations. It is the capacity of the economy to accommodate competing ethnic demands that is partly responsible for the superficial harmony that prevails. If anything, the emergence of a new non-Malay generation determined to seek complete equality, on the one hand, and the growth of a new Malay generation committed to an exclusivist Islamic polity, on the other, could further aggravate ethnic relations. Even the already limited political rights and liberties of the people would be difficult to maintain if the economy deteriorates. In fact, there are enough examples to show that as the economy declines, as social tensions mounts, it is normal for a state that has not come to grips with the fundamentals to become more repressive. And yet, this could worsen the situation, for there is now a more pervasive consciousness among the educated of the importance of human rights. It is, of course, possible to avoid both the ethnic and the political consequences of a worsening economy if the newly-elected government addresses itself to basic questions. Certain aspects of the economy should be rectified, certain new directions in development should be pursued.

The leadership seems to be aware of the need to cut down on prestige projects, to control the expansion of the bureaucracy, to reduce waste and to eliminate corruption. However, in tackling corruption, it has not understood its underlying cause. For the psychological root of corruption in Malaysia, as in many other Third World countries, is the utter inability to distinguish private and

public spheres of authorities. The ruling party's election campaign revealed that the leaders have no conception of that distinction. Just as there is some awareness of the urgency to rectify shortcomings in the economy, so there is some appreciation of the importance of certain new directions in policy emphasis. The significance attached to work ethics and productivity is part of this. Though hard work and increased productivity are necessary, it is fallacious to believe that they constitute the panacea for all the problems of underdevelopment. Hard work alone will not bring about the desired change unless structural obstacles are removed.

This is why the government's commitment to economic self-reliance is more to the point, especially in the context of the impending economic crisis. Reducing foreign ownership in the tin and plantation sectors through the purchase of British corporations is, therefore, a commendable endeavour. One hopes that the benefits of this change in ownership will be shared equitably by the workers in the tin mines and rubber estates.

However, in other respects, the concept and practice of economic self-reliance still seem fuzzy. The leadership continues to rely upon foreign-owned or controlled companies manufacturing electronics and textiles for the developed countries to carry through its industrialisation programme. Our current economic setback has shown how vulnerable such industrialisation is. After nine years of growth, sales from manufacturing exports fell by 17.3% in 1985, due mainly to recession in the West. Emphasising heavy industries is also not a solution if the projects are not part of a well-integrated industrialisation policy. It is significant that the government does not have a clearly articulated industrialisation policy.

To achieve self-reliance, fundamental ideas should be well thought out. The government, for instance, should strive to establish a strong scientific base which can provide the impetus for technological innovations through which we can make our economy less dependent upon others. Similarly, if self-reliance is our goal, we should accord priority to food production while strengthening agricultural activities. This is something that we have neglected for a while now. In the difficult years ahead, the capacity of the leadership to think and to plan in depth and in detail before implementing policies and projects will be put to test.

Ethnic issues, as well as the economy, demand such profound reflection. Given the seriousness of the economic challenge,

ethnic dichotomisation of society has to be minimised gradually so that a more united citizenry will emerge. Similarly, the government should know that in hard times, it is far more effective to mobilise people through democratic participation than by authoritarian coercion. Seeking self-reliance, reducing dichotomisation, enhancing democratic participation are all departures from the trodden path. But this should not frighten us. We are at a crossroads in our history. We have reached the end of the long highway of prosperity. Now we have to choose a new route.

"Thank You for the Support"

Q : **What do you think of the election results?**

PM: *Certainly, it is an improvement on the results of 1978. Frankly, I didn't expect it to improve on 1978. Politically, there seems to be a realisation both by the parties and their candidates, certainly in the Barisan, that inter-racial cooperation is necessary to achieve results. In an election there is really no place where you can depend entirely or exclusively on one community. If you have to do that, then you must give up the idea of becoming a nationalist party. You can become a state party or a regional party and that is about all you can be. DAP and PAS using their racist approach could never form a national government.*

Q : **Were the elections a defeat for Islamic fundamentalists in Malaysia?**

PM: *It's defeat for deviationists, people who are not interpreting Islam the way it should be interpreted. They are using Islam for their own political ends. It's a defeat for such people, not the rank and file but the leadership which has been misleading its members.*

The older people of 25 years ago are slowly fading away and the newer generation has got some basic knowledge of Islam. It's not easy for people to tell them something that is quite contrary to Islam.

Q : **After this defeat, will the Islamic deviationists fade away?**

PM: *Well, that's what we hope. But the fact that Anwar Ibrahim, leader of the Islamic youth movement, ABIM, has decided to join us seems to indicate that a considerable segment of people who were at one time labelled as extremists, fanatics,*

deviationists, were in fact people who were misled or, at the very least, did not know what they did.

Q : **What new initiatives can we expect in your coming term as an elected PM?**

PM : *I don't really know what new initiative there will be, but certainly we have made a promise, which we will keep, to have a clean, efficient and trustworthy government... That means we will have to monitor the work of the government, meaning both the administration and the political sector, monitor it so we can deliver the goods.*

Q : **What will be the biggest problem facing Malaysia in the coming term?**

PM : *Economics. The problem of living through the recession and trying to figure out how we can continue with our development, with all the projects that we have, when money has become rather scarce of falling exports and commodities.*

Q : **Indeed, for the first time in five years, there was a current account deficit in 1981; a recession is on in the West. How long will it be before Malaysia is in the black again?**

PM : *We expect recovery by the end of 1983. That means a good two years of having this deficit. One way of doing things is to cut expenditure. That has become a little difficult because we have become a little more efficient. Whereas before our projects scheduled for three years took five years, now a project scheduled to be completed in three years is being done in two years, which means more money has to be found.*

Q : **Will a stagnating economic pie affect race relations?**

PM : *I don't think so, I don't think so. We programme things so that nobody is really affected from the point of view of development. I think people as a whole are still earning a decent wage.*

They may not be able to buy as much as they used to but this does not affect an awful lot of people. Even in 1981 the increase in the number of vehicles being bought does not seem to indicate a fall in income. TVs and household appliances still seem to be selling like hot cakes. In fact, video cassettes seems to be in short supply.

Q : **The Barisan has asked PAS to join it, the MCA has called on the DAP to work with it. If this happens, there will be no opposition at all. Does this worry you?**

PM: *It doesn't worry me, otherwise I wouldn't issue an invitation. Why should I issue an invitation to get more worries?*

Q : **But don't you think an opposition is necessary?**

PM: *A constructive, effective opposition is good but not absolutely necessary. There are places, which as you know, have no opposition at all and I think they progressed fairly rapidly.*

Q : **The opposition has complained about not getting its message across. There was no TV time for them and they claim that Barisan has used the government machinery for its own ends. Will there be a change in the election rules?**

PM: *Well, in the first place, there is no basis for them to accuse the government of doing anything like that. We buy space in the newspapers — we don't get things for free. If the newspapers say nice things about the government, then that is their business. We are liberal now, as you know. We have more newspapers than we can read. Some of them give more publicity for the opposition than for us. We have never stopped them. We gave them air time but they turned it down. They said it was not fair, so they were not taking it. If they're not taking it, that doesn't mean that we should take it. As far as I am concerned, it's available and I use it. If they are going to give excuses like that, it doesn't work at all...*

Q : **There are constituencies in your state of Kedah with fewer than 20,000 voters while Chinatown in Kuala Lumpur has about 100,000. Will there be any changes in the boundaries?**

PM: *There won't be changes. You know very well why there are discrepancies. It is a normal thing... to take into consideration not just the number of voters but the size of the constituency and the fact a rural constituency needs to be better represented, otherwise they are going to lose out. It is normal for cities to have more people in any country. And, in future, it is going to be even worse. So if you appoint a representative on the basis of proportion of the people and forget about areas and locations, then you are going to have countries which are ruled by urban communities and which will neglect the rural communities. This country has always*

emphasised rural equality with urban areas, and to have that equality, you have to give weight to the rural population.

Q : **There's some grumbling that the style of 2Ms is out of keeping with traditional values, that you're too brusque, stepping on too many toes. What do you say?**

PM: *Well, you can't please everybody. If you don't tread on toes, people say you are too gentle. Even ants will not die under you feet, the Malays say, you are so gentle. You can step on an ant and an ant won't die, but then you achieve nothing either. So you have to make a choice and one you have decided to do something and you have to do it properly, well, some people are bound to be hurt — but there will be some change in the value system. Obviously what we are trying to do is get rid of those values which are standing in the way of our progress.*

Q : **Can you name those values?**

PM: *For example, work ethics. We are not workaholics. We think we should be. Therefore, we should get away from the old value system for the new value system where you have to work very hard. The sum total of all the changes is that there will be changes in the culture.*

Q : **Is that possible?**

PM: *Well, all people change their culture from time to time, otherwise you would have the Roman Empire still thriving.*

Q : **Given your Look East policy, it has been said that Malaysians are not Japanese or South Koreans.**

PM: *We are not, but that doesn't mean we cannot work hard. We are not going to become Shintoist and have a bare-belly system. But that doesn't mean to say Malaysians can't work hard.*

Q : **You offered to release a number of political detainees to overseas human rights groups. They didn't accept. What will happen to these detainees?**

PM: *They keep on saying it is not fair to these people to make them go out and live elsewhere. But make your offer first. If these people don't want to accept then, of course, it is off because we are not forcing them but (if) you say that it is not being fair, and that you won't offer, it seems to me you are being very selfish. You are presuming that they don't want, but you haven't offered.*

Q : **What will you do with the detainees now?**

PM: *Those who reform will be released as many have been released, as you know. Those who are hard core and will not change their ways will have to stay there until somebody decides to adopt them.*

Q : **Relations between Britain and Malaysia have become very much strained. Has the situation improved?**

PM: *Yes, there are signs that the British people have changed — not the government, of course. They are offering scholarships and offering to help our students and we are appreciative of it. But the time to officially change our attitude is not around yet.*

Q : **In your ten months as Prime Minister, what has struck or surprised you most about the job?**

PM: *It's difficult to say, about the surprise part of it, but I do know that as you get higher and higher, you get more lonely, that's all. I can't ask the man at the top for his advice or pass the decision.*

Q : **Are you enjoying the job enough to go for another term?**

PM: *Do I look very sad now? I just won an election. I don't know, things can change, people, moods can change. Suddenly, they may find me intolerable. They may be cursing me at every street corner. Then, perhaps, I will retire. I have no wish to hold on any longer than people wish me to be around. I have a profession to retreat to. I am a doctor. I can earn a living; there's a very comfortable pension scheme. When the time comes, I will be out.*

Dr. Mahathir signed the 'instrument' as a Prime Minister in July 1981.

9
Anwar's Vote, Mahathir's Victory

> "Today it is the Freemasons. Tomorrow it could be the Lion Club or other groups."
>
> — Dr. Mahathir

IT was a nail-biting finish to an exciting and complex race. The 361 delegates to the Youth Congress of UMNO were faced with a difficult choice. There was soft-spoken incumbent Suhaimi Kamaruddin, 43, backed by a number of UMNO Youth leaders who could point to his successful two-year presidency of the voluble and influential party wing. His opponent was charismatic activist Anwar Ibrahim, 35. Both men were Deputy Ministers in the Prime Minister's office, but it was their fortunes at party level that would be seen as a test of Mahathir's pragmatically-inclined reformist policies.

Minutes before the votes were cast, Suhaimi made an impassioned speech in which he raised a proposal to bar anyone with less than five years' membership in the party from contesting a top post. Though this and other parts of the speech met with jeers, Suhaimi and his supporters remained confident of a victory until, with the ballots counted three times, the results were announced: Anwar 183, Suhaimi 173.

It was now Mahathir who exhibited confidence. Clearly signalling his administration's businesslike mood, the Premier lashed out at those who devoted energy to fighting imaginary enemies such as Freemasons. "Today it is the Freemasons," he said. "Tomorrow it could be the Lion Club or other groups." Only a day before, Suhaimi had refuelled a (then) controversy by urging the Youth Congress to call for a ban on the activities of "Zionist Freemasons" (*Asiaweek*, June 25).

The UMNO Youth drama had overshadowed the three-day general assembly of UMNO itself, where critics of the energetic Premier had predicted that he would run into trouble with some party stalwarts. Mahathir, they contended, had been too brash in his first thirteen months in office; his anti-corruption campaign had aroused resentment, while his administration's "liberal" policies had irked Malay ultras within the party. There was scant evidence of those sentiments on the floor, although delegates did urge the government to "formulate an act to uphold the sanctity of Islam, defend Islamic values and prevent them from being abused," and also called for a ban on government-run lotteries and closure of the country's only legal casino in the Genting Highlands. Mahathir's response: "We are running a government, not a reform movement." But he said the government, in compliance with the spirit of the resolution, would consider barring all Muslims from gambling at the casino.

Though Mahathir had refrained from endorsing either Youth candidate, the victorious Anwar quickly stamped himself in the administration's mould. He vowed to work for an alteration of the Youth wing's "Malay extremist' image. "It's got to change," he insisted. "I would like to see UMNO Youth as a group fighting for a clean and efficient government." Such a change would offer more than just a moral support to Mahathir: the leaders of the Youth wing and the Women's wing automatically occupy two of the five vice-presidential slots in the party's Supreme Council.

Together with the party president and deputy president (in practice, the Prime Minister and his deputy), the secretary-general and treasurer, they make up the nine-member "kitchen cabinet" that advises the government on important policy issues. In the UMNO Women's wing contest, Welfare Minister Aishah Ghani, 58, edged out her rival and former protege Zaleha Ismail, 41, by 17 votes, retaining the post for a sixth consecutive term. But it was the Youth wing rivalry that got most attention. The contest took an interesting turn in March, 1982, when former Youth president, Harun Idris, who was released from prison the year before, after serving more than three years of a six-year jail term for corruption, declared that he would not challenge Suhaimi, his nephew and arch-rival, for the post. Despite his time in prison, Harun still commanded considerable UMNO backing. In September 1981, shortly before his release, he won one of the UMNO vice-presidential slots. So, with the announcement that Harun

would not run, political gossip in Kuala Lumpur turned quickly to the topic of who he would back. Conventional wisdom had it that virtually any UMNO Youth leader with Harun's support could come within striking distance of Suhaimi. Initially, there seemed to be three serious challengers to the incumbent: Land and Regional Development Minister Rais Yatim, who was brought into the Cabinet in April, 1982, after a successful term as Menteri Besar of Negeri Sembilan State; Pahang's new Menteri Besar, Najib Razak, the son of the late Prime Minister Tun Abdul Razak; and Sports and Youth Affairs Minister Mokhtar Hashim, who has been the Youth wing's deputy president since 1980.

The scenario was to change dramatically, first in late March, 1982, with Mahathir's announcement that he had persuaded Anwar to stand for election on an UMNO ticket, thereby sparking speculation that the activist might try for the Youth wing leadership as well. Though Anwar initially denied that he had any plans to run for party office, in the weeks following his spectacular election victory on 22 April, almost all of Suhaimi's major challengers pulled out. Most spectacular was the sudden withdrawal of Mokhtar, who dropped out when he was charged, along with four others, with the murder of Mohamed Taha, former Speaker of the Negeri Sembilan State Assembly.

With the ring nearly empty, and a large chunk of anti-Suhaimi votes from the Harun camp for grabs, Anwar's supporters had little trouble persuading him to join the contest: indeed, many pundits thought that it would be no contest at all. As soon as Anwar declared that he would challenge Suhaimi, however, events took an unexpected turn. Several UMNO Youth leaders, including Najib Razak, fearing that an Anwar victory would damage their own long-term ambitions, threw in their lot with Suhaimi. What seemed at first an easy victory for Anwar soon turned into a cliff-hanger.

Anwar, however, turned UMNO Youth movement rivalries to his own advantage. Apart from Harun, one of the first to support Anwar's candidacy was assemblyman Tamrin Ghafar from Malacca. Tamrin's father, long-time UMNO vice-president Abdul Ghafar Baba, was No. 2 in UMNO when Premier Razak died in 1976 but was passed over by the new Prime Minister, Hussein Onn, who chose Mahathir as his deputy. Observers suggested that Harun and Ghafar, both 57, favoured Anwar in hopes that he would eventually challenge men such as Musa Hitam, Tengku

Razaleigh and Rais Yatim, who had surpassed the two veterans in authority despite being many years their junior. With support from Harun, who campaigned openly for Anwar, and Ghafar, who left campaigning to his son, the challenger's popularity grew. Harun's support was particularly vital in Selangor. Suhaimi's home state, where Harun had once ruled unquestioned as Menteri Besar. Anwar's links with Islamic groups helped him get an edge over his rival in the four northern Malay-belt states of Kedah, Perlis, Terengganu and Kelantan, giving him the trump cards when it came time to cast the votes. Indeed, Anwar won by 10 votes.

Though the stunned Suhaimi quickly left the assembly and refused to comment on his defeat, sources close to the outgoing Youth president blamed the open support given to Anwar by Harun, Ghafar and Megat Junid Megat Ayob, then Mahathir's political secretary. Anwar, however, denied suggestions that he had the Prime Minister's active support. Junid, he said, was a friend from university days who had "campaigned in his private capacity." As Harun Idris saw it, everything had gone most properly at the first general assembly he had attended since 1977. "I was surprised to see how disciplined UMNO conferences have become," said the politician who once seemed to have a monopoly on charisma in Malaysian politics and was touted as an aspirant for the premiership. "I think it is good for UMNO, good for Malaysia."

Anwar Joins the Club

IN the closing moments of UMNO's annual assembly on 12 September, Anwar Ibrahim, the newly-elected leader of the party's influential Youth wing, sat in the front row on stage chatting with Mahathir and party secretary-general Mustafa Jabbar. As the party luminaries stood, Anwar, 35, shook hands with Musa Hitam, joining the country's most powerful politicians in a round of congratulatory back-patting. The moment of triumph was not without its ironies. Only seven months ago Anwar, then one of the government's most outspoken critics, was busy attacking the controversial amendments to the Societies Act that requires pressure groups to register as "political societies."

As the leader of ABIM for the past eight years, Anwar had been at the forefront of the series of campaigns ranging from attacks on the government's failure to relieve rural poverty to criticism of government corruption. In some ways, however, Anwar's

recent conversion to UMNO was, in fact, a return to the fold. His father, Ibrahim Abdul Rahman, was an UMNO Member of Parliament for two terms and his mother was a leader of the UMNO Women's wing in Penang. "I used to attend UMNO conferences with my parents when I was young," he told. "It was rather like a family gathering. My parents, my uncles and a lot of other relatives used to come to the meetings." While a student of the Malay studies department at the University of Malaya in the late 1960s, Anwar took a keen interest in campus politics and, aided by a talent for oratory, soon became a key figure in the Muslim Students' Association. By 1970, he had become secretary-general of the Malaysian Youth Council and four years later, he ran successfully for the presidency of ABIM. It was in this position that Anwar proved his mettle as a government critic. Arrested while leading a campaign to protest the lot of poor farmers in Malaysia's rice-bowl state of Kedah, he was held for eighteen months under the ISA.

His image as a leading oppositionist was accentuated by his close relationship with leaders of the fundamentalist PAS, which led some pundits to see him as the potential successor to party helmsman Asri Muda. For his part, however, Anwar continued to stress that ABIM was a non-political group and he became active in the fight to repeal the Societies Act amendments. Anwar was deeply involved in the campaign against the amendments when he received word that Mahathir wanted him to run on the UMNO ticket in April's snap elections. His initial reaction was to reject such overtures, said close observers.

But as Mahathir offered major concessions, including a promise to review the Societies Act amendments, Anwar reluctantly agreed to start negotiating his entry to the party. "By joining the party, I did not sacrifice my principles," he said. "I think I can serve better by working from within UMNO. But that doesn't mean I have changed my views about the Societies Act or the abuse of the ISA." After joining UMNO in March, Anwar romped home with a big majority in the parliamentary constituency of Permatang Puah in his home state of Penang. The victory at the UMNO Youth conference over incumbent Suhaimi Kamaruddin was a much closer match, however, and Anwar admitted it came as a "pleasant surprise."

But few expect Anwar to rest on his laurels. Said one Singapore-based scholar who knew him in his student days: "He is,

of course, an intellectual, but that does not mean he doesn't have... a religious point of view. The two are not mutually exclusive. In the last national elections in 1978, he quite openly supported PAS and now, after only five months in the party (UMNO), he has risen to this position. I think it's quite amazing." Why the switch? "PAS has never been a national party, nor does it intend to be. Sure, you can be king of Kelantan, but that's about it. Obviously he's in there to get to the top slot."

Mahathir Keeps a Tough Act

FOR weeks, Kuala Lumpur had been abuzz with talk about how Prime Minister Mahathir Mohamed's government intended to take the bite out of the 1981 amendments to the Societies Act. That it would do so, there seemed little doubt: earlier statements had talked of revisions to the law, passed 20 months ago, which authorised tight control of Malaysia's 14,000 registered societies, particularly those perceived to be pressure groups. Mahathir had given his own view of such groups when he took power in July, 1981. The system of lobbies, he said, "ensures that a minority will have a greater say in the affairs of the country than their numbers justify." It was, he said, one of the worst aspects of democracy. Judging by the revisions unveiled, Mahathir's stance hadn't changed.

The key parts remained, though provisions of the Act had been retained, to the consternation of those groups that had denounced them as "harsh." Contending with bitter criticism from societies wasn't Mahathir's only problem. Many observers were detecting tremors from the situation in both the government and the premier's party.

The tremors seemed to reverberate around one man: Anwar Ibrahim, the one time activist and leading opponent of the 1981 amendments who had astonished many of his supporters by joining the establishment. As head of ABIM, Anwar had attacked the amendments as a blow to free speech when then Home Affairs Minister Ghazali Shafie pushed them through the House in March, 1981. When Anwar quit ABIM several weeks before the general election in April, 1982, and then won an UMNO seat in Parliament, word was that a deal had been struck: he had agreed to join Mahathir's team on the understanding that the government would review the amendments.

Plainly, the review hadn't gone exactly as Anwar had wanted. The 1981 amendments empower the Registrar of Societies to de-register any society that doesn't clearly abide by its stated aim and deny societies the right to appeal his decisions in court. While undoubtedly unhappy with the retention of these provisions, Anwar was said to have at first defended the government's new Bill by pointing to the removal of a clause which draws a distinction between "political" and "friendly" societies. The distinction, he said, had been a major target of his campaign in 1981. But as criticism of the Bill grew, Anwar, fearing political reprisals, was reported to have begun arguing passionately for more dramatic changes.

The political shuffling was of little concern to the societies hardest hit by the legislation. "Our main concern is that the law as we see it now is undemocratic," said Dr. Chandra Muzaffar, president of the academic-membered Aliran (National Consciousness Movement). "We were given the impression that the new clean, honest and efficient government would at least give the societies access to courts." Instead, he said, the government had added a new clause giving the Registrar of Societies power to authorise officials to "enter and search" a society's premises. Anwar's successor at the helm of ABIM, Kamaruddin Mohamed Noor, was "disturbed and disappointed" that Home Affairs Minister Musa Hitam hadn't kept his promise to quash the "undemocratic law." ABIM, he said, would "put more pressure on the government" to make a few last-minute changes in the law.

Anwar, on his part, was already applying pressure. In meeting with Musa and Mahathir, according to insiders, he asked for two changes: the provision of right of appeal to the Home Minister against the Registrar's decisions and the inclusion of a requirement for the Registrar's office to obtain a magistrate's order to enter and search a society's office.

One source described Anwar's entreaties as "desperate," and believed he could win concessions, partly because the PM and Deputy PM were thinking hard about the political cost of a prolonged confrontation with the societies. Still, for the moment, Anwar was struggling with his toughest political test yet. And UMNO-watchers were quick to point out that the episode could have wider ramifications in the party. For one thing, they said, critics of Musa Hitam — particularly those close to his arch-rival, Tengku Razaleigh Hamzah — were hoping that the controversy

would flare into a showdown between Musa and the societies, with Anwar being forced to back the societies. Such a conflict could only help Razaleigh in his bid to regain influence in UMNO, the reasoning went.

For Anwar, however, the prospects for career gains or losses were a matter for immediate reckoning. "Anwar" says one observer, "put all his chips in one basket." Certainly, a radical change in the Societies Act would have reaped him many political points just several months after his win in elections for leadership of the influential UMNO Youth wing. That success sparked speculation that he might be a contender for the national leadership by the end of the decade.

Now the talk was how Anwar would weather the storm. His critics were suggesting that he hadn't fought hard enough for his cause. Said one: "He should have gone there (to Mahathir and Musa) and handed in his resignation." ABIM leader Kamaruddin disagreed. "I think he has tried to do his best. After all, there is a limit to what sort of pressure he can put on from within the government." Whatever happened to the Societies Act amendments, Anwar would no doubt emerge a much shrewder politician.

The Decline of Othman's Empire

FOR nearly fifteen years, Tan Sri Othman Saat ran Malaysia's southern-most state, Johore, like a personal fiefdom. As the powerful Menteri Besar (Chief Minister) of Johore — and the country's longest-serving state boss — blunt-talking Othman was something of a legend in the peninsula. Following years of speculation over his political future, Othman, (then) 54, announced in March, 1982, that he would step down after the 22 April general election.

Then on his first day as a private citizen, Othman was stripped of all but one of the six awards and titles he had received from the Yang Dipertuan Agung (King) and the late Sultan of Johore, the state's royal ruler. The royal action sent shock waves through the country. While many saw some justification for the decision to remove the titles of Othman, four of his closest associates and two senior civil servants questioned the timing of the move. Just weeks before Othman, adviser to the ruling Barisan Nasional election committee in Johore, had helped sweep the op-

position from every parliamentary and state seat, an effort applauded by fellow Johorean and Deputy Prime Minister Musa Hitam.

Still, Othman's fall from grace had been on the cards for months. Since Tuanku Mahmood succeeded his late father as the Sultan of Johore in May, 1982, relations between the Istana (palace) in Johore Baru and the Menteri Besar had been tense. Tuanku Mahmood's own life had not been uneventful. He was stripped of his Tuanku Mahkota (prince regent) status by his father in 1961 and reinstated as heir only days before the death of the 86-year-old Sultan. Othman led a delegation of state political leaders to then Premier Hussein Onn, himself a Johorean, to argue that he had not been consulted on the changes in the palace. His detractors responded that the palace was not bound to consult anybody.

Having failed in that effort, Othman sought to broaden his political base. In June, he was defeated in his attempt to retain his seat in the Supreme Council of UMNO. As his problems with the Sultan deepened, Othman's popularity in the state took a sharp plunge. But the Johore strongman continued to defy all pressures and, for a while, it seemed his conflicts with the 50-year-old Sultan were threatening to plunge Malaysia into a constitutional crisis. Royalty in Malaysia is traditionally considered as being beyond the pale of criticism. But Othman wasn't without support. In October, 1982, Malaysia's first Prime Minister, Tunku Abdul Rahman, himself a royal, declared that "elected leaders" like Othman "deserved" support.

But Othman's problems multiplied. In November, Premier Mahathir Mohamed asked him to resign from the UMNO leadership in Johore. Still he remained defiant and, in March, the Sultan threatened to cancel his birthday celebration unless Othman was dropped as Menteri Besar. Though many of his problems stemmed from the feud, observers in Kuala Lumpur said Othman had to go because his past administration was under investigation for suspected corruption and abuse of power. So Othman emerged from furore without his datukship and the Darjah Kerabat Diraja Johore (DK), an award which had elevated him to the most esteemed family order in Johore and is usually reserved for royalty. He said he wasn't "hurt" when he was asked — at only minutes' notice — to return all the awards to the Sultan's secretary. "I've been around so long," he had said earlier. "I feel proud of having served the state for so long."

His forced retirement signalled a major shake-up in Johore. Musa appointed his own close aide and former political secretary, Ajib Ahmad, as the new Menteri Besar. Othman's loss of titles (much treasured in Malay society), said observers, would remove his influence. Musa, according to one veteran Johore-watcher, "has introduced some new faces (in the state assembly) and will gradually put more of his people there." That being so, Ajib could expect to rule Malaysia's most rapidly developing state with the weight of Kuala Lumpur behind him.

10
Mahathir Vs Malay Dilemma

> "The Malay dilemma is whether they should stop trying to help themselves in order that they should be proud to be the poor citizens of a prosperous country or whether they should try to get at some of the riches that this country boasts of, even if it blurs the economic picture of Malaysia a little."

WHO most frustrated the late French President Charles de Gaulle? The French people. Who most frustrated Mao Zedong? The Chinese people. It is, perhaps, the natural lot of single-minded, visionary nationalists that their peoples do not live up to the goals set for them. Malaysian Prime Minister Datuk Seri Dr. Mahathir Mohamed has neither all the faults nor (as yet) all the strengths of either de Gaulle or Mao. But there is a common thread: Mahathir wants to make his people a force to be reckoned with; to reach that goal, however, requires that the people themselves undergo radical changes in outlook and attitude. The people are with him in willing the end he desires, and mostly believe the correctness of the path towards it. But are they really prepared to undertake the journey? To say goodbye to friendly faces and accustomed ways to take the hard, uncertain road to fame and fortune? A dozen years after Mahathir shocked Malaysians — Malays as much as non-Malays — with his blunt political testament, *The Malay Dilemma*, the nature of the dilemma may have changed, but his underlying analysis remains largely valid.

Then, the dilemma as summed up by Mahathir was this: "If no impediment at all is placed in the way of Chinese domination of the economy of Malaysia, the country would certainly be pros-

perous. The Malay dilemma is whether they should stop trying to help themselves in order that they should be proud to be the poor citizens of a prosperous country or whether they should try to get at some of the riches that this country boasts of, even if it blurs the economic picture of Malaysia a little." He also described the dilemma as between the Malays' "desire to assert their rights and arrogate to themselves what they consider to be theirs, and the overwhelming desire to be polite, courteous and thoughtful of the rights and demands of others." Partly as a result of the NEP's large-scale, government -led action to raise dramatically the status of Malays (the NEP was being drafted at about the time Mahathir was writing his book), the dilemma now looks different to many Malays. Progress since 1970 in increasing Malay wealth, absolutely and relatively, massively raising educational standards and creating very rapid Malay urbanisation has exceeded what even radical voices such as Mahathir's would then have thought possible. The Malays have unequivocally started to resolve the 1970 dilemma by arrogating to themselves a large slice of the cake.

But the dilemma now may be how far they are prepared to ditch accumulated historical and attitudinal baggage in order to ensure that the modernisation of society becomes self-sustaining (or, alternatively, without reacting Iran-style against the face of change). If current progress is maintained, most of the numerical goals — employment, ownership, educational levels — will be, roughly speaking, achieved by 1990. But how equal will the races really be by then in their role in the modern, industrial urban economy and society? Meanwhile, Malaysia may find itself facing much less favourable economic circumstances than it has known for the past decade. Mahathir is keenly aware that the pace of change for Malays must be sustained. Shape up! Be disciplined! Work hard! Follow new leads! Create a New Malay Man! Some of the rhetoric has been heard before, of course, even from former Premier Tun Hussein Onn. But Mahathir has a remarkable record for telling people — most particularly Malays — what they do not want to hear.

The Malay Dilemma, he accurately predicted, would cause "despondency among some and severe resentment among most others." If non-Malays found his book worryingly extreme in its nationalism, many Malays found it insulting, with its open discussion of some of the alleged negative characteristics of Malay society, and his attribution of them to hereditary as well as environ-

mental factors. Malays were a race which was lagging behind and must be given (because of their rights in their own land) the opportunity to catch up with the more recent immigrant races. Mahathir would now almost certainly be more optimistic than then about the changes for achieving rapid change — at least in the hereditary factors. (Of all his theories, the heredity argument was most suspect.) Those out of power must be professional pessimists, while those in it must at least try to be optimistic. The Malay achievement of the past decade must also have lifted some of Mahathir's own despondency about the time needed to correct the imbalance. While conservatives believed that Malays were equal, but different, Mahathir the radical argued that Malays were unequal and must be force-marched to equality.

The weapon was the political power that Malays had had since Independence. But Mahathir could see this had its dangers. "Merdeka brought power and wealth to the new Malay elite... Politics was found to be the panacea. It provided the short cut to everything... created for the Malays a soft environment which removed all challenge to their survival and progress. Political power might ultimately prove their complete downfall. Take up this same thread of argument after a dozen years of the NEP and what does it say? That some of the conditions — education, urbanisation — for the sustained advance of Malays have been created. But insofar as a reasonable livelihood for many more Malays has been provided as a result of political power redistributing the rapidly growing national wealth, rather than by fundamental change in the goals, attitudes and aptitudes of Malays.

Just an expansion of the elite and rentier class, of which Mahathir was so scornful, may be just as dangerous. Kemal Ataturk may currently not be much in vogue in the Muslim world. And modern democratic, multi-racial Malaysia is hardly the Turkey of 60 years ago. But Mahathir's rejection of the sentimental links with the British and the almost ritual admiration of things South Korean and Japanese have echoes of Ataturk's campaigns against the veil and Arabic script, and his substitution of the cloth cap (symbol of industrial Britain) for the turban. Ataturk built on a revival of Turkish national confidence, induced by a defeat of Greece, after decades of Ottoman retreats. Mahathir is set to built on a great revival of Malay self-confidence after years of retreat before British imperialism and immigrant enterprise dominated by Chinese.

The Malay tide turned in 1954 with the defeat of Britain's Malayan Union proposals — which would have given immigrants equal rights with Malays. Confidence was boosted by Independence, then by the economic progress under the NEP. But Mahathir clearly believes that the forging of the New Malay Man able to stand on his feet internationally in the scientific age has only just begun. Mahathir's antipathy to the British seems to be far more a consequence of his general philosophy than any particular personal prejudice. His camping has an Ataturk-style symbolism about it. British technology is becoming outdated; Britain's social system shows signs of decay; the British are associated with the past and a particular type of compromising. The very close identification of the old elites with things has diminished national identity. Politically, too, Britain bashing — especially over the university fees issue — is good electoral politics among all races. It does make some Chinese vaguely uneasy about who may be the next object of criticism. And in some quarters, it raises concern that some of the better British legacies, such as a sound administrative structure and separation of powers, might suffer with the bad. But, generally, it goes down well and presents Mahathir as a strong leader taking on an old and arrogant power.

South Korea, of course, is the very model of a modern developing country, which is beating the industrial West and now even challenging the Japanese at their own game. It is also rigorously disciplined, abrasive, single-minded, direct, hard-working, etc. It is most of the things that Mahathir is and would like Malaysia to be. But for all his bluntness towards others, all his emphasis on self-help and discipline, Mahathir remains remarkably thin-skinned in some ways. His antipathy to the rich, industrial world sometimes sounds more like Tanzania's President Julius Nyerere than the leader of a successful and fortunate developing nation. He sometimes gives the impression that he feels the NEP should be applied globally. Such attitudes are not all the South Korean style, and have caused some to ask if he will cope well if real adversity confronts the Malaysian economy, or whether he will take to blaming national problems on the unfairness of the world. The problems — the dilemma also — remains. Malaysians may want to be as successful in trade and industry as the South Koreans. But do they — the Malays in particular — really want to be and live like Koreans with their priorities and value systems? Secondly, can they? South Korea and Japan are about the most homogene-

ous nations in the world — mono-cultural, monolingual, well defined by geography and history. Malaysia is one of the least homogeneous.

Ultimately, of course, the goals of the NEP are to achieve some modest degree of homogeneity, by pushing the Chinese to adopt Malay linguistic and cultural mores, while the Malays opt for urbanisation, technology and self-discipline. But what is debatable is how many of those in either group who approve of the goals are also determined to follow the path. There is also an interesting sidelight to the South Korean-Japanese model. It is sometimes said in Malaysia that, in referring to South Korea, Mahathir is really saying "Singapore" and "the Chinese." To some extent, that is probably true. He admires Singapore's discipline and ethnic Chinese drive. But he has also been critical of the attitudes of the Chinese businessmen.

South Korean and Japanese industrial growth has stressed more heavily on social cohesion than on the small-business entrepreneurship at which the Chinese have excelled. Mahathir seems to think that what Malaysians now need are larger scale, technology-oriented enterprises to expand the industrial base, rather than trading-oriented. In this case, a combination of (Malay-controlled) government money with positive social attitudes (involving coordination, compromise and hierarchy — three very Japanese characteristics) would be at least as valuable as the Chinese attributes. The Malay MBA degree-holder vs the Chinese entrepreneur; the state bureaucracy-big industry nexus of Japan and South Korea vs the Overseas Chinese style small business-trader-independent professional class.

This is only a random thought, but it is possible that any waning of the Chinese entrepreneurial drive (as immigrant attitudes weaken while any NEP disadvantages depress Chinese morale and as the structure of the economy continues, as it has done since 1970, to move in favour of large state-related enterprises) may lead to Malay economic as well as political preeminence. That is a dilemma for the Chinese in the future. For the Malays, more immediately, the question is how to respond to the Mahathir prescription. Mahathir's zeal and the moves to root out inefficiency and corruption have undoubtedly caught the imagination of Malays. Even one leading intellectual critic, Syed Hussein Alatas, admits: "I am a bit enthusiastic." He adds, "I believe he is really intent on doing something," about the corruption which Alatas

sees as the source of many racial as well as broader social problems.

Even those who resent the intrusions into privacy that a real anti-corruption drive must involve find it hard to quarrel with the intent. And even most of those who find it hard to work up anti-British feelings and have no wish to be like South Koreans accept, intellectually, that this is the direction in which Malaysia ought to be headed. But there also seems a strong element of: "Oh, God, make me tough, technological, disciplined, etc... but not yet." The same people who admire the aim can almost simultaneously be found to question values which place emphasis on economic and technical achievements to the detriment of cultural and human values — the very courtesy and consideration for the rights of others that Mahathir sees as a weakness. There are doubts too — among the liberal elite — about materialism. "Are we not making an idol of GNP? Are there not better measurements of progress?" Yes, possibly. But they may be more traditionally Malay than contemporary South Korean.

Thus, Mahathir faces a problem not only of establishing the ascendancy of a willing spirit over man's naturally weak flesh, but the intellectual commitment to his goals may not be complete. His directness, aloofness and single-mindedness are said by many to be not typically Malay — they certainly do not fit his own stereotype of the Malays. For some, it is a welcome style which will get things done. For others, even among the sympathisers, it carries the danger of promoting reaction, so that either the power of his writ will gradually wane or there will be a reaction by the body politic against it — as the Thai establishment reacted against the dedicated, clean, single-minded but narrow and inflexible Tanin Kraivixien.

A related problem, some Mahathir enthusiasts suggest, is that the Prime Minister has few highly competent advisers who can be placed in key positions in the bureaucracy to keep the momentum of change going. Conquering inertia in the bureaucracy is more than a two-month campaign. And rooting out graft from the political system could be beyond anyone's power. UMNO is a decentralised, grass-roots organisation in a decentralised political environment. Its very democratic constitution makes it hard to control. Mahathir may want to follow in some of Singapore Prima Minister Lee Kuan Yew's footsteps. But the People Action Party and UMNO are very different organisms.

A third danger to the Mahathir scheme of things is the obvious one of the outright reaction based on religious extremism, which could threaten not only communal harmony but the attitudes needed for a modern industrial economy. Many believe that the Malay community has weathered the strains of very rapid urbanisation remarkably smoothly so far. Although, in recent years, there has been a surge of *dakwah* (Muslim missionary) movements, as well as more extremist expressions of religious sentiment, the vogue for highly-visible religiosity may have already peaked.

To a large extent, such movements were the natural response of people from rural communities who needed the identity, and the security, of a way of life which was just different but strongly alien. Hussein Alatas sees a danger that out-of-power politicians may attempt to use the emotional appeal of religious beliefs to come to power, appealing to reactionary, intolerant and exclusivist instincts. However, he sees no conflict between religion itself and urbanisation which may engender a religion-based reaction. There is no need, says Alatas, to fear that religion will decay under the impact of industrialisation, as it did in Europe where church and state have long been separate entities; thus there was no need for a clash in Malaysia. And in Europe, says Alatas, the beginning of the decay of religion preceded the industrialisation.

Others point out that religious radicals have not opposed urbanisation and dakwah movements have a high proportion of technically-trained people. Still others are not so sure that religion and modernisation will not seriously conflict if religious radicals ally themselves with conservative political forces anxious to shore up their access to privilege and patronage and perhaps too, one day, with elements of a more politicised and powerful military. Religion is an issue which the ruling coalition must take into account. Even if the majority is no more — and perhaps less — religiously inclined than before, the number of activists has grown, and with it the need for the government to occasionally yield to the demands of intolerance.

To be Malay is, by definition (contrary to the situation in Indonesia), to be Muslim. But the two are not entirely synonymous. Malay culture contains many pre-Islamic customs not in accord with the strictest Islamic interpretations. On this score, Malays should continue to prove pragmatic and adaptable to the demands

of social and economic change while refraining from forcing Islamic precepts down the throats of non-Muslims.

But there are certainly those religious principles and interpretations that are more powerful than specifically Malay ones and who regard the modernised Malay, be it the business executive with his Mercedes and his taste for whisky, or the factory worker with her lipstick and a modicum of personal and economic independence, as a threat to religious values. The zealots consider these "evils" to be inevitable in a society which is both urbanised and permits all kinds of outrageous freedoms to the non-believers for whom gambling, pork, alcohol and even prostitution are acceptable. Insofar as religion is an old attitude, any appeal for new thinking may be considered by conservatives as endangering the old indiscriminately. In time, as the economy develops and the race-economy gap narrows, class will doubtless play a larger role — again, perhaps, to the detriment of religion — as a rallying point.

Industrial workers of whatever race will necessarily begin to see a commonality of interests which surpasses ethnic and religious backgrounds. Some claim this is already happening, for example, in the electronics factories of Penang. But class will be slow to gel. In urban areas, the races tend to separate naturally into their own communities, even among the middle-class where educational levels may be thought to form a basis for integrated communities.

Among some Malays, there is resentment against maldistribution of the fruits of the NEP. Many rural Malays have barely benefitted at all — at least in terms of cash income. But to many, it is a situation perhaps more readily exploited by Right than Left. Anyway, the Malay Left for all its antipathy to capitalism and feudalism and its attacks on rich cliques, is still seen by most non-Malays as more Malay than Left.

Indeed, it is perhaps the basic strength of the Malays that across the political spectrum all believe that the Malays must be the "definitive people" (to use Mahathir's phrase) of Malaysia. And most would probably take the hard line (to non-Malays) that: "If citizenship is granted to races other than Malays, it is because the Malays, consent to this. That consent is conditional." Malay instincts for compromise and bargaining should mean that severe problems relating to religious issues, among the Malays or vis-a-vis the non-Malays, are avoided.

In the past, the strict interpretation of Islam had to be most evident in coastal towns where Malays had been open to influxes of Muslims from India and Arabia. Mahathir himself, like many Malay leaders, come from such a mixed background. Such intermarriages, according to Mahathir himself, "enriched Malay stock" and as a result of this outside influence, town-Malays "found no difficulty in changing with the times." Disciplined, intellectual Islam was a force for progress. In these terms, however, the problems now are perhaps that the up-to-date external influences are not readily available from Muslim societies. In terms of modern skills, urban attitudes and education, Malays are now at least as advanced as any large Muslim ruling community.

Look East! is now the cry, but there are not many Muslims in East Asia. The dilemma is two-fold. The Malays must lose some of their traditional characteristics of tolerance and compromise, and be more ruthless and business-minded. As Malays, they may be able to do this without risking loss of identity. But can they do it as Muslims as well?

Here the Malay dilemma meets the Chinese dilemma. The Chinese can lose much of their Chineseness, learn Malay and English, forget their own languages, cultural traditions, lion dances, etc., even dilute some of their clan and family-based business enterprises. In other words, they can throw out their traditional and chauvinistic baggage but still remain little nearer to joining the Malays as equal partners.

Looking at the situation of the Chinese in the days of the Malacca Sultanate, Mahathir wrote: "Even when the Chinese adopted the languages, dress and part of the customs of the Malays, they were not acceptable because of the religious differences. Intermarriage between Malays and Chinese was extremely rare." It still is. That which confronts the Chinese is the dilemma of whether to fight to retain as much as possible of their Chinese traditions on the assumption that there will always be separate races and that Malaysia's aim must be the harmony of different elements, within the context of Malay as the predominant culture, rather than integration. Or whether to lose part of their identity in the hope of eventual integration.

For the Malays, there remain the new dilemma: whether they should make more compromises with religion and tradition, both for the sake of national unity and thus speed their own absorption of the attitudes, ideas and skills of an urbanised, self-reliant, so-

cially — and technically — advanced state. And whether, as they gain economic equality, they will be prepared to see non-Malays acquire more of a share of the political power that alone assures that they are the definitive people.

PART THREE (1983)

11
Think Anew, Think Big

> "I couldn't care less if people remember me or not. What does it matter if I have made history or not when I am dead."
>
> — Dr. Mahathir

THE momentum and mood have already been set by the present Government. If Malaysia's first Prime Minister, Tunku Abdul Rahman, was identified mainly with Merdeka and political stability, Tun Abdul Razak with the economy and modernisation of the rural sector, and Tun Hussein Onn with consolidation and streamlining of the civil service, Datuk Seri Dr. Mahathir Mohamad, as Prime Minister, seems concerned with change. The changes that he seeks appear to cover every facet of Malaysian life and activity. But it is change not for the sake of change but for the betterment of individual and national life.

Neither will it be an obtrusive change because it will come from deep within every responsive person. Dr. Mahathir calls for new thinking — thinking no longer from limited perspectives but with a broader world vision.

Such renewal calls for critical self-analysis and examination of our established ways of doing things, readiness to accept new ways for the better and to implement the concepts and ideas arising from such examination with a firm hand. The areas that have been the focus of his attention range from attitudes to business practices to the civil service to development policies. As he tells, "no area is left unscrutinised" by the Government.

The civil service has been infused with a new mentality; corruption is being waged as a number one enemy; the entire population called to look inward and to prepare for change; the cultivation of a proper set of ethics and values in social and working life given priority; Japan held up as an example for Malaysians to fol-

low. In one sentence, one may say a new breed of Malaysians is being created today. In an interview (1982), the Prime Minister confirmed the new sense of direction for the nation. Yes, he saw Malaysia accelerating its development over the next so many years — but without losing sight of its Malaysianness, its value systems and ethics. Yes, he saw a sophisticated society, not afraid to look beyond its shores, to do business with the world in a truly big way.

He saw Malaysia having a much larger population as a strategy for expanding gross domestic product and domestic demand. He saw Malaysian trading corporations and giant construction companies contracting, constructing, for other countries. Although he did not say it would happen, he talked of an Islamic state and economy built on the precepts of Islamic banking ("which is really the Muslim equivalent of investment banking as the Western world knows it") and moral teachings. If implemented, he said, non-Muslim Malaysians need have no fear because an Islamic state "is nothing more than a state which is morally right."

The Islamic bank, existing side by side with conventional banking systems, is necessary insofar as it will be able to mobilise more funds from Muslims who are not inclined to touch interest. Banks, in general, are exhorted to change, to be more development-oriented, to adopt more paternalistic attitudes. The corporate sector, as a whole, needs to undergo its own re-examination processes — in fields such as new enterprises, product development, manufacturing, technology, competitiveness, productivity, export promotions, new markets, and management and business methods. The government, on its part, is willing to give the private sector every assistance. To the Prime Minister, the government also serves as an extension of the private sector and, in his calls to government departments and agencies, he stresses the value of such partnership which he believes will further stimulate growth.[1]

As for the new thinking in government, Mahathir is no less vigorous in his exhortations. The recession has perhaps speeded up the re-examination process; reviewing targets and budgets are part of the exercise. But taxes and traditional sources of revenue, too, are coming under scrutiny. In order to reduce the burden on public-sector expenditures, even traditional "government development areas" are being considered anew. Cannot the government hand over some responsibilities to the private sector and benefit

from it too? asks the Prime Minister. "We want to examine all the things we are doing now, to see whether it is worthwhile doing it — or whether we are doing it because, traditionally, we have been doing it." Private and public sector activity aside, a national philosophy is being moulded. Ethics, morals, values, attitudes and ideologies have certainly never got the attention they are getting now. And, if Malaysia is to forge ahead into the next century, they would seem the right place to begin.

Mahathir's Restoration

MALAYSIAN cynicism with politicians, nurtured over a quarter of a century, is arguably stronger about the present Prime Minister than any of his three predecessors. But long before the 12-month honeymoon period he asked for was over, doubts were beginning to fade even among the most grudging of his detractors, because it was becoming clear that he was offering something which other Prime Ministers did not even consider: national pride based on realism and purposefulness. While in the past, racial unity in a multiracial society was at best an honest hope — and at worst empty sloganeering — Mahathir, the man condemned in the past as an ultra-Malay nationalist, has set about taking steps to bring the races together. But the therapy began with shock treatment which meant weaning the 25-year-old infant which had grown comfortable with the British colonial bottle.

The announcement he made in 1981, that buying British in future would be very much on a no-other-choice basis, shocked even the core of the establishment. But the bigger surprise was his Look East policy which, in effect, told Malaysians to consider the Japanese model for national development and industrialisation. These shifts in policy, at first received with widespread scepticism, are now seen as a sweeping move to alter the focus of political life in the country.

There were analysts who believed that the Look East policy was only a thinly veiled plea to emulate Singapore which had prospered with corruption-free efficiency in government. But it was clear that Mahathir was seeking more than mere efficiency or productivity. Like his predecessors, he believes that only prosperity can save the country from racial polarisation and political instability, but it is also obvious that prosperity alone is not the solution. The bigger economic pie, far from reducing racial tensions,

has only served to exacerbate them. The need, as he explained when he launched his policy of not buying British if there was anything else equally good in the market, was for a change in attitudes.

When he spoke to the press on the Look East policy, it was clear he was thinking in terms of decades into the future, and in terms of a Malaysian society in which the races would stop looking inwards with prejudice but rather outwards with pride. He also made it clear that dependency on the West was fraught with dangers and that the time had come to consider self-reliance as an urgent need, and to forge links with the Third World more assiduously. The heart of the policy quite simply lay in the belief that despite all the protestations about a new world economic order, whenever the crunch came, the Third World was left to fend for itself, regardless of the destructive impact of problems like the current recession which grew out of the West.

The Mahathir Restoration (as some people are calling it, somewhat coyly tolerating the echoes of Japan's Meiji era) which began with civil servants clocking in like so many factory hands, is facing resistance, but his pace has not slowed. The need to change bureaucratic attitudes was signalled with the setting up of a task force to draft a code of ethics for civil servants. He also reassured the non-Malays by saying that business should not be dominated by any one race, and went on record that the bumiputera share of corporate equity would not be increased from the 30% fixed earlier, nor would the non-Malay share of 40% be reduced. The foreign sector would continue to enjoy a 30% share, because rapid industrialisation through foreign inputs of capital and technology was only possible in an atmosphere of confidence or, in his own words, if Malaysia was to be seen as a predictable country. Some excerpts from the interviews:[2]

On the Look East policy

"Japan is the biggest investor in Malaysia and I have a feeling that because of the Look East policy, the interest the Japanese and the (South) Koreans have shown has become more than before. But there is no lessening in the interest shown by the others, so there is a net gain."

Will the new emphasis make any difference to investors from the rest of the world?

"No... because we are treating everybody in the same way. Our Look East policy is directed not so much at investment from Japan but at ac-

quiring the kind of policies, systems and work ethics that the Japanese have."

People keep asking what precisely is this policy. Could you give definitive parameters: exactly how far do we look East?

"Well, let us say in the past we looked to the West to get new knowledge, to learn about technology, about the methods of production, even systems. They are all Western systems. This was what we looked at because, at that time, the West was very successful... so successful they conquered the whole world. Naturally, one wants to copy the successful example. Now the situation has changed somewhat. Whether people like it or not, we see a competition between the Japanese method and the Western method. And in the contest, we see the Japanese have made headway while the West has not only not made headway, but appears to be regressing. So in order for Malaysia to progress, we have to learn from the better example, and the better example is the Japanese example. That is why we now want to look East where before we were looking West."

What about the dangers? Looking West in the past, technology was acquired together with bad habits?

"When we looked West ,we did not want to pick up everything, but obviously some of the things we did not want were also picked up in the process... but of late we have noticed that the bad habits are on the ascendancy in the case of the West. They have now very little regard for religion, their moral values are very narrow values, not compatible with our moral values, and therefore we think we should insulate ourselves against such things and we need to balance it.

Now in the case of Japan, it is true they are not very religious, but their cultural values are akin to the kind of morals and ethics that we have in this country or would like to acquire in this country. They may not be praying all the time, but the philosophy they have... their philosophy in trade, for example, profit is not everything. The welfare of their employees is important. They do not have this great class difference that you find in the West (where) in a factory the executive will never sit down in the same canteen."

What Mahathir Said in1983

On administration proceeding too quickly for the public to grasp fully its policies:

"They (the policies) are all really inter-related, one and the same thing. I have to highlight various aspects (at different stages) in order to get things going. If I stop at telling people to "Look East" there will be misunderstanding. So you zero in: Look East means looking at Japan and South Korea. What do you look at

there? You are not thinking about committing hara-kiri, so you zero in on work ethics. I also see the success of private enterprise there. Hence, privatisation. I see the cooperation between the government and the private sector, so it's Malaysia Inc. and one sees the Japanese working: the president goes down to the shop floor, as the worker. That's leadership by example. I may seem to be enunciating one policy after another but they are just pinpointing the areas we want to go into. If I do it all at once, people will be more confused. Criticism of policies is very welcome: it's the only way we can know if people have understood what we are telling them. But there exists also the cynical, sarcastic type of criticism: Look East means Dr Mahathir gets paid by the Japanese. Such detractors know very well they are speaking untruths but they do it because it is the fun thing to do, to run down the establishment."

On Malaysia's debt service ratio that has risen lately and some analysts have likened the country's economic predicament to that of Mexico:

"The debt service ratio is one that changes not only with the amount of borrowing but the index you are pegging it against. If you compare it with the gross national product and the GNP drops, then automatically the same level of borrowing suddenly appears very high. In the past few years, we have not earned as much as we should have.

The solution: either reduce borrowing or hold it... and we have cancelled some projects. If recovery occurs, the debt service ratio will automatically come down again. We are not anywhere near Mexico. We don't run our country that way."

On Malaysia's seeming change in its approach towards industrialisation, falling back on import substitution by emphasising heavy industries such as steel:

"It is not for the sake of import substitution. These industries are simply necessary for the process of industrialisation to take place. We are always being told that it is cheaper to buy than produce yourself. This is, of course, the propaganda of the developed countries: continue to be a market for them. Look at South Korea. When it wanted to start its first steel mill, it was advised to produce 600,000 tons of steel, but they instead went for 1.5 million tons. Everybody said it was stupid, that South Korea could buy

cheaper steel from Japan. But today South Korea is producing in one plant alone 11.5 million tons of steel, some of which is being sold to Japan. I am not saying Malaysia is going to be another South Korea but the principle is the same."

On the likelihood that the New Economic Policy may be extended beyond 1990:

"What worries us is that while it is easy to buy up 30% of the economy for bumiputeras, it is not as easy to sustain that 30% unless people know how to manage their share. In the sense of capability production, production of technological and management knowhow among bumiputeras, the NEP is not being achieved by the government buying up shares. We have to study very carefully what we are going to do. We don't want to obstruct others but it would be meaningless if at the end of 1990, all the 30% disappears because people are selling off, spending their money, having a good time, and 1991 sees them back to square one. We have to look at the extension from the viewpoint of stability, not just figures. The spirit of NEP must also be achieved."

On the promise to instil the "fear of god" in the corrupt:

"Well, you have read of actions being taken in the papers so things are being done. The unfortunate thing about people who complain about corruption is, they will not come forward and give evidence. Such people are worse than useless: they are actually helping the corrupt.... Occasionally, on the basic of vague indications, we can take departmental action. If it is in politics, we can move the corrupt politician out. It should be obvious that some politicians are not being, say, nominated for re-election because of suspected corruption."

On some people saying the government is still afraid of netting the big fish:

"Two Ministers were castigated in public and one was found guilty. The government was not scared to go to the courts. If there is evidence, we'll act. The anti-corruption drive is still on and, in a way, it is more meaningful at lower levels. So-called big fish may hurt big people. But the small man feels hurt even if the graft involves only five dollars: the odd customs officer or the policeman who collects a few dollars all now know they will be checked."

On a climate of greater liberalisation in Malaysia:
"We studied the ISA. Among the many criticisms of it was this provision, it seems, in the fact that witnesses can give evidence with their faces covered. There is no such provision; it was made up by people. It is the application of the law that matters. The existence of the law by itself does not mean anything. The fact is we have released many, many people (detained under the ISA). I have more than fulfilled what I set out to do. What I have done is be more tolerant, perhaps, and allow these people to come out although they may still constitute a threat. My assessment is that we can live with that threat. We are still studying which part of the ISA is so very repugnant and, as a matter of fact, we find very little."

On the vision for the country:
"A country that is strong, stable, prosperous, in which people will live in harmony and they will have all their material and spiritual needs attended to. I have no wish to label this a (future) great society. (But) every leader wants to lead a country that is strong and respected."

On the legacy he will leave behind:
" I couldn't care less if people remember me or not. What does it matter if I have made history or not when I am dead. As Minister of Education, I forbade schools being named after living people, including myself. It's totally irrelevant to perpetuate oneself in history. You can't determine what kind of judgment history is going to pass on you. Even alive, I find that people are passing all kinds of judgments over which I have no control." [3]

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1. See Malaysian Business, October 1983.
2. Asiaweek, 23 September 1983.
3. Far Eastern Economic Review, 18 September 1983.

12
The Price Of Power

“ In just two years, he has virtually rewritten the book of Malaysian politics. But Dr. Mahathir is only just getting started — and from now on, the going gets harder. ”

THE 1983 annual general assembly of UMNO — arguably the only democratic institution of real significance in Malaysia — witnessed for the first time in the party's 37-year history a concerted attack on its incumbent president. At the assembly which convened in Kuala Lumpur on 19–21 August, Mahathir was accused of being autocratic and not understanding the meaning of democracy. Opponents also asserted that he was opportunistic for upholding tradition only for the convenience of the party leadership.

The atmosphere had been heated throughout the three days of Malaysia's most important political gathering. Not since the heady days of the early 1970s, when Tun Abdul Razak and his deputy Tun Dr. Ismail Rahman were setting a new course for Malay rights, had the UMNO leadership seen such attacks from the floor. As Mahathir took the rostrum to begin his closing address, the atmosphere turned electric. To settle his audience, Mahathir began in a light vein. Then, slowly, he proceeded to tear down his critics one by one. “We were chosen to do a job,” the Kedah-born physician-turned-politician said in a voice choked with emotion. “If we don't do the job, we can be dismissed.”

Some 1,200 delegates representing 114 parliamentary constituencies in Peninsular Malaysia sat glued to their seats as the (then) 57-year-old Premier responded to criticism of what many saw as an open — and, therefore, precedent-shattering — endorsement of his deputy, Musa Hitam, 49, against a challenge from Razaleigh Hamzah for the No. 2 post at the party's triennial

polls the next year. The two last squared off in July, 1981, when Musa edged past Razaleigh by 200 votes to clinch the coveted deputy premiership that goes with the post. In recent months, Razaleigh's men had been campaigning again and sending shock waves through the Musa camp. Now, defending his references to Musa and his criticism of Razaleigh's lieutenants for endangering party unity, Mahathir was as stern as he had ever been. "It is not that I want to support Musa," he said, explaining that he had been forced to come out with an endorsement-like statement to quash rumours that "were killing my relationship with someone I have to work closely with and someone who was chosen by UMNO itself." Then, raising his voice, Mahathir vowed to "fight to the end whoever uses slander and character assassination to split this administration."

Two years after taking over the Malaysian leadership from the ailing Hussein Onn, blunt-talking Mahathir was getting flak from within and outside the party — and fighting back. Aside from further revealing a potentially troublesome rivalry at the top, the party assembly offered some pointers on how Malaysia was responding to the reformist zeal of the Mahathir-Musa administration. In speaking out against the Musa endorsement, some observers believed, delegates were also giving vent to frustration at the speed at which the 2Ms administration was attempting to change policies, attitudes and traditions. "Here, again, Mahathir was seen to be departing from UMNO tradition," says one observer. Well before the assembly convened, however, there were signs that some among the rank-and-file were having trouble keeping up with the 2Ms.

Sweeping away the cobwebs of colonialist mentality among Malaysians had been one of the first thrusts of the new leadership in 1981. This, together with a time-clocked campaign for efficiency in government, had clearly shown the leadership's first objectives for the nation: a spirit of genuine independence, generating, in turn, confidence and self-reliance reinforced by a greater energy and motivation in work performance. The change of step urged by Malaysia's first two truly post-colonial leaders was something of a shock for some UMNO members, particularly those from highly tradition-conscious rural areas. And that was only the beginning. Since then, Mahathir had in quick succession swung the country's attention to the economic success and style of Japan and South Korea, followed up the Look East campaign

with a drive to emulate the two countries' government-private sector cooperation under the slogan "Malaysia Inc.," promoted their work ethics and Leadership by Example strategy on the factory floor, begun the "privatisation" of state firms, and committed commodity-rich Malaysia to a push for heavy industry. Says one analyst: "Both the radical nature of the changes and their relative suddenness of implementation left some people practically gasping."

Said Mahathir a year ago of the attitudinal revolution that he was trying to ignite: "Once you have decided to do something and you have to do it properly, well, some people are bound to be hurt — but there will be some change in the value system. Obviously, what we are trying to do is get rid of those values which are standing in the way of our progress. There will be changes in the culture." If some saw the Prime Minister's apparent emphasis on material things as a threat to Malay religious and cultural values, there were also reassuring moves to strengthen the spiritual dimension. Among them: the establishment of an international Islamic university and Islamic-style banking. There had been changes, and talk of change, in many other areas.

A much-publicised campaign against corruption, for example, had not produced startling results and was still being pursued with vigour. But if the political whirlwind that the 2Ms had produced had bewildered some at the grassroots level, then it had also caused discomfort at the most exalted level: royalty. Parliament, more than a month prior to the assembly, passed legislation limiting the rights and powers of the country's constitutional monarch, most notably his ability to refuse to sign approved Bills into law. As of a week before, the Yang DiPertuan Agung had not provided his signature for the Constitution Amendment Bill. For Mahathir, the ultimate reward of leadership will be to have helped Malaysia earn a position of greater respect in the world and for his people — the Malays — to have played a genuine role in the process. "I feel that I need to do things and to do them quickly," Mahathir told. The price of power for the Kedahan, however, may be the loss of a little place — and tougher fights for reforms to come.

Of the potential blocks in the path of Malaysia's dynamic duo, the most worrying could prove to be the threat of division in the party. Characteristically, Mahathir was undaunted. To him, the verbal brickbats unleashed at the assembly in August were proof that democracy in UMNO was alive and well. "The day UMNO

members only listen to what leaders say and are not brave enough to voice their own opinion," he told the delegates, "will be the day you can write off UMNO." Still, there was no denying that Mahathir's references to Musa in his opening speech had come under fire from the majority of delegates who took the rostrum. "He could have said the same thing more subtly," said one UMNO MP. Another agreed: "Putting an end to the rumour-mongering is one thing but Mahathir went to the point of blatantly campaigning for Musa one year before the party elections."

For his part, Mahathir said that the campaign of "mudslinging and backbiting" in UMNO had become "so bad" — that he had to intervene. Moreover, he saw the assembly as the last occasion before the party's 1984 polls to have all the delegates before him, "to tell them to their faces that, look, I have no problem with Musa, so don't go around saying that I do." Mahathir said he chose Tengku Razaleigh's Ulu Kelantan constituency as the site for this now-famous speech in May on respecting party traditions. "If I want to say it, I'll say it in front of him. I have this bad habit of being very blunt." As Mahathir saw it, if he hadn't made such a direct statement, it would have had drastic repercussions on UMNO in the long run. "If there is a split (in the party) at branch level, we split the branch to two branches. If the split is at division level, our solution is to suspend the division and appoint somebody from the centre to run that division. But when the centre itself is split, who are you going to appoint to run it? I fear that if this thing is allowed to spread to the centre... there may even be two parties. It's not unheard of: PAS started off from UMNO."

On the final day of the assembly, when members of UMNO's Supreme Council traditionally reply to delegates' criticisms, all attention was focused on Musa. The question was whether he would accept Mahathir's endorsement without reservation. Musa made it implicitly clear that while he was grateful, he was in no way subscribing to the Mahathir style. Of Mahathir's support, he said: "I do not know what to say. I have not even thanked him for it." He added, however, that "criticisms of Mahathir also involve me."

Musa's speech, which was brief compared to Mahathir's, was received with quiet approval. He expressed with wry humour his desire for peace with Razaleigh by declaring, to loud applause, that should the Finance Minister get married, as had been rumoured, he would be best man.

Mahathir's final speech followed this. It was seen by many delegates as extraordinarily inconclusive. His use of humour did not conceal an undertone of disappointment that Musa had not risen to give him unequivocal support. But he also expanded on why he supported Musa openly.

Preoccupation with Mahathir's main address also distracted delegates from touching on the economy, though this was discussed among delegates days before the meeting. It was now being argued that the subject was avoided because it was felt that discussion would lead inevitably to the BMF affair. But UMNO veterans also asserted that Mahathir's policies since he became Prime Minister two years ago had produced a number of slogans and heavy-industry projects such as the "Malaysian car," but no real progress in rural areas.

One delegate criticised government plans to build a M$10 million house for the Prime Minister in Kuala Lumpur. Another criticised the massive Dayabumi building project in the heart of the capital — built by Japanese contractors at a cost of more than M$500 million while the local tender to build it for M$171 million was rejected.

Mahathir finally weathered the storm of criticism with some skill, but delegates left the assembly with misgivings about the level of support he now enjoyed. It was clear that he had miscalculated the mood of the delegates, whose number and composition had changed significantly over the past three decades. There are now large numbers of university graduates and professionals where there once used to be farmers and schoolteachers and a handful of civil servants. In the past, a presidential hint — and it was always a vague and equivocal hint — was enough for delegates to follow a suggestion wholeheartedly.

But what appeared to be a Mahathir directive to leave Musa unchallenged as his successor fell on unreceptive ears. Seasoned UMNO analysts believed that, in the end, the directive might prove counter-productive. For the next year or so, until the election assembly of UMNO, lobbying and faction-building was likely to go on faster than in the past year. Some senior Ministers were thought to be rethinking their options on who to back.

The BMF affair had weakened Razaleigh's position in the past few months because it was generally believed that he carried some of the responsibility for the finance company's misjudgments. But with the UMNO assembly ending without the issue

being raised, according to one UMNO Minister, "a whole new game has begun. Mahathir may have tried to ensure Musa's future, but he has only given Razaleigh a new lease of life."

Mahathir's detractors, particularly among the non-Muslim Indian and Chinese communities that make up almost half of the country's population, said that the aggressiveness of the fundamentalists in the northern belt had forced him to take UMNO and the Barisan Nasional down a more fundamentalist road. "The Islamic bank, Islamic university and the emphasis on religion," said a prominent Chinese leader in the Barisan, "is all as reaction to PAS activities. To win Malay votes, Mahathir has to show he is as good a Muslim as the leaders in PAS." DAP leader Lim Kit Siang agreed. "Mahathir has accelerated the process of Islamisation without taking the feelings of the other half of the population into consideration." Dr. Chandra Muzaffar believed that "Islamic resurgence of the doctrinaire-type will get more serious" in the years to come, "further eroding the Malay base" of the Barisan. Moreover, he felt " Non-Malay support for the ruling coalition will dwindle further, arising from a feeling of alienation." But (then) Culture and Youth Minister and leader of UMNO's Youth wing Anwar Ibrahim said that the government was "trying to do its best to dispel the myths in the minds of minority communities. "We live in a multi-racial, multi-religious country and we do not want to take any steps that would jeopardise harmony." Columnist and former "Mr Opposition" Dr. Tan Chee Khoon said that the Mahathir administration had "given Malaysians some pride in themselves, some pride in their work. He has shown us all that we don't need the help of the white man to help us. We can do a lot of things better than they can." Tan said Mahathir's biggest priority in the next two years should be building bridges with the country's minority communities. "To be a great leader, he has to have the support of all the communities."

Said the Tunku of Mahathir's rule thus far: "I think he's doing very well. I don't mind whether he looks West or South or East, as long as the economy is doing well. Nowadays, I see he devotes a lot of time to economic development." Indeed, if Mahathir's plan to expand the country's economic base and speed development among the Malay community succeed, he may yet achieve the seemingly impossible and become the "great leader" for all Malaysians that Tan Chee Khoon spoke of.

13
Biggest Test, Greatest Triumph

> "No man achieves great success who is unwilling to make personal sacrifice."
>
> — Napoleon

THE pressures mounted as Mahathir continued with his remorseless drive for modernisation and development. Some of his innovative policies such as Look East, Malaysia Inc. and the Made-in-Malaysia car, while receiving broad acceptance, encountered important pockets of resistance. Dr. Mahathir himself had been criticised for being too close to his business friends and for having gone ahead with building the PM's house, the price of which kept being inflated beyond the $11 million official figure.

As if all this was not enough, Mahathir also faced the biggest test of his 30 months in office when the royal assent to the controversial Constitution (Amendments) Bill was withheld. Although, through a compromise formula, the royal assent was ultimately given, it was not before a raging storm involving government, UMNO and royalty. His biggest test turned out to be his greatest triumph, largely by the mobilisation of Malay opinion on a scale unprecedented since the British Malaysian Union proposals. And yet, even as the matter was resolved, voices were heard that he had given in too much to achieve a settlement. Not to mention those voices that had always contended that the force of public opinion should not have been unleashed in the dispute with royalty over its constitutional powers. And then there was still the matter of the BMF scandal. But many felt the Constitution impasse had cut deep lines into the Malay community, particularly UMNO but Mahathir felt it was to the contrary. The storm might have passed. The issues might have been resolved. But the experi-

ence of weathering the storm of the Constitution Amendments debate had tempered the main actors, at least their perceptions of one another, of Rulers and politicians and their relationships, constitutionally.

There was, for instance, the strictly political ramifications. Especially since the heat of the debate drew forth utterances made by some Rulers, protesting with a kind of remorse and disappointment that UMNO had not protected them, that UMNO had let them down. If such talk had persisted and had been allowed to develop into a historical movement, a crossroads between Rulers and UMNO might have emerged. Indeed, it would have even rend the party asunder, considering the fact there were elements in the party who charged that UMNO had gone astray.

The man in the eye of the storm, however, viewed it differently. From Datuk Seri Dr. Mahathir Mohamad's perception, the crisis seemed to have "consolidated UMNO to a great extent." Indeed, he even saw the crisis as having garnered for him the support from the party which seemed to have been questioned since last year's general assembly. As he put it, "because of the criticism levelled at me during the last general assembly, it was felt, probably by some quarters, that I had no support in UMNO or at least the support had been eroded substantially. But it is quite apparent from the reaction shown by, not only people on the ground but by some leaders in UMNO, that there is solidarity at least with me over this issue."

To Mahathir, this solidarity of the party with him, especially that of party members, manifested in the large turn-outs at the rallies in Alor Setar and Batu Pahat. And the Prime Minister drew satisfaction from the fact that at least for the Kedah rally, "people walked, people cycled, they came in lorries which they could commandeer." The spontaneous reaction is significant. For as Mahathir pointed out, normally when big meetings are organised, food and drink must be prepared, and transport arranged to ensure crowds. "In Kedah, they were quite willing to come for a short while to listen to a few minutes' speech, sacrificing the whole day's work." Cynics, including the foreign press, maintained that the large turn-outs were part of an elaborately choreographed demonstration of support Mahathir and his supporters had organised. The Prime Minister dismissed the charge with the observation "before you can orchestrate, you need an orchestra. If there is no orchestra, there is no orchestration."

Mahathir, at the same time, conceded, "all demonstrations in this world are to a certain extent orchestrated because they have to be organised.... All that happened was that UMNO people went around and asked people to come out and their enthusiasm was such that throughout the country, there was this degree of solidarity." More importantly, he also conceded the significant fact that within the party itself there was no absolute solidarity. There were the detractors who "do not seem that enthusiastic" about supporting him. Their response in the rather mild phrase of Mahathir, "could even be said to be negative." Besieged by the seeming impasse of the crisis in the first week of last December and pressured by a campaign of misinterpretations, whispered around by these "unenthusiastic" party members, Mahathir had to use the threat of exposing them. But after the issue was resolved, he appeared to be more tolerant. "They will not be named," he said. At the same time, he drew the line at the question of disciplinary action. "Action is something that depends upon evidence and evidence may turn up later on."

On Resignation Rumours

❝ *Well, I denied I was going to resign . There were some members in UMNO who suggested that to (the Constitution Amendments) impasse I should resign. But I didn't welcome this kind of solution because I don't think resignation was a solution. Supposing I resign, what is the solution after that? Give in completely? If it was a matter of giving in completely, I also could give in completely. If, by my resigning, the whole Bill were to be signed, then that would have been a different matter. But there was no such suggestion.*

These are the people taking the opportunity to move me out. I am not going to be that easily moved out by a few people. But if all the people, the whole country, wants me out, if the majority wants me out, I would have no worry about stepping down. I'm not keeping this position as private property , it is a trust.

I don't know if this is the biggest crisis of my 30 months as Prime Minister. I suppose in the eyes of a lot of people it was the biggest crisis.

—Prime Minister on the eve of the crisis ❞

On the political implications outside UMNO, the Prime Minister said, "PAS may try to gain something out of this (crisis)." But the Islamic fundamentalist party might have had problems in its attempt to capitalise since PAS has always been anti-royalist. "This is evidenced by their own constitution where there is no mention of support for the King or the monarchy," he said. Because of this, PAS could not gain much from the Constitution Amendments crisis. To become a royalist party would mean the loss of support of many of its supporters, said Mahathir, who believed that the majority in the fundamentalist party "are for the amendments."

DAP, which the Prime Minister labelled as opportunistic, similarly would like to exploit the crisis for political gain. Which explained its objection to the amendments, and the corollary show of loyalty to the Rulers. But Mahathir maintained that "DAP has no loyalty whatsoever to the Rulers. In fact, it has been critical, particularly Mr. Karpal Singh, of the Rulers as evidenced by his letter to me."

The Prime Minister perceived the DAP's show of loyalty to the Rulers as just another means to embarrass the government. For the DAP, the longer the crises lingered, the greater the chance for political exploitation. Others, on the other hand, believed that there was a more fundamental issue in the DAP's opposition to the amendments. For there were many who saw the Rulers as a kind of check, whether they exercised their constitutional functions rightly or wrongly, on the Malay leadership.

To this argument, Mahathir countered: "The government would stay as a check in this case." The government is the moderating influence considering the fact, according to the Prime Minister, some of the Rulers are for "eliminating these people completely, if they can have their way." While Mahathir was rather glib about the ramifications of the amendments debate, he remained non-committal about its impact on the upcoming UMNO general assembly. The reason: "The (UMNO) general assembly is rather mercurial. It may react one way or the other." But the UMNO president pointed out that the 1984 general assembly "will be interesting" since everybody would raise the issue of the amendments.

Assassination Rumours a Strategy

“ That is strategy. One of the things that would certainly make me lose ground if a big rally were held, especially the one in Johore, and I did not turn up. If that' d happened, then of course, there would have been total disillusionment. And then, there were also these phone calls that said that if I turn ed up, I would be shot.

I didn' t think they would. I didn' t believe they would. But if I' d chickened out, the 100,000 people that turned up would have been very disappointed. And my credibility would have been gone. On the other side, they might also have said, well, he cannot turn up, so there is no point in your coming.

Should I have turned up expecting 100,000 people and there were 5,000, so people could say, look, I have no support in Johore. So this is strategy. I don' t believe there was a serious attempt to assassinate me. It is not characteristic of Malaysians to assassinate.

I still have to go around and explain to people now that this thing has been resolved, otherwise people will think I come to them only when I am in trouble, and that the moment I succeed, I just leave them in the lurch.

Johore was the biggest in terms of numbers. In Kedah, it was significant because it was the first and, by nature, Kedah people are not very demonstrative; it is very difficult to get a big crowd in Kedah. The fact that they turned out to meet me is very significant. Fifty thousand in Kedah is a very big number.

I just cannot say which one is best. But overall, I think that we have done the party a lot of good. ”

— Dr. Mahathir

What went wrong

ACCORDING to Mahathir, the lack of clarity in the Constitution was the reason for the controversial Constitution Amendments Bill. Some say ambiguity in poetry lends to its richness: in law it enriches lawyers. But in a Constitution, especially in clauses pertaining to powers and rights, ambiguity raises problems. The lack

of clarity in Article 66(5) was the basic reason why the government felt the need to amend the Federal Constitution. Mahathir explained: "Because of this lack of clarity, there have been instances in the states when, what is to us a formality, has been translated as a right. Of course, while at the state level it has very little harm, at federal level such a lack of clarity can lead to very serious consequences." To avoid such an eventuality, the government decided on the amendments. And Mahathir, perhaps for the thousandth time, reiterated: "To us it was always a clarification, not an acquisition of new powers because according to the legal advice and also to the authorities, it was apparent that the signing (of a Bill) is actually a duty and a formal duty at that."

Mahathir explained the three formalities: the attachment of the royal seal, the signing and gazetting before a Bill passed by Parliament becomes law. He said: "These three items are mentioned in one sentence without any emphasis on which is of the greatest significance. We would assume in such a case that they are of the same status. Signing is no more potent than the attachment of the seal, which is, in fact, done beforehand and also the gazetting."

Critics, of course, have pointed out that the lack of clarity had been there since 1957. The question therefore: Why the urgency in rectifying the lack of clarity? The question to be sure, misses the wood for the trees. For the actual 1983 Constitution Amendment contains several changes of which the contentious clauses were only two. "The need (to clarify 66 (5) was felt quite a long time ago, maybe four or five years ago," said Mahathir, "and since we were making an amendment to the Constitution as regards other matters and we felt we might as well do this thing also. But people always assume that when you do something, it is some sort of reaction to an immediate need." Critics, however, would ask: Why is such a clarification given, with hindsight and after the event? Would it not have been better if it had been done before passage through Parliament? Why did the Government rush the amendments through without much debate or discussion?

To these questions Mahathir's weary answer was this: "If there is a debate, things might be said which might be unpleasant to hear, which would, maybe, verge on sedition. And which would, I think, cause a change in the attitude of the people towards the Rulers." But ironically enough, the very manner in which the amendments were taken through the legislative process

has become a primary issue in the Constitution Amendments debate. And the Prime Minister is "quite unhappy" that there was a public debate. But just as every experience throws up a lesson, the four months provided "quite an educational experience, both for us and for the Rulers, I think," said Mahathir. "The people have also learnt a lot in the process. Certainly, the leaders of the political party have learned a number of things, including the fact that the approaches by different leaders are quite different." And according to him, the educational process also dispelled any lingering vestiges of feudalism which in terms of absolute monarchy were never accepted in this country. In the same breath, however, he cautioned that there are some people who still have the idea that feudalism should be propagated. "Hence we have the kind of letters being sent around, trying to create an impression that the people are not capable of looking after their own interest."

With the royal assent finally given, the question arises whether the legislative process will no longer include the consultative process with the Rulers? Hitherto, Bills were drawn up after consultation with the King, sent to Parliament and then sent up for Royal assent. To this question, Mahathir explained: "In certain matters, consultation will go on but what we are doing is really to follow tradition. For example, the Wednesday morning session with the Agung prior to the Cabinet meeting, is a tradition. It is not a statutory requirement. But we do respect traditions and in such sessions, of course, we listen with seriousness to whatever ideas the Agung may have and these are conveyed to the Cabinet. In fact, if you study the minutes of Cabinet meetings, you will find a number of the suggestion are the result of consultations with the Agung. That consultation has got different levels. On certain matters like the prestige or the position of the Rulers, it is necessary that you consult the Conference of Rulers. Other matters, no. Even the declaration of an emergency does not require prior consultation."

Mahathir went further to say, "as far as I know, most constitutional changes have been carried out without consultation with the Conference of Rulers but merely in consultation with the Agung. In fact, during the separation of Singapore, for example, there was no consultation whatsoever. The Agung then was presented with a document which he had to sign to enable Singapore to be excised — a process that is against the provisions of the Constitution.

"Yet, despite being against the provisions of the Constitution and without consultation with the Conference of Rulers, (it was necessary then to consult them since the issue affected sovereignty of the States), no such thing was done. There was no complaint, there was no desire not to accede to the request of the government." Mahathir provided two reasons why the government acted unconstitutionally then: "It was an emergency and, secondly, it was a *fait accompli*. It was a *fait accompli* because Singapore had already made the documents of separation and had signed the documents of separation."

The Diary of a Crisis

1 August: Prime Minister Datuk Seri Dr. Mahathir Mohamad tables the Constitution (Amendment) Bill, 1983, in the Dewan Rakyat. He says the spirit and principles enshrined in the Constitution are not being jeopardised by the amendments.

3 August: The Bill is passed by the Dewan Rakyat without amendment after three days of debate.

10 August: The Bill is passed by the Dewan Negara. However, during the budget sitting of the Dewan Rakyat in October, the Prime Minister is asked why the Bill has not been signed. Mahathir replies the king could not do so because he is ill.

28 October: The Kuala Muda UMNO division in Kedah declares its support for the Constitution Amendments, breaking the silence and becoming the first of several voices to support the government and UMNO in resolving the issue. Former Prime Minister Tunku Abdul Rahman urges the Council of Rulers not to delay giving assent to the Bill and advises the government to await the royal assent before gazetting the Bill.

30 October: The Sungai Petani UMNO division in Kedah comes out in full support of the Tunku's call.

4 November: UMNO Youth voices its support for the amendments.

5 November: UMNO Wanita declares its support.

7 November: The Raja of Perlis says he and other Rulers are trying to find a solution to the problems.

8 November: All State Menteris Besar announce they are sending a memorandum to their respective Rulers urging the acceptance of the Bill.

9 November: UMNO secretary-general Datuk Mustafa Jabar discloses that all UMNO divisions fully back their party leaders in resolving the crisis.

20 November: An UMNO delegation meets the nine Rulers at Shah Alam.

25 November: UMNO Youth leader Anwar Ibrahim says the movement will not waiver from its decision to support the amendments.

26 November: In Alor Setar, the Prime Minister denies he is contemplating resignation. He will only step down if the rakyat wants him to do so.

28 November: In Bagan Datoh, Perak, Mahathir says any defects in the present constitutional monarchy system should be corrected now to keep up with the times. This, he says, is the one and only aim of the Bill.

29 November: Attorney-General Tan Sri Abu Talib Othman says in a letter to Parliament that the Constitution (Amendment) Bill does not affect the right of the Rulers and the King has no right whatsoever to impede or refuse to give his assent because under the Constitution, he is obliged to assent to any law Parliament passes.

2 December: Mahathir declares at a rally in Seremban that the Bill is not an attempt by government leaders to get more power. He regrets that all the government's efforts to get the Rulers to agree to the Bill have failed. Later, he delivers a ministerial statement in the Dewan Rakyat explaining the Constitution (Amendment) Bill is in a deadlock.

3 December: UMNO convenes a Supreme Council meeting. Mahathir informs that the government is willing to compromise on the constitutional amendments but it would never concede the basic principles governing parliamentary democracy and constitutional monarchy. Later in Kuching,

Deputy Prime Minister Datuk Musa Hitam says the Bill is not aimed at having power concentrated in one person or group. The MCA Youth declares its support for Mahathir.

5 December: UMNO Youth again urges Mahathir to gazette the Bill. Musa says the government and the Rulers are trying to solve the issue at an unofficial level. Senators declare their full support for the Prime Minister. The Terengganu state government and UMNO throw their full support behind Mahathir.

8 December: Mahathir says that far from dividing the people, the amendments issue has actually united them. He reveals that there are signs that a solution could be found. The king receives Mahathir in audience in the evening.

10 December: The Timbalan Yang di-Pertuan Agung, the Sultans of Selangor, Johore and Kedah, the Raja of Perlis and the Tengku Laksamana of Negeri Sembilan meet on the UMNO compromise formula before their meeting the next day. The Sultans of Perak and Terengganu are on overseas vacations. Mahathir says in Kuching the meeting is a good sign, and declares that should the government's efforts to end the deadlock fail, it will expose the traitors who obstructed these efforts.

11 December: The Rulers come out with new proposals to resolve the impasse over the Constitution Amendments. Information Minister Datuk Adib Adam says in Jasin, Malacca, that the fixing of a specific period for royal assent to any Bill as provided for under the Constitution (Amendment) Bill is in line with the government's aspirations.

12 December: Mahathir says he has not yet received the Rulers' new proposals, but will be meeting the Raja Muda of Perak on 13 December. The Malaysian Youth Council expresses support for Mahathir. In Penang, Musa says there is nothing negative in the new formula that the government has submitted to the Rulers to overcome the deadlock.

13 December: Following the meeting between Mahathir and the Raja Muda of Perak and subsequent developments during the day, it is reported prospects are bright for a settlement of the crisis.

14 December: The UMNO Supreme Council will hold a special meeting on Saturday to discuss the latest developments over the issue. It is reported that the Cabinet, at its regular meeting, has submitted a letter to the King drawing his attention to the imperative need for the Bill to be signed and gazetted by 15 December to allow the Election Commission to start work on demarcating the boundaries for new Parliamentary constituencies. Without the gazette, the next exercise can only be carried out in 1994.

15 December: The Timbalan Yang di-Pertuan Agung signs the Bill.

Dr. Mahathir (then expelled from UMNO) is seen here in 1971 shaking hands with Tun Abdul Razak, Malaysia's second Prime Minister.

Photograph of Dr. Mahathir and Dr. Siti Hasmah in the early years of their marriage. New Straits Times

14
Battle Royal I

> "Out of resistance comes strength. The strongest tree is not the one that is protected from the storm and hidden from the sun, but it is the one that stands in the open, where it is compelled to struggle for its existence against the winds and rains and the scorching sun."
>
> — Napoleon

IT is no secret that Malaysia's nine royal Rulers, who every five years choose one among their number to serve as King, have shown themselves to be proud and sometimes prickly monarchs in their home states. On three occasions in as many years, Rulers have effectively secured the expulsion of an elected Menteri Besar or brought normal government business to a standstill by refusing to sign state legislation into law. However, none of the seven Rulers who have so far served a term as King has acted improperly while on the federal throne, and in these circumstances, it has been asked — not least by some of the Rulers — why Mahathir chose to engage the Rulers in a direct confrontation over proposed amendments to the 1957 Constitution.

There would seem to be two main reasons why he did so. One is that the Prime Minister, a man no less proud and prickly than some of the Rulers, is still very much the reformist in a hurry. Mahathir feels no particular love for the traditional Rulers and seems anxious, as a matter of general principle, to spell out the proper limitations on their area of influence; limitations which, though well enough established in constitutional theory, were open to misinterpretation in practice. More particularly, the Prime Minister had been receiving reports that some contenders for the throne had been talking loosely about the way they would, if elected King, put Mahathir back in his place and uphold the posi-

tion of the monarchy. One Sultan was said to have boasted that he would, with the help of the army, "declare an emergency and throw out all these politicians who are ruining the country." And while there was no question of middle and high-level army officers being in any royal camp, there were stories that the Sultan in question was close to certain military men.

Another Sultan was said to have talked about his connections with prominent police officers and was reported to have said: "Somebody must save this country." The same Sultan, the government was later to claim, had put it about that UMNO, the dominant partner in the ruling National Front, had been too lenient with the Chinese and had said that if he were King, he would change all that, a claim undermined somewhat by the fact that the Ruler in question was known to have numerous Chinese friends and acquaintances. "It was all very vague," says one source, "but Mahathir was left wondering just what they might do. He decided he could not afford to leave things like that but had to take pre-emptive action."

As early as January or February, 1983, the Cabinet decided that about 21 Articles of the Constitution, including one governing electoral boundaries, needed to be amended. Then, with reports coming in about what certain Sultans were saying and a fairly strict mid-1983 deadline for any amendments, Mahathir decided to make two key additional changes defining the place of traditional Rulers. The first change centred on Article 66 (5) of the Constitution and provided that if for any reason a Bill was not assented to by the King within 15 days of it being presented to him, he would be deemed to have assented to it and the Bill would become law. As things stood, the Constitution did not state how long the period for assent could be, though it was generally accepted that, in keeping with constitutional practice, assent could not be withheld unreasonably. And though no King had ever withheld assent to federal legislation, some Sultans had, in their own states, held up legislation for as long as 12 months.

The second proposed change, even more sweeping in the opinion of those concerned with civil liberties, centred on Article 150 of the Constitution. That article provides that if the King is satisfied that a "grave emergency" exists, he may issue a proclamation of emergency. The amendment sought to give the Prime Minister — and the Prime Minister alone — this power. Throughout this period, Mahathir kept his cards very close to his chest, in-

forming only one or two of his closest associates in the Cabinet of his plans. Most Cabinet Ministers — and the leaders of UMNO's coalition partners in the National Front — were only brought in on the plan at the last minute.

One Friday in July, 1983, it is understood, Mahathir, following the standard procedure in these matters, gave the Cabinet papers to the King for his perusal. It is not known how fully the Prime Minister discussed the details of the amendments with the King, but high government sources are adamant that the King privately agreed to the changes. The King, it is said, was sympathetic to the view that something had to be done to remove any loopholes in the existing provisions. Indeed, one key figure in the government was said to have remarked: "If we have to do this (amend the constitutional provisions on royalty), we will only be able to do it under this King." In any event, when the matter came before the Cabinet the following Wednesday, a number of sources contend, the Prime Minister said he had discussed the 15-day provision with the King and he had agreed to it.

What seems to have happened, however, is that somewhere along the way the Attorney-General's office wrote an amendment to the eighth schedule of the Constitution to make it consistent with Article 66. This all-important flow-on provision would have had the effect of making the Sultans, in their individual states, subject to a similar 15-day assent period. Given the trouble that certain state governments had had with obstructionist Sultans, this provision was seen by some as a central part of a three-pronged government attack on the position of the Rulers. In fact, it now seems that the provision was written in by the legal draftsmen and went unnoticed by either Mahathir or the King, neither of whom is a lawyer. Be that as it may, draft amendments which had been drawn up by the Attorney-General's office were considerably watered down in Cabinet. One source who saw the original proposals, a man very much in favour of placing constraints on royalty, said his reaction when he saw the original draft was: "It's virtually becoming a republic!"

At this stage, the government seemed to feel it was almost home and dry. The Cabinet had agreed to the amendments, the King had indicated that he accepted them and the government had an overwhelming majority in Parliament. All the same, great care was taken to ensure that no one rocked the boat. Before Parliament met to consider the amendments in early August, the chief

editors of the local newspapers were summoned to the Prime Minister's Department and told that they should report only Mahathir's speech introducing the Bill, not the debate which would follow. The editors were privately very much of the view that the amendments were necessary and, with one exception, they were more than ready to comply with the request. "We agreed among ourselves that we should treat this as a non-event, "said the editor of a major daily. "Let it go through Parliament. Reverse all the rules of journalism." The one exception was *The Star*, the respected morning tabloid in controlling interest.

Although the editors of *The Star* were in favour of the amendments, they argued that the matter should be debated openly and the parliamentary debate fully reported. In response to this sort of view, top UMNO officials argued that it would be unnecessarily embarrassing and potentially divisive to the Malay community to air the matter publicly. It would also be difficult, they argued, in view of the provisions of the Sedition Act which make it an offence to discuss the position of the Rulers. In the event, the amendments were run through Parliament in a matter of days and with barely a word in the local press. The government-run TV network carried a report on the amendments — as the third item on the evening news — to the effect that the Constitution was being amended but without giving any details of which provisions were being changed. Of the four major foreign news agencies in Kuala Lumpur, only *Reuters* carried a report spelling out the significance of the amendments.

A cloud soon appeared on the horizon, however. It takes up to two weeks after a Bill has been passed before royal assent can be given — the time necessary for printing and other matters — and during this period, several people went to the King and drew his attention to the fine print in the amendments, particularly to the flow-on effect of the eighth schedule. The King, indignant, embarrassed and upset, was said to have called Mahathir and asked him why he had not been briefed on the eighth schedule. Mahathir responded that he had not been aware that the position of the Sultans would be affected within the states and promised to seek clarification from the Attorney-General. Information Minister (then) Datuk Seri Adib Adam told that the Attorney-General's reply was that the provision had been written in as a matter of course because, in principle, state law must conform with federal law.

This explanation hardly satisfied the Rulers, and by late August, relations between the government and the Sultans were strained. The Prime Minister was privately upset that the King seemed to be going back on what had earlier met with his approval, though he went to great lengths to say nothing untoward about the king. In the view of the Sultans, the Constitution made it abundantly clear that the Council of Rulers had to be consulted on all such matters and they were offended by what they saw as a hasty and ill-mannered manoeuvre on the government's part. To make matters worse, certain key UMNO Ministers were not at all persuaded that the amendments were necessary or desirable.

Foreign Minister (then) Tan Sri Ghazali Shafie took the view that there were serious legal flaws in the government's arguments about the amendments, and Finance Minister (then) Tengku Razaleigh Hamzah, a member of the royal family of Kelantan, was considered by some to be lukewarm in his support for the proposals. There was also some initial speculation that Deputy Prime Minister Datuk Musa Hitam was less than fully committed on the matter, though Musa finally emerged as a strong supporter of the amendments.

The press blackout on the affair continued for two months, the only news on it being carried in foreign publications. Then, on 3 October, a former Information Minister, Datuk Senu Abdul Rahman, wrote a six-page open letter to Mahathir suggesting that the amendments tampered with constitutional provisions according a special position to the Malay traditional Rulers. That night, the chief editors were again summoned to Mahathir's office. The Prime Minister explained why the government had acted as it had and rejected Senu's claims about the amendments. The Attorney-General had assured Mahathir that it was not necessary to have the consent of the Rulers to amend Article 66 (5).

Once again, Mahathir found most of the editors more than understanding and hardly had to ask them to ignore Senu's letter. Among those who were content to print nothing of the affair were the editors of the *New Straits Times*, *Berita Harian*, *Utusan Melayu* and *Bernama*, the official newsagency. The exception, once again, was *The Star*. Its representatives argued that though there had been a blackout on the affair in the domestic press, foreign publications were carrying news of the constitutional dispute. The people, they said, were confused and concerned, and a statement by Mahathir on the Senu letter would calm the situation.

Besides, *The Star* editors argued, the credibility of the press would be entirely undermined if it failed to report the Senu letter.

The answer was no. The government adhered to its position that the subject was too sensitive for public debate and pointed once again to the fact that provisions of Malaysia's Sedition Act would make such a debate difficult. At this stage the government seemed genuinely concerned that once a debate was started, there was no telling where it might end. When, at one stage, a "psy-war committee" consisting of politicians, bureaucrats and media people was set up under Adib, some activist members sought to make a fight of it with the Sultans. Always, however, there was a restraining hand from Mahathir, committee sources said — at least until the matter became public.

When Mahathir met the Rulers at Kota Kinabalu on 12–13 October, 1983, he was given a frostly reception. (The King was not at the meeting, having suffered a heart attack on 27 September). With the press still subject to a mixture of official and self-censorship, all manner of rumours gained credence, including one that Mahathir had been assassinated. And there were predictions of possible communal violence. Some members of the Chinese community privately voiced concern that if the Constitution could be altered so easily, other changes affecting the position of particular groups in society might later be made. Members of the Malay community were also worried and confused, divided in their loyalties to UMNO and the Sultans, reluctant in many instances to face the thought of making a choice. As the crisis unfolded, the sense of nervousness increased, a nervousness reflected in falling prices on the Kuala Lumpur Stock Exchange. There was also growing concern over the fate of financial Bills that were yet to be signed by the King. In short, the pressure was building.

Then on 17 October, Malaysia's first Prime Minister, Tunku Abdul Rahman, wrote about the matter in his weekly column in *The Star*, bringing the whole affair out into the open. As the issue gained momentum, 1, 500 UMNO Youth leaders from all over the peninsula met outside Kuala Lumpur to express their support for the government. Later, soon after work leaked out that the Sultans were planning to meet on 20 November to discuss the issue, it was announced that a delegation from UMNO would meet the Rulers. At the subsequent meeting, Mahathir's emissaries made it known that they were prepared to drop the proposal about the proclamation of an emergency, drop the provisions affecting the

position of the Sultans in the states and water down the 15-day assent provisions. To some of Mahathir's more hardline supporters, this amounted to virtual capitulation. The Sultans, however, would have none of the plan and rejected it out of hand.

In the government's view it was obviously time to teach the Rulers where the real power lay, to show that no one could challenge UMNO. With great suddenness, the government organised pro-amendment mass rallies around the peninsula. And though the number of those in attendance was shamelessly exaggerated by the local media, the resources of the government in general and UMNO in particular were quickly and effectively demonstrated. At the same time, the government encouraged press coverage about royal expenditure and the lavish spending of certain Sultans. TV viewers were treated to return of Malay films from the early 1950s in which demented Sultans of bygone days moved about their palaces with keris (wavy-bladed daggers) in their hands, uttering threats of unspeakable tortures for errant subjects. It was plain to all that the next step was that the government might make allegations of impropriety, hardly a difficult exercise.

In some mass rally speeches, Mahathir began a little shakily. But he warmed to the theme of power being in the hands of the people, and the onslaught of that combined with some fairly crude stories in the press about the activities of one or two Sultans, began to have its effect, as did the threat that there would be more revelations about royal timber and mining concessions in the states. Meanwhile, a dossier was compiled — not a thin one — on the various misdemeanours of the royal families, including some gloves-off material that one former Sultan had been opposed to Malaysia's Independence struggle. As work went ahead on the dossier — some of the Sultans countered privately that the government would be better off making a dossier of the Bumiputra Malaysia Finance loans scandal. A suggestion by Minister of Culture, Youth and Sports (then) Anwar Ibrahim that the government go ahead and gazette the Bill anyway, obviously without the 20 November concessions, reportedly had a salutory effect on the Rulers. Before long, it had become obvious to them that they could not hope to win.

On 15 December, after high-level exchanges between the two sides, the Rulers agreed to accept the proposals of 20 November, largely because of a now-explicit threat that the Bill would be gazetted if they did not. A few days after the agreement had been

reached, the Deputy King signed the amendments on the written undertaking of Mahathir that the signed Bill would go back to Parliament for the agreed concessions to be written in. On 9 January, the redrafted Bill was passed by Parliament. It was signed into law a few days later, again by the Deputy King.

Under the terms of the compromise, the provision assuming royal assent within 15 days was modified. The King can return any piece of legislation to Parliament, effectively delaying it for up to 60 days. But he must give reasons for his actions, a requirement which should effectively stop the sort of obstructionism that has occurred in state legislatures over timber and land concessions. Secondly, the King retains the right to declare an emergency — though Mahathir says this is subject to a provision which says the King must act on Cabinet advice in this matter, not simply do it himself. Thirdly, while the provisions relating to the states had been dropped, the Prime Minister said on 16 December that he had been given an oral undertaking by the Rulers that they would not unreasonably withhold assent to legislation at the state level.

Once it is conceded that a Ruler's job is to sign Bills, it is argued, a Ruler who chooses to do otherwise runs the risk of a rebuke from his brother Sultans or from a mobilised UMNO machine, which will brook no interference in its right to do its job, the more so if it can be shown that a Ruler is acting out of motives having to do with personal gain, as has generally been the case in past confrontations. Mahathir clearly made some major concessions to the Rulers. But he got most of what he was after, and if nothing else, the affair established the political principle that legislation goes through. The fact that the Prime Minister has compromised on the time for assent is not of much significance, the rather threadbare argument that he has given a new power to the King notwithstanding. "The 60-day rule concedes a minor power," notes one observer, "but precludes a potentially major confrontation.

Legally and constitutionally, the Sultans almost certainly had a point: the government did seem to be rushing something past them without their assent. However, there were, many felt, compelling political reasons why the amendments had to be made, and politics is hardly a stranger in matters of constitutional law. The law the Prime Minister used to make these changes, and the tactics he adopted, came in for much criticism. But if Mahathir

has a capacity for taking risks — a close aide says he works on "a 25% margin of error" — he also has considerable skill in getting out of trouble. Despite some stringent criticism, he has been more or less successful, and in Malaysia as elsewhere, nothing succeeds like success.

As the dust settles on the crisis and as a new and independent-minded Sultan takes his place as King, there are several observations that can be made. First and foremost, the affair has reaffirmed the principle that the Rulers, whatever some of them may feel, are purely constitutional sovereigns, with no right to impose themselves on the legislative process. Secondly, it has demonstrated conclusively that while the Rulers retain vestigial authority at the state level in matters of religion and Malay custom, political clout in the Malay community is very much with UMNO.

The affair can usefully be looked at against the backdrop of Mahathir's pattern of continuing the concentration of political power at the centre. Since Mahathir came to office in 1981, it is pointed out, the centre has sought to impose its will on the states far more vigorously than any previous government had, most obviously in the nomination of Menteris Besar, to head the state administrations. Mahathir, having given such an impetus to the assertion of federal control, is unlikely to brook interference from a state Ruler seeking to impose his will over a Menteri Besar answerable to Kuala Lumpur. A Ruler seeking to push something arising from his personal or business interests, it is argued, is likely to risk bringing the political roof down on himself in a way inconceivable several years ago. The Sultans, recognising this loss of clout, are expected to trim their sails accordingly, even if one or two continue to treat their Menteris Besar with condescension.

In the final analysis, Mahathir carried the day not just because the organisational clout of the Rulers was limited and their popularity eroded in a modernised and increasingly urbanised world. He won because he controls the levers of patronage, because the Prime Minister is the man to whom a political aspirant must look for support. "The only way to get on in Malay politics is getting the support from the public," says one source. "Those who don't, get dropped from the list. So once Mahathir decided to go public, UMNO going with him was a foregone conclusion." It may be true that there is an awkwardness among Malays at having to choose between Mahathir on the one hand, and the Sultans on

the other. But that is something most Malay political and community leaders can put aside quickly enough when it comes down to brass tacks.

At the same time, the affair is said by some to have given expression to Mahathir's continuing preoccupation with the theme that it is only through discipline that a Third World country can hope to prosper. What sort of discipline is there, it is asked, when there are in a society traditional rulers who still seek to operate as independent centres of power?

PART FOUR (1984)

15
Road To Greater Malaysia

> "At any given time at least one quarter of the people are against everything you do."
>
> — Kennedy

SINCE he took office, Mahathir Mohamad has sought to change the country through a series of new ideas, policies, and slogans which have won the support of most Malaysians. The year 1983 saw this trend continuing. However, in contrast to the previous eighteen months, some of the policies and decisions made in the year under review met with resistance and criticism from various quarters. It might be said that the "honeymoon" was over as Malaysians began to feel the impact of the realities and implications of government policies.

This, however, in no way dampened the determination of the leadership to forge a "Greater Malaysia." Thus, while there were severe tests during the year, the events must be seen as pieces being formed and reformed to lay the foundation of the future nation, as seen by the leadership.

Internal Policies and Issues

IN seeking to build a nation that is strong and respected, several major policies were launched. These included "Malaysia Incorporated", "Privatisation", and "Leadership by Example". The first two were launched in quick succession in February. Under the Malaysia Incorporated concept, the country, according to Dr. Mahathir "is a company where there is close co-operation between the government and the private sector to ensure the progress of the company. The fruits of this progress will be distributed to all the

people in this country" (*New Straits Times*, [hereafter referred to as *NST*], 24 March, 1983).

Under this concept, the role of the government would be to help and complement the private sector, rather than be a stumbling block, and to facilitate rapid economic development. The model was obviously Japan Incorporated. The "Privatisation" policy "means the transfer of government services and enterprises to the private sector" (Dr. Mahathir, "Memorandum to Heads of Departments", 28 June, 1983). Accordingly, the government drew up a list of its activities which could be handed over. In this list "except for education, everything is under scrutiny" (Datuk Musa, *Sunday Star*, 27 February, 1983). While these two policies may be seen as foundations for the future Malaysia, there were also cogent and practical reasons.

The economy was still feeling the effects of recession and this had put severe strain on the government's financial position. According to Dr. Mahathir, the estimated operating costs for the year (excluding development expenditure) was M$17 billion compared to estimated revenue of M$18.5 billion (*The Star*, 19 August, 1983). Moreover, it was acknowledged that the civil service and the private sector had been in conflict and working at a tangent. Finally, the role of government economic activities in the last decade had "squeezed out or left behind" the private sector (Datuk Musa, *Sunday Star*, 27 February, 1983). Both these policies were aimed at checking and reducing government expenditure. These two policies also indicate a change in strategy to ensure the successful achievement of the NEP.

The 2M leadership, since it assumed office, had closed down or revamped some public corporations, which were a major instrument in the implementation of the NEP to achieve its 30% target of *bumiputera* ownership. Their limited success in the past had been accepted since they were creating a bumiputera entrepreneurial class. While the economy was doing well, inefficiencies and losses were more acceptable. However, repeated losses coupled with economic recession made them unacceptable. Furthermore, other strategies, and the passing of time, had led to a growing number of bumiputera companies and the control of other big companies by government-sponsored corporations. These were important factors for the launching of the "Privatisation" policy. To have had such a policy earlier would have resulted in participation by foreign and non-bumiputera companies

only, and this according to Dr. Mahathir, "was to be prevented" in the light of the NEP (*NST*, 16 July, 1983).

In a sense the "Privatisation" policy was not new since, under the NEP, successful government enterprises and companies will eventually be sold to bumiputera interests. The difference is the traditional public sector services such as ports, railways, and telecommunications are now offered to the private sector. The response to these policies was positive but there was cautious enthusiasm from the private sector, with opposition from the workers who were likely to be affected. The private sector was concerned with the amount of capital required to take over the utilities and also suggested *inter alia*, an Anti-Monopolies Commission "to protect new competitors from more dominant firms, which previously enjoyed advantages as public enterprises" (*New Sunday Times*, 6 November, 1983).

CUEPACS, representing civil service unions, warned that the two policies could produce "severe economic backlashes such as unemployment, factionating union power, high living costs, and social restlessness caused by increased poverty and labour exploitation" (*NST*, 22 December, 1983). The Malaysian Trade Union Congress (MTUC) criticized the "Privatisation" policy as "a step backward" and claimed that, in the case of Port Klang, it was "already efficient by international standards" (*The Star*, 3 November, 1983). The government sought to assure its workers that under the privatisation programme, they would be given the option either to continue with their existing scheme or to accept the private sector wage offer (*The Star*, 20 December, 1983).

During the year it was announced that the third television channel (TV3) would be privately operated (by an UMNO company). Several firms had taken over the supply of telephones and teleprinters, which previously was the monopoly of Telecoms, while other services, such as the Port Klang Authority, had already been finalised. The government invited offers from the private sector for consideration. It was also announced that an inter-departmental committee in the Prime Minister's Department had been established to study the various aspects of privatisation and was "in favour of selective and progressive privatisation" (*NST*, 11 October, 1983). These policies were the subject of various seminars during the year. The number of times the government had to re-explain these policies led to calls by the private sector for a White Paper "to dispell any misconception and uncertainty"

(*NST*, 1 October, 1983). These problems indicated that to a large extent, the details of both policies had yet to be examined and studied for their implications.

These two policies were followed by the "Leadership by Example" campaign. Malaysian from "all walks of life", particularly the civil servants, were urged "to set a good example in all aspects of life not only to support the clean, efficient and trustworthy concept, but also to ensure the nation's progress and respect by the whole world" (Dr. Mahathir, *New Sunday Times*, 20 March, 1983.) The campaign was launched with a rally of 10, 000 civil servants in Kuala Lumpur and smaller rallies in the other major towns. They were asked by Dr. Mahathir to set an example by working an extra fifteen minutes a day. It is not without significance that civil servants, who represent the major proportion of Malays in the modern sector, should be singled out for this campaign.

There is a general feeling, though not publicly expressed, that the civil service had been bypassed and blamed indirectly for some of the failures of the NEP, hence the need for it to prove itself in the new scheme of government policies. To ensure that they understood these new policies, Dr. Mahathir circulated a memorandum in June re-explaining the above three policies as well as the Look East policy to heads of all departments. This move was rather unusual in that one assumes that civil servants are aware of, if not party to, government policies.

Other campaigns were also launched during the year. Among these were a six-month, widely publicized campaign against drugs, which is considered the number one enemy of the country, with close to half a million addicts by 1983. The Dangerous Dr.ugs Act was amended to provide a mandatory death sentence to proven traffickers even if the amount of drugs involved was 15 grams. In the case of a person convicted for possession of 15 grams, the person would be presumed to be a trafficker. A national Cleanliness Campaign was also launched with members of the leadership sweeping the streets and urging the nation to make cleanliness a way of life. There was also a month-long Productivity Campaign, which urged the establishment of Quality Control Circles to increase and improve the quality of services and products. The media, particularly television, was used to encourage Malaysians to cultivate the habit of reading, to be helpful to neighbours, to drive safely, and to use the national language cor-

rectly. Some of these, such as the drug and road safety campaigns, were sponsored by private companies.

Nineteen eighty-three may be seen as the year the real journey towards a Greater Malaysia began. The form of the new nation was taking shape, though to many Malaysians, it was still hazy. The speed at which new projects and policies were announced and launched allowed critics, with some justification, to claim that there was insufficient thought and planning. The solution lay in the need for more information to be made available to the public for it was in their interests that these policies were undertaken. There was a danger that the desire for rapid change might lead to impatience on the part of the leadership.

Dr. Mahathir's increasing sensitivity to criticism was noted during the years. For example, he spoke out against Westerners and fault-finders within the nation (*The Star*, 30 April, and *NST*, 27 December, 1983). While there may be an element of truth in his response to critics, the fact remains that rapid change always brings with it uncertainties and anxieties. These are real problems that cannot be wished away. Furthermore, despite the stated desire for an open government in stages (Datuk Musa Hitam, *The Star*, 17 August, 1983), the year witnessed some restrictive legislation. On important and controversial issues, the public remained ignorant, indicating an unwillingness on the part of the leadership to test their case in an open manner, except on their own terms. This could result in a nation of followers which would not serve the interests of a Greater Malaysia, as envisaged by the leaders.

The continuing political goal of development is still national unity. Dr. Mahathir, as Prime Minister, must represent the nation, though politics dictate that the interests of the Malays, as the majority community, must have priority. The problem of leadership in a plural society is to ensure that action taken is seen to be fair. To do otherwise will increase problems which are less easy to control without an increase in the quantum of authority. While it appears imperative under the policies of the government that the Malays must modify, if not change, some of their attitudes and values which are inimical to their progress, Dr. Mahathir's message will not take root unless the mass of the Malays accept his vision.

It is at this level that the calls of tradition and religion offer a challenge to the leadership. The frankness of the leadership still goes against the norm of traditional behaviour, the very value the

government is trying to change. In this, Islam could be used to achieve the government's objective, for by referring to things which do not change, change becomes more acceptable. The danger here is that it is a double-edged sword for the interpretation of which is Islamic, is, and will be, subject to controversy for some time to come.

The nation, however, is more than the Malays and herein lies the other problem of the leadership. The non-Malays must be made to feel that they are part of the country and their views must be given a fair hearing, if not considered, in the decisions that affect their lives. When danger threatens the social order, it must be dealt with decisively, no matter from which quarter. The leadership is not incapable of doing this. The success of development in all its dimensions, whether internal or external, still hinges on the ability of the leadership to deal with the problems.

The road to Greater Malaysia has been opened despite some teething problems. The leaders are on their way and it is their challenge to ensure that Malaysians will follow intelligently in the years to come. [1]

1. Michael Ong, Malaysia in 1983, Institute of South East Asia.

16
Malaysia (Private) Inc.

> "The stakes are so much higher now. Some people see politics as a sure-fire way to money and power."
>
> — Political Scientist

MALAYSIA has learned some painful lessons of recession from which it has just apparently emerged. It has learned all over again that an economy dependent on commodity exports — even if these are spread in a range as wide as Malaysia's — will remain critically vulnerable to external markets. It is clear that the high rates of international economic growth on which domestic economic policy has been based can no longer be taken as a certainty. There has been no shortage of economic soul-searching since Mahathir came to power. Mahathir and the dozen or so economic advisers inside and outside government whom he regularly consults have announced several initiatives intended to bring fundamental change to the economy. The first of these was the Look East policy, which stresses emulation of the Japanese and South Korean industrial models.

Early 1983 came "Malaysia Inc.," an attempt to forge closer links between government and private industry. With the latter came the privatisation policy, under which large sections of the economy and infrastructure are to be transferred from public to private control. All of these policies indicate the government's desire to harness the energy of the private sector more effectively and to reduce its own role to something closer to that of watchdog and regulator. But it is privatisation that most explicitly reflects Malaysia's third painful lesson — that the government can no longer afford to maintain its predominant position in the economy and that it is no longer capable of meeting rising demand for more and better-quality services. There are many indications of this, among them the high level of public capital formation, a steep rise

in the development budget and a corresponding increase in official loans to public enterprises.

Malaysia's plans to go private follow several years of sluggish private investment and decades of steady growth in the public sector. In part, they are a logical extension of the NEP. It also will mark a significant departure from the strategy on which the NEP has been based: to induce and direct economic growth through government investment in public enterprise. The privatisation policy has been receiving increasing attention since it was first announced early 1983. But in the early stage, the policy had represented little more than a welcome philosophical shift to Malaysian investors. "Mahathir has said the magic word," said one industry executive, "but no one knows how to interpret it." Such confusion has extended to Cabinet Ministers and other officials — leading the Prime Minister to issue guidelines to government departments explaining his three new economic initiatives.

Indeed, the government is acknowledging only now that the legislative change and new regulation required by the privatisation policy will be extensive — perhaps several years in the making. Policymakers also face political liabilities on several fronts: from unionists, consumers and those concerned that the NEP not be disrupted. The administration now emphasises that it intends to proceed "progressively and selectively." There have been hints of things to come. For one thing, the (administratively stretched) government apparently wants privatisation to begin with policy formulation itself: Mahathir and other officials have made clear they are anxious to supplement their own ideas with proposals from the private sector. "It must be economically feasible, politically acceptable and in line with the NEP," one of Mahathir's economic advisers said. "Otherwise, there are no limits."[1]

In the absence of specific guidelines, however, many sceptics believe much of the nation's massive state sector cannot easily be turned to private profit — not if assets are to change hands. Many of the enterprises that may reach the auction block are perennial losers — and they seem to some observers to be the activities the government is keenest to divest. In 1982, the federal government's net lending to these enterprises was more than 10% of total federal outlays: excluding federal investment of M$2.3 billion, their total debt to Kuala Lumpur by 1983 came to some M$15 billion. But the administration wants to use its policy as a catalyst for the formation of larger private corporations and to

help shift domestic investment from property, plantations and mining to manufacturing and more advanced industrial enterprises. Indeed, the privatising initiative is clearly one indication that the government believes there are now sufficient bumiputera companies to assume control of many activities currently operated publicly.

"The only reason it could not have been done before," Mahathir told local journalists, "is there were not enough Malaysian companies and certainly not enough bumiputera participation." In this respect, the government's initiative is a logical step in the process begun with the NEP in 1970. But it will also check or reserve a trend that has gathered momentum over the past several decades. The NEP followed several years of mounting pressure among Malays for a more interventionist government role in the economy. Under it, government emphasis shifted partly away from rural development to commerce and industry and the urban sector. Public enterprises, statutory boards and government corporations proliferated — as did government financed private companies and joint ventures with government participation. Estimates of their number now run to 700.

The bureaucracy has also mushroomed since 1970 — it is now proportionally among the largest (and least efficient, economists say) in the region. Public investment and development expenditure have also swelled rapidly: as a proportion of gross national product, federal outlays are now roughly 43%. By comparison, they are 20% in South Korea and 18% in Thailand. "We want government to be smaller, more mobile and more efficient," said one economist close to the administration. The large size and low productivity of the public sector are clearly among the government's fundamental concerns in seeking to reduce its economic role. Indeed, a more prominent private sector is an essential element of the current five-year plan.

Among the administration's other concerns:

- To an extent, industry has been crowded out of the economy. The government wants private investment to reach 76% of the total by 1990, but it is highly questionable whether this goal can be met. The transition from commodity production to manufacturing and modern industry, central to the administration's economic ambitions will require long-term investments in the industrial sector and the rapid acquisition of management skill in a competitive environment, especially among the bumiputeras.

● As the bureaucracy extended into commerce and industry, the government effectively protected inefficiency and shielded its enterprises from market discipline. Overlapping functions, wastage, corruption and political interference have also plagued government activities. Political sensitivities prevented any effort to trim the payrolls and make enterprises cost-effective. In this, the private sector will face fewer constraints.

● New public investment is shifting towards projects in which the government holds a majority share and directly participates in management. The most prominent of these are under the Heavy Industries Corp. of Malaysia, or Hicom. This shift is pulling government resources in too many directions. Soon, the government wants to concentrate spending in areas such as industry, which it hopes will have a more direct impact on the lingering problems of poverty and income distribution. These investments also can be more easily transferred into bumiputera hands in the future.

● In many other areas, however, the government wants to shift from equity ownership to fiscal and monetary policy as the instruments by which it guides the economy. The government's regulatory role will be relatively more prominent, but planners also want to reduce regulation. "We want as little government as possible," one government adviser asserted. "This is the shape of things to come."

All this is good news for private investors, who have suffered a long period of adjustment since the government began moving substantially into the economy under the premiership of Tun Abdul Razak. But the inter-departmental committee chaired by the EPU will have to answer any number of questions before it is clear how the private sector can position itself properly. "Many of us are looking for opportunities," said one executive, "but we have been left groping." There are indications the government recognises this gap. Along with its master plans, the government has taken part in a series of discussions with industrial representatives — 1984's pre-budget dialogues, an annual event since the mid-1970s, were part of this. So far, these discussions have centred on the privatisation of transport, communications and welfare services, including hospitals and schools.

In interviews, government advisers add a number of other areas. One is manufacturing, where the administration is considering to sell its majority shares in heavy-industry projects once domestic corporations are large and sophisticated enough to own and

manage them. This move would clarify one apparent contradiction in the privatisation policy: while trying to cut its spending in some areas, the government has invested more than M$3 billion in heavy industry since Hicom was founded in 1980. Beyond this, the government is likely to stress projects that have been delayed or postponed as well as development projects not yet under way. Major housing projects will fall into this area. Another sector singled out is agriculture where government advisers would like to encourage mechanised farming ventures to reduce annual food and food-product imports of some M$2.5 billion. The extension of the policy to new development projects clarifies one major issue for the private sector: the government's declared intention to sell off assets and maintain its own share in privatised entities at 10-20%. For one thing, the asset bases in many sectors already under consideration are massive — far beyond the means of domestic investors. For another, the returns on investment in many public enterprises, such as the rail system, are unpromising, to say the least.

The administration will probably have to look at a kind of two-tier system. The assets of some large services, for instance, will have to remain in government hands and be managed privately on a contract basis — a partnership of the type envisioned in the Malaysia Inc. policy. Some others can be disaggregated. The NEB, for instance, can be divided into generation, national-grid and local-distribution units, with the first and third turned over to the private sector. Highways, ports and the national railway are all likely to fall into one of these categories. On the second tier will come any of the hundreds of government activities now operated in more competitive sectors — finance, manufacturing, agriculture, processing, retailing and the like. Planners want these to be operated almost entirely by the private interests — much as the nation's TV3 channel and the aerobus system are. Most of Hicom's investments are likely to fall into this category — with a small government share maintained as a link with private industry.

Government planners are confident the Prime Minister's initiative will be effective — but some add a number of caveats. Implementation must be handled carefully to attract the private sector — not a simple process, particularly where the pricing of assets is involved. There is also concern over the breadth and quality of management in the private sector.

PEOPLE
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17
Razaleigh Vs. Musa: Round Two

> "More important is the fact that I was never challenged. Whoever was elected as deputy leader would have had to work under me."
>
> — Dr. Mahathir

MALAYSIANS had been sensing battle in the political wind for over a year, but on the morning of 15 May, 1984, it looked like it might never happen. Then, with just four-and-half hours to spare, Tengku Razaleigh Hamzah filed his formal acceptance of nomination for deputy president of the UMNO — and a celebrated rivalry flared anew. In 1981, Razaleigh's challenge for the country's second most powerful post had been turned back in a tough contest by Musa Hitam, who then took the deputy premiership under ally Dr. Mahathir Mohamad. This time, Musa was the hot favourite, but in an intriguing three-cornered contest that one UMNO veteran called "very complicated and open."

Razaleigh's intentions had been the subject of an intense guessing game for months. Would he run for No. 2 in the party's 25 May polls? Would he instead accept nomination for one of UMNO's three vice-presidential seats? Or would he choose to bow out altogether this time and prepare for a challenge to Musa at the next triennial elections in 1987? If he had made up his mind all along, he kept his cards close to his chest. Of the eight nominees for the three slots of vice presidents, the top five contenders were Ghafar Baba (incumbent), Terengganu Menteri Besar Wan Mokhtar Ahmad, Cabinet members Sanusi Junid, Abdullah Badawi and Rais Yatim. The 1,270 delegates to the elections would not vote on the presidency since Prime Minister Mahathir was unopposed for the top party post.

The guessing took a startled turn when the prosecution in the Hong Kong trial of accused murderer Mak Foon Than revealed that Mak had told police in a cautioned statement that he had been sent to the territory by Malaysia's Finance Minister and that he had been working for the Minister since 1976. Mak had also claimed in the statement that he was to collect $6 million for the Minister from a prominent Malaysian business house which had been favoured in a contract back home. Razaleigh had immediately denounced the allegations as "wild and blatant lies." A week later Mak, charged with strangling banker Jalil Ibrahim, a fellow Malaysian, denied before the Hong Kong court that he made the statements in question. In the meantime the storm over the affair had deepened the uncertainty over Razaleigh's political future. Some wondered whether he could recover the lost ground. Then on 15 May, Razaleigh threw down the gauntlet.

Joining Razaleigh and Musa, 50, in UMNO'S first-ever three-way fight for deputy was charismatic veteran Harun Idris, the former Menteri Besar of Selangor. It would be the first time that a Deputy Premier had been challenged in an UMNO contest. Going by the overwhelming 92 nominations (out of 114 party divisions) that Musa received for the post, observers rated him very hard to beat. But with ten days before polling, some veteran UMNO-watchers conceded that Razaleigh had a fighting chance.

Harun's candidacy was one complicating factor. Though only a handful of his supporters expected him to win, Harun without doubt would cost both his opponents some votes. When Musa and Razaleigh fought in 1981, Harun was in prison. Observers said most of the 100 or so hardcore Harun supporters voted for Musa in that contest. As Musa's margin of victory over Razaleigh was 205 votes, 100 votes less to him and 100 votes more to Razaleigh, it's reasoned, would have made the contest neck and neck. Most answers in that numbers game still gave Musa narrow victory. This time, if support for the three men was the same as in 1981, Musa would almost certainly win. Reason: Harun would pull 100 or so votes away from the incumbent but add none to Razaleigh's total.

Change, however, is a constant. For one thing, Musa had been incumbent for three years. And while his posts of Deputy Prime Minister had helped win him some new supporters, others have been alienated by his elevation and management style. "We realise that we can't please all the people all the time or be all

things to all people," says one Musa aide. "That is one of the problems of being an incumbent. You are torn between responsibility and desire to win popular support." Musa's weak point was Razaleigh's biggest strength. Though Razaleigh retained his Finance Minister's portfolio after he lost to Musa, his wings were effectively clipped. Insiders said Razaleigh's role in the Mahathir administrations has been overshadowed by the Economic Planning Unit, a think-tank in the Prime Minister's Department. "Tengku Razaleigh ceased to be the country's economic wizard," says one top UMNO official. "Much of the financial planning was done by the EPU."

His role in the Cabinet reduced, Razaleigh in the past eighteen months, prior to the second attempt, travelled the peninsula meeting divisional leaders and building a core of supporters. As an outsider, he was able to blame the government's mistakes on Musa and Mahathir while collecting credit for successful ventures. But the lateness of Razaleigh's challenge might have damaged his chances. And there was also, of course, the much-discussed wild card: the impact of Mak's cautioned statement — later denied but which still implicated Razaleigh in the scandal over the Carrian property group and loans made to it by Bumiputra Malaysia Finance, where murder victim Jalil worked. While there was a spate of adverse publicity, Razaleigh's supporters said they are pleased with the feedback they have received since Mak reversed his statements. Musa supporters conceded that some "sympathy votes" might go their rival's way.

Would the sympathy votes turn the tide? Or would the allegations help Musa more? Nobody could say for sure. One thing seemed certain however. If Razaleigh was defeated again, he stood to lose his ministership; it was most unlikely, said observers, that he would be allowed the luxury of a Cabinet launchpad from which to challenge Musa again in 1987. Musa, on the other hand, was under pressure to improve upon the 722 votes he got in 1981. Said one Deputy Minister: "If Musa wins with a reduced margin or if Harun and Razaleigh together can muster 50% of the vote, it would be seen as a vote of no confidence." He added: "Musa's problem is that he not only has to win but win with a big margin, otherwise the Razaleigh threat will keep returning every three years."

On election eve, Razaleigh's supporters remained buoyant. Their assessment was that although everything pointed to a Musa

victory, their man had a fighting chance. Razaleigh, they said, had nearly 550 "solid" supporters, Musa about the same number of "loyal supporters," while third candidate Harun could expect "100 or so" votes. That would have left about 80 votes floating. Musa's supporters on the other hand counted 700 of the 1,280 delegates as solid supporters, gave the Finance Minister between 350 and 400 and Harun 100, leaving another 100 or so undecided. In the event, neither was right. Both camps had underestimated the other's vote by at least 150 and over-estimated support for Harun.

When the ballot boxes were opened, Musa had 744 votes, 22 more than in 1981, and Razaleigh had 501, sixteen less than he polled three years ago in his first contest against Musa. Harun, who won a vice-presidential seat in 1981 while serving a jail term for graft and corruption, had no such magic this time. His tally: 34. All things considered, Razaleigh's performance was formidable. It served a grim reminder to Musa's men that he still commanded the respect of delegates from his north-eastern home state plus a substantial minority (possibly 40%, according to one estimate) in Malaysia's most populous state, Perak, and pockets of support in Kedah, Pahang, Trengganu and several other states. Razaleigh polled 39% of the votes. "He is still a force to be reckoned with in UMNO," a supreme council member told. "Despite his incumbency and his closeness to Mahathir, Musa did only fractionally better than last time, while Razaleigh managed to retain almost all his support. It was certainly a very creditable performance."

As Mahathir himself told it later, Musa's second straight victory over the luckless Razaleigh was "clearcut with no ambiguity. It was the most likely result and was expected by most people." The straight-talking PM also saw it as endorsement of his policies. "That is one way to read it," he told *Asiaweek*. "But more important is the fact that I was never challenged. Whoever was elected as deputy leader would have had to work under me." Clearly, the Kedah-born physician, who has produced a whirlwind of economic, social and attitudinal changes in Malaysia since he took over from Hussein Onn in July, 1981, had tightened his grip on UMNO. And with a new mandate from 1-million-strong party, Mahathir and Musa — 2Ms — would be in a position to set yet more ambitious goals for the country.[1]

Some Homework For Mahathir

PRIME Minster Datuk Seri Dr. Mahathir Mohamad, having convincingly won the "UMNO war" for his supporters on 25 May (*Review*, 7 June), now had the complex and painful problem of winning the peace. At the heart of the problem was the size of the group of losers, mostly party veterans, and the impressive array of young technocrats eager to get moving to the top. It is obvious that heads must roll and rewards must be given. But the question is whether this could be done without further damaging the party, which was already battered in the most intense and ruthless campaign for power in its history. The Muslim fasting month of Ramadan, which began on 1 June, 1984, gave the Prime Minister some respite because traditionally it is a time of peacemaking when even Young Turks or carpet-baggers hesitate to apply political pressure openly.[2]

The list of losers reads like a Who's Who of Malay politics and included six Ministers, led by those of Finance, Foreign Affairs and Trade and Industry, two Menteri Besar and three Deputy Ministers who only three years ago were held in awe. They are Datuk Harun Idris, and Tan Sri Othman Saat, who had challenged the legitimacy of the succession of the Sultan of Johor and nearly precipitated a constitutional crisis (*Review*, 21 May 1982).

Harun's defeat this time at the hands of the other two contenders for the deputy presidency was ignominious. Not surprisingly he announced his retirement from active politics immediately. Othman did not fare as badly in terms of votes in his bid for one of the three elective vice-presidencies, polling 314, or almost 25% of the votes, but in a field of eight candidates, he came in seventh, virtually ending a 38-year career. While these two were dismissed as has-beens, the rest of the picture was so complex, it raised doubts as to the wisdom of hasty moves because of the following factors:

- The need to keep a balance of state power brokers. This time the regional loyalists proved powerful and only seven Federal Ministers, including the Prime Minister, who was unopposed — were returned compared to 12 in 1981. Of the total of 27 elected places, 10 went to Menteris Besar, compared to three in 1981. Trengganu Menteri Besar Datuk Wan Mokhtar Ahmad polled the highest number of votes among the vice presidents.

- The need to keep Islamic parties from wooing disaffected UMNO leaders. This is particularly important in view of the Islamic traditionalists whom Mahathir singled out for criticism during his opening address.
- The need to keep some of the veterans in a leadership which now has an average age of 41.5 compared to around 48 in the outgoing Supreme Council.
- The need to keep proven expertise such as that of Razaleigh and Foreign Minister Tan Sri Ghazali Shafie.
- The need to retain those who could still act as effective go-betweens for the government and the Sultans, who proved to be a political force to be reckoned with during the constitutional crisis last year (*Review*, 23 February).

While it was believed as soon as the results came in on 25 May for the deputy presidency that Razaleigh would be dropped from the government and that Ghazali would be retained (on the assumption that he would win one of the 20 ordinary Supreme Council seats), the rout of the veterans, including Ghazali, on the next day made it obvious that there had been more than an ordinary victory for the Prime Minister. Mahathir himself said UMNO had proved itself a responsible party because before the polls, there had been predictions of all kinds of post-election disturbances and there was none. But he admitted he needed time to think about the fate of the losers. The campaign to win seats in the council was over but the manoeuvres for government positions had, however subtly, begun.

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1. Asiaweek, 8 June 1984.
2. Far Eastern Economic Review, 14 June 1984.

18
Reshuffles: Mini-Masterpiece

> "I can't appoint a total stranger to the cabinet. I have to know them."
>
> — Dr. Mahathir

HE had rolled out reforms at a sometimes dizzying pace since he took power three years ago, but when it came to changing the people who implemented change Dr. Mahathir Mohamad could only be called conservative. "It is not a game that I play," the Prime Minister snapped at a reporter. "I only reshuffle the Cabinet when it is necessary." In doing what was necessary to his Cabinet — most of its members inherited from the Hussein Onn administration in 1981 — Mahathir confounded pretty well all predictions, which had ranged from an overhaul to mere tinkering. "It was a mini-masterpiece," said one observer. By introducing just one new face and removing one familiar one in the major portfolios, Mahathir came up with a loyal and more committed selection that seemed to have cost him little politically.

The question of political cost had centred on Tengku Razaleigh Hamzah, Finance Minister for the past eight years, who had failed in his second attempt to wrest the deputy leadership of UMNO from Deputy Premier Musa Hitam. UMNO's No. 2 post traditionally carries with it the deputy premiership. Since the party's annual assembly had given Mahathir and Musa a resounding endorsement, the PM had the choice of dumping their rival — and many were convinced he would. But Razaleigh stayed in the Cabinet, although in the less influential Trade and Industry post. In senior UMNO appointments announced the same day, however, the Kelantan prince was stripped of his remaining key posts. Apparently fearing total eclipse, Razaleigh — according to a

newspaper report on reshuffle day — had flown to Paris on holiday.

Among those who left the Cabinet were Social Welfare Minister Aishah Ghani, who had stepped down as a leader of UMNO's women's wing, and Agriculture Minister Manan Othman from Terengganu. But the most noted omission — at home and abroad — from the new lineup was that of Foreign Minister Ghazali Shafie, 62, who was Malaysia's longest serving Cabinet Minister, having held four different portfolios since 1970. All three had failed to win a seat in UMNO's Supreme Council. Also dropped were Deputy Ministers Suhaimi Kamaruddin, a former president of the party's youth wing who had defied Mahathir's orders by running against incumbent Anwar Ibrahim, and Nik Hussein Abdul Rahman. While Ghazali and Aishah tendered their resignations voluntarily, Manan, Nik Hussein and Suhaimi were reportedly asked to go. Manan and Nik Hussein were closely identified with Razaleigh. Another Razaleigh supporter, Deputy Minister Zakaria Abdul Rahman, was retained.

Most of the pre-shuffle buzz had been about Razaleigh, who had contested UMNO's deputy leadership against the advice of Mahathir. Hardcore Musa supporters had lobbied for his dismissal on the grounds that it would heal the gaping wound in UMNO left by the bitter struggle for No. 2. They theorized that if Razaleigh, 47, retained his seat in Cabinet he would use it as a springboard to mount another challenge on Musa, 50, at the party's next triennial polls in 1987. Some had even suggested that Razaleigh, having failed twice against Musa, might try a shot at the party's top post — challenging Mahathir himself. And indeed, Razaleigh did challenge Mahathir in 1987 for the presidential post.

Despite the growing speculation, both Razaleigh and Mahathir said nothing in public. Meanwhile, the two men twice held talks on his future role in the party. Sources close to Razaleigh said that at no time did Mahathir demand his resignation and, in fact, made it clear from the outset that he wanted him to play a major role in the government. The talks, these sources said, centred on the political situation in Kelantan State where Razaleigh had controlled the party machinery for nearly a decade. In 1978, Razaleigh masterminded a major political coup, wresting control of the state from the opposition PAS. Still strong there, PAS polled 48% of Kelantan's votes in the 1982 general elections.

Would UMNO be in danger of losing Kelantan if Razaleigh was ousted from government and senior party ranks? In the weeks preceding the reshuffle, Musa's and Razaleigh's supporters up and down the peninsula engaged in a battle of wits over the issue. Each group tried to outdo the other in contending either that Razaleigh should relinquish the key post of UMNO state liaison chief in Kelantan or should retain it because he had the support of the bulk of the party divisions there. So intense was the campaign against Razaleigh and so strong were the rumours that Mahathir had asked him to submit his resignation that at least two UMNO MPs and one Deputy Minister told that they had learned "firsthand" that he had indeed handed in his resignation.

Razaleigh's supporters, on the other hand, said press reports that he was quitting were "part of a psychological war" to force him to resign. Several newspapers had run speculative stories quoting unnamed "high level" sources as saying Razaleigh would almost certainly be dropped from the Cabinet and was destined to fade into the political wilderness. There was, as it turned out, a compromise — at least in the Cabinet. In moving to the Trade and Industry Ministry, Razaleigh took over a post vacated by fellow-Kelantanese Tengku Ahmad Rithauddeen, who returned to the Foreign Affairs portfolio he held from 1978–81. It was a different story for Razaleigh in the party. He was stripped of all his UMNO posts, including party treasurer and chief of the Kelantan state liaison committee. Yet his supporters weren't despondent. "It is a slight setback for him," said one close associate. "But it was not unexpected. He is still in the Cabinet and still holding a very important portfolio." Others noted that Razaleigh has given no public guarantee that he wouldn't run for high office in the party in 1987.

The inaccuracy of reshuffle predictions wasn't confined to the Razaleigh issue. One report had confidently predicted that Deputy Premier Musa, who was also Home Affairs Minister, would move to the Foreign Ministry and his protege, Abdullah Badawi, who won a party vice presidency, would move to Home Affairs. Another report picked UMNO Youth leader Anwar Ibrahim as the next Education Minister. In fact, it was the Education portfolio that went to Badawi. Indeed, there were as many permutations and combinations for the new Cabinet as there were speculators. One reason for that, said observers, was that Mahathir, boosted by a thumping mandate from the party, kept his

cards close to his chest. Even some Ministers were stunned when they heard the changes. "It came as a shock to me," one Deputy Minister said. "I was told that it was 100% confirmed that Musa was moving to the Foreign Ministry and Abdullah Badawi was going to be Home Minister." Others said Mahathir made last-minute changes and pointed out that he read the Cabinet changes from a handwritten list. One MP said the Prime Minister was secretive because he had been disturbed when the entire Cabinet list was leaked the first time.

The biggest surprise of the reshuffle was the elevation of Mahathir's close friend, entrepreneur Daim Zainuddin, to the Finance Ministry. Many had speculated that if Razaleigh were moved from Finance, Mahathir might take the portfolio himself or give it to another close associate, (then) Bank Bumiputra boss Dr. Nawawi Mat Awim who won one of the 20 elective seats in the Supreme Council. One reason many observers had ruled out Daim was his big business ventures. Only a week before the reshuffle, Daim's name had figured in an intricate share swap deal that involved the sale of his 51% stake in UMBC, Malaysia's third-largest bank. With hindsight, analysts say that was a clear indication Daim was preparing for bigger things. Says one: "No one gives up a majority stake in a bank for nothing. Because Daim knew he was going to become Finance Minister, he sold his personal majority stake in Malaysian French Bank for a minority stake in UMNO for his family holding company."

Mahathir parried questions on Daim's appointment. Daim was picked for the post, he said, "because he has the ability to do the job." But did it have something to do with his close personal friendship with Daim? someone asked. Mahathir said other Cabinet members were personal friends too. "I can't appoint a total stranger to the Cabinet. I have to know them". On conflict of interest, Mahathir said Daim would be given time to wind up his business affairs. Daim, he said, would have to transfer his assets to a family holding company which could not actively promote itself while he was a Cabinet member. There were two other new faces in Ministers' ranks. Deputy Education Minister Khalil Yaakob, who secured the top vote in the Supreme Council, was made full Minister in the Prime Minister's Department replacing Abdullah Badawi. Deputy Transport Minister Abu Hassan Omar, the longest-serving Deputy Minister, moved to the Social Welfare Ministry.

Several other Ministers changed portfolios. Anwar Ibrahim moved from Culture, Youth & Sports to Agriculture. Adib Adam, whose performance as Information Minister came under heavy criticism, swapped portfolios with Land & Regional Development Minister Rais Yatim (a keen amateur photographer). Sarawakian Sulaiman Daud, who had been Education Minister since 1981, moved to take Anwar's position at the Youth Ministry. The reshuffle also saw the appointment of four new Deputy Ministers, including Mahathir's political secretary, Megat Junid, and former Pahang Menteri Besar Rahim Bakar, on the comeback trail after a clash with royalty several years ago.

Abdullah Badawi's move to Education was seen as a major promotion. The Education Ministry was at one time considered a stepping stone to the leadership but lost some of its glamour because teachers, who once formed more than two-thirds of delegates at UMNO general assemblies, now make up just one-third. (Businessmen and professionals are the biggest single block.) Still, the post carries the sort of weight that can be expected to propel Badawi, (then) 44, to higher posts. The transfer of Anwar, (then) 36, to Agriculture was regarded as a move to give a promising young Minister more varied experience in government.

Cabinet changes apart, Mahathir tightened his grip on the party by naming close associates to key UMNO posts. Fellow Kedahan and dedicated loyalist Sanusi Junid, who lost his bid for one of the three vice presidential posts, was appointed secretary-general. Daim Zainuddin, who hails from Mahathir's Kampong Seberang Perak, was named party treasurer and another Kedahan, Khalid Abdullah, was one of six new appointed members of the Supreme Council. Despite Musa's thumping victory over Razaleigh, his proteges by and large missed out on promotions and there were no appointed seats for some of his close associates who had failed in their bid for election to the Supreme Council. The reshuffle, according to observers, primarily had consolidated the rule of Mahathir and his loyalists. Adding to the PM's success was the news on 18 July, 1984, that Razaleigh had accepted his new post.[1]

Daim's Rapid Rise

SHY and mild-mannered, he shuns publicity, an unusual trait among the new breed of Malay entrepreneurs who have emerged

in Malaysia's corporate world. Daim Zainuddin's way of doing business is different, too. Instead of building an empire of his own by putting all his assets in one publicly-listed company, he spreads his assets thinly over dozens of firms. Thus, when the 45-year-old lawyer by training burst into the forefront of national politics, there was surprise aplenty.

As Malaysia's new Finance Minister, Daim — most often seen in batik shirt and slacks — succeeded the aristocratic Tengku Razaleigh Hamzah. Like Razaleigh, Daim took over the post without previous ministerial experience. Before Razaleigh became Minister in 1976, he was a government nominee in several top corporations. Daim had been wheeling and dealing in four different capacities. As a nominee of UMNO, he chaired the party's investment arm, the Fleet Group, which in turn controls the publishing giant New Straits Times Press, the hotel and property group Faber Merlin and has the licence to operate the independent television channel TV3. Fleet also has a 70% stake in Bank of Commerce. As nominee of the government, Daim headed Peremba Berhad, the property of Urban Development Authority (UDA). These apart, Daim himself or his family-controlled nominee companies had stakes in operations involved in property, manufacturing, plantations and banking. Of his personal stakes in listed companies, the biggest is in UEP, the developer of Malaysia's largest housing estate, the 580-hectare Subang Jaya. UEP had other major property projects and also controls 36% of cinema chain Shaw Brothers. Though Daim's family stake in UEP is only 33%, he had management control of the company. Daim also had 38% interest in diversified cycle-maker Raleigh. He began accumulating that stake in 1983 when Seri Iras, a company in which he has a 15% interest, bought a 33.3% stake in Raleigh. Then Daim swapped his personal property company, Taman Bukit Maluri for a further 33.3% of Raleigh stock plus M$30 million cash. Taman Bukit Maluri's injection into Raleigh wheeled it from a loss to a profit of $12.9 million.

Raleigh itself owned 15.5% in Taiping Consolidated, a plantation company formerly controlled by Sime Darby, and 50% in General Lumber, a timber company with plantation and property assets. Raleigh, in early 1984, failed in its bid to take over General Lumber. Early 1984, Daim bought 10% of Roxy Electric Industries, an electrical appliances manufacturer, which also held 33.3% of fast-growing Development and Commercial Bank. (In-

directly, Daim therefore had 3.3% stake in D and C Bank.) Together with his family holdings in NST Press and small personal stake in Faber Merlin (as opposed to controlling stakes held by Fleet), Daim's total assets in companies listed on the stock exchange in 1984 were valued at over M$350 million.

On top of that, Daim had stakes in several private companies, including Taman Maluri (not to be confused with Taman Bukit Maluri), a property development company that first pushed him into the millionaire league. Until two weeks before appointed as Finance Minister, Daim also controlled 51% in Malaysian French Bank, which was restructured after the nationalisation of Banque Indosuez in France. Daim swapped that stake for 40.68% in United Malayan Banking Corporation, the country's third largest local bank, in a complex deal with Multi-Purpose Holdings Berhad, the investment arm of the MCA. The 40.68% stake in UMBC was valued at M$230 million in that deal.

All in all, his publicly-listed and private holdings total close to M$600 million. (US$259 million). Though, legally, Daim would have to divest himself of all his business ventures after taking over the Finance Ministry, observers said, in practice, there would be little change as the bulk of his assets are in the name of his family or companies controlled by his family. "He may relinquish a few directorships but not much else," one source said. "There is no law in the country which says a Cabinet Minister's family should not hold assets." Though his detractors say Daim has cashed in on his close relationship with Mahathir, the fact is Daim was a corporate wizard long before Mahathir became Prime Minister. Born in the same kampong as the Prime Minister in Alor star, Daim went to the same school as Mahathir, (Mahathir and Daim's elder brother were classmates.)

After a brief stint as a teacher, he went to London for a law degree and was called to the bar at Lincoln's Inn. On his return to Malaysia, he served as a magistrate and Deputy Public Prosecutor before setting up his own law practice. He briefly dabbled in politics in the 1960s and, in 1966, was sent to assist federal official (now businessman) Syed Kechik in solving a crisis in Sarawak. But in the late 1960s, he returned to practising law and later ran small manufacturing operations making table salt and plastics. Both ventures failed.

His big break came in the early 1970s when (then) Selangor Menteri Besar Harun Idris recommended him for a piece of land

in Cheras in the outskirts of Kuala Lumpur. Ironically, it was Daim who brought Mahathir and Harun together when Mahathir was in the political wilderness (1969–72) after being sacked from UMNO. Daim, meanwhile, turned his land into one of the biggest satellite towns in the Kuala Lumpur area, providing him with his first millions. In 1977, Daim went to the U.S. to take a course in urban planning. On his return in 1979, he was offered the chairmanship of UDA but instead suggested establishing Peremba. Daim is credited with initiating the decentralisation of Kuala Lumpur and the creation of new town centres.[2]

1. Asiaweek, 27 July 1984.
2. Ibid.

19

Who Is More Islamic?

> "The risk of doing nothing is greater than the risk of going on the offensive."
>
> — Political Scientist

IN a series of resolute moves, the leadership of UMNO intensified its confrontation of the only serious contender for the votes and minds of the Malays . And while the immediate cause of the counter-attack was Mahathir's determination to win the political initiative before the next general election — increasingly expected to be held well before its April 1987 deadline — other calculations also inspired this vociferous campaign, unprecedented in the long annals of UMNO-PAS rivalry. Beginning with a skilfully crafted and hard-hitting speech on Malaysia's Independence Day on 31 August, 1984, Mahathir led a campaign to gain a psychological advantage some feared UMNO might be losing to PAS in parts of predominantly Malay states such as Perlis, Kedah, Terengganu and Kelantan. PAS ceramahs (political-religious lectures) attracting thousands were organised on a growing scale in these areas — particularly in Terengganu and in Kelantan, where PAS held power for 18 years, losing control of the state government in 1978.[1]

Publicly, the government portrayed the contest as between established order and extremism, with no reference to the more mundane matter of electoral prospects. Nevertheless, and particularly in the weeks before 20 September (when Mahathir departed for nearly a month overseas), Ministers and UMNO officials variously accused their opposition co-religionists of "behaving like communists," of "fomenting hatred of non-Malays," of "trying to take control of mosques" and of aiming for a "government by mullahs." In his 31 August address to the nation, Mahathir harped consistently on this last theme, implying that PAS — though he

did not name it directly — was trying also to do away with parliamentary democracy.

The use of the work "mullah" followed from a readiness here to discern Iranian influence behind much of PAS' rhetoric. Malaysia had demanded a bilateral agreement with Iran to govern contacts between Muslims from the two countries (*Review*, 9 August) and during a 21–22 September visit by Iran's Deputy Foreign Minister Jawad Mansuri, Malaysian Deputy Foreign Minister (then) Kadir Sheikh Fadzir said: "There are certain groups in Iran which are in contact with these people (PAS). The government will fight (foreign interference) to the end."

Given much prominence by the local press, other government-inspired charges against PAS flowed thick and fast — though of late, a more hesitant line became apparent in some Malay-language newspaper commentaries. In an article entitled "The Great UMNO-PAS Debate," one influential Malay writer said giving the dispute too high a profile could be forcing "the people to choose between the two parties, something that is not good for UMNO's struggle. It is better for UMNO to keep away from public dispute so as not to give PAS a chance to offer its idealism. UMNO should think again about debating with a party that is almost finished."

This sentiment reflected the belief that PAS — a small, regionally based party with just (then) five seats in the federal Parliament compared to UMNO's 132 — could win undeserved sympathy as an underdog in a mismatched struggle with authority. Another article under the heading, "Who is more Islamic — PAS or UMNO?" in the widely circulated *Berita Harian*, said: "Arguing about who is or is not a non-believer is too dangerous for Malays."[2]

Meanwhile, however, the government pressed the attack. Mahathir claimed, for example, that he had seen evidence that PAS supporters were planning to set up "suicide squads" for whom, Mahathir said, "the shedding of UMNO blood is *halal* (religiously sanctioned). Newspapers carried almost daily reports that "extremist groups" had been issuing *fatwas*, or religious prohibitions forbidding followers from accepting government largesse, supplied by non-Muslims. Perak's state government said 20 such extremist groups are operating in that state alone.

Another accusation was that extremists had cautioned Malay soldiers against participating in counter-insurgency operations be-

cause proper prayer timing could not be maintained in the jungle — an allegation levelled with particular force by Mahathir. Among other things, fanatics reportedly had gate-crashed religious feasts and thrown copies of the Quran belonging to non-sympathetic groups into ditches. The range of accusations ran from these highly emotive specifics to broader transgressions. UMNO officials said PAS not only opposed the Malaysian Constitution as catering too much for *kafirs* (non-believers) but also had "caused Malays to become ashamed of their Malay identity" — a reference to PAS' unhappiness with the nationalistic element in UMNO's messages.

These are serious charges, but the urgency with which the government put the PAS challenge at the top of its political agenda surprised some, even within UMNO. In particular, Mahathir's offer in September, 1984, to organise a live, nationally televised debate between the two parties caused UMNO misgivings, not only from understandably disaffected elements (such as those associated with former Kelantan UMNO chief Tengku Razaleigh Hamzah) but also from those otherwise comfortable with the current leadership.

Although after a 16 September UMNO Supreme Council meeting, Mahathir insisted the debate be confined to what was known here as the "*kafir-mengkafir*" issue (the trading of accusations that others are non-believers), senior elements in the party told that some would prefer not to give PAS free publicity whatever the topic. But sources said the Prime Minister had good reason to make his moves then. Despite UMNO's present strength, Mahathir was determined to keep PAS — and the ideas that bolstered it — on the defensive. If left to drift, the "anti-democratic and intolerant elements" in PAS' message could endanger the delicate fabric of Malaysia society — a result, UMNO contacts insisted, that Mahathir would not allow to happen. "The risk of doing nothing is greater than the risk of going on the offensive," one source said. Thus, the bundle of anti-PAS charges was matched by an array of UMNO tactical counter-measures. UMNO's Youth wing formed what it described as "assault groups," consisting of specially briefed members to organise counter-ceramahs. Each of UMNO's 7,615 branches was under orders to identify powerful orators among its members to redress the opposition's perceived rhetorical advantage. The effective circulation of tape-recorded ceramahs by such orators as PAS vice-

president Ustaz Hadi Awang would be met by "counter-cassettes," UMNO newspapers said.

The TV debate (anyway, it was cancelled) was seen as another decisive tactic, giving the advantage back to UMNO. On 28 September, PAS notified its written assent to the restricted topic debate — though its leadership would have preferred a wider agenda. Finally, the government's tactics included holding four Muslims (including a PAS Terengganu state assemblyman and two PAS Youth workers) under the ISA, and limiting certain types of PAS ceramahs in Perlis, Kedah, Kelantan and Terengganu.

Deputy Home Affairs Minister (then) Radzi Sheikh Ahmad told that this latter step, in law, did not amount to a blanket ban, but rather to an administrative direction to the police to refuse permits on a case-by-case basis if advertising for them would be likely to produce crowds too big for the assigned premises, and therefore to spill into the streets and threaten public order. Despite the initially draconian appearance of the "ban" in Kelantan state capital Kota Baru and in Terengganu, PAS continued to hold gatherings. A significant measure of police discretion was used to monitor the meetings. No more ISA detentions occurred, and the government in September released two of the three PAS members detained in July without explanation.

No one doubts that, besides Mahathir, the UMNO leadership and much of the non-Malay community have grown increasingly concerned about signs of "fundamentalism" here: the worldwide resurgence of Islamic fervour in the 1970s came to Malaysia at a time when other earlier issues of ethnic identity (such as the Malays' political supremacy or the status of the Malay language) had already been won. Ironically, one of the results of the expansion of Malays' tertiary education under UMNO's political stewardship has been a renewed interest in their religion by growing numbers of Malay students reacting to foreign cities or Kuala Lumpur — where the majority of the population is non-Muslim — in which they have studied.

Their receptiveness, together with that of other Malays drawn to urban work opportunities, to a number of dakwah or missionary groups has become commonplace. Most dakwah groups aim at rekindling religious devotion among born-Muslims rather than converting non-believers. To what extent this stronger sense of Islam gave the edge to the UMNO-PAS dispute in 1984

is not clear. Since 1978 and particularly since the departure of former party president Asri Muda (*Review*, 23 August, 1982), PAS has tended to stress insubstantive rather than tangible demands. Such UMNO-dominated government achievements as the Islamic university have earned a dismissive reaction as peripheral to PAS' broader, messianic concerns.[3]

1. Berita Harian, 10 Sept. 1984.
2. Utusan Melayu, 7 Sept. 1984.
3. Far Eastern Economic Review, 18 Oct. 1984.

Taking oath after won the General Election.

Dr. Mahathir on top of the world — Photo Information.

PART FIVE (1985)

20
Mahathir Starts Losing Temper

> Amidst all the mysteries by which we are surrounded, nothing is more certain than that we are in the presence of an infinite and eternal energy from which all things proceed.

IN 1985, Mahathir faced a number of pressing issues and signalled his resolve to maintain a tighter rein on developments with a blunt message to those seeking to bring pressure on the government. In a speech published on New Year's Day he warned:

> "Today the Government may not wish to show its claws. We are still keeping quiet, but let not anyone make the mistake of thinking that our patience is bottomless. There is a limit.... I wish to warn those who dare say the government is weak and afraid. I am warning them actions such as demonstrations and boycotts will bring dire consequences upon all quarters, possibly even the innocent."
>
> (*The Star*, 1 January 1985.)

In any year, to govern Malaysia is a daunting task, complicated by an ethnically fragmented society, a federal system spanning the geographically distant East and West segments, and a ruling coalition of almost a dozen separate political parties. In addition, the national leadership must face such long-term challenges as promoting economic development and industrialization, implementing the NEP and attempting to instil a sense of national identity in Malaysia's disparate ethnic groups.

More immediate challenges have included sporadic acts of violence by (then) communist insurgents, pressures engendered

by the Islamic revival, serious tensions in the relationship between the constitutional monarchy and the executive, and demands from a growing middle class for increased participation in the political process.

Whilst responding to such challenges, a Malaysian Prime Minister must also devote his energies to the internal affairs of the UMNO, as well as to developments within the ruling National Front itself. At the same time, he must be sensitive to the impact of opposition parties — especially those seeking an Islamic appeal. In short, a successful Malaysian national leader must be endowed with considerable management skills in order to balance the formidable array of competing demands within Malaysian society. In addition to the problems caused by the global recession, Mahathir's administration was encountering growing tensions over the unaccomplished goals of the NEP as the target year for its termination approaches. The possibilities of holding an early national general election, before the effects of the economic recession bit harder, were reduced by the continuation of serious factional discord within the MCA. Moreover, a number of controversies, including the Bukit China and Papan disputes and the BMF scandal, continued to cause problems for the government.

Labour affairs were dominated by the long-running dispute between the federal government and the Congress of Unionised Employees in the Public and Civil Services (CUEPACS) over the salary review scheduled for 1985. The dispute, resulting from the refusal of the government to meet CUEPACS' demands, was further exacerbated by the planned abolition of the civil service pension scheme and its replacement with a compulsory Employees Provident Fund (EPF). There was also union concern about the effects upon career civil servants of the privatisation of certain government services.

CUEPACS argued for substantial pay increases in order to retain the standard of living enjoyed by civil servants in 1980 (when the last salary readjustments were made). These claims were rejected by the government, which argued that the downturn in Malaysia's economy meant that it simply could not afford to meet demands for full relative indexation. Following the rejection by CUEPACS of a limited pay increase offer, the government released statistics on the projected cost of Malaysia's civil service which suggested that by the year 1990, the Treasury would have to generate M$11 billion to pay the salaries of more than 800,000

public-sector employees.[1]

CUEPACS sought to exert pressure on the government by threatening widespread strikes if the dispute was unresolved by the end of the year, and thousands of statutory board employees staged pickets outside their places of work. The dispute intensified in August when CUEPACS president Ahmad Nor announced that the five National Joint Councils (Staff Side) would declare their disfavour with the BN if the dispute continued into the new year. He also gave notice that a strike ballot would be held.

Such overt political action, at a time when a general election was being considered, was not welcomed by the government. Nor were reports that Ahmad Nor and other unionists were involved in establishing a new multi-ethnic party — the Parti Nasionalis Malaysia. In response, the government issued stern warnings, reminding unionists of the restrictions upon political activities provided for in the Trade Union Act (*New Straits Times*, 14 August, 1985). In addition, BN secretary-general Ghafar Baba and UMNO Youth urged the government not to bend to the unions, while the Prime Minister affirmed that his administration would not succumb to union threats to withdraw electoral support from the BN.

Nevertheless, in the face of another threatened national picket and recognizing the political risks involved in alienating a sizeable proportion of the electorate, the government softened its stance. Following discussions between CUEPACS officials and both Datuk Musa Hitam and Finance Minister Daim Zainuddin, it was agreed that the Prime Minister would negotiate with CUEPACS leaders in order to settle the dispute. Another significant development in labour affairs was the dialogue between CUEPACS and the Malaysian Trades Union Congress (MTUC) aimed at merging the two organizations, which had split in 1980 after internal differences. The new body, to be known as the United Malaysian Labour Movement, would aim to unite all workers' organizations established under the Trades Union Act and Societies Act. A joint CUEPACS-MTUC solidarity committee met to draft amendments to the MTUC constitution to establish the new body. However, it was by no means certain that the Registrar of Societies would permit rural workers and professional groups to affiliate with the proposed umbrella organizations. Should the Registrar decline such approval, it was agreed to maintain the name of the MTUC for the new body.

The National Plantation Workers Union (NPWU) was in dispute with the Malaysian Agricultural Producers Association (MAPA) over wages and took its case to the Industrial Court. Employers cited falling commodity prices and poor investment returns in the plantation sector for their opposition to wage increases. There was pressure on the authorities to prohibit the use of the weed-killer paraquat following the death and blinding of several hundred plantation workers and the poisoning of streams and wells.

Facing "A–Z" Problems

EVENTS in 1985 once more revealed continuing pressures from the ranks of Malaysia's growing urban middle class for greater participation in the political process. There was continuing resentment at the government's hostility to the activities of interest groups, its lack of public accountability, reluctance to allow public access to official information, and sensitivity to criticism — whether in the press of by groups and individuals.

Disquiet over such issues was sensed by Tun Hussein Onn, who rebuked the government for its reluctance to make public the full details of the BMF scandal and of other matters of national concern[2] (*The Star*, 7 July 1985). He also took the government to task for misusing the Sedition Act to intimidate dissidents, warning that it was a mistake to create a climate in which people were afraid to express their views (*New Straits Times*, 20 September 1985).

As in previous years, interest groups such as Aliran, Sahabat Alam Malaysia (SAM), and the Consumers Association of Penang (CAP), continued to comment upon issues and criticize the government. There was also renewed pressure from academics to be allowed more freedom in research and for regulations limiting their ability to participate in political activities to be reviewed. Several academics were involved in the establishment of the Parti Nasionalis Malaysia despite the staff regulations.

For the most part, the government continued to adopt a firm stance against pressures for extended political participation. Academics, senior school teachers, civil servants and trade unionists were reminded on several occasions that legislation existed which limited their freedom to engage in political activities. As in previous years, the Prime Minister lectured the press on the duty of a

democratically elected government to control freedom of the press in the national interest, and revealed that his administration was reconsidering its "liberal" policy of issuing printing permits since certain newspapers had been undermining efforts to strengthen national unity. The government's sensitivity over public access to information was reflected in the prosecution of the Kuala Lumpur correspondent of the *Far Eastern Economic Review* under the Official Secrets Act, James Clad was fined M$10,000 after pleading guilty to illegally possessing information about the Malaysian Government's trade policies towards China.

Despite such apparent intransigence, there were signs that the Mahathir administration was changing its attitude to the process of interest articulation. The amendments to the Dangerous Drugs Act were only passed by Parliament after being considered by a Special Select Committee, which held public hearings all over the country. Indeed, this was one of the three occasions in Malaysian legislative history that a bill had been referred to a select committee. In February, Deputy Home Affairs Minister (then) Radzi Sheikh Ahmad announced that he would approach the Cabinet with a view to allowing all future Bills involving the liberties and rights of the people to be subjected to public hearings (*The Star*, 1 February 1985).

The readiness of interest groups and political parties to become involved in social issues was demonstrated in the campaign to reprieve Sim Kie Chon from the gallows. In the past decade, the death sentence had been vigorously re-applied in Malaysia, not only for murder, but also for the possession of firearms and ammunition and, for drug pushing. The majority of those executed were Chinese.

Sim's case caused considerable legal and political controversy in the wake of his attempts to have his death sentence commuted. Sim had been sentenced under the ISA for possession of firearms and ammunition and had twice filed suits against the Pardons Board, arguing that it had violated his constitutional rights by not commuting his sentence of life imprisonment as it had done in the case of Datuk Mokhtar Hashim, a former Cabinet Minister convicted of murdering the Speaker of the Negeri Sembilan State Assembly. Sim's first suit was struck out by the Supreme Court, which ruled that clemency was an executive act which by its very nature was not subject to judicial review (*New Straits Times*, 9 August 1985).

While Sim waited on the death row for his second suit to come to court (he had claimed that the Pardons Board had not given him a proper hearing), legal proceedings were instigated against the president of the Malaysian Bar Council, Param Cumaraswamy. He was alleged to have uttered seditious words during a press conference in July, in relation to the role of the Pardons Board in the Sim case (*The Star*, 14 September 1985). The Bar Council had publicly supported Sim's petition for clemency, as well as indicated its disquiet over the mandatory death penalty for firearms offenders. Later in the month, Sim's own defence counsel, Karam Singh, was charged in the Supreme Court with contempt and subsequently fined M$10,000 as a result of his alleged remarks that he was rushed into filing Sim's appeal.

To those legal controversies was added a vigorous public campaign for the commutation of Sim's sentence. The DAP organized a clemency petition and a solidarity fast in a Chinese temple. SDP secretary-general Fan Yew Teng and eight companions were arrested for demonstrating in front of Kuala Lumpur's Pudu Prison. A number of other organizations, bridging Malaysia's communal groups, jointly petitioned the King to commute the sentence. They included such varied organizations as Aliran, CUEPACS, the MTUC, PAS, PSRM, Malaysian Islamic Students Association and the Social Science Society.

The Tan Koon Swan faction of the MCA also supported the appeal and the National Union of Journalists called for a stay of all executions under the firearms laws. Whilst the Sim case had communal overtones arising from Chinese perceptions of deliberate bias in applying the death sentence, it also revealed the willingness of disparate groups to transcend communal considerations on a question of human rights.

Throughout the year, there was controversy over illegal immigrants as the government prevaricated over how to deal with the problem. Illegal immigrants, particularly Indonesians, were blamed for rising crime rates, introducing diseases and adding to the squatter problems of urban areas. The MTUC, in urging government action, argued that illegal workers depressed the labour market and hindered the process of mechanization in the construction and plantation sectors by supplying cheap labour. The DAP also attacked the government's failure to address the problem, claiming that in reality there were almost one million illegal immigrants in Malaysia.

In response to mounting criticism, the government announced that concerted action would be taken and that Task Force VII, originally established to deal with the Vietnamese boat people, would be charged with controlling all illegal immigration (*The Star*, 13 September 1985). Throughout the year, there were sporadic police exercises to detain illegal foreign workers. However, economic imperatives undoubtedly led the authorities to turn a blind eye to the thousands of predominantly Indonesian illegal workers in the estate sector.

According to Land and Regional Development Minister (then) Datuk Seri Adib Adam, there was a shortage of 300,000 estate labourers in Malaysia and this had reduced potential rubber and palm oil yields in some states (*New Straits Times*, 3 June, 1985). Indeed, a widely publicized operation by the Pahang immigration authorities to deport 20,000 illegal palm-oil workers was abandoned after complaints from estate owners that the operation would result in a severe shortage of labour (*The Star*, 16 April 1985).

The illegal immigration issue also had strong communal overtones. There was a widespread belief among non-Malays that Indonesians illegal immigrants were tolerated in order to increase the bumiputera population. Steps were taken to resolve two issues which had caused controversy in 1984. In Perak, the Menteri Besar Datuk Seri Ramli Ngah Talib announced that the radio-active waste dump in Papan would be relocated to an area five kilometres away but the factory producing the waste would not be moved. In addition, responsibility the safety of the dump would be assumed by the Atomic Energy Licensing Board. Whilst the relocation of the dump represented a concession to public pressure, local residents and conservation groups remained dissatisfied and continued to oppose the dumping of nuclear waste in the Papan area.

In Malacca, the state government negotiated what it termed "an amicable settlement" to the Bukit China issue. State government plans to develop the ancient Chinese hill cemetery for housing and business purposes, and its demands for two million ringgit in quit rent from the trustees if the land was not made available, led to petitions and legal action by Malaysia's Chinese community. The state government eventually backed down and, in February, declared that beautification plans for the hill were being finalized in consultation with the trustees of Bukit China. Against the

background of the official "Islamisation" policy, the Bukit China affair was perceived by many Chinese as demonstrating official disregard for their religious sensitivities.

The government intensified the anti-dadah (drugs) campaign. According to the authorities, there were approximately 80,000 heroin addicts in Malaysia and drugs represented a major threat to national security. Counter-measures continued to be severe; by the middle of 1985, a total of 30 convicted traffickers had been hanged since the imposition of the mandatory death sentence under the Dangerous Drugs Act. A further 43 persons, including two Australians and several Hong Kong nationals, were on death row. A major development in the anti-dadah campaign was the passing of the Dangerous Drugs (Special Preventative Measures) Bill 1984. Under the amendments, the Home Affairs Minister received similar powers to those exercised under the ISA. Suspected drug traffickers may be detained without trial for up to two years, followed by a similar period of extension.

During public hearings on the Bill by the Special Select Committee, a number of individuals and organizations expressed serious reservations about the Bill's provisions for detention without trial and possible erosions of fundamental liberties guaranteed by the Constitution. The sole Opposition MP on the Committee, Lee Lam Thye, whilst supporting stiffer measures against drug traffickers, declined to endorse the committee's recommendations because of the DAP'S opposition to detention without trial.

In an attempt to placate fears about the Bill's authoritarian provisions, the life of the legislation was limited to five years and provisions for the recommendations of the Advisory Board to be binding on the Minister for Home Affairs were incorporated in the eventual Act. The government also foreshadowed its intention to draft legislation empowering it to seize the property of drug traffickers.

Certain sections of Malaysia's aristocracy appeared determined to preserve their interests regardless of the significant hostility displayed towards royal excesses during the 1983 constitutional crisis. Early in the year, two members of the Pahang royal family unsuccessfully sued their state government for ownership of the entire Sungai Tembeling basin, claiming that the land had been given to their ancestors in 1877. If successful, the suit would have cost Pahang the whole of the Taman Negara nature reserve as well as a large part of the state's natural resources.

In Selangor, where the Sultan celebrated his silver jubilee, controversy was aroused by royal intervention in state government affairs. Following problems in the organization of the royal birthday celebrations, the Sultan demanded the dismissal of the State Secretary, who vacated his office within twenty-four hours. The Sultan's intervention was criticized as "inappropriate and unacceptable" by a Selangor UMNO Youth executive council member who reminded the Sultan that all government officers were answerable to the Menteri Besar who, in turn, was elected by the *rakyat* (*The Star*, 2 March 1985).

The Sultan also drew criticism for demanding that his jubilee should be celebrated for an entire month at a reported cost of M$10 million. Both UMNO Youth and ABIM denounced the cost of the celebrations as excessive (*New Straits Times*, 4 August 1985). By contrast, the King's birthday was celebrated less lavishly than in previous years.

At the 1985 UMNO general assembly, the Prime Minister warned Malaysia's Sultans that certain businessmen were using royal influence to further their financial interests, and that the involvement of the Rulers in such schemes might tarnish their image as constitutional monarchs and lead the Malays to question their role. Whilst conceding that the issue of royal involvement in business was sensitive, he warned that those seeking to profit through royal connections would be blacklisted by the government (*New Straits Times*, 28 September 1985).

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1. New Straits Times, 1 August 1985.
2. The Star, 7 July 1985.

Who says Dr. Mahathir has no sense of humor? Prime Minister and the First Lady Datin Seri Dr. Siti Hasmah – ideal couple.

21
BN's First Defeat In General Election

> "Some men are successful as long as someone else stands at the back of them and encourages them. But some men are successful in spite of hell! Take your choice."

BARISAN Nasional suffered its first-ever defeat at a general election in April 1985. Berjaya, running on the BN ticket, was soundly defeated by the newly-formed Parti Bersatu Sabah (PBS) led by Datuk Joseph Pairin Kitingan, a Catholic Kadazan lawyer who had resigned from the ruling party in 1984 after a disagreement with the Chief Minister, Datuk Harris Salleh. When Pairin successfully stood as an independent after resigning his State Assembly seat, Harris responded by cutting off all development funds to his Tambunan constituency. This move fuelled local resentment, as well as drew criticism from several Peninsular Malaysian political parties and groups, while the BN Federal Government stated that it would not punish constituencies which voted for opposition candidates.

In the following months, Pairin mobilized opposition to Berjaya, mainly among the Chinese and Kadazans who were disgruntled about what they perceived as the pro-Muslim policies of the Harris government. Pairin succeeded in forming and registering the PBS. He also got the moral support of Member of Parliament Mark Koding in protesting against the state government's actions in Tambunan.

During the elections, the BN national leadership firmly endorsed Berjaya. "**We will sink or swim together,**" Mahathir said. He also branded the PBS as "communalistic" and warned of the dangers of voting for the opposition. The election results were

both unexpected and devastating for the BN. Berjaya retained only 6 seats, compared to the 44 it previously held. Tun Mustapha Harun's Muslim-based USNO in 1984 took 16 seats, and the PBS won a clear majority with 26 seats (including that of the one successful Pasok candidate who defected to the PBS).

Despite this clear majority, the losers engaged in a last-ditch intrigue to prevent the PBS from coming to power. As the results of the election became clear, Datuk Harris Salleh telephoned Musa Hitam, who was acting as Prime Minister and BN leader while Mahathir, was overseas. Harris asked for BN endorsement for a proposed coalition with USNO in a bid to retain power. The request was refused by Musa Hitam, who issued a statement affirming the respect of both the BN and the federal government for "the wishes of the majority based upon the system of parliamentary democracy" (*The Star*, 23 April, 1985).

Despite this failure to obtain BN endorsement, an attempt was made by Tun Mustapha to pre-empt Datuk Pairin by inducing the Yang di-Pertuan Negeri (Governor) to swear in an USNO-Berjaya coalition government. The manoeuvre was based upon a constitutional provision for the Chief Minister to appoint six non-elected members of the State Assembly. By convention, however, these had always come from the majority party. Tun Mustapha argued that the combined USNO-Berjaya seats, together with the six nominees, would give him a majority in the State Assembly.

Before dawn on 22 April, Tun Mustapha, having requested for the attendance at the Governor's residence (*Istana*) of the State Secretary, the Chief Justice of Borneo, and the State Attorney-General, called uninvited upon the Governor, Tun Mohamad Adnan Robert, and demanded to be sworn in as Chief Minister. Both the Chief Justice and the Attorney-General maintained that the action was unconstitutional and, together with the State Secretary, disassociated themselves from Mustapha's demands by leaving the *Istana*.

According to a statement made later by the Governor, the menacing behaviour of Mustapha's entourage made him fear for his security and that of his family. Having armed himself with a keris and revolver, he decided to pretend to appoint Mustapha as Chief Minister in order to get him to leave the *Istana* (*The Star*, 30 May, 1985). Later in the day, the Governor revoked this appointment and administered the oath of office to Datuk Joseph Pairin Kitingan.

It was crucial for the new administration to establish a working relationship with the federal government. There were fears within the PBS that Kuala Lumpur might impose emergency federal rule on Sabah. This was done in 1977, following Kelantan's return to opposition control when PAS left the BN. Chief Minister Pairin, therefore, visited Kuala Lumpur to assure the federal government of his co-operation. He also reassured UMNO that he did not intend to pursue policies hostile to Muslims, and reiterated the desire of the PBS to join the BN.

At the first session of the State Assembly, the PBS government pledged to strengthen links with Kuala Lumpur and asserted that Sabah's future lay in its continued partnership in the Federation of Malaysia. In a pointed reference to Tun Mustapha's reputation as the former Chief Minister who had threatened to take Sabah out of the Federation, the PBS government warned that it would regard any talk of secession by any person or organization as an act of treason (*New Strait Times*, 17 May, 1985). At the same time, Datuk Pairin continued to attack the record of Berjaya, ordering an enquiry into the alleged misuse of funds by the previous administration and blaming it for allegedly bringing Sabah to the verge of bankruptcy. He was also careful to reassure Sabahans that his administration was not anti-Muslim.

Datuk Pairin's position was strengthened by calls from a number of quarters in Peninsular Malaysia, including UMNO Youth, for the opposition parties in Sabah to accept the popular will and co-operate with the new government. Tunku Abdul Rahman publicly affirmed the right of Sabahans to change their government and former Prime Minister Tun Hussein Onn argued that Datuk Pairin should be given a fair chance to get on with the task of government. In addition, he urged the BN to admit the PBS to its ranks.

Despite such support for Datuk Pairin, Tun Mustapha refused to accept the legitimacy of his rival's appointment. On 22 May, 1985, he filed a suit in the High Court against both Datuk Pairin and the Governor, claiming that his own original appointment as Chief Minister was lawful and constitutional. In addition, USNO members boycotted sittings of the Assembly. In response, Datuk Pairin called for an emergency sitting of the State Assembly in order to strengthen his position by having a vote of confidence in his government passed. Tun Mustapha unsuccessfully attempted to prevent the sitting by obtaining an injunction re-

straining the Assembly from meeting until his original challenge to the government's legality had been settled.

While Tun Mustapha continued his protracted legal action, Datuk Harris Salleh chose to resign from Berjaya, complaining that some of its party leaders were unfairly blaming him for its defeat and claiming that his previous policy of "multi-racialism", which aimed to please everyone, had in fact pleased no one. He also suggested that, in future, it would be better for Sabahans to organize politically along distinct ethnic lines, as was the case in Peninsular Malaysia with UMNO, the MCA and the Malaysia Indian Congress (MIC) (*New Straits Times*, 18 August, 1985).

22
Politic Politics

> When a man really finds himself at the top of the ladder of success, he is never alone, because no man can climb to genuine success without taking others along with him.

IN July 1985, Malaysia newspapers carried photographs of Mahathir and Musa Hitam embracing, and reported their strong denials of a rift between them. This public act of reassurance followed rumours of sharp differences between the leaders and factional discord within UMNO. The rumours were blamed upon irresponsible Singapore sources (*Mingguan Malaysia*, 7 July, 1985).

Several UMNO leaders publicly warned that the party was being harmed by "money politics" — the use of wealth to obtain party posts and the use of such posts to accrue further wealth. The Prime Minister observed that in one case, an individual spent M$600,000 to become a divisional chairman (*New Straits Times*, 20 May, 1985). Sensitivities to class-based tensions within the party were evident in Datuk Musa Hitam's concern that "money politics" could ultimately alienate the *rakyat* from UMNO. He warned party members:

> "Let not those people who are bent on making money out of politics weaken the party. Let us not come to a stage where we are compelled to compromise our dignity and esteem for the sake of money. UMNO members must know that the power its leaders have been enjoying comes from the grassroots, that is, the kampung folk. And leaders who have been guiding the party have come from kampungs." (*New Straits Times*, 19 July, 1985)

There had also been concern within UMNO over the amount of litigation resulting from factional disputes. Such court action was seen as revealing UMNO's weaknesses in public, removing

party affairs from the control of the party, and causing a hardening of factional lines.

As a result of the leadership's concern with "money politics" and the increased incidence of litigation, the UMNO Supreme Council introduced a number of amendments to the party's constitution. The first of these provided for automatic expulsion of any member taking legal action before the Supreme Council or the general assembly had first considered the dispute. It was also suggested that other parties in the BN insert similar clauses in their constitutions in order to reduce factional litigation.

Other amendments strengthened central control over the dismissal of party officials at the branch and divisional levels, and party elections. In order to stem the drift to patronage politics in which wealthy businessmen appointed their proteges to positions of influence, the constitution was amended to require candidates for divisional level posts to have been party members for at least two years. UMNO's dominance in Malaysian politics found symbolic expression in the new M$400 million UMNO complex, which includes a 41-storey office tower, hotel and an assembly hall with seating for 15,000. The complex provides income from rentals as well as facilities for UMNO functions.

At the 1985 general assembly, the first to be held in the new complex, the UMNO leadership urged members to place party unity above sectional interests, and reaffirmed the party's commitment to defend Malay rights. PAS was strongly condemned for allegedly undermining the position of Malays by questioning the constitutional provisions for special privileges.

Leadership Crisis in MCA

THE BN once more experienced strains within its ranks and there were several moves to overcome some of the more serious problems — particularly the protracted crisis within the MCA. Since the resignation of Datuk Lee San Choon as president in 1983, factions led by acting president Datuk Dr. Neo Yee Pan and Tan Koon Swan had vied for control of the MCA, frequently resorting to court action. There were widespread allegations that the MCA's membership lists were "padded" with phantom members in order to boost the number of voting delegates sent by each faction to the general assembly (where the national party leaders are chosen).

In January 1985, a settlement was reached through the mediation of Ghafar Baba. Leaders of the two factions, in the presence of the Prime Minister, signed an undertaking to cease litigation, reinstate expelled and suspended members and hold party elections to determine who would lead the MCA. However, by April the agreement had fallen through and litigation was resumed amid further allegations of membership list rigging. Various party meetings and elections were prevented by High Court injunctions granted to both factions. Early in May, secretary-general Tan Sri Chong Hon Nyan resigned over his failure to reconcile the opposing factions.

On 10 May, in an out-of-court settlement, the two factions once more agreed to allow elections to proceed once an impartial investigation, to be chaired by Ghafar Baba, had thoroughly vetted the membership rolls. However, this pact also failed to prevent continued factional conflict and the problem was further aggravated by the formation of independent pressure groups pledged to restore unity to the Chinese community.

Wearied by the chronic instability of the MCA leadership, elements within UMNO grew increasingly impatient. In July, the Menteri Besar of Malacca, Datuk Abdul Rahim Thamby Chik, bluntly suggested that the MCA should settle its affairs outside the BN (*New Straits Times*, 16 July, 1985). By August a third faction, led by Mak Hon Kam who claimed to be the legitimate acting president, further complicated matters. Mak's claims were supported by the Tan Koon Swan faction. In a bid to force a resolution of the crisis, the BN Supreme Council prevailed upon both Neo and Mak to undertake to settle the leadership question or else take the MCA out of the coalition (*New Straits Times*, 18 August, 1985).

Further pressure was exerted by the Prime Minister's decision to drop Datuk Dr. Neo from the Cabinet, pending the resolution of the leadership issue. Ghafar Baba, dubbed the "ghostbuster" by the press, continued the task of resolving the phantom membership dispute so that decisive party elections could be held. The auditing services of Peat, Marwick, Mitchell and Company were employed for this purpose.

The crisis ended when Tan Koon Swan decisively defeated Datuk Dr. Neo Yee Pan in the party elections, capturing 2,715 votes to his rival's 809. Last-minute political manoeuvres led to Datuk Mak Hon Kam and his ally, Datuk Tan Tiong Hong, boy-

cotting the polls (*Far Eastern Economic Review*, 5 December, 1985). The election of Tan Koon Swan, a multi-millionaire whose holdings included a 22 per cent stake in the collapsed Pan-Electric group, once more left the MCA open to attacks by its political opponents for being the party of *towkays* (rich businessmen).

The events surrounding the MCA crisis further underscored the weakened political position of the Chinese community in Malaysia and the dominant role of UMNO in directing the internal affairs of the BN. Indeed, at the 1985 UMNO general assembly, Ghafar Baba was even jokingly referred to as the "acting president of the MCA". In dropping the MCA's acting president from the Cabinet and even suggesting that the MCA leave the coalition, the UMNO leadership once again demonstrated the dispensibility of the MCA and its determination to replace ineffective Chinese representatives with those who could perform their function more reliably.

A similar attitude prevailed within UMNO in the early 1970s when Tun Abdul Razak moved to expand the original Alliance by forming coalitions with the Gerakan Rakyat Malaysia and People's Progressive Party. The crisis also revealed an MCA preoccupied with the politics of personalities, despite the pressing problems faced by the Chinese community. It is perhaps significant that in the midst of the MCA crisis, it was left to the Deputy Prime Minister, Datuk Musa Hitam, to announce that the government had formulated an overall development plan for the predominantly Chinese New Villages (*The Star*, 20 September, 1985).

Gerakan's Internal Discord

IN an apparent attempt to strengthen the political position of the Chinese community, the Gerakan agreed in April to set up a joint council with the MCA with the aim of adopting a common approach to national issues and promoting co-operation between the two parties. There were even rumours, denied at the time by both parties, that a merger was being planned.

However, later developments revealed that a merger was indeed being considered. Such co-operation essentially represented an attempt to strengthen Chinese representation within the BN prior to the next general election and further called into question the *bona fides* of the Gerakan as a multi-ethnic party. Indeed,

there was disquiet among non-Chinese members, some of whom felt that their interests were being ignored by the Gerakan leadership. The party also suffered from internal discord and several senior office-holders, including a state assemblyman, the head of the Women's Section, and a number of state leaders, defected to the MCA. These defections placed the joint council in jeopardy since it was suspected that the MCA was actively wooing disaffected Gerakan members.

Many of the defectors were reported to have been supporters of Datuk Michael Chen, who was disillusioned that he was not appointed a vice president of the party following his unsuccessful attempt to displace Dr. Lim Keng Yeik as president in 1984 (*New Straits Times*, 9 June, 1985). Relations with the MCA were further damaged by Dr. Lim Keng Yaik's suggestion that the Gerakan take over the MCA's role if it left the BN on account of its leadership crisis.

MIC Doesn't Want to Miss the Bus

MALAYSIAN Indian Congress (MIC) president Datuk Samy Vellu revealed tensions within the BN when his strident complaints that non-Malays were not given equal employment opportunities in the Malay-dominated civil service led to calls for his resignation from the Cabinet by an UMNO Youth executive council member (*New Straits Times*, 23 June, 1985).

Throughout the year, the MIC adopted a more aggressive posture in bringing the problems of Malaysia's Indian community to the attention of the government. Datuk Samy Vellu warned the party's elected representatives that they risked losing re-endorsement if they did not champion the Indian cause more vociferously. Indian grievances were bluntly and publicly stated: MIC Youth president Senator D.P. Vijendran warned that there was widespread alienation and uncertainty among Malaysian Indians and expressed reservations about the NEP's impact upon Indian poverty.

The MIC also took steps to strengthen its relatively weak position in the BN by launching a drive for 150 new branches, as well as an ambitious strategy for the geographical relocation of Indians in an attempt to hold the electoral balance of power in at least 30 constituencies. The party announced that it had bought land in selected areas and had been gradually relocating Indians

(*New Straits Times*, 26 August, 1985). The MIC also announced that its financial arm, Maika Holdings, would greatly increase its investment activities. The MIC's more aggressive posture and expanded business activities did not go unchallenged by elements in UMNO. While UMNO Youth leader Anwar Ibrahim agreed to discuss Datuk Samy Vellu's allegations that Indians were being discriminated against in civil service appointments, he pointed out that Malays too suffered from poverty and poor educational opportunities (*New Straits Times*, 28 June, 1985)

Datuk Samy Vellu also drew heavy criticism from UMNO quarters, following his negotiations with India's Prime Minister Rajiv Gandhi, over Maika Holding's move to purchase the Indian government's shares in the Malaysian-based United Asian Bank (*New Straits Times*, 17 August, 1985). As in previous years, the MIC suffered from factionalism and a few expelled members expressed their dissatisfaction by forming a rival Democratic Malaysian Indian Party

Counter Challenge

THE national leadership of the ruling coalition continued to devote considerable attention to counter the challenge posed by PAS. In the government-controlled mass media, PAS was portrayed as a party of political extremists, scornful of material progress, intent upon dividing the Malays, and hostile to the BN concept of communal power sharing. In November, 1984, the government issued a White Paper (*Threat to Muslim Unity and National Security*) in which PAS, along with certain violent extremist groups and the Malayan Communist Party, was implicated in subversive activities.

Beneath the rhetorical condemnations of PAS and the somewhat crude attempts to link it with violent subversion, it was evident that the national leadership continued to fear PAS as the principal source of Malay opposition in a political atmosphere charged with the forces of Islamisation and resentment over conspicuous economic disparities among sections of the Malay community. UMNO–PAS political rivalry was marred by violence early in the year. A PAS member was killed and several others injured during a fight with UMNO supporters at Lubuk Merbau during the by-election (won by UMNO) for the Kedah state seat of Padang Terap. On 16 March, PAS legal adviser Haji Suhaimi Said

was detained without trial under the ISA for allegedly causing discord among Muslims and disseminating subversive documents relating to the Lubuk Merbau incident. The government also used the ISA to proscribe a video-recording and pamphlets relating to UMNO-PAS clashes. A day later, the Kelantan State Assembly building was placed under heavy guard following rumours that PAS was about to hold a demonstration.

A marked change in the political strategy of PAS was discernible in 1985. PAS had traditionally based its political appeal upon a strong commitment to struggle for the Malay position and had frequently berated UMNO for being "soft" on the Chinese at the expense of the Malays. However, in 1985 PAS, to the consternation of UMNO, commenced a series of dialogue sessions with the Chinese community. The aim of these meetings with various Chinese guilds and societies was to explain the party's struggle and reassure the Chinese that their rights and privileges would be safeguarded under an Islamic regime since Islamic principles had universal applicability.

As far back as 1981, PAS had discussed changes in its approach to communal questions and had decided to stress the universalism of Islam. However, in 1985 the party sought to demonstrate the *bona fides* of this new approach. A Chinese convert was appointed to the PAS central committee and a Chinese Muslim elected president of the Kampung Baru branch of the party in Kuala Lumpur. Moreover, at the 1985 *Muktamar* (annual assembly), PAS president (then) Haji Yusof Rawa launched an attack on ethno-centrism and communalistic thinking, assuring non-Muslims that true Islam knew no racial bounds (*Far Eastern Economic Review*, 25 April, 1985).

UMNO moved to turn its rival's newly professed anti-communalism against it by accusing PAS of betraying the Malay cause. Much political capital was derived from an alleged remark by vice president Ustaz Haji Hadi Awang at a Chinese dialogue session that PAS was committed to eliminating the special privileges of the Malays. PAS strongly denied that these words were used, but conceded that its vice president had affirmed that the question of Malay privileges would not arise under Islamic laws, since the rights of both Muslims and non-Muslims were guaranteed under Islamic justice (*The Star*, 19 September, 1985).

UMNO seized upon this apparent volte-face in the party's professed policies to go on the offensive against PAS. The Attor-

ney-General was asked to investigate the alleged commitment to abolish Malay special privileges to see if it was seditious and the Kelantan UMNO Youth called for Ustaz Haji Hadi Awang to be detained under the ISA. For its part, PAS continued to attack the government for failing to correctly implement Islamic principles in its administration. PAS was also critical of the official promotion of nationalism, which was the theme at the 1985 Independence Day celebrations, arguing that it was a Western secular concept opposed to the universalism of Islam. Moreover, as the presence of the term "national" in its title implied, UMNO was a party inspired by such un-Islamic concepts, (*The Star*, 17 April, 1985). In seeking to manage the challenge posed by PAS, the national leadership continued to employ the familiar strategies of restricting access to avenues of political participation (for example, meetings were prohibited in some states) and holding the threat of the ISA over its leaders.

At the same time, UMNO continued vigorously to promote itself as Malaysia's principal political party of Muslims, committed to the gradual Islamisation of the state within the confines of the Federal Constitution. Moreover, the official portrayal of PAS as a quasi-subversive organization did not prevent the Prime Minister from once more approaching PAS with a view to co-operating for the sake of Muslim unity, a suggestion rejected by the PAS president (*New Straits Times*, 15 January, 1985).

23
Saga Of The Malaysian Car

“Do not tell the world what you can do — show it! Aspiration is greater than realisation, because it keeps us eternally climbing up toward some unattained goal.”

MORE than just an industrial venture, the Proton Saga national car project was seen as a vehicle to awaken the national consciousness to industrialisation. As the minutes blurred into the hours that make up the days, we realised, startled, that another year had passed; 1985, the Orwellian year Plus One was a year of both upsets and victories: a stunning upset for Harris Salleh and his Berjaya party in Sabah but a victory for Joseph Pairin Kitingan, his Parti Bersatu Sabah and, indeed, a triumph for democracy. For the bitterly wracked MCA, the year finally brought a conclusion: Tan Koon Swan *et al* romped home and the MCA, after 20 tiresome months, seemed ready to live again.

Continuity, on a yearly basis, 1985 was maintained in the sorry form of the BMF affair as more revelations unfolded which, true to form, raised even more questions. In another more vastly reassuring form of continuity, Parliament quietly celebrated its 25th year of existence, affirming again the Malaysian commitment to the democratic process. For one Ibrahim Libya it was, until 19 November, the year of living dangerously: the Memali tragedy left 18 people dead and a nation shocked. For Nurul Huda Abdullah, however, it was a year of great satisfaction: seven golds and six records later this plucky 13-year-old swimmer left the Sea Games covered with glory. And a grateful nation smiled.

But triumph, like tragedy, is transient. It flickers for the moment and then dies with only its embers capable of providing

lessons, not always valuable. For *permanence*, however, 1985 had, among other things, the Penang Bridge, a majestic monument in girded steel, ostensibly the world's third longest and Pulau Pinang's new umbilical cord to the mainland. And there was the country's leap into the industrial age, epitomised by one day in July when the Prime Minister, with a flick of a switch, set off a slow parade of spanking new cars down an assembly line. The cars, conspicuous by their unabashedly patriotic logo — the yellow Islamic crescent and the 14 pointed star of the Malaysian flag — seemed deceptively familiar, if only because the public's curiosity about the Proton Saga, had by then reached fever proportions.

Although roundly criticised at the outset — most opposition came from local academics, consumer advocates and spokesmen for competing motor companies who went along the grounds of economic non-viability — it appeared that public opinion, spurred on by a marketing effort that was unashamedly nationalistic, was markedly shifting in favour of the car, at least as far as sales was concerned. The nation, like everyone else, would have to wait for posterity to judge the ultimate success or failure of the Saga, but its realisation from scratch and its blazing speed between decision and implementation cumulatively made for a tale worth telling.

The dream apparently began in 1979 as a gleam in the eye of the then Minister of Trade and Industry, Dr. Mahathir Mohamad, who unfortunately was reluctant to deflect credit from those who gave birth to his brainchild. He, apparently, was convinced of the country's need to diversify out of its traditional commodities rut. What, he pondered, was the industry that could provide enough impetus to propel a nation onto the industrial path? The solution: build cars. Not the cars that had, since 1967, been regularly assembled locally, for with 22 makes and 105 models approved for assembly, the local automobile industry had never been efficient nor, because of the consequent lack of economies of scale, had it built up a supporting auto parts industry that was self-reliant, cost-effective or technologically innovative.

Other countries had demonstrated effectively the multiplier effect of automaking: Japan's Toyota was supplied by well over 30,000 sub-contractors and Mitsubishi and America's General Motors, more than 10,000 component firms. Even South Korea, for all the pooh – poohing that accompanied the launch of its Pony, had seen the proliferation of well over 1,000 sub-contrac-

tors, all geared to support the car. Thus, what the private sector had failed to do for the local automobile industry, the government via Proton, sought to do. By moving into large scale automaking and by capturing a major market share, the government hoped to form the bulwark of a business that would nurture technological innovation, one that would create a multiple demand on a number of other industries like the metal industry, the plastics industry, the rubber industry, components, electrics, electronics.

In short, the car project was envisioned to galvanise the country's leap into heavy industries, to not only be viable but crucially central to the country's development. But more than just seen as an industrial venture, it was a vehicle to awaken a national consciousness. As Datuk Wan Nik Ismail, (then) executive head of Proton (Perusahaan Otomobil Nasional), put it: '(The national car project) was seen as a vehicle to alarm — alert — the people to industrialisation.'

Thus, the die was cast: all that remained was implementation. And so, together with a whole lot of other heavy industrial projects, the proposals were handed over to MIDA (Malaysian Industrial Development Authority) to mull over. Obviously to make a car, a manufacturer willing to impart knowledge for a reasonable fee was required.

Co-operation, however, was in short supply. Said Nik, "I understand that we did try a number of companies, both Japanese and European, but they all thought we were crazy. There were no contenders because Mitsubishi was the most responsive." Mitsubishi's Hiroshi Satoh picked up the narrative: "For us, it goes back to October 1981, when president Mimura of Mitsubishi Corporation talked to your Prime Minister and reached a verbal agreement that we would come in. In February the next year, Dr. Kubo, the chairman of Mitsubishi Motor Corp., came over to see the PM once again. And this time, we reached an understanding on the type of car that was required."

Initially the Japanese did not understand. They envisioned the assembly of existing models until the PM pointed out that would be analogous to an already existing condition. Mitsubishi countered with the exorbitant costs of producing a completely new car. Indeed, Unido (United Nations Industrial Development Organisation) in a 1984 report estimated that "it takes between three to four years and US$500 to 700 million (1,225 to 1,715 million ringgit) to put even the simplest car into productions."

The project's remarkable time table — from mid-84 when Proton was incorporated till mid-85 when local assembly started up — and the costs of developing the Saga elicited this comment from from Tan Sri Jamil Jan, Hicom's chairman: "We spent precisely 12.5 million ringgit to get the final version" — thus lending credence to the fact that some sort of compromise was effected. Which was undoubtedly the case. "Proton took a short-cut," said Satoh. "Instead of trying to start from scratch, we opted to use existing components and then make modifications to the bodyline."

On 2 February, 1982, Jamil was appointed full-time chairman of Hicom and things began to hum. A project — headed by Mohamed bin Zainal — was set up to "implement the development of a national car." Simultaneously, various other aspects were being considered. To get accurate data on the automobile market, another Hicom official, Mohd Nazmi Salleh, was instructed to work alongside SGV — Kassim Chan, a market research specialist — to survey the local passenger car market. "It really was not difficult selecting the type of car required," said Jamil. "Our market research showed that 85 per cent of the demand for passenger cars was between 1,200 to 1,500 cc. So our choices were simple." Thus, by the time the Mitsubishi team arrived in early March, much preparatory groundwork had been laid. "We agreed on a few things — the size, the capacity and the general shape," recalled Mohamed. "What we had to work out was a complete feasibility report for our purposes."

How does one work out a feasibility study to develop an automobile when it has never been attempted before? "The Japanese were instrumental here," agreed finance-man Kok Nam Soon. "They came across with three (reports) in the period from March to October. But we worked like hell, too. I mean, the inputs were primarily Malaysia." The final draft was finished by 22 October — a massive tome, some three inches thick, bristling with figures and technical jargon. But "it was feasible," said Mohamed simply. "Then came the hard part. We had to condense it to a fairly concise and accurate paper for Cabinet approval." On the presumption that the project would go ahead, MMC had already been hard at work, preparing a clay model of the exterior of the model-to-be. "You must remember that there still was no formal contract, so they (MMC) were bearing all the costs," said Nik. "It was like going Dutch; they paid for their costs and we paid for ours."

Nevertheless, Malaysian designer Mohamed Azali bin Abdul Rahim had, together with the rest of the team, paid a visit to Japan to familiarise themselves with the designing process and to soak up the ambience of an automobile plant. December I saw Cabinet approval given to the project. But even as the Cabinet was debating, the first clay model was, amidst great secrecy, being airlifted from Tokyo to Kuala Lumpur. "We were sleeping on the tarmac, waiting," reminisced Nisbar Nasib, the team's corporate planner. "The plane touched down way past midnight, at the Airod hangar, next to Subang. The security was very tight. We had *Handau* commandos all over the place guarding the joint. I don't think they knew what was afoot, either." The secrecy was due to a prime ministerial visit the following morning. Which, by all accounts, went off very well except that, in Nik's words, "a few journalists were nosing around and we had to be a bit circumspect."

The letter of intent was signed the next day. Then the negotiations began. A Japanese team came over and remained; except for changes of personnel they stayed on for well-nigh three months. "We thought it would be more advantageous to negotiate on home ground," explained Kok Nam Soon. To make sure they were not offered the short end of the stick, a British based (automotive) consultancy company, McLellan and Partners, was hired by the team to monitor the negotiations. "That period was the time of the buy-British-last policy," recollected engineer Abdul Razak Harun, "so I scouted around for others. But these guys were very good. They were consultants for Chrysler in a number of countries and they came up with the most competitive offer." Members of the team had warm memories of John Haig, the consultants' leader. "He got so involved with the project that he carried out work that was over and above his terms of reference," said Mohamed. "And he suggested a lot of improvements." Being a turnkey contract — it involved not only the car but the site, the plant and its various accessories viz the test track, paint shop etc — the wheels of negotiation moved exceedingly slowly. At times it got heated; table thumping was commonplace and walkouts were not infrequent. Said Jamil reflectively: "The Japanese are very shrewd, very tough bargainers but you can trust them.

"At the end of the day, I always found I could sleep nights." There were certain accustomed Japanese practices that had to be gently modified by the team. Said Razak: "Their fire protection

systems, their treatment of waste water, were all very different from what our laws required. Then the specifications for the plant had to be modified quite a bit." Still, the engineer came away impressed; almost in disbelief. "The Japanese are so meticulous. I mean, their technical drawings are so good, they're perfect." A battery of legal experts was brought in to scour the fine print. The Malaysians hired an eminent law firm and the Japanese, not to be outdone, came right back with the learned, if no less local, James Puthucheary (Skrine & Co). "The lawyers multiplied every page three times," laughed Satoh. "Ours was so much slimmer."

Proton, the company, was incorporated on 7 May, 1983. The contract, several volumes of it, followed on 22 May. What stands out about this project was its rapidity of implementation, the way it cut through bureaucratic red tape. Almost as soon as the ink was drying on the contract, workmen were busy on the 52—hectare site in Shah Alam doing preliminary clearing work. Starting from oil palm land and secondary jungle and working flat out, the contractors put up the plant in 19 months — a feat of no small consequence especially in the light of the exacting technical specifications demanded of the plant and its accessory facilities.

Meanwhile, another facet of the project was slowly unfolding. In 1982, Datuk Eric Chia, chief executive of United Motor Works (UMW), had as much knowledge about the national car as the next man. Only a year ago, a UMW subsidiary, Sejati, had gone directly into the passenger car business, securing the Toyota franchise. "All I knew, I got from Press reports," said Chia. Then, somewhere in late 1982, a phone call from the PM's department changed the equation. "The PM asked me to organise a company to sell the national car," recalled Chia. "He had this idea of splitting the manufacturing arm from the marketing and service wings, making them independent of one another." Subsequent meetings with Jamil mapped out his terms of reference: organisation, sales and service. Chia still felt undecided. While he himself was not on the Board of Sejati, his group of companies still had the Toyota franchise. As he put it: "I didn't know how Toyota would have felt. It was difficult."

"I thought about it for some time," recollected Chia, "sorting out various options. Then I went to see the president of Toyota and explained my position, that there would be no conflict of interest because it was different companies that were involved; that while one model — the Toyota Corolla — would compete

with the Proton, the whole franchise would not. He heard me out and he agreed, but I wouldn't say that he was pleased." Chia got hot under the collar about "conflicting interests." "First, we only just got into the passenger car trade, so you might say that my group is relatively new in that field. Maybe, that's why the PM picked me: he might have thought I hadn't been long enough in the trade to get polluted."

As Chia went back to the drawing board to plan his marketing strategies, other events were moving at a rapid fire clip. The launch of the car, originally planned for January, 1986, was brought forward five months. But the Japanese seemed easily equal to the task: the first "Final (F) prototype" of the car — then named *Perkasa* — was completed five months after the contract was signed.

Explained Razak: "These F prototypes are made to cater for repeated modifications. You see, only when we get the final version, do we start making the production tools, the dies, casts, etc. Then we begin on the Production (P) prototypes, those that we make from the actual production tools." In all, 36 prototypes — 24 Fs and 12 Ps — were developed till both parties were satisfied with the final outcome. In the process, embellishments were added: the matching colour, metallic bumpers, the duct-tail at the rear of the car, the front grille and, of course, the logo.

"Actually, you wouldn't think that there was much difference between prototypes, at least externally," said Razak, "but from one (prototype) to the next, there were numerous internal changes. The Japanese are very meticulous. They subjected each prototype to various tests: the crash test, whether the car could stand up to our temperatures, our humidity. And to be on the safe side, they would use extremes..." Nik interrupted: "In fact, in April '84 we brought two cars over suitably disguised and, for two months, drove them all around the peninsula. We really pushed them."

There were other constraints. According to regulations, all Malaysian-assembled cars had to incorporate at least 11 items manufactured locally — the mandatory deleted items ranging from tyres to batteries. But under the terms of the contract, only the items that passed those standards that were the norm in Japan could be used or, as Satoh mildly put it: "It was as if we were manufacturing a car that was for use in Japan." The problem was most of the MDL items failed to meet stringent Japanese stan-

dards. Said Nik, "We had to go back to our manufacturers and explain the position. They were not very pleased, I can tell you. Nobody, not least the local assemblers, had questioned them before. But most of them, given the new specifications, came up to scratch."

Not all did, apparently. For some time, the Saga relied on one make of tyres, apparently because another could not come up to scratch; it does now. But radiator hoses, a common enough MDL item in other locally assembled cars, never did. "They kept failing in one particular test, the ozone test," said Mohamed. "So we got the Ministry (of Trade) to waive its requirements in our case." Today, the radiator hose in the Saga is imported from Japan.

Work kept up apace, back in Malaysia. By March 1985, the Shah Alam factory had been fitted out, except for the stamping machinery. And the test runs began. On 1 April, the first ever Proton Saga rolled out; it is now in the National Museum. Finally, on 1 September, in a show-biz style, 600,000 ringgit launch, the Proton Saga came of age.

Now, working on one shift (8 to 4), the plant turned out 105 cars a day which was only some 25 per cent of installed capacity: it could turn out 21.3 cars every hour. "All in good time," urged Nik. "This year, we'll produce at least 8,000 cars. Considering that the total plant capacity was around 120,000 cars yearly, gradual would just about describe their approach."

Sales were brisk, in part, due to the unbeatable retail prices of the car. The 1.3 and 1.5—litre models were 2,500-4,000 ringgit cheaper than their equivalent Toyota or Nissan counterparts. Local assemblers fought back by slashing prices — the Datsun 130 Y dropped from 23,247 to 19,500 ringgit. To compound matters for the fledgling company, there was a steady stream of rumours — all negative — about the Proton which, coupled with the Malaysian tendency to deprecate their own products, did help. Malaysian pessimists continued to believe in such stuff as "the Saga cannot climb Genting Highlands" or "it overheats" or even "it drinks petrol excessively."

Said Chia: "All this is part and parcel of the motor trade. Why should anybody believe in them? Depending on the driver, one should get between 36 to 45 miles per gallon. One chap even got 50 mpg for his 1.3 model." To dispel the other rumours, EON (Edaran Otomobil Nasional), the company marketing the Saga,

organised elaborate "Saga-thons" up various Malaysian hills, starting from Genting's and going on to Cameron Highlands. Affirmed Nazmi Salleh, EON's sales manager: "Not a single Saga owner has complained so far. The rumours all seem to come from non-owners. That's a little strange, don't you think?"

Still so far, the hard-sell of the Saga had been, to put it mildly, ingenious. First, it was shrouded in absolute secrecy but kept in the public's imagination from time to time by the occasional tantalising statement that was faithfully repeated in the Press. Then, overkill: the launch, all four hours of it, was telecast live. "In my book, that was about ten million ringgit worth of publicity," said Chia. With a lot of help from a willing media. The advertisements for the Saga were unabashedly patriotic, which was precisely the approach EON intended to take. So far, it seemed to be succeeding with demand far exceeding supply.[1]

Bridge of Opportunity

FROM a vision to a political promise to a reality, the Penang Bridge did not lack publicity. Mahathir, long before his historic drive across the Penang Bridge in the Proton Saga on 3 August, 1985, had already called it "the bridge of opportunity." Others described the 18.5 km long bridge, Pulau Pinang's proudest possession other than the Komtar building, as "the golden umbilicus over the sea."

Call it what you like but the bridge lived up to its image by being in the media's limelight, locally and internationally, since word of its inception was first heard in the early 1980s. The longest in Asia, the Penang Bridge cost 850 million ringgit and 20 lives to build — a price many claimed was nothing compared to the returns it promised to bring to the island in the future.

On a world-wide ranking, it is safe to say that the Penang Bridge is the world's fifth longest bridge, the longest being the 38.4 km Lake Pontchartrain Causeway II in Louisiana, US, followed by the Lake Pontchartrain Causeway I, the Chesapeake Bay bridge-tunnel on America's eastern seaboard and the America's eastern seaboard and the Presidente Costa Silva bridge in Rio de Janerio, Brazil. "Although there are claims that the Penang Bridge is the third longest in the world, the issue is open to argument as there may be some bridges we are not aware of," the bridge's project director, Chai Yen Chong, said.

Vision of the mammoth structure came some 40 years ago when Pulau Pinang traffic increased at the ferry terminal. The vision gained acceptance and support in the 50s and 60s and changed into a political promise when the Gerakan party under Dr. Lim Chong Eu swept into power in the 1969 elections. Actual work on the bridge started when Mahathir sank in the first pile on 12 April, 1982. The bridge brought in South Koreans from Hyundai Engineering and Construction Company and, at the same time, provided employment for Malaysians for the project which was originally scheduled for completion in February, 1985. A work force of about 2,300 men, out of which a third were Koreans, worked round the clock daily in its early phase of construction. [2]

Phase one to five of the bridge's construction involved the reclamation of land and the building of the bridge proper while phase six to nine dealt with the construction of the ninth km Butterworth—Ipoh road and the toll collection plazas on the Prai side. Toiling on the bridge for three years, many Malaysian labourers received their highest pay packet for any single project.

Besides easing the traffic flow with its four lanes between the two industrial estates in the south of George Town and Prai, the bridge holds other potential economic benefits. The obvious and direct spin-off from the bridges was the 100 million ringgit revenue to be collected annually from the tolls where fares for vehicles were at par with the ferry rates. Motorists using the ferry service paid four ringgit to six ringgit for a return trip, depending on the engine capacity. For buses and lorries, a fare of eight to 48 ringgit was charged, depending on the vehicle's weight.

It cannot be denied that the profits to be reaped from the tolls are very much welcome but, on the dark side, the bridge also marks the slow but definite death of the ferry service which has served the island since 1824. Other than the obvious, the presence of the bridge has already caused prices and rentals of houses in the central areas of Seberang Prai to rise despite reports of a sluggish property market.

As the bridge will eventually be connected to the country's two main highways — the North–South and the East–West Highways — this will contribute to the federal and state government's plans to make Pulau Pinang the administrative centre of the northern region. With regards to tourism, the bridge would definitely put Malaysia in general, and Pulau Pinang in particular, on the world map. It would not only attract local but also foreign visitors

to Pulau Pinang and give a boost to the industry. In light of the economic gains to be made, the bridge will remain the talk of the town for many years to come.

1. Malaysian Business, 1 January 1986.
2. Ibid.

Youth and Sport Minister, Datuk Najib Tun Razak (UMNO Youth Chief) — Photo Information.

Trade and Industries Minister, Datuk Paduka Rafidah Aziz (UMNO Women Movements Chief) — Photo Information.

24
Memali Incident

> Once you have to do something and you have to do it properly, well, some people are bound to be hurt — but there will be some change in the value system. Obviously, what we are trying to do is get rid of those values which are standing in the way of our progress. There will be changes in the culture.
>
> — Dr. Mahathir

IN November 1985, Malaysia experienced its most violent incident since the May 1969 riots. According to official accounts, units of the Federal Reserve Unit (the elite riot squad) and the para-military Field Force, supported by two armoured personnel carriers, moved on Kampung Memali in the Baling area of Kedah with the aim of arresting Ibrahim Mahmud, a local religious teacher, and thirty-six other men wanted for various offences.

Ibrahim Mahmud, a graduate of Egypt's Al Azhar University, had also studied in Tripoli and later worked in Malaysia's own Islamic Centre in Kuala Lumpur. He had subsequently returned to his home town of Baling and become a religious teacher with a coterie of devoted followers. Because of his Libyan connections (at one time he had been sponsored by a Libya Islamic organisation), he was sometimes also known as Ibrahim Libya.

Alerted to the raid, villagers of both sexes and all age groups, including children, armed with an assortment of makeshift weapons, such as *parangs*, swords, bamboo staves and a shotgun, confronted the police. In the ensuing melee, eighteen people were killed and a number of policemen and villagers wounded. Among the dead were four police officers as well as Ibrahim Mahmud. The police arrested 159 villagers, some of whom were women and children (*New Straits Times*, 21 November, 1985). A curfew was imposed on the entire Baling area and, later in the day, Home Af-

fairs Minister Datuk Musa Hitam addressed Parliament to give details of the incident.

Since Ibrahim Mahmud had been an active member and a former electoral candidate of PAS, the incident took on partisan overtones. UMNO spokesmen demanded that PAS make a stand on the issue. PAS deputy (then) president Fadzil Noor said that his party was shocked by the incident and regretted that it had occurred. However, PAS maintained that the dead religious teacher and any of his followers who were PAS members had acted as individuals. At the same time, PAS demanded to know the detailed reasons for the Memali raid and reiterated that those arrested should either be brought before the courts or released. The party also pledged to provide legal assistance to those detained.

Fearing possible repercussions elsewhere in Malaysia, the government temporarily prohibited political and religious *ceramah* (instruction sessions) in the states of Kedah, Perlis, Terengganu, Kelantan and Penang. In addition, all unauthorized publications and documents dealing with the Memali incident were banned under the ISA. Despite government attempts to dampen emotion by such controls, those killed by the police were buried by defiant sympathizers according to the rites for those who die as *syahid* (martyrs) for the cause of Islam.

As in the case of previous violent incidents in Malaysia, rumours calling into question the official version of events proliferated. The government responded by promising to issue a White Paper on Memali and announced that an edited version of a police video-recording of the incident would be screened on Malaysian television.

The Memali affair posed serious problems for the government. From a security perspective, the incident represented a grave breakdown of the rule of law. Virtually an entire kampung community defied heavily armed police to fight them. In addition, the incident revealed the apparent failure of the religious and police authorities to secure adequate intelligence on the movements and activities of Ibrahim Mahmud and his followers. According to official reports, the religious leader and a number of his followers had been at large for some months.

In the absence of a credible and comprehensive enquiry, questions would continue to be asked as to the extent the security forces themselves were responsible for exacerbating the violence by their decision to storm Ibrahim Mahmud's compound. In terms

of intra-Malay politics, the spectacle of the predominantly Malay security forces engaged in a bloody struggle against Malay peasants, many of them women and children, was both disturbing and potentially harmful for the government's image.

Finally, there was the danger that Memali would not be an isolated incident. The Baling area was the scene of serious unrest over rural poverty in 1974; in 1980 several thousand farmers staged an illegal mass demonstration in the state capital, Alor Setar, over declining income from padi farming. In both of these cases, Islamic activities were involved in encouraging protests over economic grievances. The government had rejected the suggestion that rural poverty was the cause of the violence in Memali, maintaining instead that it was religious frenzy. Yet, the government must be apprehensive of the potential for further rural unrest as the recession continued to make its impact felt on impoverished sections of the Malay peasantry.

At the same time, the degree of violence at Memali would undoubtedly strengthen the government's position in seeking support for a closer and more centralized regulation of Islamic affairs — particularly the activities of *dakwah* (missionary) bodies. It would also help to justify the coercive measures taken against several PAS leaders in the past months. The involvement of PAS members in the violence at Memali also strengthened the government's attempts to brand PAS as a dangerous extremist party and to neutralise its rival's campaign to win the confidence of non-Muslims.

Meanwhile, the threat posed to Malaysia's security by communist insurgents was spectacularly overshadowed by threats from a new quarter — piracy. In September 1985, the coastal town of Lahad Datu in Sabah was attacked by twenty-seven heavily armed pirates. While the local police station was fired upon by mortars, the local Standard Chartered Bank and Malaysian Airways System (MAS) office were robbed and ten civilians killed. The pirates fled to nearby islands where they were subsequently engaged by the security forces and five of their number killed. Musa Hitam admitted that the Sabah coast was difficult to police and ordered the military unit Task Force VII to extend its responsibilities to the pirate menace. He also revealed that the Royal Malaysian Navy would increase patrols and the police would be equipped with spotter planes. There had been nine major acts of piracy in the waters off Sabah since 1979.

According to police sources, the communist threat was under control. The Inspector-General of Police (IGP) stated there were approximately 200 guerillas in five different communist party factions in Peninsular Malaysia and 90 in Sarawak (*New Sunday Times*, 28 July, 1985). According to the authorities, communist activities were now based upon propaganda offensives and the occasional acts of sabotage and booby-trap laying along the Thai-Malaysian border. According to the White Paper, published late in 1984, the communists had been increasingly championing the cause of Islam in an attempt to win Malay support and had utilized the Islamic Solidarity Party (Paperi) as part of their "front" activities.

In April, the Menteri Besar of Johore warned that elements of the communist Sixth Assault Unit, based in Pahang were attempting to infiltrate into Johore and that the government was on the alert. In mid-1985, plans were revealed for a 26-kilometre concrete wall to be built along part of the Malaysian-Thai border. The wall was intended to prevent insurgents, smugglers and illegal immigrants from infiltrating and to protect land development schemes in the Bukit Berapit area.

Indicative of official confidence on the security issue was the Prime Minister's renewed offer, made in a BBC World Service interview, that his government would expatriate ISA detainees to any country which would accept them (*The Times* [London], 13 May, 1985). Moreover, the Chief of Defence Forces, (then) General Tan Sri Mohamad Ghazali Mohamad Seth, confirmed that efforts were being made to form a more comprehensive national defence system and provide the armed forces with modern equipment, since the role of the military was more diverse and not merely that of an anti-guerilla force (*The Star*, 17 September, 1985). In July, a major public order exercise, code-named POX *Rentap Khas*, was held. The exercise, which involved elements of the armed forces, police and military, was organized by the Operational Planning Committee of the National Security Council with the aim of improving communications between those involved in national security and testing their response in a crisis.

Islamic Developments in 1985

THE government continued its endeavours to regulate the development of Islam in Malaysia. As in past years, there were frequent

warnings of the dangers posed by religious "deviants," incessant calls for Muslim unity, further legal and administrative steps to control Islamic affairs, and symbolic and substantive acts calculated to demonstrate the government's commitment to the promotion of Islam. While many of the references to "deviants" in official pronouncements were thinly veiled attacks on PAS, there were further instances of heretical groups being suppressed by the religious authorities. In Johore, investigations were launched into a group requiring its followers to have their heads shaved, and police enquiries were continuing into a *guru* (religious teacher) who had tested the faith of his followers by requiring them to drink weed-killer.

Muslim (that is, Malay) unity continued to be a concern of the national leadership and was reflected in the theme for the 1985 Quran Reading Competition — *Perpaduan Asas Keutuhan Umah* (Unity is the Foundation of the Strength of the Umah). The Prime Minister issued a number of appeals to Muslims to cease internal discord lest they become weak and fall into the hands of the enemies of Islam. Controls over religious affairs were intensified. In response to continued refusal of Islamic dissidents to accept the legitimacy of government-appointed religious officials, the Kelantan government ordered attendance rolls to be kept at each mosque in order to detect those boycotting official *imams*. The Prime Minister also announced that further legislation to deal with Muslims accusing each other of being *kafir* (unbelievers) was being considered (*The Star*, 1 January, 1985). Several religious figures, including four Darul Arqam members, were prosecuted for conducting marriages without official permission.

In order to demonstrate its determination to control what it deemed "extremist" practices, the government forbade students from wearing the *purdah* (female dress which covers all parts of the body except the eyes) and eight university students were suspended for refusing to comply with the ruling. The regulation of Islamic affairs was further streamlined by the decision to co-ordinate all activities of dakwah groups through the Islamic Dakwah Foundation (*New Straits Times*, 11 May, 1985). In previous years, there had been problems in getting state religious authorities to work with the Federal authorities in co-ordinating dakwah activities.

Throughout the year, the government announced various initiatives in the fields of Islamic economic development and educa-

tion, as well as promoted seminars to discuss the implementation of the Islamisation policy. The government's commitment to Islam was tangibly expressed in the opening of the Islamic Centre and the completion of one of Kuala Lumpur's most impressive buildings, the 38-storey LUTH (Pilgrims Management and Fund Board) building, constructed at a cost of M$109 million. The Prime Minister also launched the Syarikat Takaful Malaysia, the country's first insurance company based upon Islamic principles.

Islamic orthodoxy was at issue in a dispute between the Yang di-Pertuan Negeri (Governor) of Sarawak, Tun Rahman Yakub, and the Chief Minister, Datuk Patinggi Taib Mahmud (who is also the Governor's nephew). In February, there were reports the Chief Minister had resigned. Various federal Ministers subsequently expressed support for Datuk Patinggi Taib's administration (*The Star*, 16 February, 1985).

The Governor subsequently retired, but claimed that his attacks upon his nephew had been religiously motived and not due to political considerations. He alleged that Datuk Patinggi Taib had been involved in un-Islamic activities, including believing that a local *bomoh* (medicine man) was the reincarnation of an ancient religious teacher. The Chief Minister had previously dismissed such accusations of un-Islamic activities, maintaining that they were political manoeuvres aimed at alienating him from the Malays in order to topple him (*The Star*, 1 July, 1985).

Tensions over the Islamisation policy of the Mahathir administration continued to be evident among Malaysia's non-Muslims, despite assurances that their rights and religious liberties would be respected.

25
Recession: A Roller-Coaster Ride

> "Success doesn't come easily. You've got to batter your head against the wall quite a number of times before the wall breaks... or your head. I suppose you've got to do that. I don't believe in giving up."
>
> — Dr. Mahathir

IN a year when events unfolded in rapid succession, tumbling, wisting and turning through unexpected developments, the average Malaysian could be excused for feeling that he or she had been riding on a badly-constructed roller-coaster. The experience was dizzying, but hardly exhilarating. Sabah, the MCA, the Memali incident, all happened in a year. Yet, 1985 was probably also the year when developments in the economic arena made a greater impact on Malaysian minds and pockets, than any other year in recent history.

The bumpiness of the ride was provided by an economic recession that gripped the world's economies. Malaysia fared better than most, but the squeeze was felt nevertheless. Hardest hit were those involved in the primary commodities sector and the electronics and textile industries. The country also found its labour force suddenly swelled by tens of thousands of workers repatriated from neighbouring Singapore's faltering factories and shipyards. Up to the time of the Budget Report, the most visible victims were retrenched workers in the electronics and textile industries. Workers in Penang's Free Trade Zone were among the worst hit as employers reacted to the fall in international demand caused by the computer slumps, and growing protectionist action by the developed countries, among other factors. Less publicized but no less real was the plight of several thousand plantation workers.

Estate owners traditionally react to falling product prices with cut-backs in output, which means lower income for the workers, whose wages are tied to output and prices, or outright unemployment. In the present recessionary period, they also found themselves having to compete with illegal immigrants from Indonesia who were willing to work in the isolated plantations for very low wages. In the cities, a vehement protest by labour came from an unexpected source, the civil servants. In November 1984, CUEPACS had submitted a range of wage proposals to the government, arguing that even the previous wage increases in 1980 had not made up for the rise in living costs. The government countered that it did not have the money to implement the wage demands and, in June 1985, offered instead a much more modest set of wage increase. Dissatisfied by the government's offer, CUEPACS' protests became increasingly strident in the face of an uncompromising government position.

A nation-wide protest was organized on 1 October. This was scheduled to be followed by a second on 23 October, Budget Day, with a strike planned for 15 January, 1986, if the government still refused to respond. Mahathir defused the situation the day before Budget Day by agreeing to meet the union leaders. They reciprocated by calling off the scheduled strike.

The Malaysian economy was adversely affected by the continuing global recession and faced problems with its balance of payments, growing foreign debt, and public sector expenditure. Prices for primary commodities were weak. The average price for palm oil, Malaysia's most important export earner, was M$744 per tonne, compared with M$1,666 in 1984 (*New Straits Times*, 23 September, 1985). In October, the International Tin Agreement finally collapsed, tin prices plummeted, and trading in the commodity was suspended. Several tin mines were forced to be closed. Rubber prices were the lowest for nine years. (*New Straits Times*, 12 August, 1985).

The government continued to be severely embarrassed by problems in the banking sector. In January, the Committee of Enquiry into BMF scandal reported that a *prima facie* case of corruption existed against three board members and three former officials of the company. BMF, a subsidiary of the state-owned Bank Bumiputra had, in the period 1981-83, incurred more than M$2.2 billion (US$960 million) in bad debts through loans to Hong Kong property speculators.

In 1984, Bank Bumiputra was taken over by the state-owned oil company Petronas, which absorbed its bad debts. Rumours persisted in 1985 that political figures were involved in the scandal, leading the Attorney-General to state publicly that only businessmen had been implicated and that they would be brought before the courts in Hong Kong (*New Straits Times*, 19 July, 1985). Nevertheless, the UMNO leadership continued to be haunted by the fact that a bank established to further bumiputera commercial interest had lost millions to Chinese speculators.

Further controversy was aroused by Tun Hussein Onn's allegations of corruption in Bank Bumiputra's Malaysian operations and that some bank officials were accepting bribes to authorize loans with insufficient security. According to Tun Hussein, the bank had a domestic loans problem as great as that caused by its Hong Kong losses and a major reorganization of the bank's affairs was required (*The Star*, 8 January, 1985). There were also problems with other banks. Bank Buruh reported a loss of M$5.5 million, while the Public Bank fell victim to rumours that it had links with Hong Kong's collapsed Overseas Trust Bank. Crowds gathered at the Public Bank and Bank Negara (the central bank) subsequently reassured depositors of the bank's financial standing.[1]

Early in December, 1985, the collapse of the Singapore-based Pan-Electric Industries Ltd led to the temporary closure of both the Singapore and Kuala Lumpur stock exchanges. Several stock-broking houses in both countries had been engaged in lending money, borrowed from banks, to their clients to enable them to invest in the stock market. The collapse of Pan-Electric, which had debts of some US$157 million, threatened to leave brokers with severe losses as investors reneged on contracts to buy the company's shares. The entire Pan-Electric episode shook investor confidence and called into question the use of credit to finance investments in the stock market. The collapse of Pan-Electric also exposed the irregularities which involved Tan Koon Swan (newly elected MCA president). He was later found guilty and served in jail.

The housing industry was also harmed by the tightening of bank credit for home buyers and restraints in government expenditure. Housing schemes for the poor were also affected and the government admitted that it would have to struggle to meet even 50 per cent of the low-cost housing target of the Fourth Malaysian Plan (*New Straits Times*, 3 September, 1985).

Government agencies assisting bumiputera economic enterprise encountered serious difficulties in collecting outstanding loans. The *Majlis Amanah Rakyat* reported that by May, it had managed to collect only M$11.05 million of the M$81.9 million owed (*New Straits Times*, 23 July, 1985). In the rural sector, the average monthly income of Federal Land Development Authority (FELDA) settlers fell from M$1,245 in 1984 to M$875 due to declining prices for palm oil and rubber (*New Straits Times*, 23 September, 1985).

Tighter economic conditions threatened political consequences for the government in terms of both class and communal tensions. There was evidence of sensitivity to popular dissatisfaction over just who was carrying the burden of the economic recession. As UMNO Youth president Anwar Ibrahim warned:

> ...the people are unhappy, disgusted and angry that a lot of money is being spent on lavish projects when allocations for small, but worthwhile projects cannot be met. (*New Straits Times* 4 June 1985)

In an effort to placate what Anwar termed "the restlessness of the people", state governments were urged to shelve prestige projects and not to organize lavish celebrations.

The government also continued to prepare Malaysians for the fact that the objectives of the NEP would not be realized by 1990. According to Datuk Musa Hitam, the prolonged recession was one of the reasons for this failure, since the NEP had originally been based upon the assumption of an "expanding economic cake" (*New Straits Times*, 13 July, 1985). In August, the government announced that after 1990, the NEP would be replaced by a National Economic Policy which would also be based upon the philosophy of eradicating poverty and restructuring society (*The Star*, 10 August, 1985).

The government's strategies for managing the economy had been clearly set out the previous year in the 1985 Budget:

(i) strengthening the balance of payments;
(ii) strengthening the finances of the public in our attempts to sustain continuous economic growth; and
(iii) promoting private sector growth.

Throughout 1985, a determined effort was made to reduce public spending. Several development projects were curtailed and state governments ordered to repay development loans on time.

The government also reaffirmed its intention to check the growth of the civil service and make it more productive. One of the Prime Minister's first acts in 1985 was to re-issue a directive that all civil servants must clock-in for work by 8am. In April, a steering committee was established to advise the government on ways to reduce the number of civil servants and all existing vacancies were frozen (*New Straits Times*, 5 April, 1985).

The government also adopted a hard line in wage negotiations with the civil service unions, arguing that the nation simply could not afford substantial salary increases. At the end of April, the Finance Minister indicated that progress had been made in implementing the government's economic strategy. The budget deficit had been reduced from a 1982 figure of 19.2 percent of gross national product (GNP) to 10.3 percent, while in the same period the balance of payments for current account deficit as a proportion of GNP had declined from 14.4 to 5.8 per cent (*New Straits Times*, 21 April, 1985).

A number of bold symbolic and substantive initiatives were undertaken in an effort to promote private-sector growth. Throughout the year, both the Prime Minister and Finance Minister delivered "pep talks" to the private sector, rebuking businessmen for their lack of confidence and for merely using the stock exchange for speculation, predicting an upturn in the economy and urging diversification into various fields of manufacturing.

The government's avowed commitment to promoting private-sector growth found expression in the inauguration, in April, of the "Buy Malaysian" campaign. The Prime Minister conceded that consumers buying Malaysian goods and services would have to pay higher prices, but maintained that this initial sacrifice would be repaid by long-term economic development (*New Straits Times*, 5 April, 1985). In order to demonstrate official support for Malaysian manufacturers, a recommendation was sent to the Treasury seeking the compulsory purchase of local products for use in government departments (*New Straits Times*, 31 July 1985).

Malaysia's industrialization policy was symbolized in the launching in August of the first-ever Malaysian car, the Proton Saga. The Proton Saga evoked feelings of national pride but the project also carried serious financial risks.

The Heavy Industries Corporation had invested M$405.4 million in the car and it would be several years before the project

became profitable. Moreover, the viability of the national car was based on the assumption that it would capture a significant percentage of the market. In order to encourage Malaysians to buy the car, increased duty was levied on imported models and it would be further raised should the Proton Saga fail to sell (*Financial Times* [London], 16 January, 1985). The price of the national car was made highly competitive at some M$4,500 less than the current best-selling Japanese model. The willingness of its manufacturers to subsidize the Proton Saga led to its being popularly nicknamed the "*Potong Harga*" (Cut Price).

In order to stimulate private-sector growth by increasing the availability of credit, several injections of funds were made. In April, statutory reserves were reduced from 5 to 4% and banks lowered their base lending rates from 11.25 to 10.25%. Two months later, it was revealed that Bank Negara had been injecting an estimated M$1.5 billion into the economy through foreign-currency transactions and direct lending (*New Straits Times*, 4 July, 1985).

In September, the Treasury announced details of a M$1 billion fund to stimulate investment in the manufacturing, tourism and agricultural sectors (*New Straits Times*, 18 September, 1985). Steps were also taken to liberalize controls on foreign investment, with several categories of investors being exempted from the 70 percent local equity participation requirements of the NEP. It was also announced that the Industrial Co-ordination Act would be amended to allow more freedom from government controls to smaller companies (*Malaysian Digest*, 15 August, 1985).

In a move to restore confidence in the banking system, several changes were made in the boards of directors of banks owned by the government, while differences with the Finance Minister reportedly led to the resignation of Bank Negara Governor Tan Sri Abdul Aziz Taha, in March. The new governor, Datuk Jaafar Hussein, indicated that steps were being taken to deregulate Malaysia's banking and financial system and encourage greater competition. The International Monetary Fund was asked to assist Malaysia in the task of overhauling the banking system (*New Straits Times*, 30 March, 1985).

The government created a special Cabinet Committee on Agriculture in an attempt to boost agricultural productivity and it was announced that padi growing would henceforth be concentrated in highly productive areas. The government was anxious to

reduce the substantial annual loss in foreign reserves spent on food imports (*New Straits Times*, 24 September, 1985). The Cabinet also adopted recommendations that future growth in rubber production should be achieved by increased productivity, rather than by expanded acreage. The government would also continue to encourage diversification into oilpalm and cocoa, as such crops offer a higher cash return. It was also revealed that Sime Darby would be buying the Malaysian tyre operations of Dunlop with the aim of turning Malaysia into a leading exporter of tyres (*Financial Times*, 13 March, 1985). In order to help alleviate balance of payments pressures, increased emphasis was placed on tourism as a foreign-exchange earner and steps were taken to co-ordinate tourism policy planning. In the trade sphere, Malaysia's diplomatic missions were instructed to give greater emphasis to economic ties and to aggressively promote Malaysian goods. [2]

The 1986 Budget, announced in October, continued the policy of restraining public-sector expenditure while stimulating the private sector. Except for increases in excise on liquor and tobacco, no new taxes were introduced. Service tax was actually reduced from 10 to 5% to stimulate the tourism and restaurant industries. In a bid to help reduce the balance-of-payments deficit, the Finance Minister announced a tax exemption on profit earned overseas by Malaysians if the funds were repatriated. Some M$500 million was allocated for low-cost housing loans in a move to both encourage the building industry and soften the impact of the recession on lower-income groups. Despite the government's efforts to instil investors confidence and stimulate the private sector, Malaysia's economy continued to be weakened by poor commodity prices and the burden of foreign debt. The economic outlook for 1986 remained pessimistic.

Malaysia's 1985/86 National Budget Report was presented to Parliament on 25 October, 1985. A significant event in any fiscal year, this particular presentation took on added significance by virtue of its timing. The absence of tough fiscal measures despite the continuing recession, for instance, renewed speculation of an early general election. The year 1986 was, however, more than just a potential election year; it marked the beginning of the final quarter of the NEP, and of the Fifth Malaysia Plan.

For policy-makers, a crucial decision would have to be made and incorporated into the five-year plan: whether to "go for broke" to achieve the NEP's restructuring objectives, or accept

the difficulty of doing so, and seek to extend the objectives of the NEP beyond 1990. Given the often-repeated insistence of some of the leadership that the restructuring exercise would be completed on schedule, the latter alternative would be a bitter pill to swallow. The Fifth Plan would also reflect official rethinking on strategies for economic growth. The major vehicle for this rethinking was the Industrial Master Plan (IMP), a three-year exercise which was to have been completed in mid-1985 but had yet to be released at the time of the Budget presentation.

The government appeared to have done some rethinking of its own, as it had recently ploughed considerable resources into heavy industry projects. How this would square with the eventual recommendations of the IMP was an issue of considerable importance. However, given the pre-eminence of the NEP objectives in the planners' considerations, it was reasonable to assume that any rethinking of economic policy would have to be fully consistent with the more fundamental rethinking on the NEP objectives.

PART SIX (1986)

26
The Day Pairin 'Played' Mahathir

> "First they tap somebody's telephone which is a crime. Then they say they will only cooperate with USNO if we arrest their leaders. What kind of game is this?"

FOR several days near the end of March 1986, Sabah's violence-punctuated political crisis had seemed, against all odds, to be near resolution. Mahathir had laid the groundwork for a settlement in a 24 March 1986 dash to Kota Kinabalu, capital of Sabah, just days after a wave of bombings, arson and demonstrations. Mahathir carried a power-sharing proposal from the federal government that was accepted in broad terms by Sabah's three warring parties — embattled Chief Minister Joseph Pairin Kitingan's PBS, Tun Mustapha Harun's USNO and the Berjaya party that was voted out of office a year ago. Only the details remained to be worked out. A time and date was set for the signing of a draft agreement by the three parties in Mahathir's presence in Kuala Lumpur. But 2.30pm, Saturday, 29 March, was to pass without any agreement.

In Kota Kinabalu, the supreme council of the ruling PBS censured leader Pairin for accepting Mahathir's compromise package and urged him to put counter-proposals for new talks. Suddenly, the "Sabah Formula" was in tatters. Tension rose again in the state and already-taut nerves were tested by a bomb that exploded — harmlessly — in a swamp outside Kota Kinabalu on 1 April. Ahead lay potential sources of hope or renewed crisis: state and parliamentary polls and a 15 April court verdict on the legitimacy of Pairin's government. The compromise originally agreed upon by Sabah's three main groups provided for withdrawal of all

legal suits, including one filed by Mustapha challenging Pairin's constitutional right to govern; a coalition government at state level headed by Pairin; and admission of PBS and USNO into the ruling 11-party federal Barisan Nasional coalition, of which Berjaya is already a member.

After agreeing to the package in principle, PBS asked that state polls precede any coalition because the state assembly had been legitimately dissolved by Pairin on 26 February. When the issue threatened to become a stumbling block in the negotiations, the Attorney-General intervened to advise that elections were constitutionally inevitable. Thus, USNO and Berjaya were obliged to accept elections as a precondition to a coalition deal. But PBS leaders had other demands that federal leaders said were never brought up in the meeting between Mahathir and Pairin.

Of the new conditions it put to its opponents and the federal government, PBS was most insistent about one that would outlaw crossovers in the State Assembly. Such a ban would require an amendment to the Sabah Constitution. Crossovers are the norm in Sabah politics and parties are known to use cash inducements to woo assemblymen. Sometimes those unreceptive to generous offers have been abducted just before key division in the state legislature. Though PBS itself benefited from at least four crossovers in 1985, it also lost six assemblymen and came close to losing two others — and its governing majority — before Pairin saved the party by dissolving the Assembly. USNO and Berjaya argued that such crossovers were legal not only in Sabah but in the federal Parliament and under the Constitutions of all other Malaysian states.

PBS leaders, for their part, maintained that without such an amendment, the three groups would compete to buy assemblymen and the party with most cash would secure most members in the legislature. Moreover, a crossover ban was imperative, they said. Reason: there was evidence, said the PBS leaders, that the pact as offered to them was merely a device to overthrow their administration through crossovers. To support that claim, Pairin said he had the tape of a telephone conversation between Berjaya leader Majid Khan and lawyer Yaacob Merican, who had been acting for Berjaya. The conversation, said Pairin, was about ways the opposition could overthrow his government. Another PBS counter-proposal: that parties be allowed to contest state elections under their own banners instead of forming a coalition first and dividing seats

between them. PBS also demanded that a coalition government be formed in the state only if the ruling party did not have a two-thirds majority in the Assembly. The counter-proposals opened new grounds and angered the federal leadership as well as USNO and Berjaya because they maintained the basic principles had already been agreed upon.

Pairin flew to Kuala Lumpur with the counter-proposals on 30 March, 1986, a day after the agreement was due to be signed. He brought with him the tape of the telephone conversation between the two Berjaya men. Pairin said he was seeking a meeting with Mahathir and Barisan secretary-general Ghafar Baba to brief them on PBS views. Less than 24 hours later the Chief Minister was boarding a plane to Singapore after slipping out of his hotel through an employees' entrance to avoid newsmen. It had been a bad day for the 45-year-old lawyer and Kadazan leader: he was snubbed by Mahathir and got a cold reception from Ghafar, who was at that time tipped to fill Malaysia's vacant deputy premiership. Mahathir left word that he was busy and could not spare time then or in the following few days to meet the Sabahan. The Prime Minister, said political insiders, was angry that Pairin had gone back on his word for the second time in six months. (Last October, he had agreed to a coalition but backed out when his Supreme Council objected). Pairin despatched a memo to Mahathir's office by special courier, then went to Ghafar's office to deliver another memo elaborating on that sent to Mahathir. He also took with him the tape. Insiders said Ghafar took the document and said little except to observe that it was unreasonable to reopen "settled issues."

In a strongly worded press statement issued before he left Kuala Lumpur that night, Pairin said his party was "deeply concerned to avoid racial polarisation" in Sabah and thought it was "undesirable to think in terms of communal politics and parties." Indirectly, he was attacking the federal leadership and UMNO which practise communal politics in the peninsula and Sarawak and were trying to impose the same on Sabah. Said Pairin: "Any suggestion along the lines that Muslims are the sole representative of the Muslims in Sabah is misconceived and would introduce a religious element into politics." PBS believed in "democratic process" and freedom of choice through elections. "Democracy must not only be said to be practised but seen to be practised, " said the leader of PBS. On a day when Mahathir and Ghafar had

shut him off, Pairin said PBS' "doors are always open for discussions." For the first time, Pairin was crossing swords directly with the top leaders in Kuala Lumpur and boldly risking the consequences of open confrontation.

PBS sources said Pairin in his memos raised another issue: the case for the arrest of all USNO and Berjaya leaders involved in demonstrations and protests. Responded one federal leader: "First, they tap somebody's telephone, which is a crime. Then they say they will only cooperate with USNO if we arrest their leaders. What kind of game is this? If the PM was to say okay to the arrest of USNO leaders, do you think USNO would join any coalition? The point is, we know PBS doesn't want a coalition. They are making demands which they know everyone else will reject. All they want to do is to blame and embarrass the federal government."

Another more neutral observer in Kuala Lumpur said: "Pairin knows Mahathir's hands are tied at that moment. He wants to exploit the situation because he knows Mahathir is going to call an early election and has to resolve Sabah before dissolving the Parliament. Pairin is trying to tell Mahathir negotiations must be on his terms. He knows Mahathir can't wait too long and might have to force USNO to make more concessions."

As the rift between PBS and Kuala Lumpur widened, Mahathir was busy getting a seal of approval for his proposals. On 2 April, 1986, he briefed the Cabinet which then backed the UMNO formula already rejected by PBS. That night, Mahathir chaired a meeting of UMNO's powerful political bureau which reportedly considered both a fresh mediation effort and strategy if PBS still refused to yield. Next day the Election Commission, which had repeatedly refused to set a date for Sabah polls since the February dissolution of the Assembly, announced that elections would be held to elect 48 state assemblymen on May 5 and 6. Those dates, it'd been speculated, had been selected for the parliamentary elections Mahathir wanted held before newspapers splash details of the Singapore trial of Tan Koon Swan, president of the MCA, for stock market fraud.

Pairin's detractors placed much hope in the 15 April High Court verdict on the chief minister's legitimacy. Mustapha's legal action stemmed from events in the early hours of 22 April, 1985, when results of the state elections were still coming in. Mustapha arrived at the Istana and asked to be sworn in as Chief Minister.

Governor Adnan Robert complied, but rescinded the appointment later that day and swore in Pairin whose party had won 25 of the 48 elective seats. Mustapha claimed his dismissal was unconstitutional. Adnan, for his part, testified that he had given the oath to Mustapha under duress. If Mustapha had won the case, he could have filed an injunction to declare the dissolution of the State Assembly illegal and have the polls cancelled. With 16 seats, support from four Berjaya men plus six crossovers from PBS and the right to nominate six more assemblymen in a house of 54, Mustapha would have a working majority.[1]

Bomb and Ballots

A SPATE of bombings, arson, political marches and the occupation of the Sabah state mosque by opposition demonstrators left three dead and tension in the state at a dangerously high level. With Sabah's opposition parties grimly determined that the federal government must intervene — either by forcing a coalition government in Sabah or by declaring a state of emergency and establishing direct rule — the battle between the state's rival political parties gained religious and ethnic dimensions.

After nearly a week of violence, Mahathir assured Chief Minister Pairin in a private discussion on 17 March that he had no intention of imposing emergency rule. Even more significantly, Mahathir also announced his intention to visit Sabah in April — for the first time since Pairin's PBS took. It was widely read as a sign of Mahathir's tacit acknowledgment of PBS rule.

The political upheaval began two weeks after the Governor dissolved the State Assembly on 26 February — after only 10 months of rule by the government. In requesting the dissolution, Pairin hoped that a clear mandate from the people would settle the power dispute once and for all (*Review*, 23 March). The opposition alliance of USNO and the previously dominant Berjaya party was furious. Pairin's pre-emptive move effectively robbed them of a chance to gain a majority through a coalition in the Assembly, a goal almost within their grasp when four PBS assemblymen defected from the party — two to reactivate the almost defunct Pasok, a Kadazan-based party, and the other two to found a new Chinese party, the Parti Cina Sabah.

Thus on 12 March, as a decision on an application for an injunction against the dissolution of the Assembly was due to be

heard in the High Court, 3,000 USNO supporters gathered outside the court-house shouting anti-PBS slogans. Earlier that morning, a series of home-made bombs had been hurled at several petrol stations. Although USNO denied any connection with the bombings, the demonstrations were openly organised by the party. The court postponed delivering a decision that day, but the injunction was subsequently dismissed on 17 March. Although the court decision came under appeal, the Election Commission was expected to announce a polling date on 26 March.

In protest against the Christian-led, Kadazan-based PBS move, 2-3,000 Muslims camped at the state mosque in Kota Kinabalu, starting from 14 March — eating, sleeping and praying there while waiting for further instructions from USNO leaders. After Friday prayers that day, about 1, 000 of them marched to USNO president Tun Mustapha's house in a show of support even though he was in Kuala Lumpur. Sporadic, though minor, explosions kept the town jumpy, and shops closed early every day. Reinforcements of six additional units of Public Order Riot Units were flown in to beef up the Kota Kinabalu forces. In Tawau, on Sabah's east coast, two women died in a fire believed to have been started by arsonists, while more explosions and two more USNO marches kept the town nervous. As a stalemate seemed to hang over Kota Kinabalu, the action moved to the port town of Sandakan, where in the early hours of 18 March, one of three explosions killed a newsvendor.

The most emotive manifestation of open hostilities, however, took place before dawn on 13 March when six crosses were sprayed in red on the fence surrounding the mosque compound. Recognising their inflammatory potential, police ordered them hastily scrubbed off. But the damage was done. When a Chinese Muslim convert walked into the mosque grounds two days later, he was beaten up before other Muslims rescued him and took him into the mosque for safety.

USNO blamed the PBS's Christian Kadazan followers for painting the crosses, but Pairin strenuously denied this, saying it was an attempt to label his party as anti-Islam — a claim made on one of the banners displayed on the mosque grounds which the police removed. "To me it is sacrilegious to desecrate any religious buildings," Pairin said. But allegations by PBS members that USNO itself had paid someone to paint the crosses were also strenuously denied. "No Muslim would allow, much less ask, his

mosque to be offended," declared USNO information chief Datuk Yahya Lampong.

By choosing a mosque as their base of operations, USNO gained both political sanctuary and religious legitimacy. The police could not drive people away from a mosque as they could be accused of interfering with freedom of worship. USNO supporters were also confident that the police would not fire anything stronger than tear gas as this would only invoke images of another "Memali incident." But, equally importantly, the sanctity of a mosque lent their actions the sense of a holy cause, vital to USNO's emotive appeal.

USNO's bitterness against the PBS stemmed from what it claimed was the breaking by Pairin of a pre-election pact, signed between USNO and PBS just a week before the state elections on April 1985, to form a coalition government. Pairin maintained the written pact was to become operative only in the case that no single party won a clear majority — a provision which was not stated in print but was understood as a gentlemen's agreement, he said. In any case, USNO felt cheated of a chance to share power. The PBS argued that it was the democratically elected government, as the party with the largest number of seats in the Assembly when results came in — 25 out of 48, to Usno's 16, Berjaya's six and Pasok's one. But USNO contended that PBS was too greedy and unwilling to share real power with the Muslims and Chinese in the state.

USNO had thus long agitated for a coalition — an idea encouraged by the federal government — but which the PBS had steadfastly opposed. The attitude among the rank and file within each party was telling. One reason for this is that while Berjaya was out of power in Sabah, it was a member of the Barisan Nasional, while PBS which ruled Sabah was technically an opposition party nationally though it had applied to join the Front. USNO is a former member of the Front. Pairin accused the USNO-Berjaya alliance of being "scared to face elections," despite their bravado. And, indeed, several locals felt that by their own actions, USNO and Berjaya were actually helping to boost Pairin's image among voters as something of a political martyr.

Apart from a straight power contest between political parties and individual leaders aspiring for positions, the struggle also drew in ethno-religious rivalry centred on economic concerns. More than one Peninsular Malaysia resident in Sabah cited a few

cases of Muslims being sacked or transferred by the PBS government. "Muslims will be finished if the federal government doesn't step in," declared one. In the past few months, 19 district officers were issued transfer letters in what PBS claimed to be regular transfers. USNO said that only three out of 180 state scholarships were given to Muslim students in 1985.

Not all Sabah Muslims approved of the events taking place. Some local Muslims were upset at the political use of the mosque and complained that it had become something of a campsite for unemployed Filipino youths whom they alleged were paid M$10 (US$4) a day. Certainly, USNO leaders organised food and drink for their supporters. Some of the Filipinos denied being paid; others remained silent. Mustapha was still very much the crowd-puller, a figure-head leader, the second-echeleon organisers desperately needed to sustain the momentum. When Mustapha arrived four hours late at the mosque for a political talk on 15 March, the crowd had not ebbed and he was greeted with rousing shouts of "Allahuakbar!" (God is great).

For many of the Filipinos, their presence was a matter of repaying an old debt, made deeper by kinship ties. Mustapha is of Sulu stock, as are many of the Filipino-Muslims who found their way to Sabah more than 10 years ago during Mustapha's time as Chief Minister. Most had become Malaysian citizens and successfully set up some kind of trade here. With the slump in the construction industry, many of the youths who worked as contract labourers were now unemployed and were, therefore, only too willing to vent their anger on the PBS, whom they saw as the cause of their hard times. They complained they were less well off now than under Mustapha's rule.

The level of USNO's local Muslim support was difficult to judge, perhaps because police erected road blocks on all approach roads to prevent reinforcements from USNO strongholds in Kudat and Kota Belud from descending on the capital. Certainly, the demonstrations were dominated by Filipinos youths, and privately, one or two USNO-Berjaya leaders were themselves afraid that the crowd could get out of hand. Police detained 706 foreigners, most of them believed to be Filipinos, for loitering. A total of 111 did not have proper documents. Discipline among the ranks had been vital in maintaining the peace — and, for the PBS, crucial in avoiding a confrontation that would provide the federal government with the excuse to declare an emergency. Thus the

PBS had to keep its Kadazan supporters under control, and well away from the hub of USNO's provocations. But just how long the USNO stamina could last was increasingly doubtful.

After several days, the crowd appeared weary of just waiting around for some sign from the leaders, as much as the leaders appeared increasingly worried that no breakthrough from Kuala Lumpur seemed forthcoming. Mahathir's assurance to Pairin of no declaration of an emergency calmed PBS supporters at least, as well as anxious shopkeepers and businessmen who had seen very little business. Emergency rule would throw the economy into even further decline. For the PBS, emergency rule would mean direct rule by the federal government and an obvious loss of its hold on the state in the short term and, perhaps, even thereafter. When emergency rule was declared in Kelantan in November, 1977, and later lifted to allow elections in March, 1978, the opposition PAS lost the state to the National Front and never recovered it.

Although PBS' position was not identical to that of PAS, an emergency would give the opposition a chance to undermine its power base and offer a chance of a return of the old parties. But even as PBS members sighed with relief at Mahathir's unequivocal stand, observers noted that he really had no choice. Facing possible nation-wide elections within months, and many other political problems, Mahathir could not afford to play into the hands of peninsula opposition parties by appearing anything but impartial and fair in Sabah.[2]

Winner Takes All

THE gamble paid off. Having risked its position as the ruling party by calling state elections for a fresh mandate after only 10 months in office, the PBS swept back into office with a landslide victory. Winning 34 of the 48 elected seats, or eight more than last time, PBS improved its share of the popular vote from just over 30% to 53%. It now had the two-thirds majority it needed to amend the state Constitution with the objective of making it more difficult for assembly members to defect to the opposition — a problem which previously had endangered its thinner majority. It planned to make it necessary in future for any member crossing the floor to have to resign and face a by-election.

The PBS' strongest challenger, USNO, lost four of its strongholds, slipping from its previous 16 seats to only 12. But it

was Berjaya, the party which ruled the oil and timber-rich state for nine years until the PBS won an election upset in April 1985, which suffered yet another humiliation. Only one of its candidates, party president Datuk Mohamed Noor Mansoor, won, and even then not without a struggle. The newly revived Sabah China Consolidated Party also won one seat, but since their candidate had already promised to join the PBS at the beginning of the election campaign, this too was virtually a government win.

The PBS, which began as a basically Christian Kadazan-backed party, faced a series of political and legal hurdles since it came to power as Malaysia's only non-Muslim state government, in a country where Islam is the official religion. Having now won a few seats from Muslim-majority areas, it was in a better position to face the federal government with assertions of being a truly multi-racial party with widespread support and the right to govern without harassment. The PBS had already reactived its application for admission into the ruling National Front coalition before the elections, having briefly withdrawn its request when federal pressures mounted for a pre-election coalition between the PBS, USNO and Berjaya.

"Communal politics is clearly not favoured by the people of Sabah," declared victorious Chief Minister and PBS leader Datuk Joseph Pairin Kitingan. "I hope that the PBS will no longer be accused of representing only one community or race," he added with emotion. As far as the opposition was concerned, the campaign had been run on distinctly communal and religious lines. USNO, and in Muslim areas, Berjaya too, had appealed to Muslims to ensure that the future of Muslims in Sabah be guarded by voting for them. A PBS Muslim leader claimed that the outcome clearly showed that the voters did not believed the practice of their faith was threatened.

As a last-ditch effort for USNO and Berjaya to oust their arch-enemy Pairin, the campaign was surprisingly lacking in fervour. When Pairin successfully asked for a dissolution of the Assembly and new elections on 26 February to pre-empt an opposition attempt to oust him by buying over enough assembly members to wipe out his thin majority, the opposition was furious. There followed several weeks of bomb blasts, demonstrations and a massive sit-in at the state mosque in an attempt to force the Prime Minister to intervene with a state of emergency and direct rule as the best bet for bringing down Pairin. But despite severe

pressure and the government's attempts to persuade PBS to do a deal which would allow the other two parties a pre-determined number of seats and some measure of power-sharing, Pairin held firmly to his election plan and, faced with other pressures and problems, Mahathir preferred not to step in and embroil the government in the state's affairs.

PBS supporters expressed worry that the opposition allies might have something up their sleeves, given the earlier violence and the attempted political coup after the PBS victory in April, 1985. But apart from three minor explosions in Kota Kinabalu and Sandakan on the two days of polling in which no one was injured, the election proceeded smoothly. There was no doubt that the absence from the polls of the charismatic Mustapha, who had announced his intention to retire, was one reason for the more subdued atmosphere.

Compared with the intensive campaigning in 1985, gatherings this time were smaller and there seemed to be more emphasis on personal house-to-house canvassing, particularly on the part of USNO. One observer estimated that the number of buffalo killed for the traditional campaign feast by USNO was only about a third of that killed for previous years, though on the PBS campaign trail the *tapai* rice wine was seen to flow freely. One element in the PBS victory was the fact that it obviously had the support of the ordinary Chinese voters, angered over the terror tactics used by USNO — and, by extension, Berjaya. In the event, therefore, rather than forcing people to withdraw support for the PBS, the violence backfired.[3]

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1. Asiaweek, 13 April 1986.
2. Far Eastern Economic Review, 27 March 1986.
3. Ibid., 15 May 1986.

Deputy Prime Minister, Ghafar Baba.

Education Minister, Encik Anwar Ibrahim (future Prime Minister).

27

BMF Scandal: They Cheated Us

> I realise that I make enemies. I have no choice. Either I come here and sit comfortably and be nice to people and do nothing or else I try to do something even at the expense of becoming unpopular. I don't think I'll be forever unpopular, so it doesn't really matter and so long as I achieve something, being unpopular doesn't really matter. Even being thrown out of office doesn't realy bother me.
>
> — Dr. Mahathir

WHATEVER the differences in opinion on the manner in which the BMF affair was handled, there is no disagreement on its magnitude as a national tragedy — the loss of more than 2.5 billion ringgit to the nation, national pride and prestige in the eyes of the world, and the immeasurable loss of the life of one dedicated officer who refused to compromise his position of public trust. The tragedy infused meaning to public accountability with the government's decision to publish the final report of the Ahmad Noordin Committee of Inquiry together with the tabling of a White Paper on it in the Parliament.

The findings of the Ahmad Noordin committee bring to the fore the limitations of the supervisory powers of Bank Negara. They show what the bottom line is: Integrity at the helm. Ahmad Noordin reiterated the committee was not investigating a crime but finding out how much money was lost. But expectations and politics made people lose sight of this. The BMF report unfolds the ingredients of a 2.5 billion ringgit scandal — collusion between lenders and borrowers, get-rich — quick schemes, unsecured loans and even murder. You could say it all began at a cocktail party way back in 1978. The apparently chance meeting

which threw the "lenders" and the "borrowers" together was the start to a scandal. Certain officials of the BMF company were accused of aiding and abetting some unscrupulous get-rich-quick people.

The report of the Ahmad Noordin Committee of Inquiry does not answer, nor ask some pertinent questions. Many of the questions asked are not answered. Nevertheless, it gives an idea of what went wrong and how it went wrong, and why it went wrong. On 6 June, 1979, a five million ringgit loan was handed out to a company known as Carrian, owned by an undischarged bankrupt, George Tan. Tan was said to have been introduced to those at the helm of BMF and Bank Bumiputra Malaysia Berhad (BBMB) in the middle of 1979. Tan was discharged of his bankruptcy charges in Singapore in 1980, a year or so after the receipt of numerous loans purportedly for Carrian's business activities.

The rationale behind the loans that were to follow has been described as an attempt to cash in on the expected property boom in Hong Kong. During the short-lived boom, George Tan and his numerous companies, most of them nothing more than shell companies (HK$2 companies) with nondescript names continued to "borrow" from its creditors, BMF and BBMB. These were not loans of thousands — the smallest loan handed to the Carrian group was, in fact, HK$5 million. All in all, more than US$700 million (1, 750 million ringgit) was believed to have been channelled into the Carrian web. Others, too, took their share — US$123 million went to the companies of developer Kevin Hsu, and US$40 million to another recipient, Eda Investment.

Between 6 June, 1979, and December 1979, nine loans were given out, the largest being HK$50 million, and the total for 1979 was HK$141 million. The first loan to the Kevin Hsu group also took place in 1979, on November 23 for US$7 million. According to the Ahmad Noordin report, there was no proper documentation of the loans handed out. It was also a bit of a practice to offer a loan even before board approval was granted, although there was little evidence of there ever having been a problem of approvals.

The ease with which George Tan obtained loans was simply explained as a consequence of his "unusually close" relationship with Lorraine Esme Osman, then a director of BMF. Tan was also thick with the other directors — Dr. Rais Saniman and Datuk Hashim Shamsuddin — and BMF general manager Ibrahim Jaffar. Discrepancies as to how the loans were approved abound —

as far as banking practice goes, little regard was shown. The following year, 1980, was relatively quiet as far as the number of loans went. Four loans went to the Carrian group, one of which has gone down as the largest single sum ever, at US$292 million. Two loans were given to the Kevin Hsu group.

From 1981, 11 loans went to Carrian, six to Kevin Hsu and three to Eda. The next year saw 15 loans to Carrian and two to Kevin Hsu. The last loan to the Carrian group was on 18 July, 1983, when Jalil Ibrahim, assistant general manager at BMF, was murdered in Hong Kong. The flow of funds thus covered the period between June 1979 and July 1983. During this period, the drama constituted three acts.

ACT ONE, scene one: Funds from BMF went to a Tan-controlled company called Carrian Holdings Ltd which in turn channelled the money into the Hong Kong stock market to take over a listed company known as Mai Hon, later named Carrian Investments Limited in a series of transactions designed to prop up the value of its shares. From an average of HK$1.30, Mai Hon shares went up to HK$3.80 by the end of December, 1979, and was further propped to HK$6.50 in January, 1980.

While financing the Carrian group's activities, BMF also began lending to the Kevin Hsu group. Between 1980 and 1982, some 13 loans which added up to HK$288 million (US$36 million) went to the Hsu group. The BMF report notes that all these loans were given without the approval of the BMF board. And as in the case of the Carrian group, little security was obtained. The report notes that Bank Bumiputra was aware of the irregularities regarding these loans, but since BBMB felt these loans were recoverable, no action was taken against the BMF board which approved the loans.

Scene two: Tan planned to acquire the 34-storey Gammon House at a price of US$200 million, and resell it to the Malaysian government at US$250 million. This acquisition involved the setting up of a HK$2 shell company called Plessey Investments Limited to engineer the purchase and sale of Gammon House. This predetermined scheme was executed by Tan in the belief that he would indeed be able to resell it to the Malaysian government which he knew was looking for a building in Hong Kong to house various government offices.

The Gammon House purchase was financed by loans from BMF which drew funds not only from the BBMB headquarters in

Kuala Lumpur, but also from its international network. Thus, Tan successfully engineered his second major acquisition (the first being the Mai Hon takeover) courtesy of funds from BMF. A total of US$292 million was channelled to Tan via Plessey Investment. Apart from the fact that this sum represents the largest ever extended by a Malaysian bank to a single customer, the report also states that some US$237 million was given without receiving any form of security.

Although it was expressed that Plessey Investments was to buy the building, it was finally another Tan company, Extrawin Ltd, which signed the sale and purchase agreement. This was not the only confusion regarding this purchase; it was not Plessey but Extrawin which applied for the loan, and the day after the application by Extrawin, another Carrian company, Carrian Joint-Venture Ltd. was granted a loan of US$32 million by BMF as part-finance for the Gammon House purchase. On the same day that the Carrian Joint-Venture loan was approved, it was announced that Extrawin had purchased Gammon House. Discrepancies are complicated by the fact that documents contained in the BMF report show that although Carrian Joint-Venture and Extrawin applied for loans for the purchase of Gammon House, the money actually went to Plessey Investments.

Gammon House was never bought by the Malaysian government. According to the report, the whole issue about buying Gammon House for resale to the Malaysian government took off as a result of a statement by Tengku Razaleigh, the then Finance Minister that the government was interested in the purchase of Gammon House. This was the reason quoted by Tan, who claimed to have been the "agent" for the government. Despite the fact that the government had actually purchased another building, BMF went ahead with the financing of Gammon House.

ACT TWO: This comprised a series of loans from September 1981 to October 1982, which totalled US$580 million. This time, the *piece de resistance* was a shipping line, Grand Marine Holdings. And the plan was to purchase the shipping line at HK$800 million and resell it to the Malaysian government at HK$1,000 million. Nine shell companies received loans totalling US$168 million. Four of these HK$2 shell companies were not incorporated when the loans were approved and released to them. The report states that Tan claimed to have been requested to purchase Grand Marine Holdings by BMF's former alternate director,

Rais Saniman, who claimed to have been acting on behalf of the then Deputy Prime Minister Datuk Musa Hitam. Tan was supposed to have offered for sale Grand Marine Holdings to the Malaysian government in March, 1982. The Malaysian government once again did not decide as envisioned by the "concerted plan" and did not purchase Grand Marine Holdings. Tan, as he put it, was "stuck" with the shipping line. Among other things stated by Rais Saniman, was also his intention to leave Bank Bumiputra to sit on the board of Grand Marine Holdings, should the plan go according to intention. It was a wonder, therefore, that Rais later claimed he did not follow up on the matter because he was "too busy and forgot about it." Tan claimed to have been requested by Rais to engineer the purchase and sale of Grand Marine Holdings. Rais, however, claimed that he was approached by Tan to ask the Malaysian government if it would be interested in buying the shipping line. The report does not come to a conclusive decision regarding the allegations.

Meanwhile, loans to the Kevin Hsu group continued. On 2 August, 1982, a loan of an "unspecified amount" was recorded to have been given out to Hsu to settle outstanding interest payments. The plight of the Hsu group, however, did not improve with the approval of more loans. Eda Investment Limited, the other party that BMF lent heavily to, received its first loan in September, 1981. Eda was controlled by one Chung Ching Man, the same Chung for whom George Tan first worked upon his arrival in Hong Kong in 1972. The report notes that BMF general manager Ibrahim said that the loans to Eda were given, among other reasons, because of George Tan's high recommendation.

ACT THREE: This came after the Grand Marine purchase, when Carrian's problems began to pile up. Affected by the property slump, and the burden of two deals that did not quite work out, Tan's woes took a turn for the worse as it became public knowledge that the Carrian group was in the deep end. On 26 October, 1982, Carrian announced that it was unable to meet current payments and was in the midst of "temporary liquidity problems." Yet BMF and BBMB continued to furnish Tan with more loans. The report indicates that this throwing of good money behind bad was done in "secret." The report states that Bank Bumiputra released more than US$70 million and bought over two Carrian assets in a bid to salvage the group. The purchases involved property in the United States, as well as the purchase of Carrian shares

of China Underwriters Limited and Union Bank Hong Kong Limited (CUL/UB). Both purchases were at inflated prices. The report claims that a "rescue scheme," devised by Carrian's financial advisors, Wardley Limited, had among its suggestions, the provision of more loans to Carrian to facilitate its functioning.

The rescue plan also recommended the sale of property in the United States. The two pieces of property picked for the sale had a value of US$76 million. These same pieces, just two months prior to that, had been quoted to have a value of US$570 million when Carrian offered them as security for loans. To add to all this, the report also states that an American valuer had estimated the property at not more than US$56 million. The end price that BBMB paid to Carrian (which finally got to Carrian via a blanket of other companies) was US$85 million; US$76 million for the purchase and the remaining US$9 million as interest on the loan.

The purchase of the CUL/UB shares was arranged by an offshore company owned by Malaysian businessmen. This purchase was to be funded by a US$4 million loan. The report points out that the concerted efforts at camouflaging the facts that the money was coming from BBMB was deliberate as was evidenced by the "vehicles" used. That US$4 million loan was the crunch. Jalil Ibrahim, assistant general manager (credit) sent personally by BBMB chairman Dr. Nawawi Mat Awin to "resolve the Carrian loans," had refused to release the loan under the circumstances. It had been impressed upon him that no loans were to be released without the board's approval. Thus, when Henry Chin, BMF's assistant general manager, requested the loan from Jalil citing "Lorrain's approval," Jalil hesitated.

Apparently, it was a fatal hesitation. Jalil had gone out to meet Mak Foon Than in a hotel room and called back to check with Chin on the loan's progress. The third call was abruptly cut off and Chin, impatient, released the loan. Two days later, Jalil was found dead in a banana plantation and, suddenly, the BMF affair assumed sinister proportions. BBMB had to absorb BMF's huge losses, prompting the government via Petronas to bail the hapless bank out by dint of a two billion ringgit plus rescue package, the largest in Asian history. George Tan himself got arrested on fraud charges and his trial is now going on in the colony. And, amidst a growing public clamour for justice, the Ahmad Noordin Committee of Inquiry was set up to find out the answers.[1]

Collapse of the Banks

THE Eighties were rough on banks the world over. In 1983, forty-eight American banks collapsed, setting off a distinctly dubious record of sorts. Not since the Great Depression had more banks collapsed (60 in 1939). In May 1984, the seventh largest bank in the United States, Continental Illinois, collapsed in the face of too many loans going bad simultaneously. In the wake of much depositor anguish and the prospect of shock waves triggering off other collapses among similarly troubled banks, Congress authorised the government to shell out some US$4.5 billion for rescue purposes.

At about the same time, London's Johnson Mathey Bankers floundered amidst a welter of fraud and mismanagement charges. It left in its wake some £245 million in immediate bad debts and allegations of fraud in truly heroic dimensions: more than US$3.5 billion, apparently, for the bank's shenanigans ensnarled a great many other institutions. Even the Vatican was not spared embarrassment. In 1982, Banco Ambrosiano, one of Italy's leading banks and one with close links to the Holy See, went bust, hungover from 2.8 billion ringgit in bad debts. The man responsible, its president, Roberto Calvi — "God's Banker" because of his links to the Vatican — was found dead under mysterious circumstances, and the ensuing scandal brought the bank to its knees. While the Vatican disclaimed "any moral or financial responsibility" for the bank's demise, it nonetheless coughed up some 575 million ringgit to creditor banks after the dust settled.

Hong Kong had seen better times. While BMF was admittedly a contributory factor, the colony's banking sector chalked up a record US$2.4 billion in bad-debts written off in 1983. Then the Overseas Trust Bank was declared insolvent in 1985, prompting the Hong Kong government to use 640 million ringgit of the colony's foreign exchange reserves for rescue purposes.

In Brazil, three banks collapsed in 1985, saddling the country's central bank with almost 19 billion ringgit worth of international debts. It might be the winter of banking discontent. America's eight largest banks had lent out far more than their collective net worth to the four most indebted Latin American countries — Mexico, Brazil, Argentina and Venezuela. While the hysteria over the prospect of default had subsided somewhat, the situation, nevertheless, was far from satisfactory.[2]

When the Truth is Not True

MISMANAGEMENT and corruption are not the monopoly of any one nation, and we have had our share. In Malaysia's case, the Bank Rakyat affair was given the first full public airing by dint of a Royal Commission of Inquiry. Commenting on its findings in 1979 before the UMNO general assembly, the then Premier, Hussein Onn, declared that it "would be a bitter lesson to other government institutions and agencies, including companies and subsidiaries set up by the government."

The "bitter lesson" seemed not to have permeated but complete disclosure of the affair helped the government's credibility no end. This was, perhaps, the best thing to emerge out of the otherwise sordid BMF affair: the complete and unexpurgated public airing of the findings of the Ahmad Noordin Committee of Inquiry, presented in Parliament together with a White Paper. "I'm not saying that we've handled the whole thing especially well," said a Minister, "but it's damn good that we made it public." Oh, yes, certainly. While the government dithered over its decision to publish the report, a steady stream of talk floated around long enough to assume the status of unvarnished truth. Publication scorched the worst of these — "UMNO's involved, Musa, Razaleigh, the PM or his relatives are involved, etc., etc." — and, in the main, strengthened the government's hand.

When harnessed, public opinion can be a formidable force. And the BMF affair showed clearly, perhaps for the first time, that the Malaysian public was not exactly the complacent body everybody thought it was. The rush to buy copies of the report — not cheap either at 250 ringgit a copy — and the general desire for justice to be meted out must have been a formidable deterrent to would-be wrongdoers in positions of public trust.

Most bankers agreed. "A lot of myths have been stripped away," said one. 'The BMF affair showed the bankers involved to be a greedy, incompetent lot. Hardly good for the profession but it'll make a lot of other incompetents out there think twice before trying anything stupid.' Added a commercial banker: "The wide publicity accorded the report infused fresh meaning to the word accountability. It was just another slogan before. Now, it lives."

The extent of the committee's deliberations, all 6,600 pages, provides a lot of food for thought, not least being the role and effectiveness of Bank Negara in its supervisory function. Opposi-

tion party leader Lim Kit Siang gave it short shrift, declaring that the BMF scandal is "also a Bank Negara scandal and up till now, Bank Negara has always exuded the image that it is all-powerful, all-knowing and always right. The BMF scandal shows this to be a myth, that those who would play God in Malaysian banking and finance are mere men of clay, with their weaknesses, failings and shortcomings." Was such an indictment fair?

Carrian announced "liquidity problems" in October, 1982, heralding the crash that was about to follow. But fully a month before this, Bank Negara had already known of BMF's involvement in the affair via a confidential report submitted to the then governor, Tan Sri Aziz Taha, by a Bank Negara inspection team which scrutinised BMF's workings for three months beginning June 1982. According to the committee's brief, the inspection report was stinging, revealing that BMF "had dangerously over-exposed itself and could threaten the parent bank itself."

Bank Negara only moved six weeks later. Aziz summoned Dr. Nawawi Mat Awin, then chairman of BMF's parent Bank Bumiputra Malaysia Bhd (BBMB), to discuss the situation. According to the Ahmad Noordin report, Nawawi assured the governor that "everything is under control" and that BBMB's own internal audit team was "carrying out its own investigation." Aziz must have had some misgivings, for he requested and got a meeting with the Prime Minister in November the same year where he "briefed him on the situation." A second similar briefing followed six weeks later. Not satisfied, the governor followed up with a letter to the Prime Minister in April, 1983, explaining among other things how the affair came about and warning of the possible "financial implications of BMF on BBMB." He ended his 10-page letter asking for another appointment with the Prime Minister to "discuss the affair" and "how to deal with the accounts of the BBMB group."

Apparently, Bank Negara's role ended there. BMF continued to lend out money to the Carrian group during this period (US$80 million) which, for all intents and purposes, came to naught. This probably prompted the Committee of Inquiry's remarks on the matter. It said the monitoring role of Bank Negara was ineffective, and that, in its opinion, if Bank Negara had intervened after it had completed the inspection, it could have been in a position to prevent further releases to Carrian. Aziz apparently had no such illusions. The report notes that he told the committee that "in the

circumstances then prevailing, Bank Negara was not in a position to intervene any more than what had been done. It had done all that was possible in reporting the matter to the government, for the government is the ultimate shareholder of BBMB and it had been briefed on the serious situation."

The fact also remains that Bank Negara is empowered, under the provisions of the Banking Act, to even take over a bank's operations or remove its directors if it is convinced that the bank is unsoundly run. However, this prerogative can only be exercised with the "concurrence" of the Finance Minister. It is also true that Bank Negara had never hesitated to act in previous — and much smaller — cases where other banks were concerned. Why the reluctance in this case? Most bankers were wholly in sympathy with Bank Negara. Said a leading commercial banker, "How could Aziz do otherwise? The whole thing was excessively politicised. If you'd read the report, you'd notice that even the Finance Minister (then Tengku Razaleigh) seemed to have nothing to do with the discussions. Surprising, isn't it?

"I'm quite certain that Bank Negara was bypassed or ignored by BBMB's directors simply because they felt they didn't have to listen to it. Maybe Bank Negara should be made more autonomous; then at least we'll know where the buck stops, once and for all." The committee's opinion does not take into consideration the fact that BBMB, was a "special bank" wholly owned by the government. Bank Negara, in this case, played out a second role, that of government adviser and went no further.

Indeed, the need to give Bank Negara greater autonomy actually does not arise. Its powers are there but this possibility — confrontation with a government bank — was simply not envisaged. That it was equipped to intervene is clear: it chose not to because BBMB, being a government bank, was "sensitive" and thus required the political green light. "The politicians," shrugged a commercial banker, "simply took the wrong advice. It's as simple as that." This begs another question. Is there enough professionalism among the banks? It is difficult to objectively quantify this. BMF certainly showed mismanagement on a colossal scale but weaknesses in certain banking operations could also be a sign of the times. The banking industry had been growing at an unprecedented rate — double digit during the seventies and 20% over the last five years — and explosive growth of this type easily strains the skills needed to manage it. It was known, for instance,

that central bankers were not too enamoured with Malaysian operational skills, especially in foreign exchange dealings.

Perspective has to be maintained, though. Said a Forex dealer: "If you're saying that we are not as good as our foreign counterparts, yes, but the comparison is hardly fair. Our Forex market is, in the first place, small and, secondly, there are not enough local training opportunities around simply because we're too small. So we tend to be cautious. Is that wrong?" A merchant banker was more sanguine in his assessment of Malaysian banking skills. "I suppose, by and large, there is enough competence. There is a good cadre of middle-level executives evolving. Formerly, they used to come from the foreign banks but now there are excellently run local banks and the pool is growing." He had a caveat though: "There are far too many political appointees coming in right at the top. That's not very healthy."

Not everybody agrees with his assertions. Indeed "political appointees" might be somewhat justified when we consider that 65% of the assets of locally incorporated commercial banks reside in three government-owned banks — Malayan Banking, BBMB and United Malayan Banking Corporation. As a government official noted, "It doesn't matter who you place at the top of these banks, they have a momentum of their own, they run themselves. Just so long as there are men of integrity at the helm, the rest just fall into place." And that is the bottom line: integrity, the lack of which caused the BMF fiasco that caused the near-collapse of the country's largest bank that was the source of much national embarrassment. The merchant banker was forthright: "There's nothing wrong with our banking system. We may be a trifle over-regulated but that's normal with developing countries. But put a crook in a position of public trust and any system, however regulated, can be abused."

Nevertheless, the BMF affair reverberated long enough for laws to be changed, not just in Malaysia but in Hong Kong. The colony changed its law (in 1983) regarding deposit-taking companies (DTCs) into which category BMF fell. DTCs are no longer allowed to lend a sum beyond 25% of their paid-up capital to any one person, company or group of companies. The new laws also limit the amount of assets that a DTC can hold against property. In Malaysia, accounting practices have been tightened. There is now strict control on disguising of interest on non-performing loans. Interest on these loans can no longer be added to profit and

loss figures for a bank's financial year giving, in the process, a truer picture of a bank's financial position. Other supervisory regulations have been tightened on limits to single-customer lending and on spreading the portfolio risk.

In an atmosphere of "deregulation," the new regulations may seem a contradiction in terms but, notwithstanding BMF, 1986 was a bad year for Malaysian banks. Most banks reported decreased corporate earnings — there were two which reportedly made losses — which set off a vicious cycle of pinched liquidity. Many banks had over-valued collateral and quite a few had financed share acquisitions secured against the purchased stock itself. Plunging market conditions did not help their cause. But nobody, thankfully, expected another BMF. "We're facing hard times," said a veteran commercial manager, but it'll pass. So long as the economy grows, however slowly, banks will do likewise." What they feared was a backlash from the BMF debacle. Continued the banker: "The only way to really expand business is to go overseas. The domestic market is limited, so one hopes the authorities will not curtail overseas expansion."[3]

Too Good to be True

"IT is impossible to please everyone," he said, quoting the well seasoned phrase. Tan Sri Ahmad Noordin Haji Zakaria continued, "When I undertook the position of Auditor-General, I never imagined that I would be popular, so I am not disappointed." How did it all begin, the mammoth task of getting everything and putting it together as the BMF report? "I am a civil servant, and the BMF report is just one of my duties. There is no reason, really, why I should not or should have undertaken the job of inquiry. On 11 January, 1984, the Prime Minister announced that the committee had been set up and the following day, we received our letter of appointment from Bank Bumiputra Malaysia Berhad."

"There were a number of ways the inquiry could have been done," said Ahmad Noordin. "For example, it could have been carried out on a legal basis, under the jurisdiction of the companies law or something, or it could have been carried out as an audit case or even as a criminal inquiry." He continued, "After studying the possibilities, and the limitations of the committee, it was decided that a criminal inquiry was out, and from a legal aspect, Chooi (Mun Sou, a member of the committee) said it did not

come under the Companies Act, so it was little use exploring that option."

"Thus, we decided we would go on a fact finding mission. And since there were two auditors (myself and Ramli Ibrahim, the third member of the committee), and more importantly because we were principally concerned with how much money had been lost and how it had been lost, you could say we more or less went along the lines of an audit job." The committee did not work by themselves. There were three other lawyers, three accountants, several assistants and clerical staff as well. These were all appointed by the committee.

The starting point of the inquiry was with the investigation reports on BMF carried out earlier by Bank Negara as well as Bank Bumiputra. From these reports, the committee had an idea of the operations within BMF and also the people they could and should talk too. During the 23 months the committee took to come up with its report, the members continued with their regular duties as well. Said Ahmad Noordin, "Our assistants helped a great deal. We identified the details we wanted, then we usually made the inquiries as well as obtained the relevant documents and data. After that, it was the assistants who sieved through the whole lot and gave us what was needed."

The fees and expenses involved came up to 1.8 million ringgit. This included the salaries paid to the staff who assisted as well as stationary expenses, the trips to Hong Kong and miscellaneous other expenses. On talk of fees paid to the three committee members, Ahmad Noordin clarified, "As far as I am concerned, I was not paid anything for this specific purpose. As a civil servant, this is just another duty, so I was not paid any extra for this." "But in the case of Ramli Ibrahim and Chooi, as private sector professionals, they of course had to be paid a fee. However, even in their case, they were only paid a third of their normal charge." A trust fund was set up by the Treasury at the request of Ahmad Noordin.

The committee was given an initial sum of 200,000 ringgit and when that ran out, it obtained further funds from the Treasury. Ahmad Noordin hedged on allegations regarding the incompleteness of the report. "I do not know if there is any point talking about all this," he said. "It has become a sensitive issue now, and anything I say is misconstrued. Giving public explanations on the criticism about the committee, the report and even myself will

only lead to further comments and a dialogue that is sensationalised through the press."

But he consented in the end to explain some irregularities. "Public expectation had been building up for some time. Even as far back as in 1984, I feared this high expectations would be a problem. I recall when the restructuring of Bank Bumi was announced by the Finance Minister, Daim Zainuddin. He said the work of the committee had been overtaken by events. And that the committee should now concentrate on the criminal aspects of the case. I read this in the papers, and I was shocked. This was certainly not what we were doing and we simply did not have the power to do so. We were not investigating a crime but rather the facts that led to the loss of money. The criminal aspect was incidental to our inquiry.

"Then, Dr. Nawawi (Mat Awin, BBMB chairman) also came out with a statement that from the findings of the committee, the bank would be able to bring people to book. We felt it would be wrong to keep quiet and keep the public in the belief that what we were doing was some wonderful criminal investigation that would solve everything! So a few days later, I went to see the Finance Minister with the suggestion that should he and the authorities concerned feel that the work of the committee should take on the proportions he had suggested in the press, we be given the task as a Commission of Inquiry. My suggestion to make this into a commission was unfortunately taken up by the Opposition which, of course, led to it becoming a politicised issue," said Ahmad Nordin.

"Whenever we sent the briefs for the perusal of the bank authorities, the committee recommended as to whether those particular briefs should be made public or not. In late 1984, I think it was 21 December, we sent a brief regarding the cases of corruption. This, which we had intended to remain private and confidential, especially at that point of time, was strangely enough released to the public a month later. And this made the birds fly... that particular brief was very incriminating. This made sensational news for the newspapers, and it was about this time that witnesses began to stop being co-operative. Some refused to come forward and others were choosy about the things they said. The committee was disappointed about this," he added.

As regards the allegations that the committee failed to be fair in its inquiry by not approaching those named by others ques-

tioned for the report, Ahmad Noordin expressed confusion as to the substance of these allegations. He said, "To us, this was not extraordinary that the name of Ministers would be mentioned by people who wanted to concoct a scheme. People in public office get their names mentioned by certain people to support their ideas or to get certain decisions made. So, what was so unusual about the Ministers' names being mentioned?"

"There was never any intention on the part of any member of the committee to implicate anyone. We have been accused of having ulterior motives. This, I am very sad about. It is not our business to protect anybody's name. Nor is it to destroy anyone's reputation." Was he satisfied with what the committee did? "Oh, no. No way am I satisfied. I did not get to the bottom of it. There was no way, given the constraints we had, that we could have got to the bottom of it." What were the biggest stumbling blocks? "The China Sea," he said laughingly. "Everything had to be done in a roundabout way. It is not easy to carry out an inquiry into something that is, without doubt, Malaysian in that it is Malaysian money and involving Malaysians, but a lot of the things happened in Hong Kong. What right have we to go there and dig into their affairs?"

"But, nevertheless, I must say in general, people have been very co-operative, the Hong Kong officials were very helpful. Of course, there were some who were not as co-operative as they could have been, but that is to be expected." He said of his feelings on the report: "I think people have lost sight of what this report really is. We have not accused anyone. We have not passed judgement or any such thing. We did not have the power to do so, neither did we have any intention to do so. The report was aimed at finding out what happened to the money, at least 2.5 billion ringgit was involved. And once you have found out what happened, your concern should not be with petty trivia. There is a lot more that needs to be done now. The authorities should now busy themselves with putting whatever can be put right.

"Instead, this has become a political issue. And the members of the committee, who did not invent or cause the loans scandal are the centre of criticism. We do not want a note of thanks. But it would be good to see that some usefulness comes out of the report, that people get down to the actual nuts and bolts. Such a thing should be taken in the right spirit. There is little use in being defensive when no one has been accused. You must remember, if

you do not wash your dirty linen once in a while, you will be in trouble. Because it will not go away... it will only get worse. Anyway, as for me, all this is very simple. After all there is a saying, he who pays the piper, call the tune." [4]

1. Malaysian Business, 1 April 1986.
2. Ibid.
3. Report of Inquiry.
4. Malaysian Business, 1 April 1986.

28
Resignation: Part Of Musa's Games

> "From (Musa's) resignation letter and from several poison-pen letters that have been passed to me, I was under the impression that there were genuine differences over policy and style between the two men. Now I know the real reason behind this, I'm beginning to wonder if some people deliberately misled us all this while."
>
> — UMNO Councillor

IN the chair for the specially-called night meeting was party president Dr. Mahathir Mohamad, (then) 60, Malaysia's Prime Minister since July 1981. The topic: the shock resignation two days earlier of his deputy in party and government, Musa Hitam, 51. Musa's empty seat beside him, Mahathir opened proceedings by offering to vacate the chair and even leave the meeting since he was a party to the matter on the agenda. But the council members wanted him there. "No, no, you must just listen to us," exclaimed some of the 32 around the table. The straight-talking Prime Minister was suddenly in the unusual position of taking flak from his senior partymen. "I could see his face almost freeze," one of Mahathir's supporters in the council said later, "I said to myself, oh, my God, the PM is going to get clobbered here."

One after another, supporters of Musa Hitam told how shocked they were at his decision, how important it was to get him back into the fold and, most contentious, why several of the accusations made in his resignation letter should be thoroughly investigated. The powerful Johore bloc commanded by Musa argued for a mediation bid, and amid the animated discussion, several Mahathir loyalists voiced support for the move. The struggle

was long and tense. But before the six-hour-long meeting ended at 2am on 1 March, 1986, the Prime Minister had begun to turn the tide.

Mahathir, grim-faced and weary, had the last say. He took out a letter written by Musa three days before the July 1984 Cabinet reshuffle. Musa had just been re-elected UMNO's deputy leader against a strong challenge from archrival Tengku Razaleigh Hamzah. In the letter, Musa warned Mahathir not to keep the defeated Razaleigh in the Cabinet. If Mahathir did, Musa threatened, he would resign effective July 1985. The councillors listened in stunned silence. Then, several of Mahathir's supporters as well as some councillors regarded as Musa supporters, promptly demanded acceptance of the resignation. Mahathir allowed himself a brief grin. One councillor later told: "From (Musa's) resignation letter and from several poison-pen letters that have been passed to me, I was under the impression that there were genuine differences over policy and style between the two men. Now I know the real reason behind this, I'm beginning to wonder if some people deliberately misled us all this while."

It was by Musa's decision that the struggle between Mahathir and him — rumoured and denied repeatedly for nearly two years — had burst into the open. For forty-eight hours, the wave of shock, dismay, accusations and questions triggered by the action swept over a seemingly numbed Mahathir administration. Now, the Prime Minister was reasserting control. Musa had delivered his quit notice with breathtaking abruptness. Boarding a flight for Saudi Arabia on the night of 26 February, he left for Mahathir an official notice of resignation and a seven-page letter, copied to Supreme Council members, explaining his reasons for resigning. Plainly, Mahathir wasn't the first to see the longer letter. Next morning, at least one newspaper carried a frontpage denial from the Premier that his deputy had quit; by then news of the resignation was spreading country-wide. UMNO sources said Mahathir was "upset" and "hurt" by the manner of Musa's resignation.

The following day, many in Kuala Lumpur were studying a widely-circulated letter acknowledged by supreme councillors to be the resignation statement they received. Addressed to Mahathir as UMNO president, it referred to his questioning of the loyalty of some in the Supreme Council, first on the eve of the 1985 party assembly and during a council meeting on 15 January, 1986. On

the latter occasion, according to the letter, the Prime Minister had mentioned allegations against himself (including one of corruption, which Mahathir later denied in a television interview); these were said to have "come from people who were senior in the party and government and who were impatient to take your place."

The letter continued: "I wondered whom you meant. The next day, I asked you whether I was implicated. Your answer was 'Yes.' At first I was shocked, hurt and disappointed and could not believe what I had heard. Our conversation that morning was heated and I vehemently denied your allegations towards me." Then, "Our talk on 29 January, 1986, before I left for Davos, Switzerland, had been more tense and distant and had weighed heavily on me. You had raised more criticisms towards me. One of them, specifically, was on the people that I had recommended whose performance you said had been bad. 'My boys' had tarnished your name and done many other things. I chose not to answer as it would only have worsened the situation and heightened your negative feeling towards me."

The letter went on: "During my tenure as Deputy Prime Minister, I have to admit that there had been various policies and implementation of policies of the government under your administration which I had questioned. Nevertheless, I had always expressed these questions to you directly during our numerous meetings. Basically, I accept the fact that you are the Prime Minister and that there must be the principle of collective responsibility. You are also aware that I have often expressed my desire to retire because I am tired and fed up of 'money politics' (when I said that I could not afford to contest again) and the abuse of power for political interest, et cetera. You, however, asked me to delay my retirement and I respected your request.

"Nevertheless, it appears that you are more convinced that I am playing politics." Another reason listed: "The longer I hold my position, the stronger the allegations and accusations. If I work hard, it would be misinterpreted; on the other hand, if otherwise, there would be even more misinterpretation."

The letter continued: "With my resignation you can now choose those whom you trust completely to assist you when you face the people later. It would also help maintain party unity since I would no longer oppose you or criticise you. To prove that I have no intention of either 'playing politics' or burdening you further, I shall be out of the country as soon as I submit this letter to

you. I am doing this to avoid being questioned or persuaded by 'my men' or 'my people' (who) must be thoroughly disappointed with me. Nonetheless, this is my political fate which I shall have to face by myself. My absence from the country would also reduce any need for me to be involved in any public discussion or questions about my resignation, thus lessening the confusion."

Mahathir and Musa — dubbed the "2Ms" by the media — made a dynamic pair when they took over the leadership from ailing Premier Hussein Onn nearly five years ago. They had been close personal friends since the late 1960s when Mahathir was a member of the Supreme Council and a backbencher in Parliament and Musa was executive secretary at UMNO headquarters. The friendship blossomed when they were both sacked (Mahathir from the party, Musa from his posts) by Premier Tunku Abdul Rahman in the wake of the 1969 race riots for breaching party discipline.

When Tun Abdul Razak took power in 1970, they were readmitted to the fold and began their climb through the ranks. In 1981, when Mahathir was elected unopposed as UMNO president and automatically Premier, he backed Musa as his No. 2 over Razaleigh even though the Finance Minister had greater experience in Cabinet and was also head of several state corporations. Musa came from behind to win a closely-fought contest. In the years that followed, despite rumours of a falling-out, the two had repeatedly pledged support for each other. The 2Ms, it seemed, had decided that sink or swim, they would stick together. As most political analyst tell it, the falling-out began soon after the UMNO triennial elections in 1984.

After losing the 1981 battle, Razaleigh moved on as Finance Minister and treasurer of UMNO. In 1984, he challenged Musa again for the same post in a much bitterer and more expensive campaign that drained both sides of their financial resources. With his big business connections, however, Razaleigh had little trouble in raising funds. But Musa, said observers, was still burdened with the cost of funding his 1984 campaign — to which reference was made in the resignation letter. Musa supporters said their mentor had reached an understanding with Mahathir that if Razaleigh contested again in 1984 and lost, he would be dropped from his Cabinet. They said Mahathir kept only half that promise — Razaleigh lost the party treasurer post but was kept in the Cabinet as Trade and Industry Minister — and left the door open for a third contest between the two in 1987.

Musa had thought that with a strong new mandate in UMNO, he could dictate some terms and slowly consolidate his grip on the party and the government. To start with, he wanted a transfer to the Foreign Ministry and important portfolios for some of his close associates. Musa asked that his own Home Ministry portfolio be given to Abdullah Badawi, whom he had identified as his potential deputy-to-be. Again, Mahathir met Musa halfway. He could take the Foreign Ministry but Tengku Ahmed Rithauddeen would be brought into the Home Ministry; Musa's choice, Abdullah, would go to Education. Three days before the Cabinet reshuffle in July, 1984, Musa reportedly told Mahathir he didn't want a transfer after all. "He wanted the powerful Home Ministry himself or under someone who would follow his orders," said a high-ranking UMNO source. "If he had accepted the Foreign Ministry and let the Home Ministry go to Rithauddeen, he would have been in a much weaker position today."

That same day, Musa learned that the Prime Minister was going to keep Razaleigh in the Cabinet. It was then that he wrote his letter to Mahathir, threatening resignation. Days later, Musa's camp was to receive another blow: Mahathir picked close friend and prominent Malay entrepreneur Daim Zainuddin as the new Finance Minister and UMNO treasurer. He also announced he had chosen close associate and loyalist Sanusi Junid as party secretary-general. Musa already had suspicions about Sanusi. Of the people close to the Prime Minister, Musa believed Sanusi to be the only one who had ignored Mahathir's wishes and secretly backed Razaleigh in the party polls. It had been a bad week for Musa. Instead of gaining extra clout within the administration through retaining the party deputy presidency, he felt himself to be more isolated. Soon, Sanusi was flexing his muscles in the party, taking firm control of headquarters and gradually extending his grip to grassroots. As party secretary-general, as a Mahathir loyalist who had the ear of the Premier, and as Minister of National and Rural Development — the Ministry that controls several major rural grassroots organisations — Sanusi quickly built up power and influence. From Musa's view point, there were suddenly many unfriendly people in high places.

Musa supporters said Sanusi and UMNO executive secretary Kamarulzaman (Kip) Bahadon had such a strong grip on the party apparatus that it was difficult for those who did not see eye to eye with them to act without their blessings. "They denied access to

themselves and to the party headquarters to all those who weren't in their good books," claimed one Musa man. "Even as deputy president, Musa had no say on how the headquarters should be run. Indeed, the main purpose of those people was to identify and isolate Musa's people as if they were preparing to oust Musa from the party."

Apart from Sanusi and Kip, the UMNO deputy president was also said to be upset with what his supporters described as the "antics" of Megat Junid Megat Ayob, then Deputy Minister for Primary Industries and former political secretary to Mahathir. Megat was tipped to take over as Menteri Besar of his home state of Perak, Malaysia's most populous state and provider of the largest number of delegates to the annual UMNO general assembly. The control of Perak is a key, said UMNO watchers, to any battle for the control of the party. Musa's men feared that if Megat indeed acceded to the top post in Perak, they would lose their current influence in that state.

Another major official disliked by Musa's camp was Daim. "Daim's control of government and finances makes him a powerful figure in a country with a tradition of political patronage and money politics," said one analyst. "On top of that, the fact that Daim is also one of the country's leading businessmen with access to personal funds and his close links with other top Malaysian businessmen make Musa's people terribly nervous. With that kind of money power, they feel Daim can make or break people. Indeed, they believe he has been doing just that."

Rumours of Musa's resignation had persisted since June, 1985, when he left suddenly for Europe after divorcing his wife Maria. His July, 1984, resignation letter, to become effective in July 1985 in case Razaleigh remained in the Cabinet was, by then, operative. Instead of ignoring that letter, Musa reminded Mahathir of it when he wrote another long letter discussing not only old and new problems but enlightening his boss on his private life, including the then impending divorce with Maria. (The couple had been separated for several years until he became Deputy Premier in 1981, when at the urging of Mahathir and others, they patched up their differences and she returned to Malaysia from overseas.)

The rumours died down several weeks later when Musa returned from his holiday and shortly after appeared at an UMNO Supreme Council meeting and was seen embracing Mahathir. At the party's general assembly in September, 1985, however, there

were further denials of rumours and a renewed display of unity. The missive said to be the resignation letter refers to that period:

> "You should still remember the night before the UMNO general assembly last year when you said the loyalty of some among the members of the Supreme Council was questionable. You also said many negative statements and allegations had been levelled at you, all of which, you added, have given rise to an unhealthy situation which had the potential to create a split in the party itself. Your words were so serious and firm, especially since you asked that members of the Supreme Council make a statement of loyalty, that the members felt uneasy and tense. It can be said that almost all the members were wondering who it was that you meant. It never occurred to me that I could have been involved, since I had always believed that we both had a good and close relationship at the time. Believing that, I felt that it was my duty to express my full support, as well as that of the Supreme Council and the delegates, for your leadership as President and Prime Minister — which I did when I spoke during the general assembly. I made the statement (of support spontaneously, sincerely and with complete confidence in myself and my support for you."

Tempers cooled for several months after until things came to a head again at the 15 January, 1986, Supreme Council session when several party leaders — including veteran vice president Ghafar Baba — spoke out on what they described as a malaise creeping into party and government. Among the issues Mahathir and Musa had differences over was the handling of the Memali incident in November, 1985, when police clashed with radical Muslims at a village in the PM's home state of Kedah. The carnage left four policemen and fourteen fanatics dead.

At the time, Mahathir was on an official visit to China. Musa's supporters charged that Mahathir did not back their boss in private over the police action, instead suggesting that Musa, in his capacity as Home Minister, was partly to blame for the bloodshed. Said an UMNO leader: "Musa was very upset by the way he was blamed for Memali. He thought people were implying that he had ordered police to go shoot whoever they liked." Musa, in turn, hadn't displayed much enthusiasm for Mahathir's pet projects like the Penang Bridge and the national car, thinking them "a waste of public funds," said another senior UMNO official. "He had always advocated austerity and even told the PM he should bear austerity in mind when his daughter Marina gets married in late March."

What happened then? During its emergency session, the Supreme Council agreed to a proposal of the Johore bloc to send a four-member delegation to London to urge Musa to come back. The delegation, led by Terengganu Menteri Besar Wan Mokhtar Ahmed and also included Ajib Ahmad, Najib Razak and Ramli Ngah Talib, the Menteris Besar respectively of Johore, Pahang and Perak states. Wan Mokhtar was considered a Mahathir man; Ramli, once a staunch Musa supporter, was now also said to be leaning towards the PM. On the other hand, Ajib was Musa's political secretary before he took up his current post, and Najib was supporting Musa primarily because of his rivalry with then Agriculture Minister Anwar Ibrahim, who was in the Mahathir camp.

Many political analysts believed the mission to London was doomed to fail because it was not carrying any substantive concessions. "How can Musa withdraw everything he said in that letter?" asked one. "It makes some pretty nasty accusations. I don't think he could come back and say, 'Sorry, I didn't mean what I wrote' or 'I was misquoted'." Another observer reckoned "there is a lot of bad blood and suspicion, not only between Musa and Mahathir but between their supporters too. Even if there is a genuine effort of reconciliation, how can they forget what has happened in the past weeks? I don't think there is any going back." The mission indeed failed.

Political observers said the resignation climaxed months of bickering between the two men. Said a Deputy Minister sympathetic to Musa: "It came to a point where Musa thought there was no way he could work under Mahathir." Another Musa supporter, who served on UMNO's Supreme Council, elaborated: "The disagreement is over style rather than substance. Somehow or other, Musa thought he wasn't consulted enough. He felt left out of the decision-making process." Added a senior party member: "It was a clash of personalities. The two men were poles apart. They had problems seeing each other's point of view."

Even so, the resignation was a calculated gamble by an experienced politician. Musa, a native of Johore State in the south, won one of three UMNO vice presidential slots in 1978. Three years later, he challenged Tengku Razaleigh Hamzah for the deputy presidency, while Mahathir smoothly assumed the top spot upon the resignation of Hussein Onn.

Musa, openly supported by Mahathir, won the bitter tussle. In 1984, Musa and Razaleigh again did battle. Once more, Ma-

hathir supported his deputy, and again Musa prevailed, this time by a wider margin. But UMNO-watchers reckoned after nearly five years in the No. 2 slot, Musa was growing impatient, particularly because he was said to feel his role as Deputy Premier was nominal. Indeed, there is no provision in Malaysia's Constitution for the post, which is usually given to UMNO's deputy president to assist the Premier and to stand in for him when he's away or indisposed. Some government leaders close to Mahathir accused Musa of trying to topple the PM.

Originally, some circles thought Mahathir, 60, might step down at the 1987 UMNO general assembly, when the next triennial party elections were due. Musa, 52, would then move to the top, went the scenario. However, the Prime Minister seemed to have consolidated his grip over both party and government. If Mahathir stayed on through 1987, Musa, said insiders, might face yet another challenge from Razaleigh. Moreover, many of Musa's associates, also jockeying for better positions, would face similar stiff struggles as well. In that regard, pressured into the current situation by a group of ambitious aides, many of whom reckoned there might not be places for them in the next Mahathir government, Musa, one analyst believed, "had to do something. He had to make a move." Musa's resignation came at a time when the administration was facing major problems on several fronts. The economy was flagging, with GDP growth for 1985 revised to 2.8%; the year before it was 7.6%. Prospects for 1986 were no better. Moreover, the MCA was also in the throes of a leadership crisis. Its president, Tan Koon Swan, faced stock fraud charges in neighbouring Singapore. And in Malaysia's northeastern "Malay-belt" states, PAS continued to score political points at the expense of UMNO. Adding to the nation's burden was the ongoing political intrigue in Sabah, where the PBS government of Chief Minister Joseph Pairin Kitingan had been virtually under a state of siege since the April 1985 election.

But for the moment, the nation's attention was on Mahathir and Musa and their next moves. Some observers believed that unless the pair were reconciled, Musa would begin campaigning for a shot at the UMNO presidency either next year or in 1990. At the same time, the powerful Johore bloc within UMNO was trying to persuade the Prime Minister to compromise and invite Musa back into the fold with a promise that he would have a greater say in both government and party affairs. As the incumbent, however,

Mahathir was widely seen to have the edge. How Malaysia's latest political drama ultimately would be resolved was anybody's guess.[1] But as time went by, Mahathir seemed to be very relaxed. He tackle one by one the problems and resolved them. Although some were still not up to his expectation, for Mahathir, he was still the Prime Minister.

Furore over the "Commandos"

THEY are known variously as the "commandos," the "hit squad" or the "guerillas." They operate from within the Youth wing of UMNO. That much is known; little else about them is not subject to dispute. Depending on the faction of UMNO you're talking to, the description of the group ranges from innocuous political activists to an assassination squad. In the battle of words between loyalists of Mahathir and Musa, the "commandos" were a popular topic.

"The activities of the commandos and their specific plans worried me," said the resignation letter attributed to Musa. "And I am said to have been involved." According to a Musa associate, the "commandos" are an "elite force funded by party headquarters to defend Mahathir and his close friends. Their loyalty is not to the party, but to a group of people and they are willing to go to any length to achieve their objectives." Added another associate: "Musa thought with these people backing Mahathir there was no way he could function effectively. He felt their main purpose was to finish him off politically."

Mahathir's supporters said there's nothing sinister about the "commandos." The group of 200, they said, grew out of a political training programme for UMNO Youth activists. Their leader: Anuar Zaini, Musa's special assistant at the Home Ministry. As part of their programme, they were given rigorous physical training. But said one source involved with the program in its initial stages, "none of them was taught to handle a gun or bounce people. It was just rigorous exercise to toughen them so they'd have stronger personalities. This was one small part of the programme." He added: "It is not a commando unit or a hit squad. It was never intended to be one."

An UMNO supreme councillor who closely allied to Musa said his mentor was "probably a little paranoid about this group. Two of my own constituents are in it. Both are my supporters and

Musa's supporters. I don't really believe they are being trained to eliminate Musa and people like me." What then gave rise to the allegations? Said the source once linked to the programme: "The problem began when a handful of these trainees got into a political discussion sometime in 1985. It got heated and some of these guys went berserk saying that they would hear nothing against him (Mahathir), even if the critic was a Cabinet Minister. That was mistaken by some as proof that the commandos were a Mahathir squad which wanted to eliminate all his political enemies."

Observers said group members were active as cheer-leaders in UMNO rallies, particularly those addressed by Mahathir. When Musa visited several states late last year and early this year, none were visible. Some observers said the activists had booed Musa supporters addressing UMNO meetings across the country, and that they caused fear in his faction.[2]

Godfather Party

TO Malays, UMNO has always been a genial father-figure. With its appeal rooted in Malay nationalism, UMNO has made sure that it takes good care of its god-children. But with the economic downturn, UMNO found it difficult to deliver its usual "development plums" to the rural Malays who make up the bulk of its members and supporters. "UMNO has always thrived on Malay expectations," noted a Malay political observer. "Suddenly my patron can no longer provide. UMNO will be tested to the hilt this next election."

And it was unrest among Malays, urban and rural, which posed the greatest threat to UMNO. Its only direct rival for the Malay vote, the opposition PAS, had been noticeably regaining lost ground in old PAS strongholds in the states of Kelantan, Terengganu, Kedah and Perlis. It had also claimed to have made inroads in northern Perak and some parts of Pahang, Negeri Sembilan and Johore. Although PAS does tend to attract Malays from poorer rural areas, a nationwide Islamisation trend had also widened its appeal to include those who saw the inclusion of more Islamic features in law and administration as desirable. An Islamic state no longer seemed a far-fetched or ridiculous idea on university campuses or even among some Muslim lawyers.

UMNO's biggest Islamic crowd pleasers — most prominently, Anwar Ibrahim, Terengganu Menteri Besar Datuk Seri

Amar Wan Mokhtar Ahmad and Yusof Mohamed Noor — had busy schedules in campaigns to counter the PAS appeal in Malay areas. All three had fine Islamic credentials. Before joining the government, Anwar was the president of the Muslim Youth Movement (ABIM) and was highly regarded in international Islamic circles. Mokhtar, a graduate of the prestigious Al-Azhar University in Cairo, was brought up in an Arabic school tradition as a boy in Terengganu. Yusof holds a Ph.D in Islamic studies from Cairo University and was the dean of the Islamic Faculty at the Universiti Kebangsaan Malaysia.

The government had tried to fulfil Malay expectations for greater government-sponsored Islamic activity with the setting up of Bank Islam, International Islamic University and the Syarikat Takaful, a Muslim insurance system. Unfortunately, their value as election carrots had diminished somewhat, having been overplayed in the 1982 campaign. Moreover, none of these projects had really had mass impact, either because they were still comparatively new, or because in the case of the university, it could only accommodate a few thousand students. Moreover, Muslim sentiments had gone beyond asking for a new mosque or religious school. Meeting demands for an Islamic legal system and national constitution were rather more difficult for the government which, despite its concessions to Muslims, was also very aware of non-Muslim anxieties. The more "fundamental" PAS became, the more UMNO had to offer an alternative, observed a Chinese leader. Some expected that within UMNO itself, a Muslim "extremist" group would emerge. This prospect worried the country's 40% non-Muslims.

Although still far from being a threat to the MCA, PAS' new strategy of wooing Chinese leaders was unsettling. Turnout depended on the size of the surrounding community but their interest and questions on Islam were lively. While PAS itself did not expect to win Chinese votes yet, it hoped to break down innate non-Muslim prejudice towards it.

The party's efforts to win over non-Muslims was explained to Muslims as an attempt to educate and familiarise non-Muslims in rural communities where they came up against the National Front in a head-to-head contest. But it was still PAS' influence among Malays that worried UMNO most. Fighting between 400 villagers and 200 police near Baling in Kedah in November underscored the influence wielded by individual religious teach-

ers. Following that unprecedented clash, ceramahs (religious-cum-political lectures) were banned in "Malay states" plus multi-racial Penang and northern Perak, raising cries of "unfair" from PAS. That ban was lifted on 17 December, 1985. The power of PAS' ideology was ready made. Islam is all-encompassing in rural communities and no Muslim would dare question in public its right to rule Muslim social and political behaviour. UMNO's ideology — Malay rights and interests — does not have quite the same emotive pull. And the further away Malay politics moves from the colonial independence struggle, the less persuasive Malay nationalism appears to its increasingly younger-members.

Mahathir would like to see the country through 1990 when the NEP formally expires. The NEP will then be replaced by the National Economic Policy, whose guidelines have yet to be announced, but Chinese and Indians already fear that these will not be all that different from the principles laid out by today's NEP.

Some UMNO officials believed that Datuk Musa Hitam might lack the inclination to push for a continuation of policies favouring the predominantly Malay bumiputeras. Certainly, political observers noted that the longer Mahathir remained in office, the slimmer Musa's chances of succeeding him, as Mahathir's "boys" consolidated their positions or younger team members rose. Knowing his position, Musa resigned.

At UMNO's annual general assembly in September 1985, Mahathir appeared to have consolidated his position in no uncertain terms. UMNO treasurer Daim Zainuddin, whom Mahathir appointed Finance Minister in 1984, and UMNO Youth chief (then) Anwar — both reputed "Mahathir men" — were well received by delegates. Musa himself made a speech that read, given the Malay style of indirect speech, as a willingness to compromise, at least temporarily. The face of Malay unity was preserved and Mahathir emerged looking completely in charge within his own party. Although at the age of 56 in July, 1981, Mahathir was older than his predecessors when assuming office as Prime Minister, he still had many more plans for the country that he would like to bring to fruition.

But since early 1986, it had been noticed that Musa had been taking some tough stands and making some strong pronouncements each time Mahathir was abroad. On those occasions, Musa came out from behind Mahathir's shadow, said an UMNO observer. The most prominent of these were:

- Issuing the first shape up or ship out warning to the embattled MCA in December, 1985.
- Relocating the controversial Papan nuclear waste dump in Perak in January, 1985.
- Sabah — where Musa decided to recognise the Sabah election results instead of the pre-emptive dawn swearing-in of minority leader Tun Mustapha Harun.
- The handling of the Baling incident — coming out with a public announcement the very next day, immediately quashing rumours.

Although Musa was, in some instances, said to be doing Mahathir's dirty work, so as to distance the top man from any repercussions, the Sabah decision was his own, according to UMNO sources. Unfortunately for Mahathir's image, crises seemed to erupt just before or while he was abroad. Baling, for instance, occurred just the day before he was due to leave for China — a long planned and vital trip impossible to cancel. The coincidence of absence and calamity underscored the frequency of the Prime Minister's trips abroad.

"On each occasion, Musa showed that he was prime ministerial material. Musa is a master strategist," conceded a political aide in a rival camp. "He doesn't have to show his hand. He just plays a waiting game, and allows events to show up others." Mahathir faced resentment from other groups within UMNO for breaking tradition and placing newcomers high up in the party hierarchy — bypassing old, deserving stalwarts. The meteoric rise of Daim and Anwar were only the most obvious examples.

Differences of opinion surrounded the political future of Daim's predecessor, Tengku Razaleigh Hamzah, who had been keeping an extremely low profile since losing the UMNO deputy president's post, for the second time, to Musa in 1984. But while some UMNO sources wrote him off as a serious UMNO contender, others maintained that without even trying, Razaleigh still held sway in his home state of Kelantan, and possibly in parts of Terengganu and Pahang as well. More dangerous for Mahathir was the theory — coming from UMNO politicians themselves — that former arch-rivals Musa and Razaleigh might form a pact to challenge Mahathir: a theory which was never quite quelled despite having been laughed off at the UMNO general assembly. Inevitably, given the NEP target, Mahathir's term of office also co-

incided with spiralling economic awareness among Malays — especially, it seemed, Malays in UMNO. Not surprisingly, therefore, money politics in UMNO reached epidemic proportions at this time. UMNO leaders themselves publicly berated the practice of buying support from delegates for positions even at branch and division levels. At higher levels, including the Supreme Council, the dollar value of the "carrot" was necessarily greater.[3]

1. Asiaweek, 16 March 1986.
2. Ibid.
3. Far Eastern Economic Review, 2 Jan. 1986.

Sabah Chief Minister, Datuk Pairin Kitingan — Photo Information.

Energy, Telecommunications and Posts Minister, Datuk Seri S. Samy Vellu (MIC President) — Photo Information.

29
Can't Understand Mahathir's Thinking

> "I've got to be prepared to endure all this. So let me try in whatever way I can to overcome it. If I can achieve a fraction of what I set out to do, then it is satisfying. If I can't, I would have the satisfaction of having tried. Well, if you succeed, that's it."
>
> — Dr. Mahathir

CENTRALISED leadership is definitely the keynote of the Mahathir administration. Power is concentrated in the hands of a very few at the top. Mahathir himself keeps a high profile at all times and — once by his own admission, said only half in jest — likes to have a hand in perhaps too many things. He has initiated several trade missions at home and abroad; has championed large-scale paddy estates and Malaysia's first attempts into car manufacturing, and has involved himself in social engineering by setting an ideal population target of 70 million by 2100.

Although lip service is often paid to government by consensus within the National Front, under Mahathir more than his predecessors, the Prime Minister's Office makes almost all the decisions that count, remarks a senior civil servant. Thus, when things fray at the edges, Mahathir, probably many times unjustly, is almost personally held responsible. Malaysia was admittedly unprepared for Mahathir when he strode into office in July 1981. It was wary of his innovations. Civil servants complained of being rushed. But Mahathir has fixed ideas of where he wants the country to go — "development" has come at a breathless pace.

By 1986, the country had grown accustomed to, though not necessarily supportive of, Mahathir's style. Letters from the public carried in the local newspapers revealed complete contradic-

tions in Malaysians' perceptions of him. What his supporters called dynamism was seen by critics as reckless haste; what passed for self-confidence to some, bordered on high-handedness to others.

Mahathir's handling of the nearly two-year MCA leadership crisis, for instance, drew criticism from some MCA quarters as meddling in the internal affairs of a coalition partner. Chinese at grassroots level resented what they saw as Malay interference in Chinese affairs. By stripping former MCA president Datuk Neo Yee Pan of his Housing and Local Government portfolio, Mahathir had made it amply clear that Neo had fallen from grace. But instead of looking to contender Tan Koon Swan as the logical alternative, Mahathir reputedly backed Labour Minister Mak Hon Kam, who up to that point was lieutenant to Neo. Mahathir thus indirectly helped split the party three ways, remarked a Chinese observer.

Tan's men were thrown off-balance. The National Front itself recognised Tan as having grassroots support, with Tan's faction invariably called upon to assist in by-election campaigns, they pointed out. When Tan finally won the MCA presidency on 24 November and the issue of a Cabinet reshuffle emerged, many wondered whether Mahathir would acknowledge Tan's group by granting them the ministerial posts. "After all, Sabah Chief Minister Datuk Joseph Pairin Kitingan won in Sabah but he is still not accepted by UMNO," said a worried delegate in Tan's camp. "Sometimes we cannot understand Mahathir's thinking."

Sabah probably eroded Mahathir's credibility more than any other incident in his (then) four-and-a-half years in office, with the constitutional crisis — essentially a tussle of wills for ultimate, legitimate power between Mahathir and Malaysia's nine hereditary Rulers — coming a close second for some Malaysians. Although Mahathir publicly supported Musa's decision to respect the Sabah voters' decision, sources within UMNO claimed that Musa had made "the wrong decision." Mahathir had risked his own reputation in supporting Harris with his famous "we'll sink or swim with Berjaya," campaign line. Berjaya's defeat was, at the least, a slap at his image, and the loss of resource-rich Sabah to opposition hands, no matter how malleable that opposition, was politically up-setting.

Subsequent events made Mahathir, judging by public comments in newspapers, appear a bad loser. His silence in the face of

USNO's war of attribution on PBS — in staging a walkout at the first Sabah assembly sitting and boycotting almost all sittings since, Mustapha's crucial legal suit challenging the validity of Pairin's appointment, and a series of distracting by-elections — was perceived as tacit federal support. Replying later to reporters on the timing of elections, Mahathir said of political uncertainties in Sabah: "We are not sure who is the Chief Minister as there is a wrangle going on."

Public faith in Malaysia's practice of democracy was thus shaken, especially among the more educated, urban Malaysians. More distinctly, it alienated some sections of the Sabah population, a particularly sensitive group, who felt that their votes counted for nothing before the might of federal will. Careful handling of federal-Sabah relations was vital because of the lingering Filipino claim on Sabah, noted a political scientist. Alienating Sabah was risky when neighbours were eying its riches.

Mahathir certainly is both strong and uncompromising enough to take risks. Since June 1985, government workers seeking pay revisions had picketed and held "information rallies" in various towns, after office hours. In October, with its back to the wall, CUEPACS threatened a nationwide strike in January, 1986, if the government did not agree their demands. Mahathir remained unmoved and refused to meet those who "held a gun" to his head. In the process, he risked alienating some 750,000 workers. Government employees at various levels resented what they called this roughshod treatment, especially when comparisons were drawn between fixed-income, and therefore fortunate government workers, and farmers and fishermen with their more precarious incomes.

Mahathir's line that civil servants should be more grateful and that in meeting their demands, government would be forced to deprive poorer sectors of the population was really a classic attempt to divide and rule, observed a political scientist. Finally, on 30 October, Mahathir capitulated and met union leaders. The strike threat was called off when the government finally agreed in principle to a pay rise at some unspecified date. To be sure, Mahathir had been judged rather more harshly than his predecessors. Because of his own energetic, self-confident image, expectations of him were higher. He swept into office on a wave of new-direction slogans. He promised that his government would be "clean, efficient and trustworthy," that in trade Malaysia should "look

East," that "privatisation" would be a trend and that in its economic performance, the country should think of itself as "Malaysia Inc."

Since then, the initial fervour of the "look East" policy had toned down considerably, though not before local entrepreneurs privately accused Mahathir of selling the country to the Japanese. And if the National Front tried to use the "clean, efficient and trustworthy" slogan again, it would be laughed off the campaign stage, one political analyst remarked. Indeed, one by one, the slogans had become obsolete. The M$2.5 billion (US$1.03 billion) BMF scandal proved the first major erosion of the much-touted clean image. Opposition parties went to town on it and have not stopped.

Mahathir had declared it was the government's prerogative, as the largest shareholder in the parent Bank Bumiputra, whether or not to make public the completed final report by the Committee of Inquiry. Malaysians, however, would certainly interpret this as a possible cover-up.

But both supporters and detractors would agree that Mahathir made for continuous excitement on the Malaysian political scene as Prime Minister. Alone, he had dominated events in the country more than either of his two immediate predecessors, Tun Hussein Onn or the late Tun Abdul Razak, had in their time. Not easily ignored, Mahathir is either admired or resented, but even in the villages, very few feel ambivalent about him.

30
Ghafar: Leader For All Seasons

> "The Malays have their Ali Baba, the Indians their Sai Baba, for the Chinese... it's Ghafar Baba."
>
> — Singapore Press

FOR Encik Ghafar Baba, then 61, it had been a stunning comeback. Having been bypassed twice for the Deputy Prime Ministership, thanks to Musa's moves, he was now where he should belong. As Deputy Prime Minister, as well as deputy president of UMNO, Ghafar was "just a breath away from being Prime Minister."

For a person who, by 1976, had been written off as a serious contender for the top, it must have been a great achievement. There were even Ghafar supporters who mumbled about divine intervention. Fate certainly had a hand in it, though. In March, 1986, Datuk Musa Hitam resigned from his Cabinet posts, citing "irreconcilable differences" with the Prime Minister and confirming the worst rumours about the so-called 2M rift. His resignations as Deputy Prime Minister and Home Minister were accepted — Musa (then) however, was still UMNO deputy president — and Datuk Seri Dr. Mahathir Mohamad was left confronted with a vacuum in government at the point of an imminent general election. The PM's choices were clear-cut; UMNO tradition has always held that, in the absence of a deputy president, the Deputy Premier should come from the ranks of the vice presidents.

The three contenders were Abdul Ghafar Baba, Datuk Wan Mokhtar and Datuk Abdullah Ahmad Badawi. In actual fact, it was a no-contest affair with pundits predicting a Ghafar draft almost immediately after Musa's resignation. Badawi was seen to be sympathetic to Musa while Wan Mokhtar was dismissed as

being from "state" (he was still the Menteri Besar of Terengganu and such appointments had traditionally gone to federal-level politicians). The predictable result: Ghafar was sworn in as DPM. As Tengku Razaleigh Hamzah, twice a contender for the deputy presidency, put it to reporters after the official announcement, "If it were anyone else, UMNO would have been split." It was an implicit reference to what might have been. In the aftermath of Musa's resignation, there had been persistent reports about factions building up within the party. Explained an UMNO watcher, "The PM had to tread cautiously to avoid compounding the problem. Thus, his choice had to be somebody who was seen to be neutral and yet worthy of respect. Ghafar, out of government and an UMNO veteran, fitted the bill perfectly. Who could argue with the PM then?"

It has taken its time in coming. For years, Ghafar remained Malaysia's third most powerful politician, narrowly missing out twice. When Deputy PM Tun Dr. Ismail Abdul Rahman died in 1974, Tun Razak nominated another vice president, his brother-in-law (Tun) Hussein Onn, to the number two slot in government. Ghafar remained in the wings but his seniority was apparent. At least on one occasion, he acted as Prime Minister when both Razak and Hussein were abroad. Tun Razak passed away in 1976 and with Hussein's ascension to the top spot, the deputy premiership loomed empty again. According to Abdullah Ahmad, Hussein "wanted to appoint (Tan Sri) Ghazali Shafie to the post but the three vice presidents then — Ghafar, Razaleigh and Mahathir — pointed out that tradition had to be followed, thus the choice had to be between one of them."

Hussein, however, came out with a statement saying he was not in any way pressured into making the decision. Ghafar agreed, saying, "I don't remember the three of us ever meeting Hussein, let alone threatening him." Hussein certainly thought it over carefully. He pondered — there are those who say agonized — over his choice for six weeks, finally naming Mahathir as his number two. It was not unexpected; although both the other candidates had out-polled Mahathir in the 1975 vice presidential election, most observers at the time doubted the other two's chances. Razaleigh, they said, was "too young" while Ghafar's lack of tertiary education "worked against him." According to sources, Hussein tried to sweeten the pill by offering Ghafar two Cabinet posts — Public Enterprises and Agriculture. How this went down

with the man is not known but the record shows that it was at this point that Ghafar quit the Cabinet to begin a 10 year plunge into big business.

The man might be accurately described as self-made. Born in Kuala Pilah in 1925, Ghafar was the eldest of 10 children. He was orphaned very early in his life; his father, a rubber tapper and odd-job worker, passed away when he was 10, and his mother followed months later. While the rest of the family was packed off to stay with relatives in Malacca, Ghafar stayed behind. He did a succession of odd jobs — golf caddy, tennis ballboy, hawker — to continue his schooling. At the age 10, Ghafar remembers "caddying for the first Yang diPertuan Besar of Negeri Sembilan." In an ironic twist, the royal golfer went on to become Malaysia's first King and his caddy, Malacca's first Menteri Besar. Ghafar still savours the moment. "I used to attend the Rulers Conferences then. He remembered me but he never mentioned it."

More out of circumstance than choice, young Ghafar had to stop schooling by the time he was 15. Years later, when he became Menteri Besar, he sat for and passed his MCE (the equivalent of O-levels). Deciding to become a teacher, he applied for and successfully gained entrance into the prestigious Sultan Idris Training Institute on a scholarship. Then World War Two engulfed Malaya and the Japanese swept in, determined to stamp their culture on the country. The authorities promptly set up the *Ditoh Kunrensho* (Training Centre) where "selected candidates with leadership potential" were trained to teach the Japanese culture and way of life to the people who could do most to disseminate it — the local teachers.

Ghafar Baba was one of those picked; among his other contemporaries were Ghazali Shafie, Abdullah Salleh (later to head Petronas) and Md Yaakub (the present Menteri Besar of Kelantan). Dr. James Vendargon, 64, himself a retired veterinarian was also there and remembers Ghafar as a "very disciplined sort." After a six-month immersion in all things Japanese, Ghafar was posted to a teachers' training institute near Ayer Keroh, this time as lecturer to budding teachers. "We used to cycle 16 miles a day to and from the school," recalls Vendargon, "but I think we brought out many good teachers, even teaching them things like poultry farming and agronomy. Our Japanese was quite good then." And now what with Look East? "I'm a bit rusty," admits the DPM.

The post-war period was a time of Malay nationalism catalysed by British persistence in foisting the Malayan Union on to the war-ravaged nation. Young Ghafar gravitated towards the radical socialism of Ahmad Boestamam, finally joining the Malay Nationalist Party (MNP) led by Dr. Burhanuddin el-Helmy who later went on to form the Pan-Malaysian Islamic Party (PMIP), now PAS. MNP members, by British standards, were a pretty radical lot — it was banned in 1948 for suspected communist links — and Ghafar got the usual treatment suspicious governments mete out to suspected subversives. He got transferred four times and was routinely harassed.

Interestingly enough UMNO, under Onn Jaafar, was also around at the time but Ghafar obviously did not consider it a viable alternative. Says he, "I did not agree with UMNO's politics at the time. Onn did not seem to want to go for independence in 1948, they did not seem serious in trying to go for independence." Then Tunku Abdul Rahman replaced Onn in 1951 and Ghafar became a convert to UMNO's cause. Recalls Ghafar, "He had a great personality and I remember being very impressed when he resigned from his DPP government post to devote himself to politics. At the time, that was a very powerful job. But I joined UMNO because the Tunku's goal was very clear — to go for independence."

In that year, Ghafar joined UMNO and was appointed secretary of the Malacca town branch. Since then, he has not stopped holding some post or other within this most powerful of Malaysian parties. By 1957, he was a member of the Supreme Council and, in 1959, he was appointed Malacca Menteri Besar, a post he held until 1967. In 1966, he was appointed the first head of MARA (Majlis Amanah Rakyat), the key government agency at that time to help the Malays economically. And, in 1969, he finally ran for a parliamentary seat and was promptly appointed Minister of Rural Development.

"Ghafar," says old friend Tan Sri Khir Johari, "is very much a party man. He will loyally abide by party decisions. Take his Malacca posting. He wanted to come up to federal level but the leadership needed him there. So he stayed." This unflinching loyalty was spotted very early on. In 1962 the Tunku wanted to get rid of Aziz Ishak, an UMNO vice president and Minister who was becoming troublesome. The candidate they chose to fight him, Ghafar, won easily with the leadership's furtive support. Says

Abdullah, 'Tun Razak used him as a barometer for Malay feelings. He would always ask for 'Ghafar's gut feeling' because he (the Tun) believed that was how the grassroots felt." Datuk Harun Idris, a colleague and an influential UMNO power-broker at one time, agrees, "He has this ability to feel the pulse of the Malay masses."

It is the quintessential image of the kampung politician; the Ghafar who shuns fashionable or stylish dressing in favour of "two-dollar" T-shirts and sneakers; the village speaker who will afterwards sit on the ground with the ordinary folk and chat with them about their crop problems; the politician who comes across as modest, unassuming, who can relate to people. It might be a carefully cultivated image but his "modesty" has reached legendary proportions. As a young civil servant, K. Pathmanabhan (now Datuk and Deputy Health Minister) remembers "going to Rex cinema for a show... and there was Ghafar, at the time Malacca MB, parking his car himself, and then lining up with the rest of us to buy tickets."

Then again, Ghafar is probably the only living politician from the Tunku's era who does not have any title. Explains Khir, "The three of us — Ghafar, Senu (Abdul Rahman) and I — made a pact that we would not accept any titles until we retired from politics." (Senu is now a Datuk while Khir has a Tan Sri; both have retired.) His folksy exterior, however, belies a quite disproportionate determination. Take, for example, Ghafar's lack of tertiary education, a factor, according to many, that blunted his chances before. For one thing, most people do not know that he was one of the top students in his teacher training days in college. He is Malay-educated to begin with, and he hardly knew much English before. Now he speaks it fairly well. It must have taken some effort. Which probably accounts for this remark by a political scientist, "If anything, he's wildly underestimated by the English educated elite."

Ghafar is, perhaps, the last of the "old school" politicians, the ones who started their rise along with Tunku Abdul Rahman. His contemporaries have seen their political power diminish and their ability to deliver votes erode. Among the veterans — Osman Saat, Senu Abdul Rahman, Syed Nahar Shahabuddin — only Ghafar and perhaps, Harun Idris, remain. But Harun, once considered prime ministerial material, went for broke in the 1984 elections and got trounced in the fight for the deputy presidency.

Meanwhile, Ghafar endures. Even Harun concedes that "his (Ghafar's) support is not confined to any particular group or any particular state." That, by UMNO definition, makes him a power-broker, a man courted by the influential. Another observer puts it more succinctly, "That man has never lost an UMNO election in his life."

Which, as records go, is formidable enough. But how does he do it? Ghafar offers an enigmatic, if slightly telling, explanation, "I've always supported the leadership... I've never betrayed any leader." Where the constitutional amendments crisis was concerned, that is true enough. Alone among the "old school" — Senu and even Tunku Abdul Rahman opposed the UMNO leadership's stance — Ghafar came out publicly in support of Mahathir.

Other observers have different explanations regarding his durability within UMNO. Says one, "He rolls with the punches, not committing himself until he sees which way the thing is going. Then he climbs on the bandwagon. You can call it supra-caution." Harun remembers a time, years ago, when he worked with Ghafar "to amend the UMNO constitution slightly, something over rights of delegates." Continues Harun, "There was one particular rule that I didn't think would go down well with the delegates but Ghafar was adamant. So we agreed but when Ghafar put it to them and they didn't like it, he quickly changed his stance. He's prepared to concede his own views in the face of disagreement."

Comparisons with Musa inevitably arise but Ghafar, according to some observers, has so far managed to hold his own. Says Pathmanabhan, "Musa's politics are more measured, more studied. With Ghafar everything seems to come naturally." Abdullah is more practical, "Don't forget, Ghafar is a lot more experienced. Musa was just a political secretary when Ghafar was in the Cabinet." No one, however, doubts his contribution. After Musa's resignation, the Barisan coalition seemed hardly in shape for a general election. A host of issues — BMF, UMBC, EPF-Markuwasa, Pan-El, Memali, etc — capitalised upon heartily by the Opposition, had put it on the defensive and there were private fears that whole states — Kelantan, Terengganu, Penang — could fall to the Opposition.

Ghafar might have tilted the scales. Criss-crossing the country, making up to 10 speeches a day , the man seemed indefati-

gable. Says a Deputy Minister, "He lent credibility to Barisan and, frankly, his campaigns had tremendous effect. Kelantan might have gone (to the Opposition), if not for him." Ghafar has his own theory though, "Before the general election, I went around the country and talked to people. From my survey, I found that the rural people were more interested in talking about when they would get drains or water than BMF. It's as simple as that."

Whatever his role in the general election, there is no doubt that he helped considerably in the MCA crisis. Indeed, it got to such a stage that both factions of the MCA became touchy about his apparent indispensability. As an MCA delegate protested during their general assembly, "I don't see why it takes a person from UMNO to clear up what is primarily an MCA affair." Jokes began to circulate. The Singapore press finally ran a derisive one that seemed to sum up the whole situation. The effort: "The Malays have their Ali Baba, the Indians their Sai Baba; for the Chinese... it's Ghafar Baba."

It might still be valid. According to sources, Ghafar was instrumental in fashioning a compromise during a stormy Cabinet meeting over the *pribumi* issue. The MCA, frustrated by their attempts to get the Cabinet to deplore the use of the word "immigrant" in connection with Malaysian non-Malays, threatened to walk out. At that point, say the sources, Ghafar calmed everybody down, negotiations began again and Datuk Dr. Ling Liong Sik was able to come out with a face-saving "there are no losers, only winners." What now for Ghafar? "That's between God and Mahathir," quips Abdullah, grinning, but he is also in dead earnest. Most analysts concede that Mahathir is in a very strong political position and, on the face of it, would appear to be free to continue his term at will.

However the chips may fall, one thing seems clear; if at one time Ghafar Baba, now deputy president of UMNO, was considered a "caretaker" deputy, merely warming the chair for Mahathir protege Anwar Ibrahim, that perception has more or less faded. The obsession that a leader should have tertiary qualifications seems to have diminished in importance within UMNO; it is no longer that important to an increasingly mature party that no longer believes that the lack of qualifications is a sign of inferiority. As for Ghafar's future... For the last word on that, listen to UMNO veteran and old friend Khir Johari, "Ghafar is an old hand. I'm sure he'll survive any attempt to oust him."[1]

Head For Business

GHAFAR ventured into business only to earn a living after quitting front-line politics. But with characteristic single mindedness, he wasted no time in carving out an empire-sized enterprise. "After I resigned from the Cabinet, I had nothing to do. I had to earn a living and so I thought I should start a business," said Ghafar Baba in 1984.

Abdul Ghafar Baba has a penchant for understatement. In the 10 years that elapsed before he found himself back in the Cabinet, the business he started turned out to be empire-sized with the man himself emerging, in quiet fashion, as one of the nation's leading entrepreneurs. To hear Ghafar say it, his movement into business was "perfectly natural." Says he, "Everybody was complaining about the lack of Malay businessmen, so I thought I should do it, set an example." How did he get his start? "Well," says the Deputy Prime Minister, "after I left the Cabinet, I solicited advice from some businessmen friends. And then I got the opportunity to buy some land, very cheaply, in the Kuala Lumpur area. And a few months later, someone offered me a very good price for the land. With that profit, I started off." In December, 1979, three years after he left front-line politics, Ghafar, through his family concern, Goodyield Plaza, acquired a 41 per cent stake in Pegi for some 850,000 ringgit. At the time, Pegi, notwithstanding its sizeable asset base (3.2 million ringgit), had been lying dormant for some time, having been suspended from trading on the Kuala Lumpur Stock Exchange (KLSE). Within months, it was re-listed and, having got his publicly listed vehicle, Ghafar began moving. Pegi shares soared from 2.50 ringgit to a giddy 16 ringgit per share at the height of the stock market boom in 1981, largely because the company went on a massive acquisition trail. In the meantime, Goodyield Plaza bought another 9.25 per cent of Pegi, making the latter a subsidiary.

While Pegi acquired other companies, the single biggest reason for its bullish uptrend was its international forays; more precisely, its attempted takeover of Dunlop plc, the British rubber manufacturing giant. Slowly buying up blocks of Dunlop shares, Pegi, by May 1982, had increased its stake to around 26%, making it the single largest shareholder in the multi-national. In the beginning, it was hailed as a "patriotic" endeavour; Dunlop was a multinational in the true sense of the word with two of its most

profitable subsidiaries located in Malaysia. From the Pegi viewpoint, the deal was especially good, as Dunlop shares were then trading below par (under 50 pence a share which would put the value of the whole company at around US$120 million while its assets were easily in the region of US$1 billion). It was, in Ghafar's words then, dirt cheap.

After a while, however, it became clear that assets, pure and simple, were not good; they had to be profitable. Dunlop plc was heavily indebted (a whopping £350 million) and its shares soon began to reflect the company's appalling finances. By March, 1984, it was apparent that Pegi was getting practically nothing from its UK foray. Indeed, it had by then chalked up a huge "paper" loss of some 59 million ringgit; its original investment (110.4 million ringgit) was far in excess of then market value of its shares (around 51 million ringgit). The prevailing market talk was gloomy, with one newspaper analyst even speculating that "Pegi would lose its stake altogether." And in the eye of the storm, Ghafar waited. His patience was rewarded. Early 1986, BTR - one of the largest industrial concerns in Britain - took over Dunlop, lock, stock and barrel. And Pegi was offered two options for its 26 per cent stake in Dunlop, immediate cash (64 million ringgit) or, in lieu, 3.54 million shares in BTR itself.

Pegi opted for the latter. In hindsight it was, as one analyst noted recently, "a bloody good decision." By hanging on to BTR shares and resisting the temptation to sell off this "bluest of bluechip stocks," Pegi was amply rewarded. First, its original 3.54 million BTR shares, by dint of two bonus issues, increased to 10.71 million shares. And, with the appreciation of sterling and because of BTR's performance, the shares kept appreciating. Pegi later sold off 3.54 million BTR shares for 45 million ringgit and announced intentions of selling off the rest gradually. And if it does, it will, on conservative estimate, realise some 136 million ringgit, representing a tidy 26 million ringgit gain over its initial 110 million ringgit investment in Dunlop.

Still, all the money tied down in Dunlop over the space of four years represented considerable opportunity cost and shareholders still have to contend with that. No one, however, doubts that Pegi is far better off now; the money from the sales of BTR shares were used to reduce Pegi's debt. "Ghafar extricated himself out of a sticky situation," says a banker, "but he was lucky that BTR came around like it did."

Today, Ghafar has given up all his business positions, save his position as chairman of the Komplek Kewangan group (KKG) of companies — his son, Mohd Asri, is now chairman of Pegi. According to sources, KKG senior staffers "literally begged" him not to relinquish his chairmanship of KKG for fear of the loss of the political clout that apparently "insulated" the group from both bureaucratic and political pressures. Thus, with Cabinet permission, he became the non-executive chairman of KKG (previously he was its executive chairman).

"He's a pretty good chairman to work with," says one of Ghafar's senior staffers. "He leaves the details to others, his management team, and just concentrates on broad policy." He also, apparently, knows a good thing when he sees one. In 1979, the board of KKG decided it was time that the group had its own building, so it began negotiations with a Dutch group to buy over its present site. A figure of 37 million ringgit was bandied about but the whole effort got stymied when civil servants began demurring. There was a glut, they argued, so what was the point. And "it's just a waste of money."

"We would have all given up if it had not been for Ghafar," says a staffer. "He pursued it single-mindedly and really pushed it through." Today the building — Komplek Kewangan, which after much haggling was finally bought for some 30 million ringgit — is one of the group's better investments. Valued, even in these property depressed prices, at around 60 million ringgit, it is also booked (rental-for-office-space-wise) solid. Still, Ghafar may find it a relief to be out of business for a while. The economic slump hit most businesses hard and his interests have not been immune either. Pegi posted a group loss of some 47.5 million ringgit in 1985while Komplek Kewangan registered its first ever loss of 16.6 million ringgit in 1986. And yet, ask the man which he prefers, business or politics, and the reply comes back swiftly. "Both," says the Deputy Prime Minister.[2]

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1. Malaysian Business, 1 Jan. 1987.
2. Ibid.

31
Mandate To Silence The Critics

> "Give us a few thousand blue identity cards (citizenship status), more land and land titles for Chinese new villages plus the proper allocations to develop them, and we will bring in the Chinese votes."
>
> — So said one MCA leader

DESPITE predictions, there was no big anti-government swing. For Datuk Seri Dr. Mahathir, the gamble paid off. Despite his initial reluctance to call for an election, the 13-party National Front coalition was returned to power with a thumping 148 out of 177 seats — retaining its two-thirds majority in Parliament. More crucially for him as president of UMNO, the coalition's victory and particularly UMNO's own delivery of the Malay votes against attempted incursions by PAS, virtually ensured Mahathir's own survival in the real election for the country's leadership — the UMNO party election the next year.

For, UMNO performed better than even its own members expected, winning 83 out of the 84 parliamentary and 228 out of 240 state seats it contested, thereby immediately strengthening its already strong hold over the coalition. Mahathir himself won his Kubang Pasu seat by a comfortable 15,298-vote margin, just 500 less than in 1982. In Johore, Mahathir's rival and former deputy, Datuk Musa Hitam, scored the second highest votes in the country, earning him a 30,633-vote margin over his PAS opponent and his supporters — a psychological point over Mahathir's own majority. True to his promise, Musa delivered all 18 parliamentary seats and 35 out of 36 state seats to the National Front, a near-100% performance which stabilised his position for the next party election.

With what appeared — on the surface at least — to be a decisive victory, Mahathir now hoped to silence his critics, who for the past year had been raising issues of financial scandals hinged on alleged mismanagement of public funds, corruption, political chaos within the National Front, and a generally perceived crisis of confidence in his leadership. Even given the 3% drop in popular votes from 60.5% in 1982 to 57.4% this time, Mahathir's critics had undeniably lost a lot of ammunition. But an analysis of the results showed some dangerous trends. The results had clearly fallen along communal lines. MCA, the major Chinese representative in the coalition, was thrashed. Its sister party but rival within the coalition, the Gerakan, also suffered a major setback in Chinese areas.

Scoring strongly at their expense, the opposition DAP — a theoretically multi-racial party which actually operates as a champion of Peninsular Malaysia's 33.8% Chinese — did exceedingly well, seeing a large increase in parliamentary seats from nine in 1982 to 24 now, and trebling their state seats from 12 to 37. Significantly, the DAP took a hefty 20.82% slice of total popular votes, which the National front components won collectively. Its share of popular votes in its contested seats was even higher at 41.8%.

Unexpectedly, the DAP's unofficial "electoral running-mate," PAS, failed to deliver the Malay opposition votes, winning only one parliamentary seat compared to five in 1982, and only 15 state seats compared to 18, though it did take 15.58% of the popular votes nationwide, and 22.7% in the seats it contested. Its resounding defeat in terms of seats, at least, was all the more astounding given PAS vigour, long-term campaigning and carefully planned strategies. Tempering their defeat, however, was the recognition that PAS lost 19 of its seats by narrow margins of less than 1,000 votes and another 11 seats by less than 500. The fight had been very close in many areas but not close enough to change the status quo in the Malay seats.

In racially sensitive Malaysia, the conclusion was fraught with danger. Superficially and unfortunately, the opposition was now equated with being Chinese, while Malay opposition votes seemed to have fallen insignificantly through the cracks between UMNO and PAS. The MIC kept its promised firm grip on the country's 9% Indian voters and was returned in all six parliamentary seats it contested, losing only one out of its 13 state seats.

Thus, even as results of the 3 August polls trickled in throughout the early hours of 4 August, UMNO workers were already remarking that the National Front should reassess the MCA's role in the coalition.

The MCA, they felt, was not pulling its weight. Yet MCA and Gerakan leaders have always maintained that their popularity or even credibility depended entirely on UMNO's willingness or unwillingness to accommodate Chinese demands. "Give us a few thousand blue identity cards (citizenship status), more land and land titles for Chinese new villages plus the proper allocations to develop them and we will bring in the Chinese votes, " said one MCA leader.

Premier Mahathir met reporters in UMNO's skyscraper headquarters in federal capital Kuala Lumpur. Though plainly tired after his all-night vigil of the vote, 60-year old Mahathir had enough energy left to rail against the opposition. "We've always predicted that we could get the two-thirds majority," he grinned as the thirteen-party Barisan Nasional coalition chalked up its 120th seat in the 177-member Parliament. "If (PAS) does not change its ways, it will continue to fail," Mahathir continued. "The people are disappointed with PAS, which doesn't seem to have any principles or stand." The routing of PAS had obviously given Mahathir special pleasure. During the record-shortened campaign period, a double-barrelled opposition thrust threatened to deny Barisan that two-thirds parliamentary majority, essential for the government to pass constitutional amendments and other crucial legislation. The two big guns were PAS, UMNO's main rival for the ethnic Malay vote, and the DAP.

In the event, the DAP made impressive across-the-board gains in predominantly ethnic Chinese areas. But the PAS fizzle necessarily meant an UMNO triumph, and for Mahathir, who heads UMNO as president, a tightening of his grip over his faction-ridden party. When the counting was through, Barisan had secured 148 of the 177 seats in the expanded Parliament, its best performance since 1969. PAS, which won five seats in the last general election in 1982, scraped in with one. The resurgent DAP swept 24 Chinese-majority seats in urban areas, of which nineteen were in the peninsula and four in Sabah and one in Sarawak . For the Chinese-based opposition group, it was its best performance, too, since the polls seventeen years ago. Then, in 1969, the ballot was followed by infamous riots, after PAS, the DAP and several

other opposition parties made severe dents in the Alliance, Barisan's forerunner, denying it the two-third majority in the Parliament. Opposition parties had indeed hoped for a repeat of the 1969 electoral gains in order to force Mahathir's five-year administration to make concessions on a wide range of issues: from increased Islamisation and the establishment of a theocratic Islamic state to more opportunities for ethnic Chinese in education, employment and business and more accountability by government.[1]

That was not to be. Still, Barisan's share of the total vote fell slightly from 61.01% of the total valid votes in 1982 to 55.8%. Leading partner UMNO polled 31.06% of the votes nationwide, with No. 2 component MCA tallying 12.42%, down from 1982's 20%, while PAS polled just under 18%, up from 16.2%. Independent candidates and smaller parties raised their share by nearly 5% of the total valid votes cast. Despite the immense public interest the elections seemed to generate, voter turnout fell to just over 68%, the lowest ever. Until now, turnout in Malaysian elections had averaged between 70% and 75%. Of the 177 seats in the Malaysian Parliament, 132 are in the peninsula, where 85% of the registered voters live. (Though Sabah and Sarawak have only 16.8% of the country's 16 million population and just over 15% of the 6.9 million registered voters, they are entitled, through special privileges, to at least 25% of the total parliamentary seats.

The key battle for the control of Malaysia is in the peninsula where Muslim Malays form just over 55% of the registered voters. Some 92 of the 132 seats — or 70% — feature Malay majorities as the constituency delineation is weighted in favour of predominantly rural areas. The party that has the edge in the Malay areas, therefore, holds the key to the control of Malaysia. Since Independence in 1957, the battle for the Malay vote has been a straight fight between nationalist UMNO, with its roots in the west coast and the central and southern parts of the peninsula, and fundamentalist PAS, which draws the bulk of its support from the conservative Malay-belt states in the north. "The choice for the voters is simple," said (then) PAS vice president Nakhaie Ahmad (he later joined UMNO). "If they want to vote for an Islamic state they can vote for us. If they want to vote for other things, they can vote UMNO or any of the other parties." With increasing urbanisation, education and development UMNO has an ever-growing pool of supporters. Meanwhile, in the relatively-poor rural north, PAS' Islamic appeal remains considerable.

To gauge accurately the mood surrounding the latest elections, Malaysians have to turn back to early 1982. In April that year, just ten months after he took over Malaysia's reins, Mahathir called a snap election. His purpose: to seek a clear mandate for his reform-minded administration, which he then ran in close association with his deputy Musa Hitam. The 2Ms administration, as it was popularly known, secured a thumping landslide, winning 132 of the 154 parliamentary seats and retaining control of all eleven state legislatures contested. Its campaign slogan had urged Malaysians to vote for a "clean, efficient, trustworthy" government. Four years on, the administration had lost its reformist zeal, which hadn't sat well with some senior politicians. Mahathir had also lost partner Musa, 52, who had resigned after well-publicised differences on how to run things.

Moreover, the economy that had grown at an average annual rate of over 7% during the 1970s and early 80s had ground to a halt; little or no growth was forecast for the rest of 1986 and the next as well. The administration had been reeling, too, from a number of financial scandals. Before these elections, even members of Mahathir's Cabinet and top coalition leaders were conceding the government was under pressure on several fronts.

A fortnight before the polls, Labour Minister Lee Kim Sai, who was (then) MCA's secretary-general, reckoned "the mood is very anti-government in some sections of the society." He told *Asiaweek*, "What we have to do is to convince people during the campaign that the country's economic climate and political stability won't improve if they vote some extra opposition members into Parliament." The DAP capitalised on the shift in mood and concentrated on issues. The BMF scandal apart, DAP leaders homed in on the controversial matter of the some 400,000 illegal Indonesian immigrants that the party alleged might eventually be assimilated to increase the ethnic Malay stock in the country. Another target was MCA leader Tan Koon Swan, facing fifteen charges of stock market fraud and criminal breach of trust in Singapore through his association with Pan Electric, a corporation that collapsed with crushing debts.

DAP also raised communal issues like Chinese education, culture, employment opportunities and the extension of the NEP, a 20-year economic restructuring programme that seeks to help the economically disadvantaged Malays at the expense of Chinese and Indian Malaysians. The NEP is due to expire in 1990. The

party's election theme was "Enough is Enough." Its main objective was not to form the government or even join in a coalition but to deny Barisan the parliamentary two-thirds and thereby compel the administration to be more accountable.[2]

In the run-up to polling, PAS leaders trimmed their expectations but remained confident they could take Kelantan. Their optimism was based not only on PAS's own support in the state but the factional squabbling in UMNO-Kelantan, wracked by infighting among supporters of (then) Trade and Industry Minister Tengku Razaleigh Hamzah, Menteri Besar Mohamed Yaacob and followers of Musa Hitam. UMNO-Kelantan had also been plagued in recent years by branch-level power struggles that had effectively crippled the party's ability to take on a strong challenger like PAS. In a fence-mending exercise just before campaigning began, Mahathir offered Razaleigh the post of joint director of Barisan's election machinery in the northeastern state along with Mohamed Yaacob. Razaleigh didn't turn it down but didn't accept it either. In the first few days of the campaigning, indeed, he kept to his own constituency.

A week before polling, the betting was that PAS would probably win control of the state with a very slim margin. Aware of the consequences of a PAS victory in the crucial territory, UMNO workers began closing ranks. Razaleigh came back on the campaign trail as did several other big UMNO guns from other parts of the peninsula. Deputy Premier Ghafar Baba, who is also Barisan secretary-general, made four trips to the state spending nearly half the campaign time there. Mahathir and Education Minister Anwar Ibrahim helped out, too. For most top UMNO leaders, Kelantan remained the obsession until polling day. "It is very important for Barisan to win Kelantan and everyone is doing his best to ensure that we win," Foreign Minister Tengku Ahmad Rithauddeen, himself facing a tough contest in the state, told the press on the eve of polling.

By then, however, the tide was turning in UMNO's favour. Still, not even the most diehard of UMNO supporters were willing to bet that Barisan could take 29 of the 39 seats in the state, as it eventually did. Barisan candidates in Kelantan polled 54.1% of the total votes, including most of the 6% non-Muslim vote. Despite its failure to win control of Kelantan, Pas still polled just under half the Malay votes in the state, a share not to be sneezed at. UMNO secretary-general Sanusi Junid said his party had always

expected "a big win." UMNO, he elaborated, "has gone through many trials from within... that didn't split UMNO. I thought it was impossible for any outside force to break UMNO." He added: "People were disillusioned with PAS. When PAS was with us, they were saying Barisan is good. In 1978, when they were out of Barisan, they condemned development as materialism. They were promoting spiritualism and the promise of heaven in the afterworld. In 1982 they called us infidels for befriending the non-Muslims. In 1986 they ganged up with a few Chinese and exploited a few converts. All this is inconsistent. The defeat of PAS is the defeat of inconsistency."

UMNO, indeed, did win big. It won all the 83 parliamentary seats it contested in the peninsula, losing only the Labuan Island seat off Sabah State. The party's performance, said political pundits, had consolidated Mahathir's grip on power and strengthened his position in UMNO. When Musa Hitam quit as Deputy Premier five month before election, analysts had speculated whether Musa would be able to challenge a Mahathir weakened after electoral losses. Instead, Mahathir's gamble to call a snap election and the unprecedented gains in Parliament at a time when the country was struggling with an economic crisis had weakened his opponents. Musa seemed then to face great difficulty in returning to mainstream politics anytime in the foreseeable future. (The Johorean did easily retain his Kota Tinggi seat). Said a senior UMNO leader: "Musa is history now. The chances of him making a comeback are very, very slim."

The ruling coalition as a whole didn't perform as well in Sabah and Sarawak, both of which had weathered political storms in the last year or so. PBS, which won a comfortable two-thirds majority in the State Assembly three months prior to the election and joined Barisan along with archrival, USNO, lost four urban Chinese seats to the DAP. Due to infighting between the two components, moreover, key USNO candidate Amir Kahar, son of party leader Tun Mustapha, lost his seat to an Independent said to be supported by PBS members. In Sarawak, where Chief Minister Taib Mahmud's four-party coalition had been under siege from within Barisan, the rulers lost one Chinese seat to the DAP and two Iban seats to Independents. One of the latter was supported by the United Sarawak Natives Association, a group formed by associates of Taib's predecessor and uncle, Tun Datuk Patinggi Hj. Abdul Rahman Yaakob, now his archrival.

Firm Hand at the Helm

ON 11 August 1986, just one week after the National Front's sweeping electoral victory, Mahathir announced a new Cabinet — consolidating his position in no uncertain terms. While the Cabinet changes seemed unspectacular in terms of personnel shifts, perceived allies of Mahathir's former deputy and political rival, Datuk Musa Hitam, were either transferred to less-influential positions or dropped. When asked about the direction his new Cabinet would take, Mahathir said there would be "no major policy changes." "We think we are on the right track, that's why we won this election," he said, adding, "there are some people who think that because some members of the opposition were elected, we should follow what the opposition wants us to do. Well, we will follow what our supporters want us to do." [3]

Meanwhile, the power balance among component National Front parties was retained. Despite having been thrashed in Chinese areas (*Review*, 14 August), neither of the Chinese parties in government suffered a further erosion of their already small representation. Although Gerakan deputy president Datuk Paul Leong was dropped as Primary Industries Minister, this was apparently at the request of the Gerakan itself — in favour of party president Datuk Lim Kheng Yaik.

True, the MCA for the moment was one Minister short compared with its pre-election standing, a drop from four to three. But Deputy Prime Minister Ghafar Baba was given a second portfolio — the traditionally MCA-held Housing and Local Government portfolio — presumably for MCA president Tan Koon Swan should he survive his trial and financial test in Singapore. Mahathir did not deny the possibility when asked if Ghafar was holding out for someone. When pressed, he conceded that "the likelihood is that this seat is reserved for the MCA."

As the dominant party most responsible for the National Front victory — having won 83 out of 84 of its contested parliamentary seats — UMNO retained its 14 ministerial and 14 Deputy Ministers' posts. Foreign Minister Tunku Ahmad Rithaudeen was transferred in a direct swap with Information Minister Datuk Rais Yatim. Other minor shifts were executed to accommodate newcomer PBS to the government since its entry on 5 June, a low-key exercise made simple by Sabah's Berjaya quitting the coalition on the eve of elections.

All in all, the reshuffle was far more interesting for its studied sealing of Mahathir's nerve centres. The Prime Minister's closest supporters were placed in key positions — notably Mahathir's former political secretary, Megat Junid Megat Ayub, who now held the important Deputy Home Minister's post under Mahathir, replacing political neutral Datuk Radzi Sheikh Ahmad. Other strong Mahathir allies retain their key positions in the reshuffle, most prominently Finance Minister Daim Zainuddin, Education Minister Anwar Ibrahim and Agriculture Minister Datuk Seri Sanusi Junid.

Conversely, the so-called "Musa boys" were either brought to the federal capital where their activities could be better monitored, or transferred to lower-profile Ministries. Conspicuously, former Johore Menteri Besar Datuk Abdul Ajib Ahmad, a Musa protege, was appointed Deputy Minister in the Prime Minister's Department — at once removing a key figure from Musa's Johore home base while ensuring that Ajib was brought under Mahathir's own eye. Ajib was credited with building up and retaining Musa's support in UMNO Johore with a view to Musa's possible challenge to Mahathir for the party presidency next year. Similarly, outgoing Pahang Menteri Besar Datuk Najib Abdul Razak was appointed Minister of Culture, Youth and Sports, again weakening Musa's UMNO support-base in the southern states. Another Johore luminary, outgoing Federal Territory Minister Datuk Shahrir Abdul Samad, was made Welfare Minister, while Malacca's Datuk Seri Adib Adam was dropped as Minister of Land and Regional Development — observers said for his clear role during Musa's surprise resignation in February.

Musa's allies were not totally removed from the Cabinet. Mahathir could not chop off heads at will for fear of a backlash of resentment at next year's party elections, observers said. In the party power play, Musa's own chances of assuming leadership of UMNO were somewhat diminished with UMNO's recent brilliant performance. State-level power plays are certainly less sedate than in the federal capital. Penang sounded the first post-election alarm on 6 August — just two days after results were announced — when Penang UMNO chief Datuk Abdullah Ahmad Badawi declared that the Penang Chief Minister's post should now go to UMNO. His rationale was simple: UMNO had won 12 state seats, a shade more than the Gerakan with nine and the MCA with two, combined.

Abdullah's call prompted an immediate response from the Penang-based Gerakan, whose party adviser and elder statesman, Chief Minister Lim Chong Eu, had held the post since 1969. Despite several attempts to retire from politics, Lim had agreed to stand in the recent elections to help the Gerakan against the DAP — and to tacitly ensure that the state leadership remained in the party. In the event, Lim's decision enhanced Gerakan's performance when Penang's 57.2% Chinese realised that in voting Gerakan, they were voting in a Chinese Chief Minister to wrest 10 seats in the Gerakan stronghold and 37% of the votes in DAP-contested seats.

The subject is highly emotional and racially coloured. Penang, with a 32.8% Malay population, is the only state with a Chinese Chief Minister; the rest of Peninsular Malaysia's state chiefs are Malays from UMNO. Thus, as Abdullah was swiftly seconded by other UMNO stalwarts, the Gerakan sent out noises that it would seriously consider quitting the National Front and joining up with the DAP to take Penang as an opposition government. UMNO's desire to appoint one of its own as Chief Minister was not new. Apart from sheer arithmetic, UMNO leaders from Penang have long faced pressures from their ranks — a situation exacerbated with its 100% victory in UMNO-contested seats. On the ground, PAS was also taunting UMNO for not daring to fight for Malay interests — UMNO's raison d'etre — an UMNO insider said. In parochially motivated Penang, pressure due to state pride is a real issue. Penang, moreover, is the home state of UMNO Youth chief Anwar, an up-and-coming figure who enjoys Mahathir's confidence and is being groomed to succeed him. Given such credentials — plus the role of party youth wings as agitators for political change — the pressures on Anwar were all that much stronger to at least be seen to push for a long-desired goal.

Given the way Malay politics is played, Abdullah, as Penang UMNO chief and Anwar's rival, had to make the first post-election moves or risk losing political points. Abdullah, being slightly older, was also once thought to be a possible contender for the country's leadership. This possibility, however, was slightly diminished with Abdullah's transfer in a previous Cabinet reshuffle, from Education Minister to the less politically influential Defence portfolio. But as Gerakan and UMNO leaders flew to Penang for a series of intra-party huddles and inter-party negotiations, the threatened crisis was speedily diffused. UMNO was reminded that

Penang was a predominantly Chinese state and no one wanted to aggravate an already racially polarised post-election scenario nationwide. UMNO Penang's suggestion to create a Deputy Chief Minister's post for one of its senior assemblymen was also thrown out, apparently because the federal government feared it would create a precedent for other states.[4]

1. Asiaweek, 17 August 1986.
2. Ibid.
3. Far Eastern Economic Review, 14 August 1986.
4. Ibid.

Author (second left) then editor of Sinar Sarawak, talked to Dr. Mahathir at Kuching Airport press conference on the eve of the 1982 General election.

Australian Prime Minister Bob Hawke: "Dr. Mahathir... you are bringing Malaysia into a new era, greater Malaysia perhaps. I hope it can strengthen our ties."

32
Proxy Battle

"Your position is nothing more than your opportunity to show what sort of ability you have. You will get out of it exactly what you put into it — no more or less. A 'big' position is but the sum total of numerous 'little' positions well filled."

UMNO is the trustee of Malay interests, and for as long as those interests are not threatened, will also guarantee multiracial cooperation in the country. Other National Front leaders invited to the opening ceremony could hardly miss Mahathir's pointed message. "We are still prepared to extend the hand of friendship to the other communities," he said. "But don't take us for granted. Our patience is not without limits." The mood was one of distinct Malay nationalism. As delegates to the 37th UMNO general assembly basked in the glow of its recent unprecedented election victory, Malay rights and Malay pride became catch-phrases in the packed hall — more so, it seemed, than in previous years.

UMNO's voicings of Malay consciousness have always worried its coalition partners. With Malay politicians repeatedly recounting that most of the Chinese National Front MPs had won only with the help of Malay votes, and Chinese politicians blaming their losses on the government's pro-bumiputera policies, racial polarisation had increased since the August election. Mahathir tried to keep an even keel by retaining the same racial composition in his post-election Cabinet, but down the line, party members obviously saw little need for such concessions.

Heated Chinese reactions to Kok Lanas MP Datuk Abdullah Ahmad's "Malay Power" speech just two weeks earlier (*Review*, 25 September 1986) provided the perfect excuse for Malay rebuttals. "We have given in so much," became a popular refrain in

conversation on the issue at the assembly. Mahathir himself was moved to point out that "we were patient when they criticised the government. We remained silent when sarcasm was used in the papers, when several chauvinists talked as if this country were not originally the land of the Malays but part of a foreign land."

When the four-day convention ended on 20 September, 1986, several non-Malay observers confessed to feeling uncomfortable. No one knew for sure how much of the sentiments were meant for internal UMNO consumption — for purposes of party hierarchy — and how much actually a warning to non-Malays outside the assembly. The NEP — a policy of reverse discrimination in favour of the numerically larger but economically backward bumiputeras (indigenous peoples, especially Malays) — was also an emotive theme. As delegates pressed for its extension beyond its original 1990 target, Mahathir said that whether or not the NEP as such was continued was not the point. The important thing was that its targets be achieved. "The National Front government will extend the policy until the targets are achieved because the policy mirrors our willingness to compromise and give importance to non-bumiputeras," he said in his keynote address. "Let no one presume that because we remain silent when our rights are challenged, we feel we are weak or in the wrong. We do not wish to rob other people of their rights. But let no one try to rob us of our rights," he said to thunderous applause.

With elections for the party leadership still a year away, delegates had to content themselves with the less lively task of debating and passing three resolutions reflecting UMNO's major concerns:

- Education, where heated discussions centred around Chinese demands that a controversial section of the Education Act be rescinded to guarantee the existence of vernacular (Chinese and Tamil) schools.
- The economy, where delegates urged that licences and government development funds be given to those "who know how to show their gratitude" — Malay instead of opposition-leaning Chinese villages.
- Religion, where in appealing that UMNO guard against PAS incursions, a Terengganu delegate shocked the audience by noting that double Friday prayers — one by a government appointed *imam* (prayer leader) and one by a PAS *imam* — took place weekly in no less than 33 villages in his state.

But amid strident demands that party leaders exert their power — "for to have power and not to use it is stupid," said women delegates — there were many lighter moments too. Datuk Musa Hitam — still UMNO deputy president despite having resigned as Deputy Prime Minister — was congratulated many times over on his recent marriage to a 28-year-old former model, now Datin Zulaikha Sheardin. And delegates still had time for the usual banter, risque jokes and *pantun* (Malay poems), the latter often used for veiled political sparring.

For this was the first party convention since the Mahathir—Musa split came into the open. Yet, despite demands by one Johore delegate that the two explain the circumstances surrounding their dispute to the assembly, in the end both leaders opted for the traditional Malay political art of shadowplay. Musa's support seemed somewhat diminished, first in view of the fact that Mahathir had led the party to win 83 of the 84 seats it contested in the election, but even more so now after delegates proved critical of his strong opening speech.

Addressing the Youth and Women's assemblies on 17 September, Musa had warned delegates against falling victim to the silent syndrome, "whether voluntarily or upon instruction, everytime an issue arises that requires your voice be heard or proper action be taken." He added: "This syndrome will take root when you are all insensitive or cold to current political development... or if you choose to be a mere commentator for statements made by certain leaders with the aim of attracting the attention of these leaders and becoming better known to them.

"If today you have continuity in leadership, do you have continuity in style and philosophy?" he asked. If not, he warned, "defects in the struggle" would emerge and the party could lose its sense of direction. His words, just hours before the Youth and Women's wings elections, spurred incumbent Youth chief Anwar Ibrahim to later describe it as "open support" for his challenger, Syed Hamid Albar.

Anwar responded that the Youth wing could not be "forced into personal quarrels or made a tool of by any individuals to further their interest and narrow political stand. Datuk Musa feels that I am too new and have been promoted too fast," he added. Musa, usually a past master at being on target without pulling the trigger, was at times uncharacteristically direct. Exhorting delegates to trace UMNO's ideals and performance in its 40 years of

existence, he urged them to "examine all the successes and weaknesses of UMNO's struggle under the respective leaders. If there are any shortcomings, it is your responsibility and duty to put it right,"

In what delegates saw as references to Mahathir's leadership, Musa also urged delegates to look at "prestige projects" — an indulgence that Mahathir's detractors had often accused him of — and the necessity for separating the political and business functions within the party, a clear allusion to party treasurer and Finance Minister Daim Zainuddin.

"It's an all-out war now," said one delegate, referring to the keenly anticipated party elections the next year. But Mahathir himself refused to take up the challenge and, in his keynote address the following morning, stuck steadfastly to matters of national pertinence: the economy, Chinese demands and Malaysia's international profile. A former Mahathir aide admitted his relief that Mahathir had ignored Musa's speech. And supporters approved his very "Malay" way of diffusing the situation by refraining from personal attacks.

Accurately sensing the mood, Musa later humbly apologised to the Youth and Women's wings "if I have inadvertently hurt your feelings. I thought that this was the appropriate forum to raise these issues and I will always speak my mind when necessary." Quick to grasp crowd sentiment, Musa artfully asked the crowd in verse, "Why do you kick a deflated football?" diffusing any remaining antagonism sparked off by his earlier remarks. Despite his few miscalculated risks, no one was prepared to write off a politician who, long ago, had learned to play his cards close to his chest, still leaving a question mark over his future plans.

Lobbying in the final run-up to the elections in the UMNO Youth and Women's wings was keen at the party assembly, if somewhat less expensive than in previous years, as one insider cryptically put it. In the event, Anwar Ibrahim, the incumbent, won 303 of the total 412 votes cast in the Youth elections, comfortably beating Syed Hamid Albar in what had been widely described — and just as hotly denied — as a proxy battle between the Prime Minister and deputy party leader Datuk Musa Hitam.

At issue was Anwar's style of leadership, under which the Youth wing had begun reflecting the party leadership's stand, instead of its traditional role as ginger group within the party. But if Mahathir consolidated his position through Anwar's easy victory,

Syed Hamid's defeat did not necessarily reflect Musa's demise. Syed Hamid was a relative unknown whereas Musa was a national figure who could command far more personal support — should it come to a showdown for the party presidency in 1987.

Women's chief Datin Paduka Rafidah Aziz, a Mahathir ally, won uncontested, but interestingly enough, Rahmah Othman won the deputy Women's chief post by 90 votes, beating challenger Datin Paduka Zaleha Ismail, despite the latter having been "the leadership's [Mahathir's] choice."

Since women rise no farther than the party Supreme Council, however, the real victory belonged to Anwar. His rapid rise since the 1982 general election had drawn envy and suspicion as well as admiration — and the realisation that every step he took brought him one step closer to being a possible future Prime Minister.

USNO–UMNO Merger Cancelled After Approval

IN the name of protecting Muslim and bumiputera interests — and promoting peninsula—Sabah integration, USNO voluntarily dissolved itself on 29 November, 1986, to merge with UMNO. Overnight, Sabah's political equation changed. It was the ultimate gamble for the (then) 25 year-old USNO and an historic decision. Since the formation of Malaysia, Sabah and Sarawak had always had their own parties pursuing a policy of alliance rather than absorption.

For Sabah's ruling PBS, the move was plainly threatening. Ever since the PBS swept to power in the 1985 state elections, USNO and the vanquished Berjaya had carried out a war of attrition — through by-elections, court battles, street marches and minor bombings — to try to regain the oil and timber rich state. Now with the merger, PBS no longer faced two manageable state — level rivals but the full weight of a neatly-structured, well-financed and powerful machine. The manoeuvre was a politically expedient means of trying to control the PBS in the State Assembly and nudge it out of office at the next state elections. The PBS is dominated by ethnic Kadazans, many of whom are Roman Catholics, including Chief Minister Datuk Joseph Pairin Kitingan. In Kuala Lumpur's eyes, it is an uneasy state of affairs for a Malay-dominated Muslim country. Neither USNO nor UMNO felt

they could afford to wait out the PBS' full term of office for fear that the PBS by then would have become so entrenched that it might be able to win another five-year term.

Ironically, the USNO extraordinary assembly which decided on the merger coincided with a by-election in Sulaman on 30 November in which PBS won the traditional USNO seat. In reaction to the USNO-UMNO merger, the PBS — a member of the ruling National Front federal coalition led by UMNO — was guarded. Party secretary-general Joseph Kurup promptly flew to Kuala Lumpur with a memorandum for Mahathir, which to date had not been submitted. Dissolving USNO was a painful but realistic decision, said an USNO source. It was the party which brought independence to Sabah, by joining Malaysia in 1963, then after an ignominious defeat in the 1976 elections, it failed to regain power in 1981, 1985 and again in May 1986. Members finally talked of a merger with UMNO to ensure Malay Muslim rule in Sabah once more, a plan that UMNO itself nurtured.

At first, the mood at the two-day extraordinary general meeting was strongly anti-merger. But hasty lobbying during the long break for Friday prayers and distribution of pamphlets explaining the virtues of a merger over mere affiliation apparently turned the tide. After more private lobbying, the votes the following day stood at 45 divisions in favour of full merger, one for affiliation and two absentees. Nevertheless, delegates repeatedly cautioned against domination by peninsula politicians, asking, "Will it be good for Sabah?" and reiterating that "we don't want to be colonised." Several asked that federal posts in Sabah be reserved for USNO members. In seeking the merger, USNO leaders staked their own reputations with party members.

The rank and file remembered all too well that USNO's downfall began with UMNO's support for Berjaya in 1979, that UMNO had helped expel USNO from the National Front in 1984, that UMNO's main target in 1985 was USNO. But now the time was right. Mahathir had recently appointed two USNO MPs as Deputy Ministers. More importantly, the charismatic former Chief Minister and party leader, Tun Mustapha Harun, had returned from abroad after a long absence and was willing to support the merger. In an emotional farewell on 30 November, 1986, Tun Mustapha (then), 72, announced his retirement from active politics, with the reassurance that "I leave you in the strong arms of UMNO. I am confident UMNO leaders, if they are sincere, will

not let you and Sabah bumiputeras down." Arguments that the presence of a ruling national party augured well for federal-state relations, were persuasive. Federal Ministers would pay more frequent visits and closer attention to Sabah and Sarawak if these states formed part of their constituencies, it was argued. Sabah Chinese reactions to the merger would be vital as they form a large urban block.

Initially, the Chinese would almost certainly draw closer to the PBS. If the Chinese felt threatened by UMNO's entry, the MCA and Gerakan might also have to reach out to Sabah. The PBS itself had earlier toyed with the idea of merging with the Gerakan but did not go ahead. USNO leaders were quick to point out that the success of the merger was now in UMNO's hands. If UMNO was sensitive, granted some administrative independence to Sabah UMNO, retained USNO leaders, and generally met USNO's conditions, then the chances of success were good. Otherwise, the merger could backfire. Unfortunately, the merger was cancelled due to an UMNO crisis.

Foreign Press Criticised

MAHATHIR's criticisms of the foreign press grew more frequent in the weeks just before and after the general election on 2–3 August, 1986. On several occasions, he criticised foreign publications, especially those he said were under the control of Zionists who were trying to destabilise Malaysia. At a local press awards night on 20 August, Mahathir again brought up the subject of press controls and his regret over the attitude of some that "newspapers were not newspapers if they always supported the government." Malaysian journalists who wanted to look good before these outsiders joined in the attack against their own government, he added. "Many famous international publications are controlled by Jews who are now citizens of many Western countries," Mahathir declared.

"Clearly these foreign papers are more controlled by Zionist forces than are Malaysian papers controlled by the [Malaysian] government," he said. Citing *The New York Times* as an example, Dr. Mahathir questioned the editorial objectivity involved in choosing "all the news that's fit to print" as advertised in the newspaper's slogan. "Does it mean that some items are not fit to print?" he asked. "What right do these people have to talk about

media control by other groups?" "My point is that no newspaper is free, not even in the US where many of the journalists who criticise the Malaysian Government's alleged press controls come from," he said. The important thing was not whether or not a newspaper was free but whether such an influential tool was used for purposes of good, he argued.

"If good is to be toppling a government, then newspapers should contribute to this end," he said. "But before participating in efforts to bring down existing governments, the important question to answer is whether the government that will replace it will be better."

Tun Datuk Patinggi Haji Abdul Rahman Ya'akub, ex-Sarawak Chief Minister and Head of State, now a threat to Taib Mahmud – Photo Information.

Sarawak Chief Minister, Tan Sri Abdul Taib Mahmud – Photo Information.

Dr. Mahathir launching the Proton Saga – Photo Information.

Not always a privilage to be a Prime Minister. Sometimes being on top means a tough task. Even Dr. Mahathir helped in carrying the wooden house to be presented to one of the Kelantanese widow during SEMARAK campaign.

PART SEVEN (1987)

33
Tracing The Roots

> **"If you do not believe in co-operation, look what happens to a wagon that loses a wheel."**

SINCE its formation in 1946, UMNO has been the single most influential institution to have shaped not only the political contours but also the overall social terrain in Malaysia. Since independence in 1957, it has remained the backbone of the Malaysian government until today. More significantly, the leaders of UMNO as a group have continuously served in and dominated the Cabinet, Malaysia's chief executive body. Hence, they have been responsible to a great extent for charting the course of the relatively successful economic development that Malaysia has enjoyed thus far. Therefore, it is inevitable that whatever happens within UMNO would be of primary importance to every single Malaysian, irrespective of race and class. This had been evident in the past, is most obvious at present, and one can safely predict it to be increasingly so in the future.

Foreigners, especially those who have economic interests in Malaysia, too, have been following closely UMNO's internal affairs. This is so because policy changes initiated from within UMNO had in the past affected the economy of Malaysia, and hence foreigners' interests, particularly their profits. In short, both Malaysians and foreigners with interests in Malaysia consider UMNO's internal stability to be very crucial for their well-being, either in the short or long term. But what goes on within UMNO has also been shaped by forces external to it.

Thus, UMNO exists as an institution constantly shaping and being shaped by forces from within and outside itself. Central to any discussion of UMNO is its leadership. This is unavoidable because whatever happens within the leadership, particularly at the top among its national leaders — whether there is consensus

or conflict amongst them — determines to a large extent UMNO's internal stability and hence, to a great extent, that of the country, too. This was amply demonstrated, for example, when a leadership crisis which occurred in UMNO in the mid-1970s led to a series of other crises within the National Front coalition with the political situation in Malaysia becoming very tense during that period.

At that time, UMNO was experiencing a "changing of guards" at the top initiated by the late Tun Abdul Razak in the early 1970s after he took over the premiership and the UMNO presidency from Tunku Abdul Rahman. It was under him that the now famous NEP, aimed mainly at "eradicating poverty" and "restructuring society" within Malaysia, was introduced.

This policy clearly favours the Malays and other indigenous groups collectively known as bumiputera (literally, "son of the soil"), especially in the economic and educational spheres. As Razak saw it then, the successful implementation of this pro-Malay affirmative action strategy could only be carried out by the better-educated and technocratically oriented leaders. Therefore, the 1974 general election witnessed the rise of an elite group of Tun Razak's proteges, mostly hand-picked by him, some of whom became politicians and Cabinet Ministers overnight. Amongst them were Mahathir and Musa Hitam, both expelled from UMNO by Tunku Abdul Rahman for "insubordination" after the 1969 general election, and Tengku Razaleigh, considered by many then as a "Malay economic genius."

This move by Tun Razak was resisted by the "old leadership," within UMNO and, subsequently, a crisis erupted within UMNO's national leadership which affected the grassroots leadership as well. The latter crisis has received less attention from most analysts than the former although it was as serious as, or perhaps more serious than, the national crisis. The "old leadership," both at the national and grassroots level, resisted Tun Razak's move because they were slowly losing their influence which had traditionally been based on patronage-distribution activities.

The "new leadership" began to gain political clout through the effective implementation of their centralized and technocratic administration, which was strongly and positively felt by grassroots supporters as well as the emerging Malay entrepreneurial group. The "new leadership" owed its political success to the excellent overall economic conditions that existed in Malaysia then.

Unfortunately, before Tun Razak and his group of proteges could establish and consolidate their positions, especially within UMNO, Tun Razak died in January, 1976. Down but not out, the "old leadership" fought to restore their power and influence. Hence, an intense and complex leadership struggle within UMNO took place in 1976–77, one which set the tone for successive ones.

However, the "new leadership," now under the business-like and no-nonsense leadership of Datuk (later Tun) Hussein Onn, eventually emerged victorious. But this victory was not without its toll, with three of Tun Razak's proteges ending up as political detainees for alleged involvement in "communist activities." One of the more influential personalities from the "old leadership" group, Harun Idris, ended up in Pudu Jail after being convicted of corruption. By the time of the July 1978 general election, the "new leadership" had consolidated its position as the central leadership both within UMNO and in the National Front coalition. They achieved a resounding victory in the election.

However, it was in that same month (July 1978) that for the first time ever in UMNO's history, its incumbent president was challenged. Datuk Hussein Onn, who was actually the acting UMNO president at that time, having taken over Tun Razak's position after the latter's death, was challenged by Sulaiman Palestin, a candidate put up by the "old leadership" during the 31st UMNO general assembly in order to register their disapproval over the way Hussein Onn treated Harun Idris who, by then, had been expelled from UMNO and convicted of corruption. Although Hussein Onn won hands down, a "sacred" UMNO tradition was "demystified."

By 1978, all the top UMNO leadership posts had been contested, except that of the deputy president, an extremely important one in UMNO's and Malaysia's context because virtually everyone who had held that position, with the exception of Tun Dr. Ismail, became Deputy Prime Minister, subsequently UMNO president and later Prime Minister. Therefore, the claim made by some observers in 1976, after Datuk Harun's expulsion from UMNO, that UMNO was still "peasant in outlook with traditional values that regard any form of open defiance of the leadership as impolite" was proven inaccurate and insensitive to the social reality prevailing in Malaysia.

This reality was that the Malays, mainly as a result of the implementation of the NEP, were experiencing tremendous socio-

economic changes, necessarily uneven in nature. This, in turn, had sharpened their social consciousness, particularly their critical and political consciousness. Furthermore, those who voted at the UMNO general assemblies in the 1970s and early 1980s were mainly rural intelligentsia, educated urban upper and middle-class professionals and bureaucrats, old and new Malay entrepreneurs — not peasants anymore as in the 1950s and 1960s. They were not only highly democratically conscious but also critical and vocal as many of them were pre-1974 local university graduates who received their education both in lecture theatres or at speakers' corners listening to fiery anti-government speeches and on the streets breathing tear gas and fighting baton-wielding police.

Though very much mellowed by the comfortable life they led soon after graduation, they were anything but dumb yes-men and often became the "backroom boys" or "think tanks" for various top UMNO leaders, who were constantly conducting silent guerrilla war — like activities against one another to preserve their dominant positions within the party. The combination of these external and internal factors transformed the ground rules of UMNO's internal politics from one that had been guided by the so-called traditional values in the 1950s and 1960s, to one which had come to be dictated by crude materialistic values (or "money politics," as Dr. Mahathir himself called it) and characterized by open but controlled hostility and opposition in the 1970s and 1980s.

It is against this background that one must situate and understand the origins of the intense and bitter personal rivalry that developed and continued for about half a decade (1980–85) between Musa Hitam and Tengku Razaleigh in their battles for the post of UMNO's deputy president, first in 1981 (when the post was contested for the first time ever in UMNO's electoral-history) and then in 1984. Therefore, by 1981, all of UMNO's top posts (president, deputy president, vice-president and those in UMNO Youth and UMNO Women wings) had been contested.

This is significant in UMNO's context because after 1981, any challenge to its top leadership was seen by its members, at all levels, as a sign of their "political maturity" and not as being "un-Malay." It was during the protracted battles between Musa and Razaleigh that this "political maturity" developed. Two identifiable factions developed within UMNO, led by Musa and Razaleigh respectively. Before this, any such division was only

felt at the top but this time it went down to the grassroots — to the *warung* ("stall") and Malay-dominated trade union meetings in the urban areas and to the *kedai kopi* ("coffee shop") and *surau* ("small prayer house") in the rural areas.

Orang Musa ("Musa's man") and *orang Razaleigh* ("Razaleigh's man") were not only labels but often became the "key phrases" which opened or terminated a business or any other discussion, guaranteed or denied an individual getting a contract or a scholarship, and expedited or delayed an application for a job, a licence, or even the transfer of a school teacher from an *ulu* ("remote") to an urban school and vice versa. In short, the idiom of political interactions, especially at the grassroots, whether amongst UMNO members or its sympathizers, became highly divisive in content and nature, articulating the leadership conflict at the top in the dialect of local issues, in a manner never seen before within UMNO.

Although Musa won in both the contests, both he and Razaleigh were embittered and bruised. Their supporters suffered greatly too, despite the fact that Musa and Razaleigh patched up again, at least in public, after the event. The "Musa faction" and the "Razaleigh faction" remained at the grassroots long after these battles and they were, in fact, preparing for the next round of contests when Musa suddenly resigned from his ministerial posts, although not his UMNO deputy presidency in February, 1986. This decision shocked Mahathir and his men.

This sudden turn of political events certainly complicated matters at the top level within UMNO but things became even more complicated and confused at the grassroots level, especially within the "Musa faction," where there were many supporters of Mahathir as well, because Musa was the Mahathir-endorsed candidate in the contest for the post of UMNO deputy president both in 1981 and 1984. Some supporters of the "Razaleigh faction" were overjoyed to see the Musa-Mahathir split and saw it as clearing the path for Razaleigh's comeback to the top.

However, as later events demonstrated, this was not the general feeling of the "Razaleigh faction." They might have disliked Musa but they hated Mahathir for his alleged double-dealing now made obvious by Musa's resignation and Mahathir's expose of Musa's letter to him in July, 1984, asking that the defeated Razaleigh be kept out of the Cabinet, a request to which Mahathir did not accede. So the scene was set for what was dubbed, by a

local daily as *peperangan antara gergasi*, or the "war of the giants," in UMNO's 1987 elections.

Shadow Play at Segamat

POLITICAL play was honed to a fine art as Razaleigh opened Musa's divisional meeting in Segamat. The two had parlayed "friendship" into a pact of sorts for the UMNO general assembly. It was an impressive demonstration of political skills by two consummate politicians, made even more intriguing by the fact that the two were supposedly political foes. Razaleigh was there at Musa's invitation, ostensibly to open the latter's divisional meeting on 22 February, 1987. But the media horde that descended on that sleepy Johore town that day testified to something else — Razaleigh had said that he "would contest a top UMNO post" in the coming general assembly (24–26 April). The speculation was he would go for No 1, currently occupied by Mahathir. Thus, after three months of "will-he-or-won't he," quite a few people thought he might show his hand in Segamat. He didn't. But a *wayang*'s message was never explicit; one was supposed to look for depth, for hidden meanings and, in that sense, both said plenty. As a Perak UMNO member, invited there as an observer, put it, "This is it. His campaign (Razaleigh's for party president) starts here in Segamat."

Both men sought to emphasise their "friendship," as if constant repetition of this theme would allay disbelief among their supporters. Said Musa in his opening speech, "Although we may have competed twice before, I tell you... we stand together now without bitterness and completely united. We might have differed politically but we did so in the spirit of democracy. And if we find there is need for change, then we can put aside our differences and offer ourselves as candidates." Musa went on to attack the "lack of democracy" within the party. Said he, "We face a grave challenge today. It appears that democracy is only reserved for the powers-that-be. How can this be? Democracy is not the monopoly of the powerful." And in a pointed reference to friend and fellow Johorean Datuk Shahrir Samad, he added, "Certainly democracy does not mean that when someone gets too open, or too critical, he has to be 'checked'... or removed to Welfare."

Finally, he got down to business. His endorsement of Razaleigh came couched in that old journalistic basic, speculation.

Declared Musa, to wild applause. "Supposing, and I'm only hypothesising, Tengku Razaleigh were to run for party president, what is my stand? I will say.go ahead and do it, I will support you. And supposing he wins, he becomes Prime Minister... what then? I say, I will support him all the way."

Razaleigh took the podium almost diffidently and, although in jest, his opening sentence probably reassured the extremely vocal, pro-Musa crowd. Said he, musingly, "I am overwhelmed by my reception here and also a little surprised at it. Or maybe it's perhaps... because... this time I'm not challenging Musa." Laughter and cheers, mostly relieved, followed.

He then proceeded to criticise "those who claim that an attempt to challenge the leadership will split UMNO." Said the Trade Minister, "This is what I call double standards. I have fought Musa twice and UMNO is as strong as ever. Nobody talked of the party splitting then. Why talk about it now?"

On a graver note, Razaleigh called for change. Said he, "The need for change must come from you, the UMNO members. Democracy can be practised, provided you all give it a chance. And there is absolutely nothing to fear. Isn't the ballot secret? If, after all that, you do not want to move, to press for change, then I can only say... you get the government you deserve."

Razaleigh did not specify which post he would contest, beyond saying "I leave that to you." The Segamat division apparently got the message; it nominated him for the presidency and picked Musa for the number two slot, a formidable "pact" of sorts. Musa dismissed such allegations, "Encik Ghafar Baba is going around the country making speeches supporting the Prime Minister; if that's not a 'pact,' then I don't see how this is."

The message that percolated: Razaleigh had begun his campaign. Most UMNO observers seemed to think so. Said a Johore UMNO stalwart, "Unofficially, we've been told that he will make a bid for number one. But he does not want to declare prematurely and then face the embarrassment of getting too few nominations. This way it's better, the more divisions that 'persuade' him to run for the post, the greater the psychological effect."

Foxy Talk at Gua Musang

WHILE Musa was more forthright, Razaleigh's hints about "going for broke" were cloaked in double entendres. Still, they

were reinforced by the show of strength at Gua Musang. Gua Musang in rural Kelantan is Tengku Razaleigh country and it seemed wise to appear kindly disposed towards 'Ku Li' when one's there. Or, at least, be seen to.

As a chagrined Kelantan Menteri Besar, Datuk Haji Mohammed Yaakub, discovered on 20 March 1987. The Hulu Kelantan UMNO division was holding its triennial polls and the huge, extremely vocal crowd — police personnel told that it was between 50,000 and 70,000 strong but a more realistic estimate would put it around 15,000 and 20,000 — made no bones about their feelings.

Yaakub got loudly heckled as he made his way slowly to the dais seating the dignitaries. In fact, there were deafening 'boos' every time his name was mentioned, a fate also suffered by Kelantan colleague and UMNO information chief, Hussein Ahmad. The ostensible reason: the divisions they headed, Tanah Merah and Rantau Panjang respectively, reaffirmed the legitimacy of the present leadership, thus deeming them both, in the crowd's eyes, 'Mahathir men.' By UMNO standards, it was highly out of character; cavalier treatment of a largely respected Menteri Besar deviates considerably from what constitutes the UMNO straight and narrow. That and the show of strength — it was the largest UMNO turnout since the 1983 Batu Pahat rally in support of the Constitutional Amendments — only served to reinforce the conviction that Razaleigh was, indeed, going for broke.

Razaleigh himself coyly held back from any outright declaration although he dropped hints aplenty. Said he, "I will not retreat. I will not back down." Alluding to the crowd as "embodying the new spirit of UMNO," he declared that this "new spirit seeks change" and that " I am here to fight for a cause." And what was the cause? Resorting to double-entendres and irony, the Trade and Industry Minister sought to explain this by alluding to his newfound 'relationship' with Datuk Musa Hitam who was there as Razaleigh's guest of honour. With the crowd roaring in delight and Musa himself grinning broadly alongside, Razaleigh declared that "what we (Musa and him) have is a marriage. But it cannot and will not end in divorce because it has not been solemnised. Instead, it will evolve; our combined energies will give a new unity to UMNO."

And a little later on... "Today I officially declare my friendship with Musa, to fight for the rejuvenation of UMNO." That

was as far as he would go but Musa was more forthright. Referring to Razaleigh as the (UMNO) president-to-be, Musa asserted that "the greatest threat facing UMNO is not the communists; it is not even from the religious extremists; it is from within and it comes in the shape of a leadership crisis." Said UMNO's deputy president, "It (the leadership) has deviated from our original ideals, it has led us away from our intended directions. There are enough stains and... far too many scandals... that testify to that."

Then he referred to his controversial resignation from the posts of Deputy Prime Minister and Home Minister. Said Musa, "Perhaps I have to take part of the blame for being part of the leadership for four years. But during that time, I constantly brought up these concerns, thinking I was being constructively being critical. Instead, I was accused of wanting to seize power, of being too impatient. In the face of that... the only logical course, for a man of principle, is to resign." Musa went on in dry understatement, "As you can see, we are not without support". And it was in this sense that Gua Musang came across very clearly as a show of strength.

Apart from the crowd which came from all over the country, there were the notables. Notwithstanding Yaakub and Hussein, the rest of the Kelantan (UMNO) exco were all present and accounted for. The others — Datuk Ajib Ahmad, Minister in the PM's Department, Datuk Zainal Abidin Zin, the Deputy Communications Minister, and Datuk Dusuki Ahmad, the Parliamentary Secretary of the Information Ministry. Then there were the veterans and almost-beens. They included former Menteris Besar Tan Sri Osman Saat and Datuk Harun Idris, Syed Hamid Albar, Marina Yusoff and Datuk Suhaimi Kamaruddin. More significantly, 'messages' claiming to have originated from, among others, Datuk Shahrir Samad, Datuk Abdullah Ahmad Badawi, Datuk Rais Yatim, Datuk Radzi Sheikh Ahmad, Datuk Kadir Sheikh Fadzir and Haji Daud Taha were read out to the gathering. While they all expressed 'regret' over their non-attendance, the underlying message was clear enough: More 'strength.'

Meanwhile, tantalising hints and allusions notwithstanding, the Big Question Mark remained: Razaleigh. Or rather, why didn't he declare? Some observers noted cynically that it might all be an elaborate charade to win concessions from the leadership. When pressed on whether he would make his intentions clear, he replied in high humour, "Maybe."

Everyone else, however, remained firmly convinced that he would. Marina Yusoff, for one, said , "Why should Razaleigh jump the gun and then get accused of being arrogant, of being over-confident?" A Kelantan UMNO official put it more strongly, "He can't back out now. Too much water has flowed under the bridge and, in any case, if he does back out, we wouldn't have any credibility left." Former UMNO Youth head, Suhaimi , had a simpler, if slightly disingenous, explanation: "Why, he hasn't even received his nomination papers yet." A Deputy Minister known to be allied to the Prime Minister countered with a warning note, "Oh yes, it's quite definite that Ku Li will go for number 1. In fact, he has often talked about his desire to get out of politics. This (result of the UMNO elections) will give him the perfect excuse."

1. AB. Shamsul, The Battle Royal – UMNO Election 1987, Institute of South East Asian Studies.

34
Clash Of The Giants

> "If you have tried and met with defeat; if you have planned and watched your plans as they were crushed before your eyes; just remember that the greatest men in all history were the products of courage. And courage is born in the cradle of adversity."
>
> — Philosopher

THE struggle for power within UMNO would not have escalated to such a height if Malaysia's economy had not been suffering from a prolonged recession. As long as the economy was booming, the competing interests and aspirations of the Malay upper and middle classes were relatively easily met and fulfilled by those in power. However, when the economy suffered from serious set-backs, those who were adversely affected, especially the group of Malays mentioned in the previous chapter, became bitter and frustrated and ultimately turned against those in power because they were desperate, disenchanted, and disillusioned.

It is, therefore, not surprising when those who were looking for scapegoats transformed their dissatisfactions into political action, first, by publicly denouncing the government and its leaders and, subsequently, by challenging them openly in the political arena. However, it was not only the upper and middle classes who were feeling the negative effects of the economic downturn. Pettytraders, civil servants, even rural dwellers, were affected adversely. Therefore, the question of the recession and the need to revive the economy immediately became the rallying point for the Razaleigh-Musa team.

On its own, the economic issue was not sufficient to attract enough supporters to the Razaleigh-Musa team. But a combina-

tion of this issue and a host of other issues which came into public attention from 1980, namely, the financial scandals within UMNO and its National Front partners, the mismanagement of the economy, the "kitchen Cabinet" issue, and Mahathir's allegedly "dictatorial approach" in running UMNO and the country, enabled the Razaleigh-Musa team to command and mobilize the support of UMNO dissidents and to openly challenge Mahathir's leadership.

From 1980 onwards, various financial scandals, many of them associated with Mahathir's close associates within and outside his Cabinet, became public. The Pan-Electric scandal, which resulted in the arrest and conviction of Tan Koon Swan, the MCA president and a "going-to-be" Cabinet Minister, by the authorities in Singapore, was one of the bigger scandals. There were other scandals, too, such as those involving the government-controlled Sports Toto and Employment Provident Fund, and the UMNO-owned United Engineering Malaysia and Fleet Group.

These scandals were used by Mahathir's opponents within UMNO as proof of his alleged tolerance of corruption and nepotism amongst individuals closest to him. When a company called Zenecon Bumi Sdn. Bhd., controlled by Mahathir's sister-in-law, was awarded a huge subcontracting job to build the Dayabumi forty-storey office block owned by the government-controlled Urban Development Authority (UDA), the host of accusations made by Mahathir's opponents became more credible in the eyes of UMNO members and the general public. This scandal-ridden image certainly did not help the Mahathir leadership to fight off the accusation that his government was facing a "crisis of confidence." It was made more difficult by another accusation, that is, alleged mismanagement of the already deteriorating economy.

The Razaleigh-Musa camp repeatedly mentioned that the economic crisis experienced by Malaysia could not be attributed solely to adverse international economic conditions. The opposition claimed that Mahathir's wrong priorities implemented at the wrong time and resulting in the mismanagement of the economy were equally responsible for the economic crisis. The most popular example cited as a "proof" of Mahathir's mismanagement was the Proton Saga car project and related heavy industries schemes which the country could ill-afford during bad times. A number of other projects, such as the Penang Bridge and Dayabumi, were cited by Mahathir's critics to emphasize the "truth" of their claims although a few of the projects were necessary in view of the ex-

panding industrial activities in the whole country despite unfavourable economic conditions.

Objectively, it was unfair to hold Mahathir solely responsible for all the economic woes suffered by Malaysia but in an increasingly hostile political situation fuelled by the economic recession, every single thing he did, particularly his "mistakes," came under close scrutiny by all parties concerned, especially his opponents in UMNO, and were often exaggerated. In the popular mind, Mahathir became "the man who caused all the problems."

It is not difficult to understand why such a perception prevailed if we take into consideration the fact that Mahathir was seen as being very "cliquish" and "dictatorial" in the way he ran the government and conducted business, political or economic, both as UMNO president and as Prime Minister. He was accused of having a small business clique which he favoured and a smaller "kitchen Cabinet" within his Cabinet, thus giving the general impression that the economy and the politics of the country were in the hands of the "elite of the elites."

As a consequence, those outside this very close circle of Mahathir's allies claimed that they had only limited access to him. Besides, he was also accused of paying little attention to views different from his, from within his Cabinet, from UMNO national officials, and from those outside the government; hence the accusation that he was "dictatorial." Rightly or wrongly, these serious accusations and allegations were made not only by his opponents within UMNO but also by those outside, mainly non-governmental organizations (NGOs) such as Aliran and the Consumer Association of Penang, and UMNO's traditional political opponents, PAS and the DAP.

In short, Mahathir was fighting a many-sided battle, within and outside his political party. Although he was unable to deal effectively with the opponents within UMNO, despite declassifying documents pertaining to three major controversial projects (the Penang Bridge, Dayabumi and the Proton Saga) which had previously been classified official secrets, thus demonstrating that Razaleigh and Musa were partly responsible in endorsing the projects which they now criticised, Mahathir to a certain extent was able to dent the image of his opponents outside UMNO.

Through his Ministers and his own statements Mahathir announced to the public that the government knew that some NGOs received aid from abroad and suspected that at least two of them,

which were never identified, had Zionist backing — a severe charge, indeed, to be made in a Muslim country. PAS, DAP, and NGOs were portrayed by UMNO stalwarts as thorns in the flesh of the country, attempting to tear the country's political and social fabric apart by perennially conducting smear campaigns against the government and constantly working to create unrest and destroy the government. As far as Mahathir's opponents inside UMNO were concerned, any washing of dirty linen in public by those outside UMNO, at that point in time, was a great help to their cause of bringing about change in UMNO.

This objective was clearly indicated in their slogan for the campaign "*Kami Mahu Perubahan, Razaleigh-Musa, Azam Baru 1987*" [We Want Change, Razaleigh-Musa, New Resolution 1987] which was inscribed even on cheap throw-away cigarette lighters distributed to those who attended their rallies. It was very clear that the "war of the giants" that broke out within UMNO in 1987 had been the result of a simultaneous interplay of the larger social forces and UMNO's specific internal circumstances.

The very same factors had also heightened the critical consciousness of UMNO members and forced them to boldly evaluate their leadership and seriously consider alternatives, something which had never entered their minds before. In a sense, UMNO and the Malay community, as a result of the "war," became more democratic and increasingly uninhibited in expressing dissenting views. This, of course, had not been without its costs as recent events in Malaysia in October and November 1987, including detentions under the ISA and the banning of newspapers, had painfully shown. The consequences of all this were felt not only by UMNO members, from top to bottom, but also by the rest of the Malaysians.

Attributing the origins of this "war" between the Mahathir-Ghafar and Razaleigh-Musa combinations in the last UMNO elections in April 1987 to immediate events which took place in 1986 and 1987 only tells us part of the story. It is equally important to examine the overall transformation experienced after the introduction of the NEP in 1971 by Malaysians in general, by the Malays in particular, and by those Malays who are members of UMNO specifically. In fact, it was the combination of long-term trends and immediate events, both inside and outside UMNO, that was responsible for the outbreak of the "war of the giants" within UMNO.

The implementation of the NEP has resulted in a rapid, almost phenomenal, expansion of the Malay middle class. A large proportion of the new Malay middle class, comprising civil servants, professionals, and entrepreneurs, belongs to UMNO. Like middle classes elsewhere, its expansion in Malaysia 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. In the Malaysian state where there exists a concentration of political power and, of late, a sizeable portion of economic wealth in the hands of the Malay middle and upper classes, it is inevitable that when the state cannot accommodate all the competing interests and aspirations, its negative expressions are mediated through UMNO politics.

This is not all surprising for UMNO as a political party, since its inception has embodied and articulated all that the Malay middle and upper classes want to protect, preserve, and achieve. Therefore, this increasingly intense struggle for power within UMNO, which began in the mid-1970s continued through the early 1980s, reached its height at the 34th UMNO general assembly when the incumbent UMNO president was seriously challenged. It was not simply a personal challenge to Mahathir, the President, but to his whole team by an alternative team led by Razaleigh and Musa.

UMNO was offered an unprecedented alternative involving not only an alternative president and deputy president but also vice-presidents and Supreme Council members. The stakes were high — the highest in the country for they involved the prime ministership and other important Cabinet posts. In short, Malaysians for the first time in their country's post-war history were offered a team of alternative leaders.

The campaign was the fiercest, most expensive and divisive in the party's 41-year history. From the start there were two major camps, Mahathir's supporters and those who opposed him. There were few neutrals. Of the dozen UMNO nominees in the coalition cabinet, five openly campaigned against Mahathir. Three days before polling, Culture, Youth and Sports Minister Najib Razak who had privately been backing Razaleigh and Musa jumped the fence and declared his support for Mahathir. "It is a blow for us, though I wouldn't say it is a big blow," said a Musa supporter. Only In-

formation Minister Tengku Ahmed Rithauddeen, also from a Kelantan royal family, remained neutral to the end. In his words, it was "the best stand to take" in a heated contest.

There were charges from both sides that money was playing an important role in winning support. Public Enterprises Minister Rafidah Aziz alleged that one of her associates was offered a M$10,000 bribe. The UMNO ethics committee, however, found no evidence to back her charge. In the final days of the campaign, delegates and their friends were dined and feted in hotels. The going rate for the few genuine "floating voters" was M$50,000 or more, observers reported. Analysts said it was difficult to assess what each camp spent on its election campaign. But they estimated that combined expenses, from branch elections to the last day of polling, could run into tens of millions of dollars.

Money aside, the campaigning was somewhat subtle in keeping with Malay traditions, shadow boxing being more acceptable than the open fistfight. Razaleigh did not declare his candidacy until April 11, the last day for filling acceptance of nomination papers. Even then he avoided the limelight, concentrating his efforts on wooing the nearly 1,500 delegates in closed-door meetings instead of reaching out through the media as Mahathir and Ghafar did. Razaleigh's reluctance to declare his candidacy early was characterised as indecision by his opponents. They spread rumours that he might be trying to strike a deal with Mahathir to eliminate his old enemy Musa. But sources in both factions said there was never a compromise package. "Both Mahathir and Razaleigh are proud men and like all proud people they don't understand the meaning of compromise," said one senior UMNO leader who has known both for several years. Mahathir, too, started his campaign late after managing to stay out of the headlines for several weeks. When he did finally enter the fray, he said he was campaigning reluctantly. "I have to go everywhere as if we were facing a general election," he remarked. At 61, Mahathir was a tireless campaigner, covering the length and breadth of the country. On days that he was in Kuala Lumpur, he met political associates and aides in the office and spent evenings meeting or dining with groups of delegates at his official residence.

Mahathir played on tradition — an important element in the conservative Malay-Muslim society. By mounting a strong challenge against the incumbent Premier and party leader, Razaleigh had broken an important tradition and the media — much of it ei-

ther state-controlled or UMNO-owned — harped on the theme. "The subtle question," said one newsman, was: "Do those who break traditions have any place in the society?" The media blitz against Razaleigh and Musa, said many observers, might have backfired on Mahathir. Remarked one Chinese politician: "This was a party caucus with just 1,500 divisional leaders selecting a leader but it seemed some of the campaigners were using general elections tactics, as if they were trying to reach 15 million people to pressure the 1,500 delegates." Musa-Razaleigh supporters, at first angered by the lopsided media attention, in the end were glad the spotlight was squarely on Mahathir. "By highlighting only what Mahathir, Ghafar and Anwar say, the media also highlights their mistakes," said one opposition supporter. "By ignoring us, they also turn a blind eye to our errors. Media is a sword that cuts both ways. We are glad we didn't have too much publicity." But with the opposition virtually blacked out, poison-pen letters and pamphlets were the order of the day. Most contained wild allegations against one camp or the other.

In the heat of the campaign Mahathir branded his opponents "traitors to the Malays and the party" because, he alleged, they were disrupting unity. Mahathir said the leadership contest was "an attempt by a group to seize power." He also charged that "some countries" were "attempting to get weak leaders elected" in UMNO. He did not name any countries but referred to "Zionists" who opposed Malaysia and its Islamic policies. Mahathir fired his first salvo by saying he would step down if party members wanted him to. "If you don't want me, tell me," he said. "Don't push me down." Later, while on a brief trip to Brunei, he said he would retain power "even if I win by only one vote." Towards the end of the campaign, Mahathir said a Prime Minister need not step down if he lost his party post. The Prime Minister, he said, could only be removed through a parliamentary vote of no confidence. Opponents reckoned those cryptic comments harmed his campaign.

Musa and Razaleigh campaigned on several key issues: the depressed economy, wastage of public funds on big projects such as the Penang Bridge, and the Maminco affair in which the government lost more than $300 million trying to corner the tin market to lift prices for Malaysian tin. Mahathir responded to the allegations by declassifying top-secret Cabinet papers in an effort to show that Musa and Razaleigh, both in Cabinet then, were party to the collective decisions initiated by the PM. But the govern-

ment refused to declassify papers relating to the Maminco affair or the UMBC scandal in which Mahathir's close friend, Finance Minister Daim Zainuddin, mopped up a majority stake in the country's third-largest bank after largest shareholder Pernas, a government corporation, was told not to take up a rights issue. Daim later sold the shares to Pernas at a price higher than what Pernas would have paid if it had been allowed to subscribe to the rights in the first place.

Mahathir's faction recalled the 1985 Memali incident in which eighteen men, including four policeman, died in a shootout between radical supporters of PAS and security forces. Musa was Home Minister at the time and kept in touch with operations there. Some Mahathir supporters called Musa a murderer because, they said, he should bear full responsibility for all police actions. Musa said he had briefed Mahathir about the incident immediately and even advised him to cancel his impending trip to China. But Mahathir had left the problem to him and the police. Mahathir's men also referred to Razaleigh's and Musa's private lives. Razaleigh's bachelor status was deemed a liability in the campaign. Musa was divorced from his Peruvian wife last year and, in September, married a Malaysian fashion model.

35
It's Final Count-Down

> In every soul there has been deposited the seed of a great future, but that seed never germinates, much less grows to maturity, except through the rendering of useful services.

IT was not until about mid-March that Mahathir decided to break his silence in the title defence for the "UMNO heavyweight championship," as *Watan*, a local Malay tabloid, called the contest. He did this in deep "enemy" territory, when he opened the new UMNO headquarters in Kelantan, as a guest of Razaleigh and in front of thousands of the latter's noisy supporters. His message was loud and clear, though couched in the familiar subtle metaphor of Malay proverbs: *Air di cincang tidak putus* ("Slashed water is never severed"), expressing the brother-like relationship that he had had with Razaleigh.

However, he warned that if he was pushed too far, *air boleh jadi ais dan ais boleh jadi retak, macam hati manusia* ("water could become ice and ice could break, like the human heart"). And as he stepped up his campaign, he became more and more direct in his attacks on Razaleigh, to which Razaleigh replied in equally harsh terms. So the *silat*-like verbal exchanges continued unabatingly for about three weeks, covered extensively by the media, especially *The Star*, an MCA-owned English daily and *Watan*, both of which had been consistently giving more balanced coverage of the campaigns of the opposing camps since the "war of the giants" began. By the end of March, when the full list of delegates to the UMNO general assembly was finalised, comprising official delegates who could vote (a total of 1,479, of which 1,434 were from the 133 UMNO divisions, thirty-five were Supreme Council members, and five each were from the Women and Youth wings) and observers from UMNO branches and divisions

(about 13,500), the contenders were already on the road visiting as many divisions and meeting as many elected delegates as possible.

During that period, the campaigns were conducted openly. Although the media favoured the Mahathir-Ghafar team, the rallies of Razaleigh-Musa were often well attended, giving a sense of popular ground swell against Mahathir-Ghafar, which was not necessarily reflected among the official delegates. Owing to the unfavourable mass media coverage, the Razaleigh-Musa camp had to resort to the use of video and cassette tapes to bring their message beyond the UMNO circle, to a wider audience, a strategy used by PAS in its campaign during the 1986 general election. Despite the favourable media coverage given to Mahathir-Ghafar, it was mainly their allies who took the stage and conducted the battle, with the central figure in the gripping party drama, Mahathir, keeping silent, as if waiting for the Razaleigh-Musa camp to exhaust their political "capital."

By 11 April, after all the nominations for the various posts to be contested in the assembly had been received, the public encounters subsided as the "research and intelligence headquarters" of both camps began juggling with figures to gauge the number of voters they had "captured." However, it was a difficult exercise because some delegates appeared to be counted by both camps and the number of uncommitted voters was still high, about 20-25% of the total 1,479 votes. The open, noisy and road show—like phase of the campaign had by then passed and was replaced by the closed-door and silent meetings attended by those who mattered most.

This phase was punctuated once or twice by Mahathir's public speeches at official opening functions during which he rebutted his rivals' charges of his alleged cliquish and dictatorial style. It was inevitable that the closed-door sessions turned into skeleton-digging exercises of rivals' cupboards because both camps, in essence, did not really differ in their overall philosophy, policy, and approach to many important national issues. Since both belonged to UMNO, which is committed to preserving and promoting Malay interests, it was said that the difference between them was akin to that between Pepsi-Cola and Coca-Cola. Be that as it may, the rest of the UMNO chips, the vice presidencies and the Supreme Council posts, had by then fallen rapidly along both sides of the cleavage. Confounding the theorists yet again, the factions

ruled out any sort of compromise, despite the many behind-the-scene attempts made mostly by the Mahathir-Ghafar camp.

The six contenders vying for the three vice presidential posts were split into two camps. The three from the Mahathir-Ghafar camp were Anwar Ibrahim (a Cabinet Minister), Wan Mokhtar, and Ramli Ngah Talib (both Menteris Besar); and from the Razaleigh-Musa Camp were Abdullah Badawi, Rais Yatim (both Cabinet Ministers), and Harun Idris (ex-Menteri Besar). The two incumbents were Abdullah Badawi and Wan Mokhtar while Harun Idris had occupied the post once, Rais Yatim had tried and failed twice, and Ramli Ngah Talib was reputed to be a strong newcomer. In order to avoid being branded "greedy" and to enhance his chances of winning, Anwar Ibrahim resigned as UMNO Youth wing chief, thus automatically relinquishing his ex-officio vice-presidency.

There were sixty-nine candidates for the 25-man Supreme Council, the largest number of candidates in UMNO electoral history. The number was originally seventy-two but three withdrew from the contest. Like the contenders for the vice presidential posts, they could be grouped into the two major camps, which indicated an obvious desire by both camps to control the powerful inner circle. For the first time ever, none of these candidates stood for any higher post, particularly for the vice presidency, which was a common practice before. In short, everyone contesting all the top posts and the Supreme Council positions was going for broke.

What was more significant was the fact that even the thirteen UMNO Cabinet Ministers were split into two camps, with six each behind Mahathir and Razaleigh and one, Najib Tun Razak, until last minutes, sitting on the fence. At least four Deputy Ministers and four Parliamentary Secretaries had openly declared their support for Razaleigh and Musa. However, Mahathir received the support of all the Menteris Besar who, as early as 26 February, had pledged their loyalty to him, yet another move unprecedented in UMNO's history. This move was not surprising, for all of them owed their offices to Mahathir. But at least two of them owed to Ghafar directly, namely, the Menteris Besar of Negeri Sembilan and Selangor, who were not appointed after the general election of 1986 until Ghafar had successfully pleaded on their behalf with the Yang di-Pertuan Besar of Negeri Sembilan and the Sultan of Selangor.

About a week before D-Day, the race for the party leadership looked a very close one. The number of fence-sitters narrowed to as few as 10-15% of the total 1,479 delegates, with the 85-90% committed votes being shared equally by Mahathir and Razaleigh. Musa was still considered to have the edge over his opposite number, Ghafar. Mokhtar, Abdullah Badawi and Anwar were surging forward ahead of the other three contenders for the vice presidencies. According to detailed surveys by the "research and intelligence headquarters" of both camps, sited at "secret locations" in Kuala Lumpur, the profile of the delegates to the 24 April UMNO general assembly had undergone a drastic change over the years and this could indirectly influence the voting pattern. For example, teachers, who made up 40% of the delegates in 1981 and 32% in 1984, were now down to 19%, a figure on which both camps concurred.

Their role as leaders had been taken over by a new breed of middle-class Malays comprising businessmen and entrepreneurs, who totalled 25% of the delegates in 1987. Civil servants made up 23%, MPs and state assemblymen 19%, community development officers 5%, and professionals and others 1%. The total number of delegates to the assembly had also increased over the years: from 1,158 in 1981 to 1,244 in 1984, and to 1,479 in 1987. The increase was a result of the creation of additional parliamentary constituencies in 1982 and 1986, each of which had a corresponding new UMNO division.

When the big day came, which was Friday, 24 April, the numbers-game was still confused, but both sides appeared supremely confident as they waited for the "judgment hour." Delegates had arrived in Kuala Lumpur since 20 April together with the 13,500 official observers from all UMNO branches and divisions, and a large number of local and foreign mass media representatives. Altogether they occupied no less than 5,000 hotel rooms, from the five-star hotels to the starless ones, costing UMNO millions of ringgit, excluding the 150,000 ringgit bill to feed all those present for the four-day historic occasion at the UMNO-owned Putra World Trade Centre.

The venue of the meeting was sealed off from the public by no less than 500 uniformed and plain-clothes security personnel, mainly from the police. The intense campaigning by both camps did not stop until the casting of the votes. But it had now moved to coffee lounges and hotel rooms, and offers and counter-offers

were made in a surrounding flooded with hot-from-the-press, ink-wet, and scurrilous flying letters and smart pamphlets complete with colour photographs produced by both camps, using "state of the art" printing equipment and techniques. Anyone who saw these "publications" would have been thoroughly impressed and convinced that the NEP had been successful, at least in the printing industry, although perhaps most of the jobs were subcontracted to non-bumiputeras.

During the voting period which began early on Friday, 24 April, delegates voted by secret ballot and individually instead of by divisions, thus reducing the influence of divisional heads who traditionally were believed to be able to sway delegates' choices. Voting started immediately after the president's speech, thus leaving no time for last-minute campaigning. Though the original plan by the Supreme Council was for the voting to end before the Friday prayers of Muslims, that did not happen.

There was a lot of confusion amongst the delegates over whom to vote for because there were no candidates' names on the ballot papers but only numbers that had been assigned to each candidate. Voting thus did not finish at the scheduled time. It was, therefore, suspended for about three hours to allow delegates to attend Friday prayers and then continued until late afternoon. It was during this break that further canvassing was undertaken by both camps. Some believed that this break was crucial to Mahathir's success.

However, the counting of votes for the five top posts — president, deputy president and the three vice presidents — took about eight hours to complete and the results were not announced until after midnight because the votes were recounted a number of times. The results for the Supreme Council posts were declared early the next morning. Without doubt, the day was a record-setting and record-breaking one for UMNO and the outcome was to have major repercussions for the organisation. It also signalled the birth and the quick consolidation of what is now known within UMNO as Team A and Team B, the former referring to Mahathir and his supporters and the latter to Razaleigh and his sympathizers.

Transport Minister Datuk Ling Liong Sik (MCA President) — Photo Information.

Housing and Local Government Minister Datuk Lee Kim Sai (MCA Deputy President) — Photo Information.

36
Battles To Destroy UMNO

> "No position in life can be secure, and no achievement can be permanent unless built upon truth and justice."

WHEN nominations closed on 11 April, there were two candidates for president — Mahathir and Razaleigh; two for deputy president — Ghafar and Musa; six, including Anwar, for the three vice presidencies; and sixty-nine for twenty-five positions on the UMNO Supreme Council.

As the elections approached, Razaleigh was widely reported to have made significant gains, from an initial "no-hope" position to a point on the election day itself where both sides conceded that the result would be extremely close. So it proved. When the counting of ballots (carried "live" on national television) was finished, the incumbent president had beaten back his challenger by an extremely slim margin of forty-three out of 1,479 votes, or 2.9%. The outcome for the post of deputy president was no less dramatic, as the incumbent this time lost, again by a slim margin. Ghafar's winning margin against Musa was forty votes. Much was made of the fact that the margin was actually smaller than the number of "spoilt votes," forty-one ballot slips that had been left blank.[1]

The challengers rose to battle early but it was the incumbents' astute manipulation of last-minute alliances, declarations and "carrots" which pulled them through. Tengku Razaleigh Hamzah needed some 22 votes to pull off what would have been the biggest upset in Malaysia's political history. He could not find them and Datuk Seri Dr. Mahathir Mohamad retained his UMNO presidency and the country's prime ministership by beating

Razaleigh 761 to 718 votes. More surprisingly, incumbent deputy president and hot favourite Datuk Musa Hitam went down to challenger and Deputy Prime Minister Ghafar Baba by polling 739 votes to Musa's 699. It was an impressive demonstration of Mahathir's political savvy. As a nonplussed analyst described it, "He's carried Ghafar through, dominated the vice presidencies and managed to emplace most of his men on the Supreme Council. I'd say he's in absolute charge."

The Prime Minister obviously agreed. Looking relaxed and jovial after the win he downplayed the slimness of his margin saying, "I said I would stay even if I won by one vote. As you can see, I got more than one." Nor did he give any concessions towards changing his policies or his leadership style, merely noting "I will carry on as usual." Others were not so sure. Former Prime Minister Tun Hussein Onn charged that "the strong support received by Tengku Razaleigh and Musa Hitam reflects the deep divisions within UMNO as regards Dr. Mahathir's leadership. The leadership should address themselves to its causes and concentrate on healing these divisions." Hussein's choice of adjective (strong) would be just about apt. Between them, Razaleigh and Musa garnered 48.7% of the votes, reflecting an almost perfect split down the ranks of UMNO. And there were quite a few who agreed with the ex-leader.

It was, indeed, a photo-finish victory for the Mahathir-Ghafar combination. They were both happy and shocked. Happy because they had won — "I simply wanted to win," said Ghafar in his victory speech — and shocked because a photo-finish victory was hardly the kind of victory they had wanted or even envisaged. The results clearly indicated that Mahathir's popularity had been drastically reduced, his image dented, his authority eroded, his "cleanliness" questioned, his "efficiency" doubted, and his "trustworthiness" under suspicion. In short, the Mahathir-Ghafar combine had won the battle but not necessarily the war.

Razaleigh and Musa knew from the beginning that they had entered what was going to be a "winner-takes-all" contest. This was confirmed by Mahathir in his closing address at the assembly on 26 April when he said, "If we win we get something, if we lose we get nothing." In fact, Razaleigh had cleared his office at the Ministry of Trade and Industry, knowing that whichever way it went, he would be vacating it. All his supporters knew that they had burnt their bridges the day they decided to openly throw their

support behind him, and the prospect of losing their jobs stared in their faces.

However, while they lost the election and their jobs, they had not lost the "moral battle." Razaleigh received 48.55% of the total votes cast, a more-than-respectable figure considering their limited ability to mobilize any form of government machinery during the campaign. *Kalah jadi abu, menang jadi arang* ("Ashes if you lose, charcoal if you win)," says a Malay proverb. In some sense, the proverb summarized quite accurately the fate of both camps. The narrow margin of victory or defeat meant that both suffered, burnt and black like ashes and charcoal. The degree of the suffering, of course, differed. Mahathir received only a half mandate to run UMNO and the country, hardly a confidence boosting prospect.

More importantly, he would have to take stock of the criticisms levelled against him if he was to avoid a repeated open confrontation. Indeed, a trend had been set in 1987 and any future UMNO leader could ignore it only at his peril. This was the burden that Mahathir would have to carry for the years to come. On the other hand, in the immediate and short-term future, Razaleigh and Musa would suffer in silence because of the diminution in their status as public figures. They would be hounded by frustrations for some time because they came so close to tasting the fruits of victory. Their supporters, especially at the grassroots, would suffer equally, perhaps more, because their losses would be concrete and real: no more party perks, business licences, scholarships for their children, no hope for their loan payments to be rescheduled, with prospects of bankruptcy imminent for some.[2]

Over at the World Trade Centre, emotions flared. Soon after the results were announced, Supreme Council member Marina Yussof, her face flushed with anger, barged into the counting hall and questioned the results. Razaleigh, she declared, had led the poll at the first count with at least 800 votes. Through at least "two recounts," she claimed, his vote had progressively decreased. Later, Marina, a Razaleigh ally, conceded defeat. "It was a fair fight," she said. "We should give full support to the leadership." Meanwhile, an UMNO election committee spokesman said "for the post of president there was only one count."

The Premier asked UMNO members to close ranks in the interests of Malay race, religion and country, and said the primary task now was the smooth running of the party and the nation. Ma-

hathir said he had expected to win and the narrow majority was not a "setback." Razaleigh, who had been confident of victory all along, said he was "disappointed" to have lost but would "not give up hope." He added: "What is important is party unity." Razaleigh said he thought he and his group still had a role to play. "We still represent 50% of UMNO. We are still a force to reckon with," he declared. "The results show a return to tradition," (then) UMNO secretary-general and Agriculture Minister Sanusi Junid said. "The Prime Minister and Deputy Prime Minister must also be president and deputy president of UMNO," he maintained. "The deputy president cannot be a person who cannot work with the president. The Tengku Razaleigh-Musa combination would not have been feasible; it would have led to an era of turbulence. The Mahathir-Ghafar combination will lead to stability." Musa, whose resignation from government followed allegations that he was plotting to overthrow Mahathir, thought differently. "I interpret that the support for us is substantial," he said. "It was very close."

The contests for the party's three vice presidencies produced one new face. Incumbent Wan Mokhtar Ahmad, the Terengganu Menteri Besar, took the first spot with 935 votes. He ran on the Mahathir ticket but with open support from a section of the Musa-Razaleigh camp. Another incumbent, Defence Minister Abdullah Badawi, a close associate of Musa, came in second with 879 votes. The newcomer at vice president level: former UMNO Youth leader Anwar Ibrahim, who finished third with 850 votes. The leading losers: Foreign Minister Rais Yatim, a Musa supporter, with 690 votes; Perak Menteri Besar Ramli Ngah Talib, a Mahathir ally who polled 667; and former Menteri Besar Harun Idris, 396. Kelantan MP and former Deputy Minister Abdullah Ahmad said the VP results showed that party members were "trying to strike a balance by giving both sides a chance to be represented on the Supreme Council."

Viewed from any angle, the real winner to emerge from both the "war of the giants" and the "battle royal" was Anwar Ibrahim. It was Razaleigh who conducted all the negotiations with Anwar and successfully brought him into UMNO in 1982, of course with the full endorsement of Mahathir, although the later was given the full credit publicly for Anwar's political "conversion." By March 1982, Anwar was accepted as an UMNO member. In the April 1982 general election, he contested for the Permatang Pauh parlia-

mentary seat and won handsomely. Soon, after he was made a Deputy Minister, and later in the year, elected as UMNO Youth president, toppling the incumbent, Suhaimi Kamaruddin by only ten votes. Thus, he automatically became an ex-officio vice president of UMNO. Not too long after that, he joined the Cabinet as a full Minister at the Ministry of Youth, Sports, and Culture, and after the 1986 general election, was elevated to the position of Minister of Education. And now, after April 1987, he emerged as an elected UMNO vice president in his own right and no longer in an ex-officio capacity. Indeed, his rise to power was truly meteoric, for it was accomplished within five years of his entering UMNO, a political achievement unparalleled in UMNO's, or for that matter Malaysia's history.

What is more significant is the fact that he achieved all this during a period when UMNO was facing its biggest and most intense leadership crisis ever. Somehow, Anwar always emerged unscathed, always on the winning side and a winner too. Perhaps the short but very intense initiation and baptism of fire that he went through had now more than prepared him for the next "promotion," the much sought-after UMNO deputy presidency and the post of Deputy Prime Minister. This possibility is not at all farfetched.

One has only to consider the fact that despite the bitter struggle between Team A and Team B in the buildup to the 1987 UMNO elections, many delegates when interviewed after the event openly admitted that they voted for Anwar although they were Razaleigh supporters. The cross-tickets voting at first seems puzzling. But if one considers Razaleigh's role in bringing Anwar into UMNO and in providing Anwar the vital ten votes to win the post of UMNO Youth chief in late 1982, then it is not very puzzling. Thus, one should not rule out a Razaleigh-Anwar team in future.

The success of Anwar and Wan Mokhtar gave the Mahathir-Ghafar combination a clear edge over the Razaleigh-Musa team at the top level. However, it was in the Supreme Council that the Mahathir-Ghafar team won decisively. At least fifteen of the twenty-five elected Supreme Council members were considered Mahathir allies. To these, Mahathir added ten more, for he had prerogative as the president to appoint the secretary-general, the treasurer, the information chief and seven additional councillors, in addition to the twenty-five elected ones, thus ensuring that his

authority remained unchallenged in the powerful inner circle of the party's policy-making body.

Taken as a whole, the victories of Anwar, Wan Mokhtar, and Abdullah Badawi for the vice presidencies, and especially of Yusof Noor for the Supreme Council — he received the highest vote of 1,030 — cannot but lead one to conclude that the Islamic factor did play an important role in the 1987 UMNO elections since all of them are Islamicists in their own right. Wan Mokhtar, Abdullah Badawi, and Yusof Noor were educated in Islamic studies while Anwar, who was a graduate of Malay studies, had been championing the Islamic cause since the early 1970s.

However, one could also argue that all these personalities had enjoyed personal followings in their respective states and, to a certain extent, outside their states as well. This might have been sufficient to carry them through and to win their respective positions. Nonetheless, their victories engendered a sense of unease among many political observers outside UMNO who feared the Islamic shift and believed this trend to be "bad" for the nation as a whole. In the light of the overwhelming victories of the members of the Mahathir-Ghafar team, it was even more difficult to explain why their own victory margins were so small.

Several theories were offered in local dailies, foreign and local magazines, and in post-UMNO election seminars held mostly in Kuala Lumpur. Even after all the "rebels" were purged from the Cabinet on 30 April, no convincing explanation for the narrow margin by which Mahathir and Ghafar had won was forthcoming. Only after the announcement of the much-awaited Cabinet reshuffle on 19 May did there emerge an indication, stronger than any of the theories propounded by political pundits, as to where the forty-three votes, which made the difference between Mahathir's victory and defeat, had come from.

The inclusion of Mohamed Rahmat and Mustaffa Mohammad in the Cabinet, and of Abdul Ghani Othman as a Deputy Minister, all of them from Musa's stronghold of Johore, and the retention of Najib Tun Razak clearly indicated their decisive roles in obtaining the crucial votes for Mahathir. Najib had been neutral during the intense months of campaigning, until after he was handed the UMNO Youth chief post, though in an acting capacity, by Anwar. This put Najib firmly in Mahathir's camp. Anwar (read Mahathir) would not have given the post to him if there had not been an agreement that Najib, as the division chief, would deliver

the votes. Mohamed Rahmat and Mustaffa Mohammad (both of whom lost in the Supreme Council contest) openly supported Mahathir and Ghafar despite early opposition from within their respective UMNO divisions.

However, they would not have been appointed Cabinet Ministers solely on the basis of their vocal attempts to counter the overwhelming support for Musa in Johore. In the life and death contest (metaphorically speaking) that Mahathir faced, votes certainly mattered most, and both Mohamed Rahmat and Mustaffa Mohammad must have been able to sway their divisions' delegates to deliver them to Mahathir, hence the handsome rewards. The ex-academic Abdul Ghani Othman, the MP and division head for Ledang, Johore, was once Musa's protege but, at the same time, was also known to be Sanusi Junid's man in the board of directors of Bank Rakyat. He was only a member of the UMNO Youth executive committee, in charge of its economics bureau, when appointed by Mahathir as a Deputy Minister in the Ministry of Energy, Telecoms and Posts.

In many ways, he was a not-so-important figure in UMNO Youth and of lesser consequence within UMNO as a whole. There were many other well-known and experienced figures amongst the losers in the Supreme Council contests belonging to Mahathir's camp who were not appointed as Deputy Ministers or even Parliamentary Secretaries in the new government. Ghani must have delivered the priceless eleven votes from his division to Mahathir. If we total the number of votes these four personalities could muster, they could have been just enough to allow Mahathir to retain the presidency. This might explain their induction into the government.

The narrow victory margin had also put Mahathir in a position where he was not able to make any compromise, for the sake of UMNO's future unity, with the opposite camp, either in the form of retaining some of the "rebel" Ministers or appointing those "rebels" who lost in the vice presidency and Supreme Council contests. He had to reward those who were immediately responsible for his victory and had shown unwavering loyalty to the leader. He had repeatedly said during the campaign that he could only run the government with loyal Cabinet Ministers. If these remarks were to be taken as a reflection of Mahathir's true stand, then it could be assumed that he had no intention to compromise at all with the opposition, irrespective of the negative repercus-

sions UMNO would suffer in future by his ignoring the wishes of the 48.7% of the delegates who had voted against him.

However, this was very much in line with Mahathir's "Malaysia Incorporated" concept, whereby the majority shareholders rule, even if the majority is only a wafer-thin 2.9%. As a result, this led to the consolidation, in fact entrenchment, of the Team A "shareholders" (Mahathir's team) at all levels, and in all areas of Malaysian political and economic life. This also meant that UMNO, and to a certain extent Malaysia, suffered the loss of several good, experienced leaders, mostly technocrats brought in by the late Tun Razak to administer the NEP. It also signalled the end of the "new leaders" groomed by Tun Razak in the mid-1970s, who were now fragmented into three major factions: those of the re-elected Mahathir, his defeated challenger Razaleigh, and his former deputy-turned-detractor Musa Hitam.

It was not a coincidence, therefore, that after the elections a weakened UMNO, like a human body low in terms of internal resistance, suffered many "attacks" from within the National Front coalition and also from outside it. Dissension within UMNO during the same period continued despite Mahathir's tireless attempts through a country wide "unity campaign" in September and October to bring back Team A and Team B together before his departure for Vancouver, Canada, to attend the Commonwealth Prime Ministers' Meeting.

The biggest threat from within UMNO was the court suit filed by Razaleigh-Musa supporters against UMNO party management, including the secretary-general Sanusi Junid, on the grounds that the management had deliberately and negligently allowed delegates from fifty-three unregistered branches to attend divisions' meetings which then elected the all-important delegates to the April, 1987, UMNO general assembly. They, therefore, sought a declaration from the court that the party's general assembly was unconstitutional and illegal and its decisions null and void. Considering Mahathir's narrow margin of victory, the suit was crucial. However, neither side fully anticipated the decision that was handed down in February, 1988.

UMNO was busy at the same time fending off non-stop attacks from within the National Front components — the MCA, MIC, Gerakan, and so forth, on various issues relating to language, education, and culture. The biggest and the latest of these attacks came after the Education Ministry's appointment of non-

Chinese-educated teachers to senior administrative positions in Chinese primary schools. Led by Chinese and Chinese-based government parties and joined by the opposition DAP and fifteen other Chinese associations in a rare public display of Chinese unity, almost the entire spectrum of Chinese political opinion opposed the government's action on this issue.

Before this, the non-UMNO government parties had also voiced their unhappiness over a range of issues, including a decision by the University of Malaya's Malay-dominated senate to teach elective courses in the English, Chinese, and Indian studies departments in Malay; a requirement introduced by the Malacca state government that non-Muslim students take an Islamic-style pledge; the suggestion by UMNO Youth asking the government to withdraw aid to a Chinese-dominated tertiary institution; and the opposition by some Malay-dominated voluntary groups and UMNO Youth to a decision by the government to help to pay back the millions of ringgits lost by hundreds of thousands of depositors, mostly Chinese, as a result of the deposit-taking co-operative (DTC) scandals involving many MCA leaders.

As if all this was not enough, the Mahathir government had to face numerous attacks from outside the National Front as well, both from opposition parties and from the NGOs. There were two that really rattled the government. The first, involving the DAP, was related to the signing of a proposed contract between the Malaysian government and United Engineers Malaysia (UEM), technically an UMNO-owned and controlled company, for the privatisation of the 900-km North-South Highway in Peninsular Malaysia. The leader of the DAP, Lim Kit Siang, successfully obtained a court injunction preventing the signing of the contract and filed an underlying suit alleging corruption in the award of the letter of intent. Both the government and UEM attempted, but failed in court, to remove the injunction and to strike out the underlying suit. The suit would now be brought to trial in January, 1988. It involved the following Cabinet members: Mahathir, Ghafar, Daim and Sanusi Junid, all from UMNO, and Samy Vellu, the MIC leader.

In the past, charges of corruption had been successfully brought against three Menteris Besar — Ahmad Said of Perak, Ibrahim Fikri of Terengganu, and Harun Idris of Selangor — all of whom were convicted. This, however, was the first-ever charge of corruption brought against Cabinet Ministers, including the

Prime Minister himself. In a weak response to the DAP attack and in an attempt to get UMNO members on his side, Mahathir explained that the building of the North-South Highway, the award of the contract to UEM and the charging of the tolls, were all related to his general plan which would facilitate the payment of debts incurred by UMNO in the construction of the massive and impressive new UMNO building.

Many suspected that the success of Lim Kit Siang in assembling a case against the government and UEM was possible because of the detailed information he was said to have received from Hasbudin, a Malay-owned and pro-Razaleigh-Musa company, which had successfully constructed the Penang Bridge but failed to win the contract for the privatisation of the North-South Highway despite its lower tender offer compared with Hatibudi, an UMNO-owned company. If this was true, the battle between Team A and Team B had gone outside UMNO and seemed to be hardly over. In fact, it appeared to have intensified and expanded.

The second major attack on the government was related to the suggestion that the Constitution be amended to suit the changing situation after thirty years of Independence. The suggestion was made by Aliran, a social reform movement, at its tenth anniversary celebrations held on 15–16 August at which Tunku Abdul Rahman Putra, Malaysia's first Prime Minister, officiated. The Tunku also supported this move. The suggestion drew wide public comment from various quarters of Malaysian society, including high-ranking ex-judicial officers as well as the royalty. Mahathir and his allies replied to the suggestion by stating that it was unnecessary to amend the Constitution because it already contained all the necessary provisions to cover every aspect of change that Malaysian society had experienced and could possibly experience.

In the course of the heated exchanges that took place over a period of weeks, Mahathir and his allies even argued that the judiciary should refrain from making political statements that could jeopardize its neutrality and hence reduce the public's confidence in judicial institutions. However, it was not very long ago, in what was dubbed as the 1983 constitutional crisis, that Mahathir had gone to the people through massive public rallies in an effort to amend the Constitution so as to curb the powers of the royalty. He had then succeeded, though not totally, in achieving his objective. In fact, it was his success in 1983 and what was thought to have been a demonstration of his liberal attitude on a very important

matter that perhaps spurred Aliran and others to make suggestions regarding constitutional amendments which had a similar thrust. It was the volatile combination of these events — within UMNO, within the National Front and outside both of them — which brought the racial situation almost to the boil in the capital city, Kuala Lumpur.

Mahathir came home from Vancouver in the last week of October, after a successful bid to bring the next meeting of Commonwealth Heads to Kuala Lumpur, only to face the grim prospect of an outbreak of racial violence in the country. That would have become a distinct possibility if the planned UMNO rally and public procession to celebrate the forty-first anniversary of the party, scheduled for 1 November in Kuala Lumpur and involving about 500,000 members, had gone out of organizers' control. Mahathir responded swiftly to this perceived threat. He ordered the arrest of all those considered "threats to national security." From 27 October to 20 November, a total of 106 people were arrested and detained without trial under the draconian ISA.

In conclusion, the challenge that had begun within UMNO had spread outside. The overall economic slow-down had definitely played an important underlying role, by exaggerating the tensions both within and outside UMNO. The later took the form of racial tensions, not a new phenomenon in Malaysia. What went on outside UMNO seemed to have been brought under control by the exercise of powers invested in the government under the ISA, but the tensions within UMNO were expected to continue for a long time.[3]

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1. AB. Shamsul (UKM) – UMNO Election 1987, Institute of South East Asian Studies
2. Ibid.
3. Ibid.

First Lady, Datin Seri Dr. Siti Hasmah taking care of Dr. Mahathir at anywhere, anytime. Photos (above and below) shows how lovely they are – Photo Information.

37
Dr. Mahathir's Surgery

> "I've nothing against critics. But those who tell fibs, a lot of lies, who slant everything that they say, who use the newspapers to create an atmosphere of mistrust and tension — these are the people who should be eliminated or should not be given face... or time... by anyone."
>
> — Dr. Mahathir

WHILE many agreed it was "the right thing" to do, there were still shock waves following the Prime Minister's move to rid his Cabinet of dissidents. Ramadan is the Muslim fasting month; a time of abstinence, reverence and prayer. It concludes with *Hari Raya*, a celebration of the spirit, notable for its "open house" and the mutual asking and granting of forgiveness between fellow Muslims, political ideologies notwithstanding.

Raya, this time around, might be a little different. Two days into the fasting month, Mahathir finally ended all the speculations. He dropped all dissident elements, accepting the resignations of two Ministers (Tengku Razaleigh Hamzah and Rais Yatim) and sacking (the official statement stuck to "terminated the services of") seven others.

Among those dropped were three Ministers (Abdullah Ahmad Badawi, Shahrir Samad and Ajib Ahmad) and four Deputy Ministers (Kadir Sheikh Fadzir, Radzi Sheikh Ahmad, Zainal Abidin Zin and Rahmah Osman). The reason: they in one form or the other, had all opposed Mahathir's leadership, preferring the "alternative" leadership pledged by Razaleigh and erstwhile UMNO deputy president Datuk Musa Hitam. The move had been widely expected and yet, paradoxically, it had still come as a shock, especially to those who had privately felt that the Premier would "not dare offend 49% of UMNO." (Between them

Razaleigh and Musa had garnered almost 49% of the votes). But Mahathir had already hinted his intentions. In a Press conference after the elections, he agreed with reporters that Ministers who do not agree with their Prime Minister "should resign." "Perhaps there should be a law on this but there isn't... and if they don't want to resign, what should we do?" asked Mahathir.

The 'rebel' camp had other ideas. All those who lost their bids — Razaleigh for the presidency and Rais for the vice presidency — promptly sent in their letters of resignation but the rest had no intention of following suit. Their reason: they had all won their bids for electoral posts and so could argue that the UMNO members had voted them in to continue to serve in the Cabinet, to act as a 'check and balance.' Indeed, there were those who felt that Mahathir was in a position to be magnanimous, that he could do the most towards ensuring UMNO unity by welcoming the rebels back into the fold for the 'greater glory of race, religion and country.'

Obviously, Mahathir was unconvinced. Said UMNO secretary-general, (then) Datuk Seri Sanusi Junid, "The Prime Minister has been trying to please people too often. Twice before he kept Razaleigh on in Cabinet against Musa's wishes and that experiment, as we all know, failed. I think he is wiser now."

Reactions to the purge ranged from satisfaction to outright anger. Almost everyone agreed that the choice of Cabinet members was the 'sole prerogative of the Prime Minister,' but the anger mainly revolved around the sacking of Datuk Abdullah Ahmad Badawi from his post of Defence Minister. Abdullah had just been re-elected UMNO vice president which would have put him, approximately, in the position of being the country's third most powerful politician. (The VP with the most votes was Terengganu's Menteri Besar, Wan Mokhtar, but being a state politician, he was not considered to have 'federal clout.' Anwar Ibrahim was third VP, behind Abdullah).

That Mahathir could fire Abdullah surprised even his allies. A supreme councillor allied to Mahathir told three days after the election that he thought that "Dr. M would remove everybody except Badawi." Pressed on the reasons why, he replied vaguely, "Well, he is a vice president, you know, and you just cannot remove VPs like that. In fact, we might have to give him a post befitting a VP." An UMNO Member of Parliament who tried, not too successfully, to be neutral throughout the battle, had this

analysis: "This clearly points to one thing, namely, that the PM has no intention of stepping down after 1990. Because if he did, why should he bother about people like Razaleigh or even Ghafar for that matter? He could afford to let them fight it out. The fact that he got rid of all of them means he anticipate another challenge later and, in that case, he's done the right thing. In politics, it's kill or be killed."

Meanwhile, most analysts concurred that the man who stood to gain from all these events "has to be Anwar Ibrahim." The Singapore-based *Straits Times* grasped the implications perfectly; a post-election profile on Anwar was headlined "Heir Apparent."

Still, it might not all be smooth sailing for the young (then 39) and politically-savvy Education Minister. Said a supreme councillor, "In the first place, not everyone in Mahathir's camp loves Anwar. It was only that they were all temporarily united against a common foe, namely Razaleigh and Musa. Anwar's got some pretty powerful enemies." There could be an element of sour grapes there. That Anwar has enemies is a fact but that still didn't stop him from winning handsomely in the polls. Indeed, his greatest asset is his apparent "cleanliness," his absolute freedom from any taint of corruption but, to be fair, the same could be said of Badawi. Even so, as bottom lines go, Anwar seems to hold the edge. Asked an analyst, "If something were to happen to Mahathir or Ghafar, who do you think would move up?"

All the PM's Men

THE new Cabinet line-up reflected the ramifications of the recent UMNO elections — a winners-take-all situation with plum jobs going to Mahathir's strongest allies. In normal circumstances, it would have been the Prime Minister making the announcement. But after April's intense struggle for UMNO's leadership and the dropping of five Ministers and four Deputies, the situation was, perhaps, not as routine as all that. And, in any case, Datuk Seri Dr Mahathir "was indisposed with the flu."

It was left to a civil servant to announce the new Cabinet. And on May 19, the Chief Secretary to the government, Tan Sri Salehuddin Mohammed obliged, finally ending three weeks of speculation. The major changes were the creation of an entirely new Ministry (Tourism and Culture) and the scrapping of another (the Federal Territory Ministry). In the process, two other Minis-

ters lost some of their "powers" — tourism used to be under the Ministry of Trade and Industry, while the Ministry of Culture, Youth and Sport got shortened to the Ministry of Youth and Sport. There was also one cosmetic change — the name of the Ministry of Education in Bahasa Malaysia was changed to *Kementerian Pendidikan* from *Kementerian Pelajaran.*

In essence, it was a "winners-take-all" Cabinet. Loyal Mahathir allies got rewarded. And, going along those lines, the biggest winner was probably Datin Paduka Rafidah Aziz. A senior Minister in her own right — she had been Minister for Public Enterprises since 1980 — she got the plum post of Trade and Industry Minister, formerly Razaleigh's preserve, and considered one of the most important Ministries in government (after the PM's office, the DPM's office and the Finance and Education Ministries.)

In addition, the PM further consolidated her position in Wanita UMNO by appointing another woman Minister (Napsiah Omar to Public Enterprises) and two female Deputy Ministers (Dr. Siti Zaharah and Datin Paduka Zaleha Ismail). "These appointments," said a political scientist, "are unprecedented and puts her (Rafidah) in the position of being the most effective leader Wanita UMNO ever had. It would be very difficult to beat her."

Datuk Abu Hassan Omar also got promoted, moving up from the now-defunct Federal Territory Ministry to the prestigious Foreign Ministry, while Tengku Ahmad Rithauddeen got amply rewarded for his 'neutrality,' moving from Information to Defence. The rest of the staunch Mahathir allies (Daim Zainuddin, Anwar Ibrahim and Datuk Sanusi Junid) all retained their old portfolios. Which scotched one theory totally. This theory, which had widespread adherents, had it that Daim would not figure in the next Cabinet reshuffle. It started getting warped slightly when Daim three days before the official announcement, denied these rumours, asking curtly, "Why should I resign?" A supreme councillor explained further, "If Daim were to resign now, that would be tantamount to admitting that the allegations hurled against him were true. So there is no reason for him to quit. He would have if circumstances were different."

Regionalism was given its due in the line up. All states, with the exception of Perlis, were represented. Terengganu got its first Minister (Dr. Yusoff Noor) since Manan Othman. Johore, a Musa stronghold, was present and accounted for in the appointments of

both Datuk Mohammed Rahmat and Mustaffa Mohammed to the Cabinet. Rahmat had been an ambassador (with ministerial status) until 1984 when he inexplicably resigned, while Mustaffa had been Deputy Works Minister. Both had lost out in their bids for the Supreme Council — Rahmat, however, came close — but, just as equally, both had declared their open support for the Mahathir administration prior to the April contest.

"Being a Supreme Council member is not a prerequisite for Cabinet appointment," said Sanusi Junid, UMNO's secretary-general. That would certainly be true, at least where this reshuffle was concerned. Among the Ministers, at least three (Rahmat, Mustaffa and Napsiah Omar) failed to make the (Supreme Council) cut. And among the ministerial pool, only six out of the 15 UMNO Deputy Ministers made it into the Supreme Council. The six: Datuk Megat Junid, Datuk Md Tajol Rosli, Dr. Siti Zaharah, Khalid Yunos, Datuk Abu Bakar and Hussein Ahmad. The rest either tried and lost (Daud Taha, Kassim Ahmad) or were fresh appointees.

Said Sanusi, "Basically, the appointments are based on political and administrative considerations. The important thing is whether we can all function as a team, whether we will exercise collective responsibility and defend the decisions of the Cabinet and whether we will abide by our oath of office. And I think the present set-up will live up to these expectations." Added Kok Lanas MP Datuk Abdullah Ahmad, "It's a loyalist Cabinet and it represents the best that they can come up with. Now there should be no more excuses, no more politicking; let them get on with the role of governing."

Reactions to the new line-up were decidedly mixed. The one thing everyone appeared enthusiastic about was the creation of the Tourism Ministry, with most businessmen and hoteliers agreeing that "it was long overdue." Meanwhile, observers seemed to measure everything these days by Anwar Ibrahim who, they said, "is going from strength to strength." The *Straits Times* had speculated that "he would get a promotion" but the Education Ministry is already a formidable crucible — all the Prime Ministers had served there at one time or another.

Our 'Great Malaysian Hero' Dr. Mahathir Mohamad 'kissing the keris' – Information.

April 1987 UMNO General Assembly – a watershed in Malaysian politics.

38
October Swoop

> "I do not like using the ISA. I tried to be liberal. It was not appreciated. People talked about the Prime Minister being weak. You know, you can't be nice to some people. That's why I made that analogy about the monkey being given flowers. Unable to appreciate their beauty, the monkey simply tears them to bits."
>
> — Dr. Mahathir

MALAYSIAN police arrested 106 persons whom it considered security threats in a massive crackdown which started on 27 October, 1987. Mahathir then told Parliament in a nationwide broadcast that these people had incited racial and religious unrest.

Since these three weeks of "nocturnal knocks on the door," as one lawyer termed it, tangible fear had descended on society. Many individuals who used to speak out were either reluctant to do so, or, with the forced closure of three of Malaysia's more independent newspapers on 28 October, had lost some avenues for expression. The initial 60 days of police interrogation ended on 26 December for the first batch of suspects to be arrested under the ISA. Under the Act, detention beyond the 60 days requires the signature of the Home Minister, who is Prime Minister Datuk Seri Dr. Mahathir Mohamad.

In the event, 33 were served detention orders of two years, and some of these were sent on to Kamunting, a political prison camp in northern Perak. Three more were released, making a total of 55 released from the original 106 arrested since 27 October. Eight were placed under restricted residence. Two were banished from their district or state of residence. Those deemed hardcore offenders were seven MPs from the DAP — led by party chief Lim Kit Siang, three from PAS, and 10 from Christian groups,

public-interest groups and trade unions. Two lesser DAP leaders were released, while a DAP Youth leader was placed under restricted residence and allowed out of his house only between 6am and 8pm. Although police finally, on 29 December, disclosed the breakdown of those released and further detained, they only divulged the names of those released.

When asked by reporters, Mahathir confirmed Lim's and DAP deputy chairman Karpal Singh's two-year detentions but nothing more. News of the detentions were culled from individual families, who either reported the fact to the detainee's political party or to the ad hoc ISA Support Group. Even the detentions were shrouded in secrecy. Condemning the authorities' secrecy as an attempt to "stifle legitimate criticism against the government," DAP acting secretary-general Lee Lam Thye announced the party's extended detainees, while PAS sources confirmed its three, and families of the 10 individuals informed the ISA Support Group of their prolonged detentions.

The Support Group suspected that seven others who were among the first batch had also been transferred to Kamunting. "I can't help wondering how our government can continue calling itself a parliamentary democracy," said Bar Council president Param Cumaraswamy of the detentions, particularly of Lim and the other opposition MPs. "A solemn promise given in Parliament in 1960 by then Deputy Prime Minister Tun Abdul Razak that this law would never be used to stifle political dissent in the country, has been breached."

In comparison, PAS took the news almost calmly. "We are accustomed to arrest under the ISA and expected it," said PAS (then) central committee member Subky Latiff. A number of the party's present detainees were veterans of the ISA. PAS was more upset over the government's blanket ban on all political gatherings, which had greatly stifled its activities. The 33 extended detainees had two weeks in which to file their depositions and appeal to the ISA advisory board, which meets once after the first three months and every six months thereafter, to review cases. There is no trial in open court under the ISA. Lim's detention order, effective on 19 December and signed by Mahathir in his capacity as Home Minister, listed 10 specific instances of his having "aroused racial sentiment." The alleged offences took place between January 1983 and October 1987 and involved Lim's utterances on a whole range of subjects — the national culture policy,

plans to develop Chinese burial grounds on Bukit China in Malacca, allegations of Chinese being treated as second-class citizens, the zoning of pork sellers in markets, the government promotion of Islam, the alleged forced conversion to Islam of a Chinese girl in 1986, the government's alleged reluctance to save largely Chinese depositors in a cooperatives debacle and, most recently, the promotion of non-Mandarin speaking Chinese school teachers.

The detentions could cripple the DAP. Lim is very much the opposition leader, both in and out of Parliament, and his personable deputy, Lee, though dubbed "Mr. Mayor" by his Kuala Lumpur supporters, comes a far second in terms of national profile. Lim was the driving force behind the DAP's strong showing in Penang and its winning 24 parliamentary and 37 state assembly seats in the 1986 general election. The party's hopes of wresting Penang away from the ruling National Front coalition in 1990, when the next elections are due, were dimmed without Lim's energy and organisational ability, even though his own constituents might vote him in for being a martyr, said one party source. This was Lim's second bout with the ISA, having been detained the first time from May 1969, immediately after the race riots, to October 1970.

In Kamunting with Lim were four other senior DAP MPs, each a state leader of some standing: Karpal Singh, vice chairman Tan Seng Giaw, Selangor vice chairman V. David and deputy secretary-general P. Patto, the Perak strongman whom some party insiders consider Lim's right-hand man. As a lawyer, Karpal has a reputation for taking on cases that few others will touch. The latest was the DAP suit, with Lim as plaintiff, against the Malaysian government over the granting of a M$3.4 billion highway project to United Engineers (Malaysia) (UE).

The clamp-downs marked the second-largest police operation under Malaysia's preventive detention laws. Introduced in 1960, the ISA was initially intended to combat the remaining vestiges of communist insurgency at the end of 12 years of Emergency rule. But in the ensuing decades, the government also slapped the ISA on student demonstrators, journalists and politicians.

The judiciary sees its hands tied in matters on which the executive has stamped the word "security." Eight of the recent detainees, including Chandra, had earlier applied for writs of habeas

corpus on grounds of wrongful detention and had been refused by the High Court. Three of the eight then appealed to the Supreme Court but their appeals were dismissed on 23 December 1987. "Our duties are not to substitute our decisions for that of the executive," said Lord President (then) Tun Mohamed Salleh Abas in his judgment. "We are only concerned with the procedural aspects of the exercise of executive discretion. We have no interest, nor desire to embark upon trespassing into the domains of the legislature or the executive."

The long-awaited security White Paper, distributed in Parliament on 23 March, was meant to explain the government's reasons for arresting the 106 people, the subsequent detention of 38 of them for up to two more years and the closure of three newspapers. But despite the five-month lapse, the 16-page report — 24 with appendices and photographs — added few new insights to Mahathir's speech in Parliament on 28 October, one day after the police crackdown. The White Paper, entitled *Towards Preserving National Security*, reiterated that the police had to act in the face of mounting racial and religious tensions, a situation Marxist sympathisers were said to have been exploiting. It also accused elements in the Baptist and Catholic churches of working to disrupt national unity — a charge closely echoing that made by the Singapore Government against 22 people detained in 1986 for allegedly plotting to overthrow the government.

Two days before releasing the White Paper, the Home Ministry issued new publishing licences to the three newspapers it had earlier banned for having allegedly incited racial tensions. One of them, the English-language daily *The Star* resumed publication on 26 March, 1988, the date its new licence came into effect.

Clashes between Malays and Chinese were a part of Malaya's pre-independence history, noted the Home Ministry report. From 1945-57, racial and religious conflict broke out 17 times; the report recorded four more incidents between then and the 13 May, 1969, riots in Kuala Lumpur — the most serious outbreak of racial strife in the country, with an official tally of 248 Malays, Chinese and Indians killed.

The riots prompted the government to introduce new programmes, principally the New Economic Policy, to redress socio-economic imbalances. Without naming specific races, the report then observed that "there are quarters which are reluctant to accept the fact that, in order to redress the imbalance between the

races, opportunities for advancement will have to be shared by all the communities." Various groups were "dissatisfied with their position," while others were "apprehensive of losing their identity and cultural heritage" despite constitutional guarantees. Amid this, political parties, pressure groups, the outlawed Communist Party of Malaya (CPM) and the press had exploited this situation for "their own selfish interests," said the report.

Meanwhile, some Muslim groups wanted to set up a Muslim state through violence, while others tried to cause intra-Muslim dissent while fuelling hostilities between people of different faiths, it continued. And while most churches observed a constitutional provision that laws could be made prohibiting missionary activity among Muslims, a small group known as the Neglected People's Workers based in the First Baptist Church in Kuala Lumpur's suburbs, had tried to proselytise among Muslims.

The report went on to say how in assuming office in 1981, the present leadership had practised a liberal policy but that some "irresponsible groups" had taken advantage of that tolerance. Unlawful assemblies were organised, racial issues played up and exaggerated by the press — leading to a highly tense situation in October 1987 when, after an unrelated, non-communal shooting incident in central Kuala Lumpur, people started stocking up foodstuffs in anticipation of riots. "As the situation had reached a critical stage and was likely to lead to widespread rioting, the government decided to act" to contain a situation "that was prejudicial to public order and national security," said the report. Use of the ISA was not restricted to fighting communism, it added. Indeed, many observed at the time that the sigh of relief which followed the cancellation of a mammoth rally, planned by UMNO for 1 November 1987, was as audible as if race riots had actually broken out.

Friends and relations of the detainees — known as the ISA Support group — reiterated their call to the government to charge the detainees under the Sedition Act, given the nature of the alleged crimes, instead of detaining them under the ISA. Casting doubts on the strength of evidence against them, the group said: "From the evidence produced at the habeas corpus hearings [granted to some detainees], it was clear that the detainees were being held in solitary confinement, were subjected to long periods of interrogation and were denied access to lawyers. Any self-implicating statements made under such conditions must be held

suspect... unless there is proof that these statements were not made under duress."

The White Paper was originally not scheduled for debate in Parliament. Introducing a motion of urgent public importance the following day, however, DAP acting chief Lee Lam Thye described it as "an attempts to discredit the DAP at a time when the party has made impressive political gains" — it had won 20.28% of the total votes cast in the 1986 general election — and had "begun to make inroads into the rural areas." Lee denied government allegations that DAP MPs had inflamed racial sentiments and incited violence through their speeches — that Lim, for instance, had said that the government's policy to establish "one race, one culture, one language, one religion" had eroded the status of other cultures. Even if the government considered the issues sensitive, "we in the DAP have brought them up not to exploit but to defuse them" by drawing the government "to apply its mind to these problems which, after all, had been created by the government itself," said Lee.

But his denial lacked the force of first-person authority, as Lee was unable to go into specific details. For while a battery of charges had been levelled against them, the detainees themselves were in no position to reply and clear their names. The ISA does not provide for trial. Detention beyond the initial 60-day interrogation period is automatic once the Home Minister — Mahathir himself — signs a detention order of two years, renewable every two years thereafter.

The report said the MCA and the MIC had reacted to DAP taunts that they were "selling their dignity" over education and language issues. But, according to Chandra Muzaffar, the president of Aliran who had himself been detained for interrogation for 52 days, the report made no attempt to look at the underlying causes. "There seemed to be a greater concern with those who say the linen's dirty than those who dirtied the linen in the first place," he said. In any case, tensions escalated so much so that at an UMNO Youth rally on 17 October, the last rally before the clampdown, some in the crowd carried banners emblazoned with the words "May 13 has begun" — a reference to the 1969 riots — or a painted *keris* (Malay dagger) and the words "Soak it with Chinese blood."

Meanwhile, the report charged some Catholic church workers with being Marxists, who believed in the Marxist "liberation

theology" urging the use of force, if necessary, in the quest for human freedom through class struggle. The report quoted detained church social worker Theresa Lim Chin Chin as having explained under interrogation that they had formed an Urban Rural Mission, whose main objective was "to organise and conscientise the grass-roots — estate and factory workers and squatters — with the aim of forming a mass-based people's movement" to radically challenge existing social structures and government policies. Through its Lenten Campaign, another Catholic group, the National Office of Human Development (NOHD), set about developing a Christian group which was "daring and outspoken in criticising the government on issues relating to injustice and which involved the society," thereby acting as a pressure group, the report again quoted Theresa Lim as saying.

It also reported that NOHD assistant director Anthony Rogers had admitted that some of the phrases used in his *Reflections* on the Lord's Prayer were "suitable to incite the people to create social unrest." Rejecting the charges, Catholic Archbishop of Kuala Lumpur Anthony Soter Fernandez said "the reference to the use of 'Liberation Theology' by the so-called 'Marxists group' appears to us as a cheap imitation of the allegations of the Singapore Government against those arrested last year on similar charges," whereas the Vatican had explained the genuine liberation theology as "basically a liberation from sin — personal and social." Special Branch officers had met Malaysian bishops "to clarify these issues in three lengthy meetings," yet allegations of Marxist infiltration continued in the report, he added.

University campuses were another Marxist target, according to the report, which named Mohamed Nasir Hashim and Chee Heng Leng — two university lecturers among the detainees — as having worked towards a "dictatorship of the proletariat." In addition, Mohamed Yunus Lebai Ali, a radical Malay student, claimed under interrogation to have met CPM secretary-general Chin Peng in Peking in 1980, who encouraged him to revive militant activity among Malay students, said the report. Yunus said Chin also financed his studies in London where he met Tan Wah Piow — the man accused of being the Marxist brains behind the Singapore detainees.

Dr. Mahathir received a 'kris' (Malay dagger) from UMNO Youth Chief, Datuk Najib Tun Razak as a symbol of 'hero'

Premier Dr. Mahathir proudly showing the framed press report about his speech at the United Nations General Assembly asking the world to eradicate poverty.

PART EIGHT (1988)

39
A Grand Master Move

> "It is a very hard decision to declare UMNO unlawful. But the law was made by our own Parliament and certainly UMNO was aware (of the Societies Act) because they were in the majority at all times."
>
> — Justice Harun Hashim

BY 6.15pm on 4 February, 1988, both counsel had finished their closing arguments. The packed courtroom hushed as Justice Datuk Harun Mohammed Hashim picked up his pen and commenced writing. He continued steadily for about 20 minutes and then, clearing his throat, came up with an electrifying judgement which, in hindsight, turned out to be more than what either side had bargained for. Eleven disgruntled supporters of the so-called Team B faction in UMNO had instituted a suit against the party to declare the 24 April, 1987, UMNO elections null and void.

Harun went one step further. He ruled that UMNO itself was unlawful because 30 of its branches had not been registered under the Societies Act. In the immediate moments of the post-judgement tumult, both inside and outside the courtroom, it appeared unclear as to who actually won. As one lawyer put it, "The plaintiffs who got their claims dismissed were smiling while the defendants looked grim." As most analysts saw it then, the law regarding an illegal society was quite clear.

Such a society could not use its old name, logo or symbol. In addition, all its assets were to be frozen immediately, to be placed under the Official Assignee as the court saw fit.[1]

"It is a very hard decision to declare UMNO unlawful," said Justice Datuk Harun Hashim in his judgment. "But the law was made by our own Parliament and certainly UMNO was aware (of the Societies Act) because they were in the majority at all times."

It seemed a case of the *keris* turning on its owner, he added. Under the 1966 Act, amended five times over the years and most recently by Mahathir's government, each of a society's branches has to register separately with the Registrar.

One thing was clear from the legal-political chaos which followed the High Court ruling: both sides in the UMNO wrangle got more than they bargained for. This automatically rendered null the last party election, but it did not legally entail that the pre-election party hierarchy — with Mahathir still president, but with Musa rather than Ghafar as his deputy — should now be back in place, because it was unclear exactly when the illegal branches had been formed. Finding himself divested of his party, Mahathir quickly drew a distinction between government and party, assuring the nation the next day that the government would continue to run the country. "The government is founded on elections where we stand as individuals, even though we use party symbols," he said. It would take a parliamentary vote of no confidence, as called for now by the DAP, along with a demand for the Prime Minister's resignation, to remove the Mahathir government.

The UMNO case had originated on 25 June, 1987, when 12 dissident party members filed a suit against UMNO secretary-general Datuk Seri Sanusi Junid and seven party divisional secretaries. In the suit, they alleged that the April election was invalid because delegates from the 30 unregistered branches — as well as some underaged women at the Women's wing meeting and overaged men at the Youth wing meeting — had helped select divisional delegates to the April general assembly. One of the 12 later withdrew.

During the final High Court hearing, the plaintiffs' counsel, Raja Aziz Addruse, clearly wanted only the UMNO election declared void, and not the whole party to be deemed illegal. Counsel for the defendants, G. Sri Ram, argued that the plaintiffs were not injured parties because none had contested any of the top party posts. Neither were they the ones who could materially lose from the outcome of the suit court. Immediately after the court decision, Mahathir's lieutenants, as well as UMNO Menteris Besar and divisional chiefs, quickly rallied around him with pledges of support. Anwar Ibrahim condemned those who openly or secretly supported the 11 party dissidents as "people who lusted for power." He said: "These people must be exposed and held responsible."

Much depended on Mahathir's skill in turning the unprecedented 4 February High Court judgment declaring UMNO an illegal society to his own advantage and countering a pre-emptive strike against his leadership by the Tunku and other party elders, with the professed aim of salvaging Malay political unity.

The extraordinary events could either seriously erode his control of the majority Malay body politic or strengthen his hand in crushing dissidents within his party. Some insisted that a compromise between Mahathir and his opponents was still more likely and might involve the return to the fold of Musa Hitam.

The Prime Minister had once again found himself in a political quagmire which could prove to be the most crucial test yet of his leadership. In a fast-moving week, Mahathir was first left with an illegal ruling party — an unexpected outcome of a lawsuit challenging the results of its leadership election and then assailed with calls for his resignation not only by the opposition but by his party's elder statesman, Tunku Abdul Rahman, who was later hospitalised for exhaustion.

Anxious Malays waited for the Prime Minister to tell them which course he intended to take to revive UMNO's legal status. For most Malays, UMNO is a symbol of their survival, rights and prosperity in multi-racial Malaysia.

Mahathir made it clear that he was intent on turning the tables on Razaleigh, who was temporarily thwarted in an attempt to re-form the party under the name of UMNO Malaysia. As battle lines between the two camps were drawn, with the UMNO leadership at stake, the political waters were further muddied by the seemingly new posture of Musa Hitam. As Razaleigh's co-leader of UMNO's so-called "Team B," opposing Mahathir's "Team A," Musa might have been expected to throw in his lot with the Razaleigh camp. Yet Musa now adopted a politically independent stance, at least on the surface, supporting UMNO's central leadership, headed by Mahathir.

Many observers were surprised when Musa arrived at the same time as Mahathir to attend a mass meeting of National Front MPs and State Assemblymen at the Parliament building on 14 February, 1988. The gathering of some 600 UMNO leaders and others from the 13 parties in the ruling coalition had been called as the most telling symbolic act of support for Mahathir's leadership in the political crises. After receiving both vocal and written pledges of support from Malay, Chinese, Indian and other minor-

ity National Front representatives, Mahathir gave the first hint of which course he favoured to restore UMNO's legal status.

He said that while God's law could not be changed, laws made by man could be, indicating that legal action might be taken through Parliament. He noted that the large number of legislators before him assured him that he could rely on a two-thirds majority in Parliament. This meant that not only could Mahathir rely on the confidence of a majority in Parliament to support his government, but he would be able to pass legislation to legitimise UMNO. One of Mahathir's legal options to restore UMNO would be to gain parliamentary approval of a move to amend retroactively the Societies Act — under which UMNO was deemed illegal by the High Court. Using the parliamentary option might be attractive to Mahathir because, according to a Cabinet source, he did not want to appear to be using his executive powers excessively in his bid to restore UMNO. Mahathir's opponents accused him of becoming increasingly dictatorial, citing the arrest in October 1987 of 106 political activists, the closure of three newspapers and the subsequent tightening of press laws.

Given UMNO's political dominance since 1957, it was by any standards, a body blow. The thing was to revive the party, or as Kok Lanas MP Datuk Abdullah Ahmad put it, to "restore its primacy in Malaysian politics." Tengku Razaleigh's allies moved first. Four days after the court decision, the country's first Prime Minister, Tunku Abdul Rahman, celebrating his 85th birthday, announced that he had initiated moves to register a new party to be called UMNO Malaysia. Included in his pro-tem committee were such people as Tun Hussein Onn, the country's third Prime Minister, and other Team B stalwarts like lawyer Marina Yusoff, former Foreign Minister Datuk Rais Yatim and former Deputy Ministers Rahmah Osman and Zainal Abidin Zin.

Funds totalling M$121,000 (US$47,173) were quickly donated by those at the Tunku's meeting to finance the re-registration procedure. Political sources said the Tunku's application to the Registrar of Societies for recognition as the illegal party's temporary ruling committee set up to organise the re-registration of the party pre-empted a similar move planned by Mahathir. In his announcement of the 13-man committee's formation in Penang on 8 February, the Tunku commented on the High Court decision by saying that the UMNO leadership was acting as if it was above the law, adding that "the destruction of UMNO was

brought about by those in power who are so immersed in their own greed of power that they forgot to salvage UMNO."

Warming to his theme, the Tunku issued his most forceful challenge to Mahathir to stand down: "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." If fact, UMNO sources said the Tunku's move was spurred by Tengku Razaleigh Hamzah, Mahathir's bitterest political enemy.[2]

The Tunku apparently felt that "nothing was being done about re-registering the party." To his mind, he was merely "initiating steps to rejuvenate the party until such time as fresh polls to elect new office-bearers could be held." He had written a letter, he explained, to Tengku Razaleigh urging him to take steps to do the same but Razaleigh had demurred, stating that he "might be misunderstood." Thus, said the Tunku, he "had to do something."

The plan almost immediately ran into heavy weather. Even as most critics acknowledged that both former Prime Ministers were not motivated by any desire to return to power, they questioned the very idea of any registration of the party without the co-operation of the existing leadership. Said Abdullah, "It looked too much like the seizing of an opportunity." On his part, the Tunku did send a letter to Mahathir, inviting him to join his efforts in restoring UMNO. This letter Mahathir confirmed receiving on 12 February, 1988. But as he pointed out in his reply to the Tunku, declining the invitation, former UMNO leaders were already working "unpublicised" to form the new party and he could not possibly be involved in two pro-tem committees at the same time.

Razaleigh and his supporters were apparently anxious to strike before Mahathir could set up his own pro-tem committee to re-register the party. But as a known arch rival of Mahathir, Razaleigh felt it would be more expedient to have the grand old man of UMNO, the Tunku, to carry out the manoeuvre — knowing he would be only too willing to oblige. Despite some press reports saying Razaleigh was a member of the committee, he in fact remained in the background, and neither he nor Musa commented on the situation. Musa was thought to have been left out of the plotting of the pro-tem committee, reinforcing political analysts' belief that the two Team B leaders were no longer working in tandem against Mahathir.

Because the law requires a new name for such a re-registered party, the pro-tem committee planned to call the party by its name in the Malay language, Pertubuhan Kebangsaan Melayu Bersatu Malaysia, followed by UMNO Malaysia in brackets. But the committee's 8 February application was turned down two days later by the Registrar, with no reason given.

Mahathir had confirmed to political analysts that he was intent on discrediting Razaleigh and his Team B. Mahathir claimed the 11 "merely wanted the party president to be replaced by a certain person," and had refused all out-of-court attempts to persuade them to withdraw the suit. "This clearly shows that their actions are not in the interest of the party but to suit the interests of a particular person." Mahathir left no doubt that he meant Razaleigh.

On 15 February, Razaleigh broke his silence for the first time in the affair by issuing a retort to Mahathir's attack on him. "I am greatly disappointed by the continuous attacks, lies and false accusations aimed at me and my supporters by some ex-leaders of UMNO," he said in a clear but indirect reference to the Prime Minister. On the Registrar's refusal of the UMNO Malaysia application, Razaleigh said: "There remains other solutions, one of which could be legislation which, unfortunately, is a tedious and time-consuming approach — there are indications that this could be the course of action that could be persuaded."

He urged the Prime Minister to "exercise his good offices to consider amending the Societies Act" to restore UMNO and its members' inherent rights. Razaleigh presumably would prefer a move to reconstitute UMNO with all its current members, including himself and his supporters, rather than giving Mahathir an opportunity to vet a new party membership list.

Using the Malay's urgent desire to have their party's legal mess sorted out as quickly and painlessly as possible, Mahathir and his lieutenants tapped the issue's emotional overtones to bolster their political strength. Given the fact that Mahathir remained a strong Prime Minister, with the domestic media basically at his disposal while the opposing camp's activities went unrecorded, and with Musa and his followers now distancing themselves from Razaleigh, the Prime Minister had a strong hand.

Just before the 14 February gathering, the King made a speech in which he urged National Front members to support Mahathir's leadership. The Registrar's decision to refuse the UMNO Malaysia pro-tem committee's application was a predict-

able setback. As one of Razaleigh's closest supporters, former UMNO Supreme Council member Marina Yusoff, said: "We expected it, but not so fast — it could be because of some technicalities." The strategy of Razaleigh's erstwhile comrade-in-arms, Musa, remained difficult to assess. He was recognised as a consummate politician with his own ambition to fill the number one slot.

He was not involved in the Tunku's UMNO Malaysia protem committee, and on 12 February, 1988, broke his silence to say that UMNO members should support the current leadership. However, he was careful to add that the party's survival was more important than the survival of an individual, presumably a reference to Mahathir. Some analysts believed Musa's plan was to stay close to UMNO's centre of power — Mahathir's leadership — even if he nurtured an ambition to replace it. To remain identified with Razaleigh's camp would risk isolation from the UMNO mainstream and could lead to criticism that he was actively involved in a plot to split the party in two.

Musa's conduct at the 14 February National Front affair was interesting, timing his arrival to coincide with Mahathir's, sitting at the top table with him, then beaming broadly and waving as he drove himself away in a small saloon car, just after the Prime Minister had hopped into his chauffeur-driven limousine.

Then two days later, it was supposed to have been a routine meeting of what had become an unusual grouping. Assembled at Kuala Lumpur's Pan Pacific Hotel that Tuesday, 16 February, 1988, were component parties of the Barisan Nasional. Formally unrepresented was UMNO, Barisan's dominant partner. Reason: twelve days earlier, UMNO had been declared an unlawful society by the High Court. Yet Mahathir was smiling broadly and was plainly in a good mood.

It did not take long for the others present to learn why. The day before, Mahathir told the assembly, he had received approval from the Registrar of Societies to form a new political party. Its name: Pertubuhan Kebangsaan Melayu Bersatu (Baru), or United Malays National Organisation (New). Mahathir, then 62, said all 1.4 million members of the old UMNO would have to re-apply to join his new party. That would include Tengku Razaleigh Hamzah. Mahathir said the key criterion for membership in the new UMNO would be "loyalty to the party," adding that "anyone working against the interests of the party would not be admitted."

Mahathir also said the new party had been accepted as a member of the Barisan and that he had been returned as the coalition's chairman.

The move came after days of speculation over what action the PM would take. On Sunday, 14 February, Mahathir had watched some 600 of Barisan's national and state legislators gather in Parliament to read out a statement saying they were with him and his government. The massive display of support seemed to give the beleaguered PM added confidence to act. During the weekend session, Mahathir traced the party's current problems to the bitterly-contested UMNO elections last April.

The PM said he had tried to persuade party members to leave top posts uncontested in keeping with tradition. "Unfortunately, my views were rejected because there were certain people who wanted to grab certain posts in the name of democracy," he said.

Initially, UMNO watchers thought Mahathir might table legislation in Parliament to have the defunct UMNO made lawful. But the legislative option had drawbacks for the PM and his supporters. For one thing, it would have enabled all the original party members to remain.

Many of Mahathir's associates privately conceded that their boss had intended to isolate Razaleigh. When asked if he would allow Razaleigh to join the new UMNO, Mahathir replied: "I am not the only one who will decide." If he were to apply to join the new UMNO and his application were approved, Razaleigh, 50, might challenge the presidency again. "Razaleigh genuinely believes that Mahathir's very narrow victory was a fluke," said one MP well-acquainted with him. "He sees the last election as a football game won a minute before the final whistle on a penalty kick." But many reckoned Razaleigh and his key supporters would not be allowed to join the new UMNO.

Musa, however, had lent support to Mahathir in reviving UMNO. "Musa is being realistic," said an associate of the former Deputy PM. "He knows that Malays will back the UMNO that controls the government. He knows he has to have a foot in the door."[3]

In a mid-February press conference, former Defence Minister Datuk Abdullah Ahmad Badawi explained it thus, "It's not true that we didn't do anything at all. We started working almost immediately after the decision. We consulted many lawyers. What

we were looking for was a solution that could not be challenged in court... because then the problem would never end."

One day after the Tunku's application, Mahathir's committee sent in its own application to register a new political party, UMNO '88. As Mahathir explained later, "Both applications (his and the Tunku's) were rejected because the old UMNO had yet to be deregistered. When that happened, we sent in a fresh application for the setting up of the new UMNO." That was on 13 February. The Registrar of Societies accepted it three days later.

The two weeks changed the Malaysian political landscape. For one thing, most analysts agreed that the PM appeared to have consolidated his political position, isolating his foes in the process. Said former supreme councillor Datuk Shahrir Abdul Samad, "Razaleigh moved too early." Agreed Aliran's Dr. Chandra Muzaffar, "It (the formation of UMNO Malaysia) was not a good idea at all. They (the Razaleigh allies) were afraid that they would be left out of the leadership's new party, so they thought they would move first." Apparently, that was the reasoning behind the Tunku's pre-emptive strike. The move backfired because, firstly, it was hasty, without even a consensus among Team B leaders. Indeed, several prominent Team B leaders — Musa, Abdullah Badawi, Datuk Kadir Sheikh Fadzir, Shahrir and Datuk Radzi Sheikh Ahmad — publicly disassociated themselves from the move, setting off an avalanche of dissent in the process.

More important, according to analysts, it failed because any move to rejuvenate UMNO without the existing leadership's participation was, given the reality of Malaysian politics, doomed to fail. And most party members simply wanted to see UMNO revived. As a former supreme councillor put it, "I may have my differences with the PM but if he can restore UMNO, then I'll support him. And the moves have to come from the leadership. If it comes from anyone else, then what you'll get finally are two parties."

In any case, Mahathir's supporters covered all fronts. Some opposition parties, notably the DAP, had called for the PM's resignation in view of the fact that "he heads an unlawful party." Fearing, perhaps, the possibility of a parliamentary motion of no-confidence, the PM's aides organised demonstrations of support.

Countrywide pledges of support poured in for the Prime Minister, culminating in the assembly where more than three quarters of all Barisan Nasional MPs and state assemblymen

solemnly swore loyalty to the Prime Minister, live over television. The fact that erstwhile Mahathir foes such as Musa and Abdullah Badawi were among those who made the pledges, undoubtedly made a great psychological effect. On the other hand, the 11 who brought the court case were attacked as the destroyers of UMNO. Anwar Ibrahim condemned those who openly or secretly supported the 11 as those "who lusted for power."

Abdullah had this view: "Mahathir has now got an opportunity that most leaders can only dream about, to fashion a party in his own image. He didn't ask for it, no doubt, but it got served to him on a silver platter." Indeed, quite a few of his supporters thought that Mahathir should avail himself of this opportunity to get rid of all his enemies in UMNO.

Government's Favour

THE Malaysian government and United Engineers (Malaysia) Bhd. (UE), had won their appeal in the Supreme Court against a civil suit brought by jailed opposition leader Lim Kit Siang, which had prevented them from signing a firm contract for the completion and operation of the country's M$3.4 billion (US$1.34 billion) North-South Highway. The five judges came to their land-mark, 3-2 majority decision on 15 January, 1988, after two days of deliberations. Lim's counsel and fellow detainee under the ISA, Karpal Singh, was temporarily released to represent him at the hearing.

In allowing the appeal, the judges had effectively put a lid on public-interest litigation by private individuals against the government. Lord President Tun Mohamed Salleh Abbas, who voted in the government's favour, said that Lim had no locus standi to bring the suit: it should only have been initiated by the Attorney-General.

Giving his judgment to a packed court, Salleh added that it was not the duty of a civil court to decide whether or not Lim's allegations of corruption were true. He said that responsibility for bringing a criminal suit also remained with the Attorney-General: "If he fails in his duties, it is not for us to say how he should be censured."

Earlier in the hearing, Attorney-General Tan Sri Abu Talib Othman confirmed a police report had been made and investigations into allegations of corruption in the award of the contract

were continuing. In dissenting judgments, Tan Sri Abdoolcader and Datuk George Seah said that Lim had a right to bring the suit, as the allegation affected the public and involved large sums of money. Seah added that the rules of locus standi had been designed to keep "busybodies" out of the courts but Lim had a duty to the people as a Member of Parliament.

Meanwhile, the appointment of the new High Court judges on 11 January, 1988, provided a chance for the Attorney-General to remind judges to refrain from speaking their minds out of court — sentiments repeatedly expressed earlier by Mahathir. This prompted a rebuttal "not in the spirit of confrontation but as a clarification," from the usually restrained Lord President, Tun Mohamed Salleh Abas, the country's most senior judge, who until then, had studiously stayed away from the executive-judicial sparring of past months.

"It is unfortunate if the trust and confidence the public has in the actual function of the judiciary is undermined as a result of the urge to champion freedom in secondary matter," the *New Straits Times* quoted Talib as saying at the elevation of the two judges. "Independence of [the] court does not necessarily mean deciding a case against the state," Talib said, quoting H.R. Khanna, an eminent judge in India. "Sometimes a notion prevails that the more a judge decides cases against the state, the more independent he is. This is a wholly misleading notion. Independence means dispensation of justice without fear or favour."

Under pressure, a judge might forget the ideals of his position and be influenced by his emotions, Talib cautioned. "Although the verdict might be legally sound, the judgement might contain side comments or reflect personal opinions of the judge which might offend certain groups." Talib's remarks set lawyers abuzz again, even as it marked the close of an administrative reshuffling of judges which had earlier set legal tongues waging (*Review*, 14 January).

The two new appointments completed that exercise and, briefly, tensions seemed to ease as legal circles looked to two important suits in January — one naming the government and the other naming UMNO as defendants. "Our independence appears to be under some kind of threat," observed Salleh the very next day. Recent comments had not only embarrassed the judiciary but questioned its neutrality and very value as an institution, he said at the launching of two law books, one of which he had co-edited.

"It is very much to be regretted if a court decision is to be understood as an act of hostility against the government if it loses the case, or as a proper decision only when it wins it."

The recent utterances aimed at the judiciary reflected the "delicate, sensitive, if not altogether precarious" relationship between judiciary and executive in any society which believed in judicial independence, he noted. To say that decisions are coloured by "the emotional and psychological attitudes of judges is... not only a misconception of what the law is but also an unfair criticism."

"Not only must the subjects have confidence in the judiciary, the executive and the legislature, too, should not do anything which could undermine that confidence," Salleh added. "In this connection, we need no reminders from the Attorney-General, nor from anyone else, as to our responsibilities and duties," he added to loud and long applause from lawyers and law lecturers in the audience. The judges in the front row beamed their approval.

"Judicial independence must not be seen as a national liability but as a single most important national asset," stressed Salleh. Responding to oft-heard reminders from politicians that it is Parliament, and not the judiciary which makes laws, Salleh said that since the Constitution is the product of the will of the people and since the Constitution names the judiciary ultimate interpreter of law, it is the will and the wish of the people which judges continue to serve.

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1. Malaysian Business, 1 Mar. 1988.
2. Far Eastern Economic Review, 26 Feb. 1988.
3. Asiaweek, 25 Mar. 1988.

40
New UMNO

> "How can you say that I have a confrontational style when I have given places to those who have lost, to those who have gone against me? Those who have thumbed their noses at me were still given places. Compare the cases of Tunku and Aziz Ishak, Tun Razak and Khir Johari and Tun Hussein and Harun Idris, for example."
>
> — Dr. Mahathir

MALAYS watching the grim legal chess game among the main political protagonists, of UMNO must now be having doubts over whether their party would survive intact. With the UMNO-revival issue now back in court on appeal while Mahathir embarked on a prolonged exercise to construct a "new UMNO," the prospect of a permanent split in the party loomed larger by the day.

While many Malays in rural areas probably did not fully understand what was happening to a party which for them had become a cherished symbol of their political status, those locked in the battle for the UMNO leadership were using every legal trick in the book to prevail. The party banner was constantly invoked by both sides, but it could end in tatters as the deadly game continued.

Mahathir's announcement on 16 February that he had been granted permission by the Registrar of Societies to begin the process of registering a new party to replace the old UMNO, took most observers by surprise. It was a masterly political stroke by the Prime Minister, because he had indicated two days earlier that he would take the easier course of seeking a parliamentary amendment to the Societies Act to restore UMNO.

Mahathir told a press conference that the application had been submitted to the Registrar on 13 February, just after the old

UMNO had been officially de-registered — a move which was not publicised at the time. The new party, he said, was to be called Pertubuhan Kebangsaan Melayu Bersatu (Baru), or United Malays National Organisation (UMNO-Baru). *Baru* is the Malay word for new. Mahathir wanted the new party to be clearly identified with the old one. The new party's flag and symbol are almost identical to those of the old.

But it would also be different. According to Mahathir, "people like Tengku Razaleigh Hamzah or Datuk Rais Yatim will not be allowed to join the new party." Addressing a gathering in his home state of Kedah, Mahathir revealed that fewer than "a 100 former members would be excluded from New UMNO."

The list of people to be excluded was, he said, drawn up by the pro-tem committee of New UMNO (equivalent to UMNO's Supreme Council) and would have on it:

- Those involved in the trial that led to UMNO being declared illegal.
- Those who would hamper efforts to set up the new party.
- Those involved in the attempt to form UMNO Malaysia.

When the full list of Mahathir's pro-tem committee, set up to oversee the full registration of UMNO (Baru) was later revealed, it gave a further indication that the Prime Minister was not about to give his political enemies any quarter. Apart from himself as president, Deputy Prime Minister Ghafar Baba as his deputy, Information Minister Datuk Mohamed Rahmat as secretary and Finance Minister Datuk Daim Zainuddin as treasurer, the committee comprised the old UMNO's Supreme Council with some notable exceptions: former Ministers Datuk Shahrir Samad, Datuk Abdul Kadir Sheikh Fadzir, Datuk Radzi Sheikh Ahmad and also Marina Yusoff — all Team B members.

One Team B member who did get on the committee was Datuk Abdullah Ahmad Badawi, former Defence Minister and an UMNO vice president. Despite his Team B status, Abdullah had kept his lines open to Mahathir and had been issuing statements vaguely supportive of him throughout the affair, leading to speculation among political analysts that he might well be poised to return to the leadership fold in due course.

At a stroke, Mahathir had seized the initiative from his opponents and made it clear he was going to make them pay for their deeds. Ghafar later said the party registration process would take

one year, or perhaps two. Mahathir must have calculated that this would give him a lengthy clear run, free of assaults from his opponents, while he carried out a leisurely vetting of the party membership. He would now be able to ward off any criticism of the exercise by saying it was all the fault of the 11 and, by implication, Razaleigh, with whom they were identified.

It was only on that day, 16 February 1988, that the compliant local press revealed that an earlier application by Mahathir's opponents to form an "UMNO Malaysia" pro-tem committee had been turned down by the Registrar.

The Registrar of Societies, Zakiah Hashim, seemed to have been helpful to Mahathir. She did not immediately give the UMNO Malaysia group any reason for turning down their application on 10 February, and it appeared that only Mahathir and his colleagues — not his opponents — knew when UMNO was deregistered, enabling them quickly to submit their valid application for UMNO. (Baru) Zakiah, a civil servant working in Mahathir's Home Ministry, had been inaccessible to the press throughout the affair.

Mahathir's 16 February announcement, just after he had conveniently been reinstalled as president of the ruling National Front coalition, was well timed, coming as it did on the eve of a two-day Chinese New Year holiday. But Razaleigh and his lieutenants apparently had a busy holiday, because on 19 February, the 11 UMNO dissidents lodged an official notice of appeal against the High Court decision declaring UMNO an unlawful society.

Mahathir has shown that he can be a quietly ruthless leader, with little respect for the Western-educated elite who have led UMNO and the country throughout its history. When he defeated Team B's leadership in the April 1987 party election, he lost no time in removing all those identified with Team B from their government posts. While more politically aware Malays in the urban areas may be critical of Mahathir's style, he does enjoy a great deal of grassroots support. Razaleigh, too, has wide support in the Malay community, and with the wealth generated by his family group of companies and real estate, he is able to offer patronage to his loyalists.

Musa's political base is less secure. He is not particularly wealthy and supporters tend to admire him more for his considerable political talents and charisma. But he was now thought to be

worried that, with the continuing Mahathir-Razaleigh leadership struggle, Malay politics were being dragged down to a more personal level with scant regard for the future of the party. He and his supporters might now find themselves barred from joining UMNO (Baru).

Musa, like Abdullah, had publicly called on UMNO members to support Mahathir's leadership of UMNO (Baru). At the same time, however, Musa had been careful to add that this support "should not be interpreted according to personal or individual interests," presumably a reference to Mahathir and Razaleigh.

New Rule

UMNO (Baru), or New UMNO, the newly formed but dominant party in the ruling coalition, gave its incumbent top office-bearers a considerable pre-ballot head start in future elections. The 35 members amended its constitution to automatically give any candidate for president or deputy president 10 votes per nomination from each division — in addition to the votes cast at the party assembly itself.

This is a significant change from the constitution of the original, and now unlawful, UMNO, for it means that with its successor, UMNO (Baru), nominations will actually translate into block votes and not just be pre-election lip-service support by divisions who fear to be seen openly supporting a challenger. The amended UMNO (Baru) constitution reflects the lessons learned from the keenly contested UMNO elections in 1987, when Mahathir retained the presidency by 43 votes from his rival Tengku Razaleigh Hamzah, though he had been nominated by 88 of the 133 UMNO divisions. Razaleigh had received only 37 nominations. Mahathir's running-mate, Ghafar Baba, had been endorsed by almost as many divisions — 76 out of 133 — yet when the 1,479 delegates' votes were counted, Ghafar polled only 40 votes more than Musa Hitam.

Under the UMNO (Baru) rules, Mahathir would have gone to the party polls with a comfortable 880-vote head start and Ghafar would have started with 760. The amendment to the original UMNO (Baru) constitution had partly arisen from the increasing inability of division chiefs to enforce voting discipline among their delegates. Balloting was secret but in a few extreme cases, it was fair to suspect that a divisional head would vote one way and

the 10 other delegates from that same division vote another, said a state party-worker.

For despite the large numbers of nominations received, "when it came to the election proper, the vote did not tally with the nominations," said Mahathir. "This does not mean that the people at the grassroots do not support these candidates but that the delegates had not fulfilled the mandate given to them by members."

The amendments will also reduce the power of delegates — and therefore, some hope, the practice of vote-buying. UMNO leaders of every stripe had complained about burgeoning "money politics" in the past three elections, with the rumoured going price for the last clutch of uncommitted votes in the 1987 election running to a few million dollars on the eve of polling. The UMNO (Baru) constitution is the fruit of the intense rivalry of the past few years in UMNO.

In a significant departure from former practice, the UMNO (Baru) Supreme Council will appoint both the Youth and Women's wing chiefs instead of leaving them to be elected biennially by their respective assemblies.

This indirectly gives a strong party president more freedom to dispense with largesse — and promises to change the character of the Youth wing in particular. UMNO's Youth wing had traditionally acted as an internal pressure group, whose leaders and stances were independent of the parent body.

But since 1982, Anwar Ibrahim became Youth chief, his close alliance with Mahathir bonded the movement with the party's mainstream, so that they largely reflected the same views. Even some extreme postures adopted were recognised as having had the blessing of the party president. Since future Youth and Women's leaders, will be indirectly beholden to the top leadership for their posts, dissent will be far less likely. Perhaps as compensation, each wing will now be entitled to send 30 delegates, instead of the previous five, to the general assembly.

Say hello to people

MAHATHIR went to the people twice in the space of four days and — at least on the face of it — came up with the support he wanted, if in a rather qualified form. On 5 March, the newly reconstituted UMNO Baru won the keenly fought Tanjung Puteri

by-election in Johore, defeating the small opposition Partai Sosialis Rakyat Malaysia (PSRM) by a paper-thin 31-vote margin after two recounts. The voter turnout of 58.9% was unusually low even for a by-election. Some 67% had turned out in the previous voting in 1986, and both parties understood that a low Malay turnout meant disaffection with UMNO and a low Chinese turnout meant a setback for the PSRM.

Victory was crucial to the new party, being its first test at the polls since the dramatic court decision on 4 February to declare the former party an illegal society. But the UMNO Baru candidate's (Datuk Yunos Sulaiman) margin of victory was even smaller than in 1986 when he won by 506 votes against the same PSRM candidate, local lawyer Abdul Razak Ahmad, in a three-cornered fight. Razak challenged the earlier result and on 24 January, the High Court ruled the election null because of lapses in election procedure.

This time, the results were only announced at 4am — after the ballots were counted three times. The first count gave Yunos a 40-vote victory. The returning officer did not announce the results of the second count, merely saying that slight discrepancies necessitated a recount and, finally, the third count was arrived at, giving Yunos 10,181 votes to Razak's 10,150. The PSRM filed a complaint with the Election Commission and, depending on its response, might seek legal redress.

By contrast, Mahathir's visit to Kelantan on 6 March was more of a public relations drive, at which he launched the *Semarak* movement, the Bahasa Malaysia acronym for a government-initiated "Loyalty with the People" movement to bring leaders and people together in their common goal of national prosperity. Following tradition, Mahathir helped carry a wooden village house to its new location and then presented it to a widow.

The state by-election and the scene of the visit were significant in that both were bastions of Mahathir's political rivals. Johore is the base of Musa Hitam, and the Malay voters' mood was considered fairly indicative of how far the state party was willing to reconcile itself to the recent purge of Musa allies from Mahathir's new party line-up. Musa, who turned out to campaign for UMNO Baru, had conspicuously not joined Razaleigh in the latter's effort to form a rival party to Mahathir's.

Observers were even more curious to see the reception Mahathir received in Kelantan — home ground of Razaleigh. The

crowds in Kelantan gave Mahathir an elaborate welcome complete with ceremonial trays of saffron rice and gold leaf. Mahathir was presented with a red warrior's head-dress, and his wife adopted as *Ibu*, literally mother — a term of affection and respect. Ironically, given the aim of the *Semarak* campaign, the presence of riot police kept the ordinary folk and their leaders apart. Security was essential given the rumours, alluded to by Mahathir himself, that his life was in danger in Kelantan.

Yet another rumour making the rounds was that the Sultan of Kelantan — a relative of Razaleigh — would officiate at another gathering at about the same time as Mahathir's, purportedly to see to whom his executive councillors owed their allegiance. Dismissing the rumour as untrue, a Kelantan politician suggested that this was probably the Kelantanese way of at least hinting a reluctance to attend Mahathir's rally without actually boycotting it.

As a charismatic leader, Dr. Mahathir keeps respect Tunku Abdul Rahman although the former Prime Minister badly criticised him. Dr. M and Tunku exchanged views at 1989 UMNO General Assembly.

Used to be a very closed friend but now a bitter enemy. Dr. Mahathir and Tengku Razaleigh Hamzah, they are poles apart.

41
Circumvent
The Law

> "The only man who makes no mistakes is the man who never does anything. Do not be afraid of mistakes, providing you do not make the same one twice."
>
> — Roosevelt

THE struggle for control of Malaysia's dominant political party and the loyalty of its Malay supporters was played out on several stages almost simultaneously — in the courts, in Parliament and at grassroots level. For nearly a year, the political enemies of the Prime Minister had repeatedly turned to the courts to try to oust him from power.

Now, the PM also used the law to fight back. At an emergency Cabinet meeting on 14 March, 1988, Mahathir presented draft amendments not only to the Societies Act but the Constitution itself. Preparing the ground for further legal action anticipated from disgruntled members of the now defunct UMNO, Deputy Home Minister Megat Junid Megat Ayub — whose superior as Home Minister is Mahathir — on 15 March tabled amendments to the Societies Act which would allow the smooth transfer of assets from the old party to the newly reconstituted UMNO Baru. "Their passage would strengthen Mahathir's hand," said MP Abdullah Ahmad, a supporter of the PM.

Under one provision of the Bill amending the Societies Act, only unregistered branches need be declared illegal, not the entire organisation. Another provision provides for the transfer of the assets of an old society to a new one if they possess similar charters and memberships. This law will enable UMNO Baru to acquire the hundreds of millions of dollars in assets UMNO has

built up over the years. It will also forestall planned legal action by the dissidents to fight for those extensive business interests.

Mahathir's rivals in the old UMNO had mounted a series of court battles since the party was de-registered on 4 February and laying claim to UMNO's various properties and shareholdings was the logical next move — except that no one outside the leadership core really knew whether this would balance out as assets or liabilities. Thus, the amendments suggest that a member who objects to this arrangement for the transfer of assets will be compensated for his share of the net assets of the old society. But should it transpire within six years of his application that the society had undisclosed debts, that person would then be liable for his share as well.

Also tabled is a new provision giving the Registrar discretionary powers to determine whether a person seeking to inspect documents is doing it for a lawful purpose and that such inspection is "not being sought by or on behalf of an unlawful society." This would, in effect, prevent Mahathir's rivals from researching documents relating to the old UMNO.

The amendments also introduce a new clause making it an offence, punishable by up to five years in jail, for anyone to act on behalf of, represent or assist, "whether in a professional capacity or otherwise," any unlawful society or its office-bearers, save for actions relating to court proceedings. One provision gives the Attorney-General the power to allocate cases to the court and judge of his choosing. Another transfers to the government the authority to determine the jurisdictions and powers of the High Court. In recent months, Mahathir had openly criticised some judges over cases that had gone against the government.

The constitutional amendments were trickier for Mahathir — but only slightly. Besides requiring a two-thirds parliamentary majority, the changes needed to be presented for consultation to the King. The steps to "plug all the loopholes" as one lawyer put it, came just four days after Mahathir had won what had threatened to be a proxy battle in the east coast state of Kelantan, home-ground of Razaleigh Hamzah. Without the much hoped support from Razaleigh allies in the state legislative assembly, PAS failed in its bid to oust the Menteri Besar, Datuk Mohamed Yaacob, through a no-confidence motion on 12 March.

The PAS action was in keeping with its opposition role. It had nothing to lose if it failed, and much to gain if it succeeded.

Success, however, depended entirely on support from assemblymen allied to Razaleigh. Mohamed Yaacob was Mahathir's man in Kelantan and the motion was viewed as a proxy fight between the two UMNO factions.

But when it came to the crunch, party discipline over-rode internal factionalism and all 28 UMNO state assemblymen — excluding the Speaker who did not have to cast a vote — chose to back Mohamad Yaacob. All 10 PAS representatives supported the motion tabled by its Kelantan deputy chief, Abdul Halim Abdul Rahman. Superficially, it seemed as if Razaleigh had suffered an erosion of influence in his own backyard. But at least one Razaleigh supporter told that Razaleigh himself had instructed him to back Mohamed. Since legal steps were under way to block further development of Mahathir's newly reconstituted UMNO (Baru) and to reinstate the old UMNO, he felt that Razaleigh wanted to exhaust legal avenues before considering such extreme measures.

Two major Razaleigh tactics to regain the initiative, for the time being at least, had been blocked. On 10 March, former Foreign Minister Datuk Rais Yatim, a Razaleigh ally, sought a court order to allow the anti-Mahathir group to challenge the Registrar of Societies' decision to reject the group's application to form its own party — UMNO Malaysia — while later registering UMNO Baru. The High Court had postponed a hearing pending a reply from the Home Minister — Mahathir himself — to the appeal. The other form of attack — a legal challenge over the assets of the old party — now appeared to have been stopped by the Prime Minister's move in Parliament.

The legal battles and the genuine uncertainty over the attempted ousting in Kelantan revealed a changing Malay polity, one more receptive to open confrontation rather than the traditional consensus. On 14 March, Mahathir confirmed Razaleigh's exclusion from UMNO Baru together with about 100 members of the now-defunct UMNO.

Although motions of no-confidence were not unprecedented in Kelantan, for PAS the move might have carried a tinge of sweet revenge. PAS had previously brought a vote of no-confidence against its then Menteri Besar, Datuk Mohamed Nasir, a PAS leader endorsed by UMNO as the senior partner in the ruling National Front coalition — of which PAS was a member between 1974–77. The federal government promptly brought in emergency

rule and when civilian rule was restored and state elections carried out in 1978, UMNO wrested Kelantan from PAS for the first time in 20 years.

Now PAS wanted to take advantage of the split in UMNO, just as UMNO once split PAS when it backed Mohamed Nasir, who later founded the splinter Berjasa party. Berjasa's participation in the 1978 election diluted PAS votes, leading to UMNO's victory. Since PAS won 46.3% of the popular votes in Kelantan in the most recent state elections in 1986, votes which it was confident of retaining at the next ballot, PAS hoped that history would soon be repeated — this time in its favour.

At the assembly, PAS argued that the state Sultan had appointed Menteri Besar Mohamed as the man commanding the support of the majority in the assembly, having been elected on the UMNO ticket in the 1986 general elections and being the state leader of the National Front coalition. But since UMNO no longer existed, Mohamed also lost his mandate. In a typically Malay political tactic, Razaleigh himself had left for Mecca to perform the *umrah*, a minor pilgrimage, on 8 March — for PAS, the first clue that it would be standing alone. PAS had initially been informed that it could count on at least 10 Razaleigh allies, or as many as 16. Mahathir's supporters, however, maintained that only three remained staunchly loyal to Razaleigh, while the Razaleigh camp itself counted 13 as a maximum out of the 26 UMNO assemblymen.

During the assembly debate, UMNO assemblymen loyal to Mohamed Yaacob berated PAS for "fishing in murky waters." Despite the party's problems, explained one assemblyman, no UMNO man would ever support PAS, its rival of 30 years and under whose rule UMNO members had chafed for 20 years. This was all the more so for Razaleigh's men, credited with delivering Kelantan to UMNO, and destroying that now would also destroy his credibility with his grassroots followers.

PAS assemblyman Halim Abdul Rahman said that his party had wanted to "exploit the problems of the ruling party." Declared Mohamed Yaacob, a supporter of the PM: "Any doubt about how much support I command has been cleared. This is not only a vote of confidence for me but a vote of confidence in Mahathir's leadership." Why didn't the Razaleigh faction vote with PAS? Mahathir's associates in the state claimed that the group could, in fact, count on no more than six votes in the Assembly and, instead

of risking a humiliating defeat, decided finally to back the state government. Razaleigh's men said, however, that several days before the vote, their boss told them not to support the PAS motion. "If his people had voted with PAS and brought down the government, it would have been Razaleigh's final break with UMNO," said one Kelantan watcher. "He and his supporters would be seen as traitors." For their part, Razaleigh's allies insisted that they had only lost a round or two, not the war. Said one: "There is a time to fight and a time to hide your best cards."

Legal Battle Rages On

THE political and legal battle of wits raged on between leaders of the regrouped UMNO (Baru), and their political rivals who might be refused membership in the new party. On 1 April, 1988, two former Prime Ministers and a former Agriculture Minister applied to the courts for an injunction to stop the assets of the deregistered UMNO from being transferred to UMNO (Baru) and to prevent the latter from recruiting members from the original party.

The application by Tunku Abdul Rahman, Tun Hussein Onn and Datuk Abdul Manan Othman named Mahathir, pro-tem president of UMNO (Baru), and pro-tem secretary-general Datuk Mohamed Rahmat as defendants.

Parliament amended the Societies Act in March to allow for such a transfer of assets, provided that a majority of the members in a new society comprised members of the old society. But on 7 March, Mahathir said some of those who had jeopardised the formation of UMNO (Baru) would not be accepted as members. This would include Razaleigh. It could also include Tunku Abdul Rahman and Tun Hussein. Both were involved in a bid to form an "UMNO Malaysia" after a court declared the old UMNO unlawful.

Those former UMNO members who would be refused entry into UMNO (Baru) would be "compulsorily deprived of their lawful share in the assets," said the Tunku. He added: "The founders of UMNO not merely founded UMNO but literally funded it as well." He had himself disposed of 14 shophouses and other personal properties to give UMNO its first working capital.

Even more than the issue of assets, however, UMNO was a Malay party, open to all Malays without exception, stressed the Tunku. "The attempt to exclude some Malays like myself and

many others will mean that UMNO (Baru) is far from being a replacement of UMNO. It is a creature unknown to us, the Malays." Despite this and other pending legal action, UMNO (Baru) consolidated itself. By 3 April, its pro-tem Supreme Council had approved the complete pro-tem line-up for the states, dropping 33 of UMNO's 133 originally elected division heads — most of them identifiably from Razaleigh's camp or allied to Musa Hitam. Musa himself remained a division chief. Razaleigh was dropped.

Meanwhile, the challenge to Mahathir was clearly gathering steam in Kelantan. On 30 March, Mohamed Yaacob was dropped from the list of officials to take the customary oath of allegiance to the Sultan of Kelantan. According to Kelantanese politicians, the Sultan felt Mohamed had gone overboard in pledging his "undivided loyalty" to Mahathir at a massive rally to launch a "Loyalty with the People" campaign in March. The Sultan apparently reasoned that any subsequent pledges to himself would be meaningless. In his speech, the Sultan, who is related to Razaleigh and is the head of Islam in his state, voiced concern that the Kelantanese were being asked to idolise leaders. It was not Islamic, he said. He was clearly referring to Mahathir who had been the focal point of the rally.

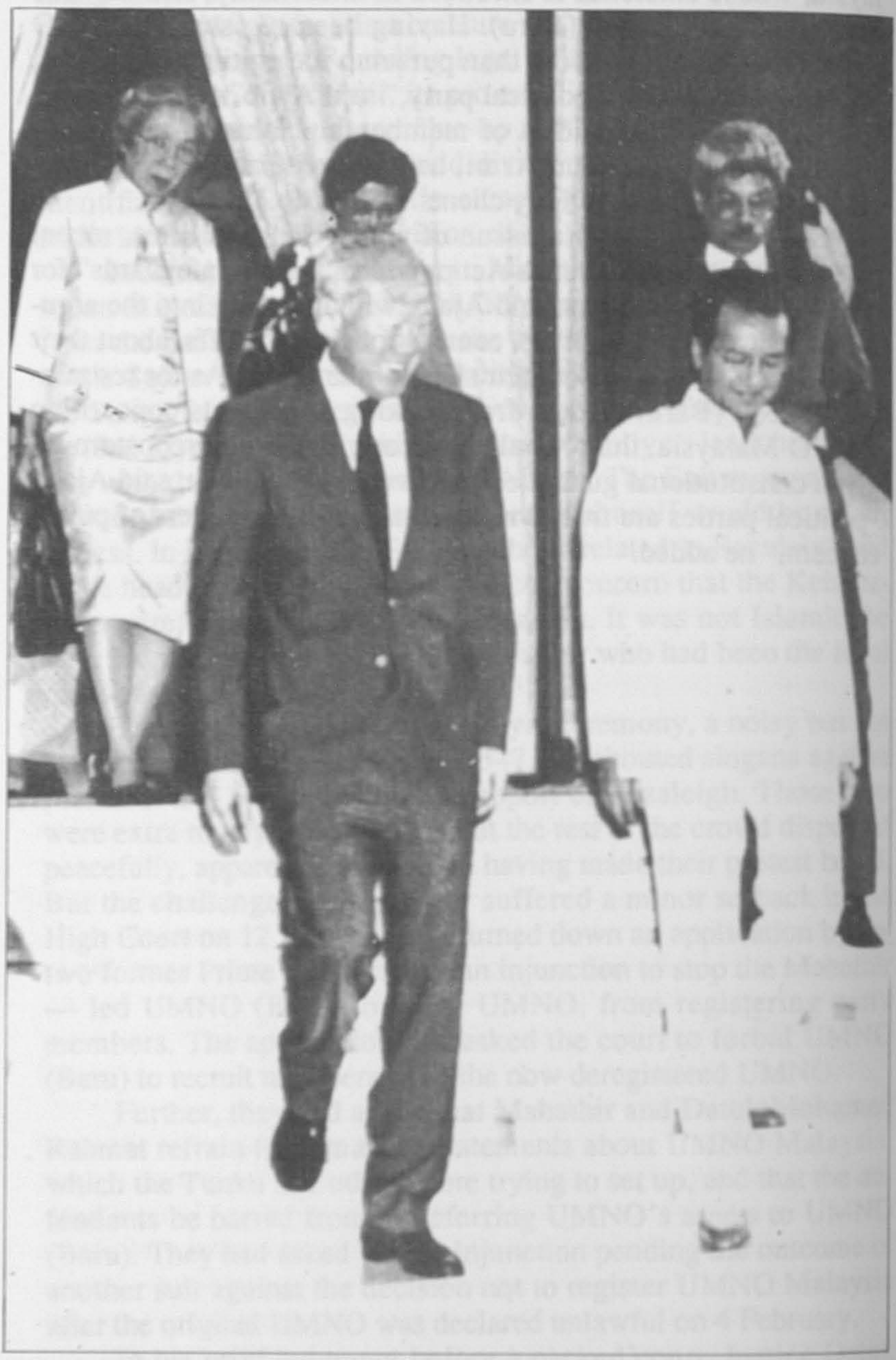
Then on 1 April, at another royal ceremony, a noisy but not particularly tense crowd of some 5–7,000 shouted slogans against Mahathir and Mohamed and in support of Razaleigh. Those who were extra rowdy were arrested but the rest of the crowd dispersed peacefully, apparently satisfied at having made their protest heard. But the challengers to Mahathir suffered a minor setback in the High Court on 12 April when it turned down an application by the two former Prime Ministers for an injunction to stop the Mahathir — led UMNO (Baru), or New UMNO, from registering party members. The application had asked the court to forbid UMNO (Baru) to recruit members from the now deregistered UMNO.

Further, they had asked that Mahathir and Datuk Mohamed Rahmat refrain from making statements about UMNO Malaysia, which the Tunku and others were trying to set up, and that the defendants be barred from transferring UMNO's assets to UMNO (Baru). They had asked for the injunction pending the outcome of another suit against the decision not to register UMNO Malaysia after the original UMNO was declared unlawful on 4 February.

In his brief judgment before a packed court, Justice Datuk Ajaib Singh said that there was "no justification for UMNO Ma-

laysia, whose existence is shrouded in uncertainty, to bring this action against UMNO (Baru). Having been registered, UMNO (Baru) was "doing no more than pursuing its legitimate aims and aspirations as a lawful political party," said Ajaib, referring to the UMNO (Baru) distribution of membership forms. Counsel for UMNO (Baru), Zaki Tun Azmi, had argued that "it was not the plaintiffs' business to tell my clients what to do."

Addressing the vital issue of assets and liabilities, recent amendments to the Societies Act provided "ample safeguards" for former UMNO members, said Ajaib, without going into the arguments of Raja Aziz Addruse, counsel for the plaintiffs, about their fears of being deprived of their share of the assets. As for restraining UMNO (Baru) leaders from making statements concerning UMNO Malaysia, that "would be wrong and even preposterous" given constitutional guarantees on freedom of speech, said Ajaib. "political parties are free to make statements on matters of public concern," he added.



Premier Lee Kuan Yew was amongst many of his friends and colleagues called on to wish him a speedy recovery when he ran through heart surgery. — New Straits Times

42
Amendments Passed

> **"Who told you it couldn't be done? And, what great achievement has he to his credit that entitles him to use the word "Impossible" so freely?"**
>
> **— Napoleon Hill**

THE relationship between executive and judiciary had been an unhappy one this past year. A legislature weak in opposition and obedient to the dictates of the executive — with nearly one-third of its members having ministerial jobs — had not helped in maintaining the principles of separation of powers. Two judges in particular had provoked Mahathir's wrath. Without naming names, Mahathir said that judges described as "fiercely independent" were "indirectly involved in opposition politics." Fierce independence was an attribute some newspaper bestowed on Justice Datuk Harun Hashim, the High Court judge who had heard matters of judicial reviews.

The Prime Minister tabled amendments following several cases in which the courts had ruled against the government. Introducing the amendments, Mahathir said that at present the "limits between the judicial domain and that of the executive or legislative are unclear. There have been signs that matters which were deemed to be the sole powers of the executive have been assumed to be open to judicial interference."

Again, without naming names, Mahathir indirectly rebuked Justice Peh Swee Chin of the Ipoh High Court for having quoted in his judgment releasing DAP lawyer Karpal Singh on 9 March, that the factual error in his charge sheet reflected the Home Minister's "casual and cavalier attitude" as to amount to *mala fide* (bad faith). The phrase was actually from Karpal's defence, but Mahathir — who was the Home Minister — argued that it was "a serious matter that damages [the Minister] name."

"We have no wish to be judges," said Mahathir. His aim was just to have "judges apply the laws made by Parliament and not make their own laws as is happening now." He recalled that one judge had ruled that a Minister could not disappoint an individual in his expectations to work for the full duration of his work permit, and thereafter to have it renewed — an obvious reference to the Supreme Court decision to overrule the Home Ministry's revocation of the work permits of two *Asian Wall Street Journal* correspondents in 1986, then expelling them. But apparently, Mahathir pointed out, a Minister might be disappointed in his expectations.

Another judgment which obviously irritated Mahathir was the Supreme Court decision in August, 1987, to allow an injunction to stop United Engineers Malaysia — a construction company indirectly controlled by the now deregistered UMNO — from signing a controversial contract with the government to build the $3.4 billion North-South Highway. The amendments prompted strong reactions from the opposition and lawyers. "Making amendments to the Constitution is a serious and sacred exercise," not to be carried out "in total disregard and contempt for the judiciary," said DAP acting secretary-general Lee Lam Thye.

The breakthrough for Dr. Mahathir came on 18 March when Parliament passed amendments to the Constitution to decrease the powers previously vested in the High Courts and subordinate courts — removing their right to interpret the law, leaving them simply to reach a verdict and mete out the appropriate punishment.

The Constitution as it stood started with the statement that the judicial power of the federation "shall be vested in two High Courts of coordinate jurisdiction and status, namely a) the High Court in Malaya; and b) the High Court in Borneo; and such inferior courts as may be provided by federal law."

What the amendments sought to do was substitute the words "The judicial power of the Federation shall be vested in" to simply "There shall be"... two high courts. It also sought to replace the words "and in such inferior courts as may be provided by federal law" with the words "and such inferior courts as may be provided by federal law; and the High Courts and inferior courts shall have such jurisdiction and powers *as may be conferred by or under federal law*."

Thus what the executive sought to do was to remove the judicial powers of the courts — granted to the courts in the first place by the Constitution — by amending the Constitution itself. The executive through laws made in Parliament, would then confer on the courts their new and limited powers. Lawyers were unsure, however, how the courts would actually operate. Constitutional amendments require approval by a two-thirds majority in Parliament and this — the 27th amendment to the 30-year-old Constitution — was passed by 142 to 18 votes, after two days of debate. Seventeen MPs were absent, including seven DAP MPs who were in detention under the ISA.

Parliament also passed, through a simple voice vote, amendments to the Societies Act, 1966 (*Review*, 24 March) which would help Mahathir's newly reconstituted Umno Baru party retain the assets of its deregistered predecessor and thwart court action by political rivals. The constitutional amendments also enhanced the Attorney-General's powers, allowing him to determine the venue of cases — whether subordinate or High Court — in which he was bringing an action. This was clearly in response to Justice Zakaria Yatim's ruling in 1987 that it was unconstitutional for the public prosecutor to transfer a case from the Sessions Court to the High Court. (The case involved Datuk Yap Peng, charged with criminal breach of trust.) The public prosecutor appealed to the Supreme Court, which dismissed the appeal.

Together, the two clauses threaten to weaken the judiciary, though the first is by far the more severe. Section 121 now provides a blanket ruling that judges and magistrates will no longer interpret the law. They need only decide whether or not a person is guilty, and then apply precise penalties decided by the legislature. A new clause specifies that these courts not hear matters over which the Islamic syariah court has jurisdiction. The Supreme Court, the highest court of appeal, is not mentioned in the amendments and is assumed to be exempt from them.

Mahathir had, in fact, hinted of plans to codify the law last December but at that time, no one understood how he proposed to go about it. On a piecemeal basis, amendments to several laws around that time — the Printing Press and Publications Act, the Official Secrets Act and the Police Act — spelt out mandatory jail sentences and raised minimum fines. More significantly, they also added the provision that the relevant Minister's decision was final. Two other important clauses in the amendments deal with immi-

gration and land. In the first, foreigners arrested for immigration offences now need not be brought before a judge until they have been held for 14 days instead of 24 hours. This is thought to be aimed primarily at Indonesia migrant workers, with time often needed to establish their identity. The second empowers the federal government to buy, at market value, any land belonging to the state government for federal purposes. Should its use no longer be required, the federal government can then sell it to a third party, in line with the privatisation policy.

As an arbiter in disputes between citizen and state, "the courts play a protective role in defending the rights and liberty of citizens against any interference of them by the legislative and the executive arms of the government," said outgoing Bar Council president Param Cumaraswamy. "Once the judicial power is removed from our courts, the road to dictatorship will be wide open."

Chandra Muzaffar of Aliran — who was among those detained in the October swoop but was now free — said: "The judiciary will not be able to scrutinise executive action.... The ordinary citizen will have no remedy." Recent events had shown that it was the willingness of a few judges to exercise the authority and power that the Constitution bestowed upon them, that certain grave injustices had been rectified to some extent, he said.[1]

The tug-of-war between executive and judiciary arose from what seemed conflicting views of where ultimate authority was. While the judges had always held to the supremacy of the Constitution, Mahathir seemed to prefer that Parliament should be the ultimate power. He indicated as much when he made comparisons between the British Parliament "whose decisions are final, and where others have to accept such decisions without making contradicting interpretations" and Malaysia, where "the written Constitution is dependant upon judicial discretion which sometimes changes and differs from one judge to the next."[2]

In his conclusion, he again asked: "If the British Parliament is supreme, what is wrong if in legislating laws in Malaysia, Parliament is given the same right." This, however, was the extent to which he wished to extend the parallel. Mahathir wanted the judiciary to be bound by written federal law, with recourse to precedents in British law. However, he also pointed out that British culture differs vastly from Malaysian culture. "Are their concepts of natural justice more important than our laws?" he demanded. "We

accept democracy but we do not want to accept all that they [the British] deem democratic."

The amendment to Section 121 of the federal Constitution means that judicial powers no longer lie exclusively with judges. Certain legal cases cannot be challenged by the courts.

The March 1988 session of Parliament saw some amendments made to the supreme law of the land, the Constitution. Some of them caused more than a few ripples. Among them: the amendments to the Societies Act (see accompanying political story) and the amendments to Section 121 and Section 145 of the federal Constitution. The latter sections involved the judiciary and it was Section 121's change that aroused the most interest.

Since Independence, the Malaysian constitutional system had been based on the doctrine of separation of powers between three equal branches of government: the legislative, the executive and the judiciary. The Constitution assigned to them distinct powers and each, while theoretically independent of the other, was supposed to discharge its responsibilities in symbiotic fashion.

The legislature, of course, held the greatest powers in the sense it was the one who made the laws that the courts applied or interpreted. As the noted English jurist Lord Denning once put it, "Parliament could, if it had a mind to, change black to white." And the Constitution acted as a check and balance. In any case, there was an implied presupposition that the legislature would not do anything that would be "morally repugnant."

The amendment to Section 121 of the Constitution changed things. Where previously the section clearly defined such an entity as "judicial power," the amended section left those words out. Instead, it stated that the "High Courts and inferior courts shall have such powers as may be conferred by or under federal law."

The implication: the judiciary would no longer be the sole arbiter of the country's legal process. It also effectively rewrote the doctrine of separation of powers, for there would be no such thing as judicial power anymore. As one lawyer put it, "Before, all three branches of government were equal. Now one is less equal than the others."

"Judicial power" was not a nebulous concept. In a landmark decision in 1987, the Supreme Court by a 3-2 majority struck down as unconstitutional section 418A of the Criminal Procedure Code because it violated article 121 (1) of the Constitution. The reason: the offending section transgressed into the judicial do-

main. Tan Sri Eusoffe Abdoolcader defined judicial power as the "power to examine questions submitted for determination with a view to the pronouncement of an authoritative decision as to rights and liabilities of one or more parties. It is virtually impossible to formulate a wholly exhaustive conceptual definition of that term, whether inclusive or exclusive."

This, legal observers pointed out, meant a virtual blank cheque whereby any matter could be brought before the court if the aggrieved party felt that a matter decided upon by the executive had encroached into the courts' territory.

While this was probably one reason for the amendments, the main one was undoubtedly the increasingly uneasy relationship between Mahathir and the judiciary.

In Parliament, he made it clearer still. Said Mahathir, "The function of the three branches of government must be clearly defined for the government to be stable." Among his reasons for the amendments: certain quarters of the judiciary had been applying the law contrary to what Parliament had intended. They had disregarded clearly written laws, preferring instead to use such concepts as "natural justice" and the "common law." [3]

According to legal sources, the amendment would have no immediate effect on litigation except in those cases where statutes clearly specify such things as "the Minister's decision is final." Such cases previously could be challenged and, indeed, had been — *Aliran vs Home Minister* on the ground that such provisions were against "the rules of natural justice" and an "infringement of constitutional rights" and where the judges, in their exercise of "judicial power," had agreed. Not all lawyers agreed about this though, asserting "the whole thing is debatable."

Mahathir, meanwhile, denied the purpose of the amendments was to muzzle the judiciary. Said the Prime Minister, "This amendment will not affect the independence of the judiciary. Neither will the judiciary be required to side with the government." [4]

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1. Far Eastern Economic Review, 31 March 1988.
2. Ibid.
3. Malaysian Business, 1 April 1988.
4. Ibid.

43
Adopt Deadly Game

"It merely reflects the frustrations of a few people who lost the election. Obviously, these 11 people who are scattered all over Malaysia could not have acted together if they hadn't been orchestrated by somebody higher up. They do not reflect UMNO at all. An ordinary member would not accept anyone who wants to embarrass or bring down UMNO."

— Dr. Mahathir

THE Prime Minister stepped up his drive to rid himself of opposition from within his own party. Having set up a successor party to the now-deregistered UMNO and refused membership to his most vocal opponents, he now smoked out the more covert party rebels by forcing them to make a difficult choice: publicly submit to his leadership or be sacked from the ruling coalition and relegated to the opposition benches in Parliament.

Mahathir, who had proved himself adept at the deadly game of political infighting since attempts to unseat him began early 1987, announced on 21 May that the Supreme Council of the three-month-old UMNO (Baru) would recommend to the National Front coalition's Supreme Council, of which he is chairman, that Members of Parliament of the old UMNO who refused to join UMNO (Baru) be expelled from the National Front. Once they were in the opposition, those MPs allied Razaleigh, or who opposed Mahathir for other reasons, would be pressured to give up their seats on the grounds that they were won on a National Front ticket.

Three MPs — former Welfare Minister Datuk Shahrir Abdul Samad, former Deputy Home Minister Datuk Radzi Sheikh Ahmad and Mohamed Tawfik Tun Ismail, who was once general manager of the UMNO-controlled Fleet Group of media and other enterprises — had already said they would not join UMNO (Baru)

and would hold their seats as independents. Razaleigh, and those involved in a court case which led to UMNO being deregistered and those working against the formation of UMNO (Baru) would not be allowed to join.

Mahathir had initially appeared to have been thrown into the embarrassing position of being a Prime Minister stripped of his party, but he emerged ahead in the political manoeuvring that followed.

Razaleigh and his supporters, however, did not give up. In fact, many of the old UMNO's estimated 1.4 million members swamped meet-the-people gatherings to show their loyalty. A barrage of cases aimed at either reversing the 4 February decision or putting a stop to the further establishment of UMNO (Baru) also went through the courts. Few would hazard a guess as to who would come out ahead at the end, but Mahathir had the advantage of being in power.

UMNO (Baru) then held its first annual meeting in October but its present leadership, elected from among its 34 founding members, would not offer themselves for election to a bigger membership then. Elections may be called in 1990 or even in 1991 if Mahathir asks the assembly for a three-year term. UMNO (Baru) thus had the time to put down strong roots among loyal supporters. Those who opted to stay out of UMNO (Baru) would be able to do nothing to get Mahathir to face party polls earlier but they were determined not to give in to pressure to give up their seats en masse.

They did not rule out the possibility of resigning in strategic constituencies at a time of their own choosing to test Mahathir's support in by-elections. Theoretically, MPs represent the National Front, not their individual parties, in general elections, but there is a question over what the three "UMNO independents" and others will be sacked from as they are not, as individuals, members of the National Front either. The National Front is a registered society in its own right, but individuals join parties which are in turn members of the coalition.

"By operation of law, UMNO members who are not [yet] members of UMNO (Baru) are all independents," explained Radzi. "There is no need to drop them. Besides, the one to decide on my membership is the old UMNO, not UMNO (Baru)." Insiders estimated that about 15 out of 46 of old UMNO's backbenchers in the 177-seat Lower House of Parliament would remain out

of UMNO (Baru). Mahathir had the loyalty of the Ministers and Deputy Ministers, as they were picked by him from among his supporters after the UMNO elections. There were another six MPs whose loyalties were not clear. UMNO had 83 seats in the House.

But several other who had once allied themselves to the Razaleigh-Musa axis were expected to join the new party — among them Musa himself. If he were to do so, it would mark the end of the Razaleigh-Musa "Team B" partnership, proving it to have been truly no more than an electoral marriage of convenience. Musa had earlier said he could not see a way to fight the Malay cause outside UMNO, though he did not say which UMNO.

Among the rebel MPs, Shahrir refused to join UMNO (Baru) because he felt that it was not the mass-oriented party of old — one based on Malay unity, operating through the consensus of all Malay leaders. "Now some are excluded," he said. Besides, Mahathir had the power to revive UMNO but abdicated on his responsibility and "left us all in the lurch," he added. "We tolerated Mahathir's excesses because he was our leader and we wanted UMNO to win the [general] elections. But when he killed the party, there was no reason for us to support him."

Since they did not have access to the mass media, which was government or UMNO-controlled or subservient to them, Razaleigh's workers resorted to distributing multiple copies of his video-taped speeches. Dubbed TV4 — the UMNO-controlled station is TV3 — it was the only way for them to reach into homes since the police would not let them address large gatherings. In addition, during and immediately after the fasting month of Ramadan, some seven rebel MPs travelled around the states, breaking fast or celebrating the 17 and 18 May festival marking the end of Ramadan with supporters and anyone else eager to hear their side of the story.

The message was conveyed simply. UMNO was likened to a much loved, ailing mother, explained Tawfik. Along came the stepmother who in the best fairy tale traditions, refused to accept all the children into the fold. The punch line: if the father were truly a doctor (as is Mahathir by training), why did he not try to cure the mother? To the older Malays, especially, the emotional call to revive the UMNO of 1946, the party that fought for Independence and Malay dignity, was appealing.

Musa Changes His Mind

SUDDENLY, Datuk Musa Hitam, one of at least three factions in Malaysia's former ruling Malay party, decided not to join its four-month old successor, UMNO (Baru). While Musa had for some time been dithering on supporting Mahathir — hoping to play the role of a moderate and unifier in the fractured Malay politics — the last straw that broke the camel's back was the Prime Minister's role in the 27 May suspension of Lord President Tun Mohamed Salleh Abas from his post as the head of the country's judiciary, according to sources close to Musa.

In a statement on 2 June, Musa alluded to "the latest development in the judiciary" as being "very worrying." "It should be given the serious attention of all those who love democracy in this country," he added. The statement, released from Segamat, Johore, went on: "The enmity [within UMNO] has grown more serious. The two [other] factions will not make room at all for moderates. The spirit of discussion and consensus is totally unacceptable to either side." Thus, even though Musa had been entrusted with the office of UMNO (Baru) pro-tem chairman in his Segamat division, he felt he had to relinquish that position. "This is the only choice open to me for now in this crisis of Malay unity," he added.

Until then, Musa had kept people guessing, perhaps relishing the media's description of him as the "joker in the pack." Such fence-sitting had cost him a lot of credibility and support. But writing Musa off is not easy, given that he is a past master at the art of political manoeuvres.

In playing the moderate, he took a big risk; it was a hard line to sell when lesser leaders, including some of his staunchest supporters, were clearly voicing their views. Musa had lost a lot of credibility because of his vacillations. He had not made up his mind even as supporters — who were promised an important announcement in Segamat on 2 June — expected him to join UMNO (Baru). By the time he went to see Mahathir on 28 May, however, he realised that both sides were still unwilling to compromise. "Both sides demand that all former members and leaders of the original UMNO take a 'firm' stand which, in fact, means taking their side," he said.

With Musa staying on the sidelines, the power equation in Malay politics shifted yet again. Had Musa joined UMNO (Baru),

at least three or four other MPs might have followed him, strengthening Mahathir's hand. Musa's decision was a bit blow to the Mahathir faction, which had hoped to win over Malay support in Johore, Musa's home state. The UMNO (Baru) membership drive had been especially sluggish there and in Kelantan, Razaleigh's home state, and Mahathir allies had hoped that Musa could help turn the tide. The original UMNO was born in Johore and the bond between Johore Malays and UMNO had produced an almost 100% pro-establishment electorate in the state.

If Musa believed that the moderates could emerge victorious after the Mahathir-Razaleigh factions thoroughly played out their hardline stands, that scenario quickly seemed a fond and distant hope. *The Star* newspaper reported Razaleigh as saying that a good politician had to act promptly.

Meanwhile, Mahathir would brook no opposition. "The only way is to come back fighting all the time," he advised the Malaysian badminton hopefuls on the eve of the important Thomas Cup championships, drawing parallels between winning at badminton and winning at politics. "It does not matter if there are jeers. I have been 'booed' countless times... if you are bothered about such things, you are never going to get any business done."

By mid-1988, Mahathir's rivals were escalating their campaign against his leadership, while one of his partners in the National Front coalition government, the MCA, was displaying signs of restlessness. Others who had stood on the sidelines began to make their views known as they assessed his vulnerability. On 2 October, Musa Hitam made the final break when he declared himself an independent Member of Parliament. Fifteen other MPs from the now-dissolved UMNO, who were outspoken critics of Mahathir, had already crossed the floor.

What was once UMNO's 83-seat presence in the 177-seat Parliament was reduced to 67 for UMNO (Baru). This meant that the Barisan Nasional now had 132 seats in Parliament. Musa had already said on 2 June that he would not join UMNO (Baru), though he stressed that while he was not on Mahathir's side, neither was he in Razaleigh's camp.

Since June, however, the head of the Supreme Court had been sacked and five other Supreme Court judges suspended, and Musa's former protege in UMNO, Datuk Shahrir Samad, had won the Johore Baru parliamentary by-election by a landslide as an independent. Mahathir's supporters also made various false allega-

tions during the by-election campaigning, claimed Musa. "Obviously I am duty- bound to play a role in revealing this very dangerous trend in our democratic system of government, pioneered by the original UMNO of 1946, and [will] make every effort to stem this trend," he said.

In choosing a middle ground in the months following UMNO's deregistration, Musa might have been hoping that Mahathir and Razaleigh would finish off each other in the political fight, and let a more compromising figure like himself take over. But his vacillations were criticised as political opportunism and with opposition to Mahathir from former UMNO members becoming institutionalised in Parliament and some State Assemblies, it would appear that Musa had realised that if he did not make a stand now, he would simply wither politically.

There was a move to set up a rival "UMNO" to UMNO (Baru). On 30 September, 10 little-known former UMNO members applied to the Registrar of Societies to form a new party called UMNO '46 — referring to the year the original UMNO, the crucible for modern Malay nationalism, was formed. Its pro-tem president, Osman Akhir, denied suggestions that he was working under Razaleigh's direction, though clearly, like Razaleigh, he was loyal to the spirit of the old UMNO.

To press home to the Malays their dedication to the original UMNO spirit, Razaleigh also submitted a private member's Bill to Parliament, which convened on 10 October, to amend the law and thus revive the original UMNO. Even if the Bill was not debated, much less passed, the publicity surrounding the attempt would score points. If that was not enough for Mahathir to handle, the MCA president, Transport Minister Datuk Dr. Ling Liong Sik, took six week's unpaid leave from 1 October as a silent act of protest.

The MCA had been wracked with internal problems over the past few years, stemming at times from weak leadership and from the criminal business dealings of some of its officials. This had cost the MCA the support of many Chinese. Nevertheless, the MCA had become increasingly disgruntled at what it had seen as a disregard for many of its demands which would have helped it regain some of its lost popularity.

The UMNO (Baru) refusal to withdraw a constitutional clause that empowers the Education Minister to nationalise Chinese schools, the zero allocation to Chinese new villages in the

1987 Budget, and the outcry over the appointment of non-Mandarin educated administrators to Chinese schools in 1987, remained sore points. The last straw for Ling, apparently, came when some quarters within UMNO (Baru) placed the blame for the loss of the Johore Baru by-election squarely on the MCA's not delivering much-needed Chinese votes to the National Front candidate.

MCA insiders had pointed out that the MCA had never controlled the Chinese vote in urban seats like Johore Baru, and since Mahathir's style of leadership was the issue in that by-election, the MCA was in any case tainted by association. For the MCA and UMNO (Baru), it was a vicious cycle. The MCA argued that it could not deliver Chinese votes to the National Front because UMNO (Baru) refused to concede on some Chinese issues. UMNO (Baru) felt that it did not have to give in to the MCA's demands because the MCA could not deliver votes.

Before going on leave, Ling denied that he would quit his position but sources confided that should UMNO (Baru) refuse to budge on Chinese issues by the time he returned, Ling might indeed resign as a symbolic sacrifice. If he were to do so, party deputy president Datuk Lee Kim Sai, a more vocal personality with a reputation of being more hardline on Chinese issues, would take over. One scenario was that if it ever became necessary, Lee could pull the MCA out of the National Front — an extreme action, admitted one party insider, and only to be contemplated as a last resort. The debt-ridden MCA was in a weak bargaining position and had a rival for Chinese leadership in the nominally multi-racial Gerakan Rakyat within the National Front.

Outside the National Front, the MCA could link up with Razaleigh's group and form the nucleus of a multi-racial coalition opposition that is more acceptable to the majority of voters than PAS and DAP. The DAP, however, helped Shahrir in his campaigning and with Razaleigh and Musa largely shut out of the government-guided media, its party paper, *The Rocket*, had carried their speeches.

It would be a difficult choice for Razaleigh in either case. A formal alliance with the DAP, which is shrill on Chinese issues and is seen as a Chinese chauvinist party by the Malays, could cost him Malay support. Alliance with the MCA, which has lost much credibility, could cost him Chinese support. And so Malaysians played their favourite numbers guessing game based on a

premise that other National Front component parties could be wooed away. If Razaleigh's 16 MPs could be joined by the DAP's 24, PAS' one, the MCA's 17, the six independents of Sabah and Sarawak and the 10 of Sabah's ruling PBS, they would have 74 which would effectively destroy the National Front two-thirds majority needed to pass constitutional amendments.

This, however, remained in the realm of speculation. Mahathir is not the type to back down when pushed against the wall and he held one powerful trump card. He could upset the numbers game by calling for a general election if he thought he could use the National Front's well-organised machinery and its access to financial resources to sweep potential dissident MPs out of their seats. Elections or not, what could emerge could be an almost evenly matched two-party system, each a multi-racial coalition representing fairly similar interests. This is both the Razaleigh group's strength and its weakness. It must appeal to moderates by staying out of extremist politicking, which means it can offer no dramatically different alternatives.

I'll Continue My Style

IT was "just another by-election," the ruling National Front said — just one seat in a 177-member Parliament — but opponents of Mahathir won the 25 August Johore Baru by-election on one issue: Mahathir's style of leadership. After winning by a landslide 12,613 votes, Datuk Shahrir Abdul Samad, sacked from the Cabinet by Mahathir and standing as an independent, exulted: "The man must go."

In the first flush of a victory whose margin amazed even his own supporters, Shahrir talked of a six to eight month timetable of departure for Mahathir. But the Prime Minister showed no sign of being unduly put out by this defeat, and the widely talked-of series of forced by-elections by other Mahathir opponents was already running behind schedule. Mahathir said the results showed that all candidates had a chance to win, thus proving he was no dictator as his opponents had called him. "We don't rig elections and we allow anyone to contest," he added.

This was the first by-election put on by the supporters of the old UMNO against Mahathir's UMNO. Shahrir had resigned as MP of Johore Baru to force a popularity test on UMNO (Baru) and by extension, Mahathir. His gamble paid off. Voter turnout

was a low 61.5% for such a psychologically crucial election, but Shahrir polled 23,581 votes to National Front candidate Mas'ud Abdul Rahman's 10,968 and the 2,260 of Abdul Razak Ahmad of PSRM. In the 1986 general election, Shahrir had won by a mere 2,235. For Shahrir this time, there was only one issue: Mahathir. Mas'ud, a school-teacher who, unusually for a Malay, speaks Chinese, was merely a proxy. Shahrir dedicated his victory as a 59th birthday gift to former Lord President Tun Salleh Abas, whom Mahathir had recommended be suspended and the king later sacked.

The National Front sought to avoid this issue, stressing its record of development and unity, promising a M$300 million (US$113.8 million) expansion of the Causeway linking Johore Baru to Singapore, M$35 million for other basic amenities and agreeing to Chinese educationists' requests for a Chinese-medium junior college, to be called the Southern College.

Razak's platform was that both Shahrir and Mas'ud represented political groups which had been involved in scandals involving public funds. Razak never stood a chance against the sharp focus of Shahrir's message. At times during the campaign, it seemed as if Shahrir and the National Front were arguing at cross-purposes, but it was Mahathir who brought the issue back to himself when, in a televised speech shortly before the election, he defended himself against criticism by Musa Hitam and declared: "I will continue with my style and the plans that I have drawn up with my colleagues in the government." From that point on, few viewers thought the issue was anything other than his style.

Musa had videotaped his criticism of Mahathir and left for Europe. In an emotional speech, Mahathir refuted the allegation that he had refused to meet mid-level UMNO leaders associated with his rivals at his home during the Hari Raya festival in May, a sign of great discourtesy to form-conscious Malays. He had never barred visitors from his home on Hari Raya, he said, and challenged Musa to repeat the allegation and swear it on the Quran — considered the ultimate test of truth for a Muslim. Musa accepted but, as he was abroad, did not have to do so.

Whether or not Shahrir was optimistic in his claim that Johore Baru would precipitate the change that would sweep Mahathir out of office remained to be seen. At this point, he had proved that at least in a racially mixed urban seat (48.5% Malay, 40% Chinese, 8.5% Indian, 3% others), the anti-Mahathir senti-

ment was strong enough to swing the tide in a seat which was traditionally safe.

In his running battles with lawyers, academicians, pressure groups and lately the judiciary, Mahathir had always dismissed them as an intellectual elites lacking the people's mandate. He could no longer use that argument. His opponents' next wish was to launch a series of by-elections, preferably starting in a predominantly Malay area, to test Mahathir's popularity. Halfway through Shahrir's campaign, former Deputy Home Minister Datuk Radzi Sheikh Ahmad was supposed to have resigned his seat, both as a sign of faith in Shahrir and to keep up the opposition momentum. He did not do so.

There was a possibility that Mahathir might be planning to out-manoeuvre his opponents by amending the election rules and doing away with having to fill a seat within 60 days of its falling vacant, leaving it to be filled, as Singapore does, only in the next general election. In Malaysia's case, that would be in 1991.

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Lord President

Suspended

> "It has been built up by those who are opposed to the government, insidiously, using the papers, making indirect remarks that slant, using the courts. By so doing, they have given the impression that this country is corrupt, that the administration is corrupt. When I ask... who is corrupt?... nobody answers. There are vague references to so-and-so and so I ask... where is the evidence?"
>
> — Dr. Mahathir

FOR months now, Malaysia's fiercely independent judiciary had been on a collision course with the administration of Prime Minister Mahathir Mohamad. But when the two sides finally cannoned into each other, the severity of the impact stunned Malaysians. In an unprecedented move, Tun Mohamed Salleh Abas, Lord President of the Supreme Court, was suspended for "misbehaviour" by King Mahmood Iskandar.

The episode stirred fresh controversy over the separation of powers of the executive, the judiciary and Parliament — the three pillars of Malaysian democracy. Said a veteran Kuala Lumpur lawyer, "This is a crisis of jurisprudence. We are now entering an era where nobody has trod before."

The country's highest-ranking judge was suspended for reportedly two reasons. The first: writing letters to the King and Malaysia's eight other hereditary Rulers in which he defended the judiciary against the PM's recent attacks against it. The letters were sent in March, 1988, not long after Mahathir had rushed a constitutional amendment through Parliament. Among other things, the legislation had transferred to the government the

authority to determine the jurisdiction and powers of the High Court. Mahathir told Salleh of his suspension from office on 27 May, after the King expressed his displeasure about the private letter. According to Salleh, but denied by Mahathir, another reason given was Salleh's allegedly partiality in court cases involving the old and new UMNOs. Salleh, 58, a quiet and deeply religious man, said he handled the cases with fairness.

Not surprisingly, the suspension was not well received by either the legal community or the public.

The first act of the drama unfolded on 27 May when Mahathir summoned Salleh to his Kuala Lumpur office. In Malaysia, the judiciary is entirely independent of the executive, so it was highly unusual for a Prime Minister or any other member of the executive to call a judge, let alone the Lord President, to his office. That Salleh answered the summons was equally extraordinary. Not long after the high-level meeting, Salleh returned to his chambers. He had hardly been there 30 minutes before he received a hand-delivered letter from the government. It stated that he was suspended pending the setting up of a tribunal to investigate the charges against him. Salleh then sat down to draft a letter to the Prime Minister. In the document dated 28 May, he offered to quit his job even though he was still more than six years away from compulsory retirement at 65.

As the news spread like wildfire across the capital, judges and lawyers urged the Lord President to withdraw his resignation. Among them was the Deputy King, Sultan Azlan Shah of Perak, a close personal friend. Both Azlan Shah and Salleh had worked on a sensational 1973 court case involving King Mahmood, then a prince of Johore. The royal had been charged on four counts of causing bodily harm to a woman. Salleh, who was the prosecutor, got him convicted. Prince Mahmood was found guilty, fined and given a suspended sentence. Raja Azlan Shah, who later went on to become Salleh's predecessor as Lord President, had presided over the case. He was tipped to become Malaysia's next King; the present monarch's term was due to expire in April, 1989. In Malaysia, the nine hereditary Rulers elect one among them as King every five years.

According to Salleh, Mahathir then accused him of overstepping the bounds of the Lord President's office by issuing statements and making speeches critical of the government. He said the Premier also referred to the letters Salleh had written to the

royals. As Salleh told it, the Prime Minister hinted at a possible way out for the judge: resignation. Otherwise, he was told, King Mahmood would appoint a tribunal under Article 125 (3) of the Malaysian Constitution to remove him from office, presumably for misbehaviour.

Under the Constitution, judges cannot be sacked. But on the advice of the PM, the King can form a tribunal of not less than five serving or retired judges from Malaysia or any other Commonwealth country. The judicial board can recommend the removal of any judge on grounds of "misbehaviour, or of inability, from infirmity of mind or body."

For his part, Mahathir said that no "pressure was applied on Salleh to resign or retire." The Prime Minister said the King had taken exception to the judge's letter to him and had requested that Salleh be replaced. As this was not possible constitutionally, Mahathir had advised the King to set up a tribunal. "There was positively no mention of UMNO" during the meeting, said the PM. "The assumptions that the charges against Salleh relate to his bias against UMNO were his assumptions."[1]

Salleh's suspension came just one day before a date, 13 June 1988, was finally fixed — and then quickly postponed — for the Supreme Court to hear an appeal by 11 dissidents of the now deregistered UMNO against the 4 February High Court decision which declared the party unlawful. If that appeal were to succeed, UMNO (Baru) could be in the awkward position of existing parallel with a revived UMNO which has the emotional appeal to the Malays of having been the party that pushed for Independence from 1946–57.

Salleh's and Mahathir's versions of their meeting of 27 May — four days before Mahathir announced the suspension — differed. Mahathir said he called Salleh into his office and told him that the King was appointing a tribunal to look into the Lord President's alleged misbehaviour. Deputy Prime Minister Abdul Ghafar Baba and Chief Secretary Tan Sri Sallehuddin Mohamed were also said to be present at the 11am meeting.

An obviously upset Salleh refused to take questions from the press but in his statement said the two actions Mahathir had found "objectionable" were that he had written to the King and state Rulers, defending the judiciary against Mahathir's "constant attacks" and the partiality in the UMNO cases. Salleh did not deny having written to the King and the Rulers but explained that he

saw "nothing improper in it since judges of His Majesty are appointed with the consent and approval of the Rulers." The letter was, in fact, written after all Kuala Lumpur judges met on 25 March and voiced their concern following Mahathir's 17 March attack on the judiciary in Parliament.

"The allegation that I had shown partiality in the UMNO cases was completely untrue and was denied by me categorically," Salleh said in his letter to Mahathir. "I shall await the appointment of the tribunal which, I have no doubt, will clear my name. I have also no doubt that justice will prevail." Salleh had been away in Mecca on the *haj* pilgrimage while a clutch of lesser UMNO cases were being heard in the courts. Upon his return on 17 May, he had instructed that the pivotal appeal of the UMNO dissidents be heard by a full bench of nine Supreme Court judges, given the gravity of the case. Five is a usual Supreme Court bench here, and three the minimum allowed by law.

Mahathir's three-page statement, issued on 31 May said that at the 27 May meeting, Salleh had asked to know the grounds for his having to face a tribunal, but Mahathir said he could not disclose them, save that it was due to Salleh's letter to the King. UMNO had not been mentioned, he said. (Salleh claimed Mahathir had told him he "was not qualified to sit on UMNO cases.") Salleh then said that he was willing to face the tribunal and that he would not resign, said the statement. But the next day, Salleh wrote asking to be allowed to retire early and to take all the leave due him — some 96 days.

Mahathir said Salleh's request "was made voluntarily one day after he was informed of the proposal to set up the tribunal. No pressure was applied on (him) to resign or retire." (In an interview with the *BBC*, Salleh said that Mahathir had offered him all the "necessary privileges" if he would step down.) "His decision to retire was entirely his own," continued Mahathir's statement. "He has now changed his mind. That is entirely his wish. Ordinarily, the government would not be bound by later decisions after it had already accepted a request to retire early." Salleh's statement to the press, it added, carried political innuendoes, "and as he has requested to submit to examination by a tribunal, one will be set up to hear his case."[1]

If the statement's closing phrases were any indication of Mahathir's personal preferences, they were that Salleh quietly retire. The night after Salleh's disclosures, Mahathir tersely said, "I

don't know... he said he wants to resign," to reporters' questions. More pointedly, the *New Straits Times*, which is owned by Mahathir's party, taunted Salleh for vacillating. "We cannot have a judge shuffling his feet on the bench," it said scathingly in an editorial on 31 May. Whichever version of the 27 May meeting is correct may never be known, but obviously the tension between Mahathir and the judiciary increased.[2]

Lawyers reacted with dismay to the events. "It appears that Mahathir seriously misconceives the doctrines of separation of powers," said the Bar Council of Mahathir's attacks on the judiciary. Others wondered if moves against Salleh were motivated by political reasons. The DAP called it a "deliberate, calculated and orchestrated move to intimidate the judiciary in view of the UMNO suit which is due for hearing very soon before the Supreme Court."

To add to the tumble of events, on 31 May the king appointed Datuk Harun Hashim — the High Court judge who had outlawed UMNO in February and left the nation gasping — to the Supreme Court to replace a judge who was to retire on 4 June. Harun was thought to have been shunted aside. His appointment kept the ranks of the Supreme Court at 10, including Salleh, though another two or three judges were also due to retire soon.[3]

Mahathir Pushed to the Corner

NORMALLY, the Supreme Council of the Barisan Nasional coalition rarely meets, except just before general elections. In the past four months, however the top policy-making body had already convened twice even though national polls were more than three years away. One conclave was held in mid-February, 1988, to induct a new member: UMNO (Baru). At the end of June, 1988, Barisan leaders gathered again in Kuala Lumpur at Mahathir's behest. The Supreme Council was supposed to decide whether or not to expel from Barisan those members of the old UMNO who refused to join the PM's new party.

The supreme councillors, however, made it clear to the PM that they didn't see eye to eye with him. They maintained that Barisan had no legal standing to oust anyone because it was a "coalition of parties, not individuals." At the session's end, Mahathir himself conceded that the coalition "cannot determine the position of MPs and state assemblymen" who refused to join UMNO Baru.

"We have no power over them," he declared. "UMNO Baru cannot speak for people who are not our members or who have resigned from the party." It was a major climb-down for Mahathir and his supporters,who had earlier maintained that UMNO Baru had a right to expel UMNO dissidents from government benches in Parliament and State Assemblies. Attorney-General Abu Talib Othman had pointed out, however, that only Barisan could sack the rebels because they had all been elected on coalition tickets. UMNO Baru leaders then left the matter to the Barisan Supreme Council to decide. The refusal to expel the UMNO dissidents, said a Barisan leader,was "the first time the smaller Barisan components have had their way since the coalition was formed." At the meeting, Barisan leaders also discussed recent moves against the judiciary, including the suspension of the Lord President.

The King had appointed a six-man tribunal to investigate charges against the suspended judge. Headed by Salleh's deputy, Chief Justice of Malaya Abdul Hamid Omar, the panel included Chief Justice of Sri Lanka K.A.P. Ranasinghe, Singapore Supreme Court Senior Judge T.S.Sinnathuray, retired Malaysian Federal Court Judge Abdul Aziz Zain and former High Court Judge Mohamed Zahir Ismail, now the Speaker of the Malaysian Parliament's Lower House.

The tribunal's composition had been vigorously criticised by Bar Council president Raja Aziz Addruse, who was also Salleh's counsel. Aziz noted that five panel members were junior in rank to the Lord President. Thus, he said, their appointments ran counter to the principle that a person should be tried by either his peers or seniors. Of the six members of the tribunal, only Sri Lanka's Chief Justice had equivalent seniority to Salleh. Aziz also cast doubts over Mahathir's assertion that it was the King who had initiated action against Salleh. Malaysia's Constitution, he noted, "did not empower the King to appoint such a tribunal unless the PM had first represented to His Majesty that (Salleh) ought to be removed."

Most of the six judges appointed to the tribunal were considered by Malaysian legal circles to be pro-establishment in their respective countries. The chairman of the tribunal, Chief Justice of Malaya Tan Sri Abdul Hamid Omar, was next in line to Salleh in judicial hierarchy and was then acting as Lord President. Should the tribunal advise the King to remove Salleh, Hamid would probably succeed him. The fact that the tribunal comprised six

members, an even number, also raised eyebrows. This, however, was technically acceptable since the Constitution merely specifies that the minimum should be five.

The Sri Lankan Chief Justice, K.A.P. Ranasinghe, is regarded as even-handed in Colombo legal circles, though his appointment in February the previous year over the head of the most senior contender made clear his political acceptability. Singapore's Supreme Court Judge T.S. Sinnathuray was appointed because its Chief Justice was away, the Prime Minister's Department said. In Singapore, Sinnathuray's most publicised recent cases recently were habeas corpus applications by ISA detainees, in which Sinnathuray upheld government arguments.

The Chief Justice of Borneo, Tan Sri Lee Hun Hoe, was the only other person still on the bench, the two other Malaysians having retired. Tan Sri Mohamed Zahir Ismail, 64, retired from the Kelantan High Court in 1982. Tan Sri Abdul Aziz Zain was less well-known, having left the (then) Federal Court in 1971 at the age of 49. He later set up a law practice and got involved in business. Conspicuously absent from the line-up was retired judge Tun Mohamed Suffian Hashim, who had served the courts for 21 years, eight of them as Lord President.

In his only public statements issued since his suspension, Salleh had asked that he be judged by peers "whose ranks and standing are at least equal to mine." That wish had been denied. Salleh had also asked for a public hearing, but government statements had been silent on this point.

International law bodies supported Salleh's requests. "It would be invidious for junior judges to make recommendations concerning the Lord President," the International Commission of Jurists wrote to Mahathir, adding that it assumed Salleh would be entitled to the usual defence rights of calling witnesses, representation by counsel and public hearing if he so wished.

The private lawyers' group, Lawasia, said any other action would "give further support to the view, already prevalent in the region, that there is in Malaysia a determined effort to exercise political control over what has been to date a highly respected and independent judiciary." The origins of the suspension, as given by Mahathir, could also raise questions about the constitutionality of the process: as a constitutional monarch, should the King have complained at all? Conflicts could also arise between his roles as "complainant" and final arbiter.

As some legal sources saw it, moreover, there was a conflict of interest in Hamid's appointment as head of the tribunal. A guilty verdict for Salleh, they pointed out, would benefit Hamid because he was next in line for the office of Lord President. But if Salleh was acquitted, Hamid would retire without promotion. Local lawyers said Hamid had also attended the 25 March meeting of several judges, where it was decided that Salleh would write to the King and eight Rulers to express concern over the PM's public criticism of the judiciary.

The outspoken letters were mentioned in the list of allegations against Salleh as causing "much displeasure" to the King. The document also accused Salleh of attempting "to restate the law generally along Islamic legal principles" which, the government said, ignored the character of Malaysia's multi-religious society. Another charge was related to Salleh's decision in 1987 to postpone *sine die* the case of a Chinese girl who had been forcefully converted to Islam.

Although Hamid admitted being present at the 25 March meeting, he had no intention of withdrawing from the tribunal. "I have a duty to fulfil," he told a local daily. "I would be disloyal if I did not carry it out." Hamid maintained the tribunal "won't be a kangaroo court" and Salleh "will not only be fairly treated, but will be seen to be fairly treated." He accused those critical of his appointment to the panel of being "very vicious and wicked."

Mahathir, too, defended Hamid's appointment. "Who does not have a conflict of interest?" asked the PM. "If there is a vacancy on top, those at the bottom will also move up. What is important is whether we think the judiciary is qualified or not." A-G Abu Talib also tried to smooth things over. "The judges must not construe the case as one of confrontation between the judiciary and the executive," asserted he.

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1. Asiaweek, 1 July 1988.
2. New Straits Times, 31 May 1988.
3. Far Eastern Economic Review, 9 June 1988.

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Crisis Of Jurisprudence

> "I don't think the judiciary is fiercely independent. It's merely fair and just. There are black sheep in any group who want to be, as you say, fiercely independent. What is it, anyway? When you want to be fiercely independent, you're implying that you'd forget your duty to be just and fair. You're only interested in being very independent and in order to do that, you have to stretch things a bit, you have to prove that you can hammer the government, for example."
>
> — Dr. Mahathir

IT was a heady three days for Malaysia's legal community. First, on 7 July 1988, lawyers and judges trooped to the University of Malaya's Law Faculty to hear Claudio Teehankee, former Chief Justice of the Philippines, talk about constitutional democracy in his country. Most of the listeners seemed more concerned about local constitutional rights, however. For when Salleh Abas, suspended Lord President of the Supreme Court, walked in with another suspended Supreme Court judge, the pair were given a thunderous ovation.

Emotions ran higher the following day in the courtroom of High Court Judge Ajaib Singh, which was filled with lawyers. He was to deliver a verdict on Salleh's application for an order of prohibition on the tribunal investigating his suspension. Earlier, Ajaib had refused to grant a temporary order and had postponed a decision on the legality of the tribunal to 8 July; that ruling was quashed by a five-member Supreme Court bench that issued a temporary injunction against the tribunal.

The five were then suspended for alleged "gross misbehaviour" by King Mahmood Iskandar on the advice of Acting Lord President Hamid Omar, who headed the tribunal. Now, when

Salleh's counsel, Raja Aziz Addruse, entered Ajaib's court, he received a standing ovation. But when Attorney-General Abu Talib Othman, who had filed a motion to set aside the Supreme Court order, walked in there was loud booing.

Abu Talib had earlier produced letters between Prime Minister Mahathir Mohamad and the King, showing that the monarch had set up the tribunal on the advice of the PM, which is the proper constitutional procedure. Salleh had questioned if this had been the case. In light of the letters, Ajaib turned down Salleh's application. The judge was interrupted after saying "I am afraid I cannot grant..." by a loud groan of disappointment from the 200 lawyers packed into the courtroom. Many began walking out before Ajaib could complete reading his verdict. Aziz promptly appealed the High Court ruling.

The five were Tan Sri Wan Suleiman Pawan Teh, Datuk George Seah Kim Seng, Tan Sri Azmi Kamaruddin, Tan Sri Eusoffe Abdoolcader and Tan Sri Wan Hamzah Salleh. The charges against them were listed in a representation made by Tan Sri Hamid Omar, the Chief Justice of Malaya, to the King. The thrust of the charges: "gross misbehaviour."

According to Hamid, the judges had "shown partiality" and "acted irresponsibly and unreasonably to the detriment of the judiciary" when they convened a Supreme Court sitting on Saturday, 3 July 1988. The sitting was requested by Raja Aziz Addruse, counsel for Salleh, who sought to stop the tribunal deliberating on his client's fate from submitting any recommendation to the King. Raja Aziz had applied earlier to the High Court for leave to apply for an order to stop the tribunal proceedings and, failing that, for an interim stay of the proceedings. Justice Datuk Ajaib Singh postponed the first request and turned down the second.

Thirty minutes later, Aziz was at the Supreme Court where the five judges unanimously agreed to his request for an interim stay on the tribunal's proceedings. Given that two of the judges — Wan Suleiman and Seah — were supposed to be in Kota Baru at the time, said Hamid, this amounted to a conspiracy, a "prior agreement among themselves" to issue the ruling.

The storm had been brewing since Salleh was suspended for allegedly being unable to discharge the functions of a Lord President "properly and orderly." A six-man tribunal set up by order of the King to look into the charges against him immediately ran into heavy weather.

The next day, Kuala Lumpur witnessed the biggest assembly of lawyers in Malaysia's history. At an extraordinary general meeting of the Bar, dubbed the "Save the Judiciary" session, some 1,000 practising members turned up in a defiant mood. The lawyers wore armbands and badges with slogans like "Support the Judiciary," "Where Is Justice?" and "Justice Is Dead. Who's Next?" The Bar called for Hamid's "immediate resignation or removal from the bench" and said it would set up a panel of solicitors to begin contempt proceedings against him for advising the King to suspend the five Supreme Court judges; Hamid, said the Bar Council, was an interested party.

"Lawyers aren't always so emotional," noted a veteran Kuala Lumpur lawyer, "but they feel that this case depends on the independence of the judiciary." Hamid was not taking the criticism lying down. Said he: "My loyalty is to the King and my country, and the King who appoints me is my judge." Others called for calm. "If you do not have the facts, just keep quiet," said Inspector-General of Police Haniff Omar, himself a lawyer who attended the Teehankee lecture. "What is happening is only a legal issue which should be resolved through legal means."

Still, the suspensions had not only escalated the tension between the judiciary and the government but had plunged the country into its deepest constitutional crisis since 1983, when Mahathir clashed with the hereditary state Rulers over their powers. "Then, as now, the issue was the executive increasing its powers at the expense of another independent institution," said Chandra Muzaffar of the Penang-based social reform movement Aliran.

"The Parliament, the judiciary and the royalty have been forced to surrender their powers gradually to the executive, which had emerged as the dominant group to which everything else in the country is subservient."

Added lawyer Marina Yusoff, a strident Mahathir opponent: "The mood of the lawyers against the government is reflective of the general mood of the country. The lawyers who spoke out weren't members of any party or supporters of any faction. They are ordinary professionals."

Anwar Ibrahim said the government was not worried about the lawyers' protests. "This is something that we expected," he told *Asiaweek*. "When was the last time the Bar Council or the lawyers as a group supported a government action? They have never supported the government on any issue." Penang State

executive councillor Ibrahim Saad said, "Our legal system is probably the last remnant of a colonial mentality.The judges and lawyers are all English-educated and out of line with changing local aspirations." The battle between the executive and the judiciary, Ibrahim added, "is a clash of values. In the 31 years since Independence, our values have changed."

The Ajaib ruling brought cheer to the Mahathir camp. But with the High Court verdict out of the way, attention once again turned to the now-crippled Supreme Court. The main argument of Hamid's case against his Supreme Court colleagues was that they "made a prior agreement among themselves to issue the ruling" favourable to Salleh. The court was also convened, Hamid charged, without his permission, and did not follow proper procedures as the High Court was still hearing the case.

The judges replied in a statement that they met without consulting Hamid since he was also the defendant, as tribunal head, and therefore an interested party. "If we had refused to sit on the urgent representation made to us," said the five, "we would have failed in our duty as judges and in our oath to uphold the Constitution and administer justice."

The suspensions created another major problem: who would hear Salleh's Supreme Court appeal? Six of the ten Supreme court judges — including Salleh — were now suspended. Two were defendants in their role as members of the tribunal (besides Hamid, Chief Justice of Borneo Lee Hun Hoe). That left two remaining. The minimum number of Supreme Court judges who can hear a case is three.

Under the law, the Lord President can temporarily appoint High Court judges to sit on the Supreme Court. That authority currently rested with Hamid himself. "The question," said one lawyer, "is can he appoint a judge to sit on the Supreme Court bench that will hear a case in which he himself is a defendant? There is a clear conflict of interest." If Hamid did not choose his own judges, the only option would be to have new judges appointed to the Supreme Court before a decision on the fate of Salleh and the five other judges was reached. The Attorney-General was confident things could be worked out. "The business of the court will continue," he said. "The process of law will go on."

Any contempt proceedings by the Bar Council against Hamid, moreover, would also raise the question of "conflict of interest," as Hamid could again choose his own judges. "He is in a

tight corner," said one legal expert. "Whichever way he acts, he would be seen as either favouring himself or obstructing justice. This is the worst legal and constitutional crisis the country could ever face." Hamid's troubles did not end there. Nearly 40 Malaysian members of London's Lincoln's Inn moved to strike him off the rolls of the illustrious legal body to which he was called in 1955.

Analysts said Hamid would be able to hold out. "The PM and the King want him there," said one. "As long as the PM has control of the executive and the King's consent for his actions, Hamid will stay where he is." Government insiders said they expected tempers would cool once the tribunal confirmed the sacking of Salleh as Lord President.

"People will accept the decision of the tribunal and things will settle down," said one Deputy Minister. Others felt neither Salleh nor Hamid should be allowed to be Lord President. "Both have been shown to be partisan," said a Malay lawyer. If the government indeed decided to confirm Hamid in the post of Lord President, it would have to seek the consent of not only the King but the state Rulers. And it was to the Rulers that the lawyers next appealed to. The Bar Council, the Bar itself and the lawyers' associations in Sabah and Sarawak sent separate appeals to all the Rulers to quickly intervene to ensure the "continuing independence of the judiciary."

The Malaysian Bar also appealed to the Rulers to convene the Conference of Rulers "to receive representations from the Bar Council on the events and issues that have occurred prior and leading to the suspension of Salleh" and the other five judges. Some Rulers started granting audiences to protesting lawyers.

Mahathir told a group of MPs from the Barisan Nasional that the Rulers had already discussed among themselves the action against Salleh. But the lawyers were running out of time. "The key now is blocking Hamid's appointment as Lord President," said a lawyer. Some of Mahathir's associates said, however, that the Rulers were only "consulted" over the appointment of the Lord President and that they did not have veto power. The Rulers, however, do have the right to determine who the King is.

As the dispute between the government and judiciary approached a potentially disruptive finale, Ghafar Baba warned that no judge was above the law. Nor, he said, was Mahathir, whose initiative to suspend Salleh Abas had plunged executive-judiciary

relations into a state of flux. "Only the nine Rulers are above the law," Ghafar told, referring to the nine Sultans. "As far as I know, Rulers cannot take part in politics," he added, an interesting comment in the light of reports that some of the Rulers were agitating for the King, one of their number chosen on a rotational basis, to resign because he had become too prominent in the move to subdue the judges' alleged political bias against the government. Ghafar Baba denied rumours that Mahathir wanted the Rulers to extend the present King's term. Said Ghafar: "The Prime Minister cannot interfere in the selection. The Rulers have the absolute right to choose." They also have the right to remove an incumbent if they so desire.

Ghafar said that when the judges made decisions in court, they could not be challenged. But when they made political statements outside court, the government had to defend itself. "We are all equal here, except the Rulers — they have special rights. They cannot be prosecuted, they cannot go to court... but as far as I know, Rulers cannot take part in politics."

That may well be the case, but in the unprecedented situation, in which not only the Lord President but five other Supreme Court judges had been suspended, the King was seen to have been playing a role aligned to the political aspirations of Mahathir, and some of the King's brother Sultans did not like it. Rumours abound in Kuala Lumpur that the other Sultans, grouped under the Conference of Sultans, felt that the situation called for their intervention, and that they might meet again to discuss the King's position. Ghafar poured cold water on such a scenario.

"When you say the Rulers' Conference, it must be attended by the Prime Minister, as well as the Menteris Besar of all (nine) states," he said. "If the Menteri Besar does not attend, the Ruler cannot attend the Rulers' Conference." However, Ghafar said that this did not apply to informal meetings of the Rulers to discuss events, or when they gathered to elect a new King, when the Constitution says the Rulers must meet alone. The Constitution says that the Rulers must be accompanied by their Menteris Besar, and that the Prime Minister must attend, only when they are discussing matters of "national policy." Whether the removal of the King fits into this category is open to interpretation by constitutional lawyers.

The day after Ghafar's statement, the Sultan of Kelantan made a speech that some Malaysians thought was an attack on the

government. He said that Malaysians should "uphold the system of constitutional monarchy and democracy." The system, he said, should "be retained and passed on to the future generations. Any desire to look to systems other than the one we have will not suit our culture and historical background."

Some observers in normally peaceful Malaysia described the situation as bizarre, given the recent moves by Mahathir to muzzle the press, his arrest under the ISA of more than 100 people, and now the assault on the judiciary. While Ghafar defended the country's long-established democratic values, there was a great deal of speculation about where Mahathir was taking the country.

For the first time in the long saga of government moves to remove the Supreme Court's Lord President, the Youth wing of a political party was deployed to shout against criticism of the suspension of Salleh Abas and the five other Supreme Court judges. The appearance outside the Supreme Court on 14 July, 1988, of about 50 placard-waving members of the Youth wing of UMNO (Baru), signalled the government's readiness to take tougher measures against its critics, including declaring emergency rule, according to political observers.

Party Youth wings are the ginger groups for major political parties, and the demonstrators obviously had the blessing of their leader, Minister for Youth and Sports Datuk Najib Tun Razak. Najib's political secretary, Ahmad Zahid Hamidi, said the demonstrators were protesting against the Bar Council's call for the resignation of the Acting Lord President, Chief Justice Tan Sri Abdul Hamid Omar, and for the reinstatement of the five judges. Zahid said their demands were a slur on the sovereignty of the King (who suspended Salleh and appointed Hamid).

The youths staged their demonstration outside the courthouse in Kuala Lumpur where the Supreme Court was hearing a government application to lift the 2 July restraining order on the tribunal, which had convened on 29 June to deliberate government charges that Salleh was unfit to hold office. Although the protest was peaceful, tension mounted as security guards locked the gates and police reinforcements were called in. The youths later marched to the nearby Bar Council office, shouting and waving placards bearing the slogans "Traitor Lawyers" and "Traitor Bar," before being dispersed by police.

As it happened, the Supreme Court adjourned that day's sitting to give Salleh more time to prepare his case against the

government application on the order. Salleh and the five judges had submitted counter applications on 13 July, which the Supreme Court would hear together with the government's application on 21 July. Three High Court judges were temporarily elevated to make up the numbers on the depleted Supreme Court bench.

Meanwhile, the Sultans continued to make cameo appearances in various mediation efforts. On 12 July, 1988, the Sultan of Pahang told state lawyers "not to be too emotional" and to "let the law take its course." Sultan Azlan Muhibuddin Shah of Perak summoned Salleh and suggested a compromise solution: that Salleh be reinstated and the tribunal be dissolved, in return for which Salleh would immediately go on leave and then retire. Salleh refused, saying that he could not then hold his head up in public.

Sultan Azlan then asked the five judges to apologise to Hamid for having bypassed him in convening the emergency sitting in Kuala Lumpur on 2 July which granted Salleh the stay order (in turn causing their suspension). To that, the five apparently repeated that they could not have informed Hamid since he, as head of the tribunal, was an interested party to that hearing. Expectations that the Rulers would help solve the executive-judiciary confrontation certainly ran high, though the Rulers seemed divided on the best approach. Salleh hails from Terengganu and Terengganu lawyers asked that state's Sultan, Mahmud Shah, to convene a meeting of the Conference of Rulers to resolve the dispute.

But the Rulers are only constitutional monarchs. Any concerted action by them might prompt a backlash if Mahathir felt himself sufficiently pressured, warned observers who recalled Mahathir's nationwide rallies in 1983 to garner popular support for constitutional amendments to curb the powers of the monarchy. Perhaps to pre-empt such a conference, the Sultan of Kelantan reminded State Assembly Speakers on 10 July of their duty to uphold the monarchy and democratic system of government. "I believe, as has been proven, that the people are against any drastic changes," he was quoted as saying in newspaper reports.

Supreme Verdict

IN a final chapter, after a year of battling, the country's judiciary ended on a divided note: the tribunal of five Malaysian and Commonwealth judges appointed to look into charges of gross misbehaviour on the part of five suspended Supreme Court judges, rec-

ommended that two be sacked — but unanimously exonerated the other three. Acting on the recommendations, the King's dismissal of Justices Tan Sri Wan Suleiman Pawan Teh and Datuk George Seah, effective 7 October, 1988, raised to three the number of senior judges removed from office in two months — including the then Lord President of the Supreme Court, Tun Mohamed Salleh Abas, on 8 August.

The removal of Suleiman and Seah for absenting themselves from a scheduled Supreme Court sitting in Kota Baru without permission, set a low criterion for dismissal of persons of high positions — especially as the reason for their doing so, the emergency, Supreme Court sitting they attended with the other three judges, also called without permission, had been declared acceptable by the tribunal. The tussle with the judiciary was a by-product of troubled political times during which Mahathir publicly complained that judges were ignoring the intent of parliamentary legislation and imposing their own interpretations.

The suspension of the five arose out of Salleh's challenge that the tribunal set up to investigate the charges was not legally constituted. Instead of being in Kota Baru on 2 July for a scheduled sitting, Suleiman and Seah were in Kuala Lumpur to hear an appeal for an order temporarily stopping the tribunal from sending its recommendations on Salleh to the King while Salleh challenged its validity in the courts. (They granted the order, but Salleh lost his battle).

Suleiman, as presiding judge of the Kota Baru sitting, had not sought permission from the Acting Lord President, Chief Justice Tan Sri Abdul Hamid Omar, to absent himself. He had also directed Seah to return to Kuala Lumpur; Seah should not have obeyed him, said the second tribunal in a 140-page report. Even in this charge, the tribunal was divided. One member felt that Suleiman should not be sacked, and two recommended that Seah not be removed. The tribunal added that both should be given full pensions.

The tribunal was unanimous, however, in absolving all five judges from charges of "gross misbehaviour" for convening the emergency sitting without Hamid's permission. Since the two related charges against Justices Tan Sri Eusoffe Abdoolcader, Tan Sri Wan Hamzah Mohamed Salleh and Tan Sri Mohamed Azmi Kamaruddin basically hinged on that single complaint, all three, who had been suspended since 6 July, were reinstated.

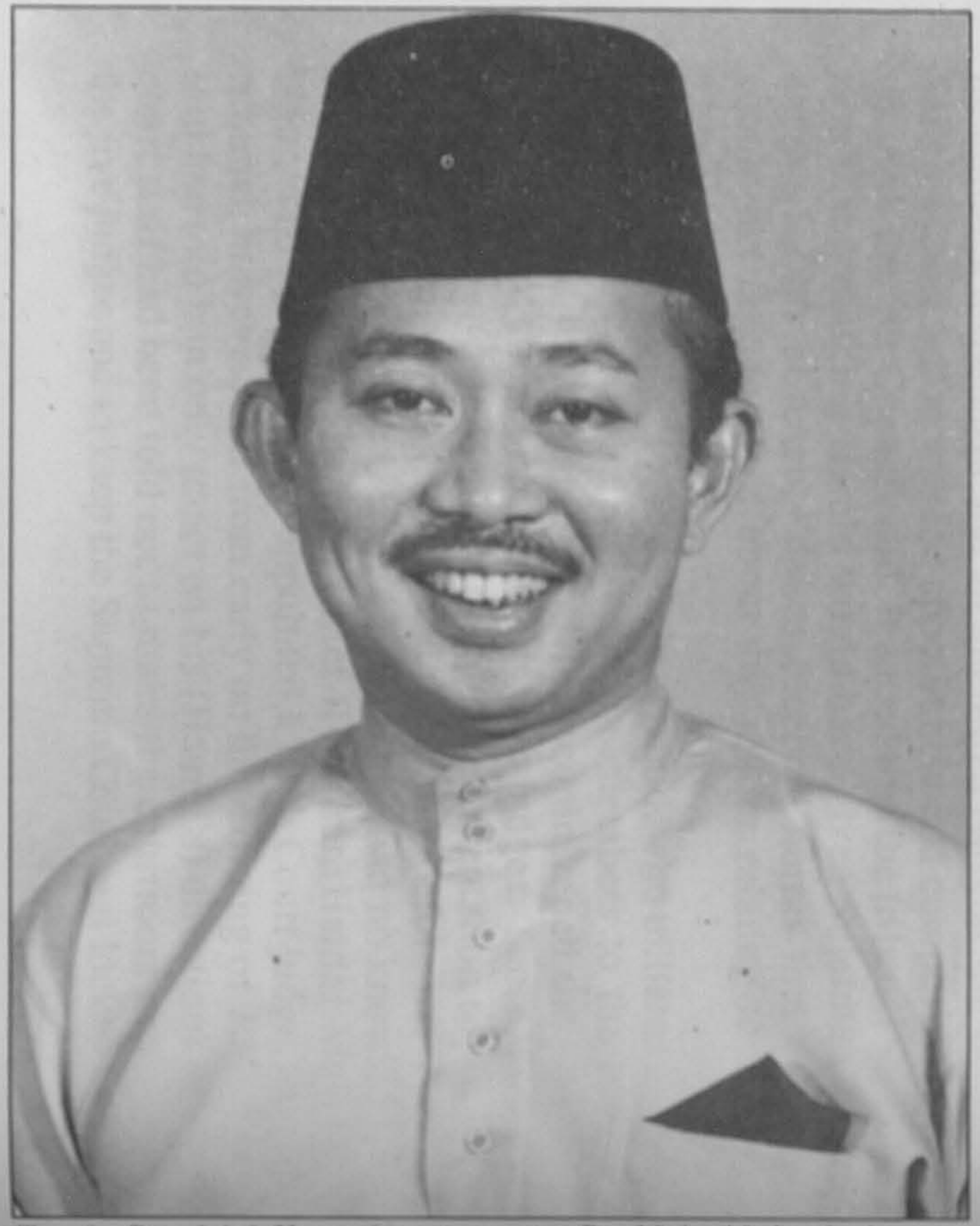
The tribunal also threw out claims by the Attorney-General that the five had conspired prior to the emergency hearing to issue the 2 July restraining order. When the judges had met just before and after Salleh had been suspended from office on 31 May, many others apart from the five were present, so that any improper agreement was 'most improbable,' read the tribunal report. "At most, those meetings are evidence of sympathy and concern for (Tun) Salleh — by no means improper and shared by other judges."

Perhaps a major reason for the difference between the first tribunal's unanimous dismissal of Salleh and the split of the second, was that while Salleh had stayed away from his hearing while he challenged the tribunal's legal validity, the five judges defended themselves, aided by 11 lawyers. The strongest reaction to the two latest sackings came from the Malaysian Bar Council. On 9 October, it disagreed with the tribunal's basis for the sackings and urged that Hamid resign as Acting Lord President, as Chief Justice and as Supreme Court judge for contravening what it said was a basic principle in law.

Suleiman could not have sought Hamid's permission as Hamid was chairman of the tribunal investigating Salleh and, therefore, a respondent and an interested party as the subject of Salleh's court action was the appointment and composition of the tribunal, the Bar Council said. It added that the tribunal's conclusion that consulting Hamid would have given Suleiman a valid excuse for his absence, "defies accepted norms that a litigant should not be consulted about any matter relating to his own case."

The Bar Council also said that Hamid, who initiated the suspension of the five, helped name the members to the tribunal which would investigate them which contravened the principle that a litigant should not name his own judges. There were discrepancies between Hamid's original representation to the King for the suspension of the five and testimony before the tribunal, the Bar Council added. Hamid had said he had no knowledge of the 2 July sitting. The then Chief Registrar, Haidar Mohamed Noor, who has since been appointed a High Court judge, told the tribunal, however, that from early on the morning of 2 July, Hamid had told him only to act on his (Hamid's) directions and that court staff had been told not to make the courtroom available to the five judges and to keep the Supreme Court seal locked away.

Hamid's actions showed that he had taken "active steps to obstruct the due process of law," noted the Bar Council. In the circumstances, his "continued presence as a member of the bench is unhealthy and seriously compromises the integrity of the judiciary," it concluded. Hamid's only reported reply so far was that lawyers who had no confidence in him should not appear before him in court. Despite the reinstatement of three of the judges, lawyers felt that the traditionally independent, but conservative, judiciary had been intimidated enough by Salleh's sacking.

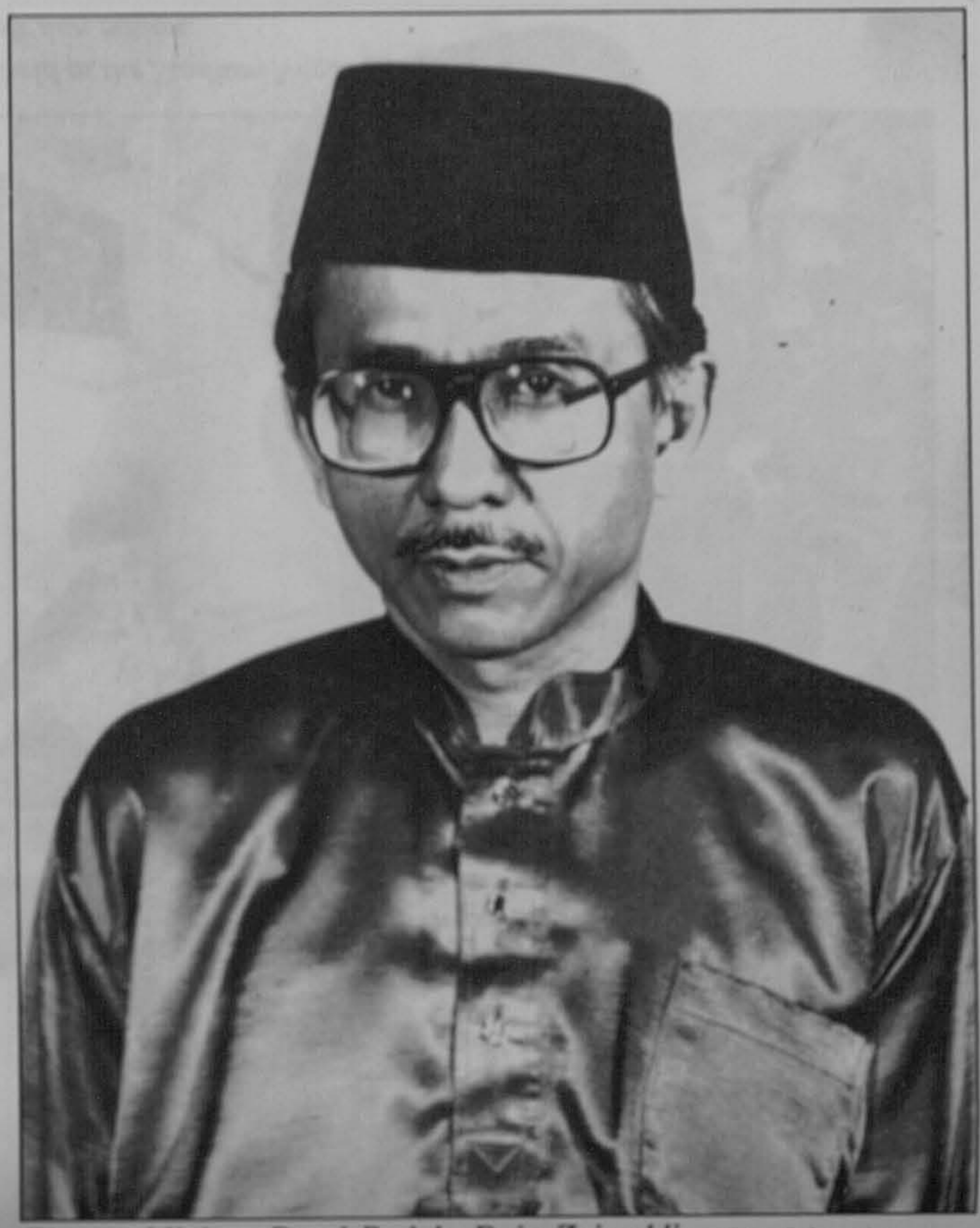


Tengku Razaleigh Hamzah try to muster Dr. Mahathir but he is always the loser — Photo Information.

Datuk Musa Hitam 'playing politics' — Photo Information.

Yasser Arafat and Dr. Mahathir hold hands-up at Palestine Rally which was held at the Stadium Negara as part of Malaysian move in supporting the struggle for legitimate sovereignty of Palestinian nation.

Agriculture Minister Datuk Sanusi Junid — Photo Information.



Finance Minister Datuk Paduka Daim Zainuddin — Photo Information.

46
Cabinet Offer
To Be Refused

> "No man has the right to strain the relationship of friendly acquaintance to the breaking point by asking or expecting of a friend that which might prove to be a burden to the friend."

BY most reckonings, it had been a predictable affair, marked by the absence of key dissident leaders. For three days 1,545 hand-picked delegates spoke, discussed and deliberated at the general assembly of the UMNO Baru. Just a week earlier, UMNO Baru had inched past a group led by Mahathir's archrivals, Tengku Razaleigh Hamzah and Datuk Musa Hitam, in a crucial by-election at Parit Raja in Johore.

Yet even that victory failed to lend any sparkle to the meeting — until Mahathir stood up to deliver his closing address on Sunday evening, 30 October, 1988. Clad in a traditional *baju Melayu* (traditional Malay attire), the Prime Minister made the expected call for a closing of ranks among Malays. The end of the speech, however, carried a stunning announcement. "In the interest of unity," declared Mahathir, "I would like to extend an invitation to Tengku Razaleigh Hamzah and Musa Hitam to join my Cabinet as Ministers without Portfolios."

Before he could even finish his sentence, there was loud applause from some of the delegates. Others sat quietly, surprised by the PM's remarkable offer to two of his toughest opponents. Datuk Seri Dr. Mahathir Mohamad had neatly turned the tables on his political rivals with an offer they were forced to refuse: Cabinet positions as Ministers without Portfolio for former Trade and Industry Minister Tengku Razaleigh Hamzah and former Deputy Prime Minister Datuk Musa Hitam. The offer cleansed him of the

divisive public image that had cost him some support from Malays and robbed his opponents of their best weapon. In the latest example of political deftness that had become his hallmark, Mahathir made his stunning offer — a complete turnabout from his implacable determination to deny his rivals the opportunity to ever again challenge his leadership.

Later, Mahathir told newsmen: "I extend this invitation because there were suspicious that our earlier invitation to peace talks was made out of feelings of weakness. I hope this will end the disunity." On 15 October, UMNO (Baru) announced that it would consider applications for membership from all Malays, where before it had said it would not take in those who had opposed its formation, as Razaleigh, Musa and their supporters had done. Five days later, a candidate from UMNO (Baru) won the Parit Raja by-election for a Johore State Assembly seat by a narrow 413 votes, and it was widely accepted that the offer tipped the balance of votes.

Mahathir's latest announcement topped even that. After the original UMNO was de-registered, Razaleigh — and later Musa — explained to Malay villagers, with some success, that by denying membership to some Malays, UMNO (Baru) ran counter to the spirit of Malay nationalism and unity espoused by the old UMNO. Mahathir was painted as a figure of disunity and his refusal to be accommodating to his rivals portrayed as un-Malay and autocratic.

At one point just before a 25 August parliamentary by-election in Johore, Mahathir even took to prime time TV to defend his leadership style (*Review*, 8 September). The UMNO Baru candidate in that election lost by a huge margin, and Mahathir might have picked up a lesson there for, with this offer, he put Razaleigh and Musa on the defensive. They could not now accuse him of splitting the Malays, and refusing the offer would not go down with traditional Malays, whose religion, Islam, forbids anyone from rebuffing the extended hand of friendship. But rebuff it they must, for to accept would draw them into an establishment hostile to them and kill them off politically from the inside.

Was blunt-talking Mahathir, who seldom shies away from a political fight, proferring an olive branch? The answer depended on who was doing the talking. The PM's supporters said their boss was sincere. His detractors, however, said Mahathir's remark was just a public relations ploy to show he was not really as un-

bending as his critics claimed. They reckoned the PM was still more interested in crushing his opponents than talking to them.

Mahathir announced before the Parit Raja polls that UMNO Baru would be open to all Malays. Yet the offer to his opponents came at a time when the PM, in the wake of Parit Raja, seemed to be riding high. So what prompted the concession? "There are still people outside the party who should be in the party," Mahathir told the press. "We made this offer to make the party complete. It is an opportunity to work together on the same side."

The PM's critics thought otherwise, however. "Mahathir pulled this trick out of his bag and made it look like a generous handout when it was absolutely nothing," they said. If [Razaleigh and Musa] were to accept it, he would use it against them by telling everyone they were power-hungry. If they were to refuse, he would say they were not interested in reconciliation."

Razaleigh said he would "think" about the offer, while Musa rejected it. "I would like, in all sincerity, to explain that the post of a Cabinet Minister is for me not important and has nothing to do with Malay unity," read Musa's carefully worded press statement on 31 October. Malay unity could only be achieved with a leader who practised the traits of Malay political culture: politeness, moderation, tolerance, forgiveness and never arrogance, he added. After the 20 October State Assembly by-election, rough words were spoken, and Mahathir's own statements at the opening of the UMNO Baru inaugural assembly were "critical and contemptuous of those who are regarded as enemies."

Razaleigh was even less likely to accept. On 1 November, he said he would "think about" the offer when Mahathir wrote to him, as he had said he would, but earlier, newspapers had quoted him as saying that even if he died and was reborn, he would not join UMNO Baru. A bonus from Mahathir was that the invitations blurred the differences between the old and new UMNOs. On 19 October, the Supreme Court ruled that the country's two largest newspaper groups — both owned by UMNO — need not refer to the new party as UMNO Baru, as the word *baru* (new) only appears in the Bahasa Malaysia version of its registered title, whereas UMNO is the registered English acronym. In time, common usage will ensure that the new party will be just "UMNO" and succeed the old in people's minds.

Ex-PM Tunku Abdul Rahman said the Cabinet offer was "adding insult to injury." Some supporters had urged the two

dissidents to accept it. But insiders said they turned the posts down because taking them up would have implied the pair found UMNO Baru acceptable.

A major dissident gripe had to do with UMNO Baru's constitution. For instance, new UMNO appoints leaders of its Youth and Women's wings, while old UMNO elected them. Candidates for president and deputy president in UMNO Baru also get a subsidy of ten votes for every nomination they receive from each of the party's 133 divisions — a procedure not practised in the original UMNO. Mahathir insisted subsidy votes made the party elections more democratic by giving greater weight to the division. His opponents asserted that the new system would do away with the one-delegate, one-vote standard.

UMNO Baru claimed to have over 1 million membership applications in its computer, at least 50% of which must be from members of the original party if it was to acquire the old assets. Although party administrators themselves admitted that proving every member's standing would be impossible, estimates were possible. In Penang, for instance, membership was about 83% old and 17% new, said its state liaison chief, Anwar Ibrahim.

The combined effect was to grind down the legitimacy of Razaleigh and Musa's struggle to revive the original UMNO. Mahathir had already described them as a "splinter group" at the general assembly and all the delegates had picked up the phrase.

Meanwhile, a batch of Malay technocrats and academics had been initiating peace moves between the two rival UMNO factions. Headed by Tan Sri Basir Ismail, chairman of the state-owned Bank Bumiputra and Petronas oil corporation, the group of 23 included top government officials. A four-point peace plan unveiled on 15 October called for considering UMNO Baru as the successor of the original UMNO and for restructuring the new party to conform with the constitution of the old. The group also urged holding party polls at all levels one year after a revamp and the opening of UMNO Baru to all Malays. Although made by Mahathir appointees, the call did not appear intended to help the PM. Indeed, many Malaysians felt the 23 men offered a neutral, practical way to heal the rift between the two camps.

For a time, Mahathir seemed disposed to call for snap general elections. Some of his close advisers, including Ghafar Baba, had been urging him to hold polls soon, even if it meant the governing Barisan Nasional coalition might lose the two-thirds

majority it commanded in Parliament's Lower House. But others advised that snap elections would be a disaster, not just for the fledgling UMNO Baru but for precious Malay unity, for which UMNO had historically been the principle political instrument.

It remained to be seen whether Mahathir's latest announcement would affect his rival's plans to force a series of by-elections — they stood even at one each now. But Mahathir strongly denied the possibility of a snap general election, which Musa said was being planned. "Why should I hold elections again?" demanded Mahathir, who last went to the polls in 1986, "I'm in a very strong position."

Nevertheless, the narrowness of the victory in rural Parit Raja underscored the need to hold fast to rural Malay loyalty. The government increased allocations for rural development for 1989 by M$4 million to M$5.1 billion and again for 1990. The government also reverted to giving out land titles to individual settlers in its land pioneering scheme for Malay settlers, presently worked on a share system.

Amendments to the party constitution were passed almost without debate — including the controversial new system of 10 bonus votes for the party president or deputy president each time he is nominated by a division. The proposal had been criticised as building a voting bias towards an incumbent because in the shadowy practice of Malay politics, delegates prefer to hide their hand until casting a secret ballot — which also leave them open to all manner of inducements to change their vote.

If Razaleigh were to beat Barisan in snap elections by developing alliances with ethnic Chinese and Indians, reckoned these advisers, it would split the Malay community permanently. Better, they said, to seek reconciliation. The striking element of the Johore Baru by-election was the easy acceptance by Malays of a working relationship between the Razaleigh forces and the Chinese-based DAP. The authorities had dealt the DAP a heavy blow by jailing several of its MPs, including leader Lim Kit Siang. In Johore Baru, the DAP paid back the government by supporting independent candidate Shahrir Samad, a Musa protégé.

Moreover, Chinese supporters of the MCA were believed to have deserted to the opposition in droves in Johore Baru, while dissidents in the MIC also went out of their way to help Razaleigh. The way the three races worked together was said to have shocked Mahathir more than the defeat itself. Razaleigh was also

putting out feelers to smaller components of Barisan, including groups in Sabah and Sarawak. The response, according to Razaleigh's aides, was more than encouraging. Analysts said that if Razaleigh could siphon off a third of the regular UMNO voters and add that to the 45% of the vote the opposition and independents picked up in 1986, he could win several State Assembly elections. What may well emerge is something that Malaysia has never seen before: a truly multi-racial opposition. In the past, Barisan had rolled over the motley collection of oppositionist to win the lion's share of seats in Parliament, even though the opposition collectively won nearly 45% of the total votes cast in the last general election in 1986.

In the wake of Johore Baru, however, Malaysians were talking of a "new" Barisan, made up of the "old" UMNO forces under Razaleigh and the principal opposition parties, including the DAP and PAS. Whether it gets off the ground or not, just the idea of forming a new coalition is revolutionary. "Now that UMNO has broken up, the focus is shifting to general elections again," observed a political scientist at the University of Malaya. "Malaysia's leadership will now be decided in general elections, like in most other countries, rather than in the party elections."

Master Stroke

IN a softening of his previous hardline stand against political enemies within his own party, Mahathir invited his rivals to apply for membership in UMNO Baru. Party leaders agreed to accept all members of the former UMNO "without exception," Mahathir announced after a party Supreme Council meeting on 15 October, 1988. "We have organised our party," the Prime Minister said, explaining the change of heart, "it is stable and we are not bothered by any kind of disturbances."

In addition, he said, many members wanted all Malays to have the right to join and "as a democratic party which always follows the people's wishes, we open it to all." It was a master stroke. For all intents and purposes, it took the wind out of his rivals' sails. They could no longer appeal to grasssroots sympathy with the argument that they had been refused entry to the reconstituted ruling party. And yet entry was even now not guaranteed.

Meanwhile, Mahathir's own image was enhanced, with the Prime Minister seen as forgiving his enemies and as a reasonable

leader accepting party consensus and offering compromises. Mahathir also announced that the Supreme Council had decided to invite Razaleigh and Musa Hitam to talks with him and Ghafar Baba to discuss problems facing UMNO (Baru) and Malay unity. He also revealed that three members of the original UMNO Supreme Council elected in 1987 — whom Mahathir had dropped when forming UMNO Baru but who later joined the new party — had been officially reinstated. Two of them were former Musa protégés.

On the surface, the council's decision seemed to mark a reversal of Mahathir's earlier stand, perhaps even hinting that he was losing control of council members. But closer inspection suggested that the compromises made in the council might only be cosmetic. Mahathir himself elaborated that anyone who wished to join UMNO (Baru) could apply and the party would evaluate their applications. If they "subscribed to our struggle," they would be accepted, he said.

Some within the rival camp balked at the council's offer. "If this party is designed to be UMNO's successor, we should become automatic members," Sungei Benut MP Tawfik Ismail said. "The question of applying shouldn't arise." While Musa did not comment on the new party's offer, Razaleigh said he would not join, saying that if Mahathir and his allies had seen fit to exclude him in the first place, they need not seek him out now.

Razaleigh stance reflected some of the bitterness down the line as well. Razaleigh and Musa's allies had been called "traitors" by the Mahathir camp and many of them now, when asked about the possibility of reconciliation, maintained that too much bad blood had been split to let bygones be bygones. For with or without Mahathir's knowledge, the purge at the top was repeated to some extent at the party's branch and division levels as well, resulting in some former UMNO loyalists feeling resentful and estranged. Cynics among them also suspected that UMNO Baru was facing difficulty getting members and did not have the 1 million members it claimed. It must register at least 50% of the 1.4 million members of the original UMNO to acquire the old party's assets.

Mahathir's compromise was apparently the result of pressure from party allies who were uneasy with a growing dichotomy within the Malay polity and recognised the natural rallying point and legitimacy this offered their ousted rivals. UMNO Baru's

working committee — headed by Ghafar, a mellow, seasoned politician and once a close friend of Razaleigh — appeared to be largely responsible for the council's decision. Prior to the council's 15 October meeting, some Menteris Besar, with their greater access to grassroots feedback than federal leaders, had publicly urged that the party open its doors. And the humiliating defeat in the August Johore Baru by-election of UMNO Baru's candidate to Datuk Shahrir Samad, also highlighted the dangers of a weakened ruling party.

The timing of the council's decision to woo back disaffected party members was at least suspect, coming as it did just five days before voters for the Parit Raja state seat, again in Johore, were to go to the polls on 20 October. Parit Raja is 80% Malay, and since the UMNO fight was a battle for the Malay heartland, the symbolic stakes were higher than a mere state seat would suggest. On 16 October, state-owned Bank Bumiputra sued the Razaleigh team's candidate, Hamdan Yahya, for recovery of a M$689,000 (US$256,000) loan for which Hamdan and two others stood as guarantors. Failure to repay the loan would mean the courts could declare Hamdan bankrupt, which by law would disqualify him from holding public office. Although the courts could not move against Hamdan before polling day, the publicity alone might have damaged his campaign.

For sometime, the party council's rapprochement bid seemed little more than a political gesture. When Mahathir and Razaleigh accidentally came face to face in Parliament two days after the Prime Minister's headline-grabbing announcement, Razaleigh jokingly told Mahathir: "Your statement has caused me a lot of problems," referring to the crowd of reporters he was strenuously trying to evade. An equally smiling Mahathir replied: "It was not my statement, it was the party's."

Razaleigh Down in Parliament

A BID to revive the deregistered UMNO was thrown out of Parliament by a 108-35 vote on 6 December, 1988, after two days of heated debate. The house was split along party lines. Ruling National Front coalition MPs voted to keep the Bill out, while their political rivals, Gua Musang MP Tengku Razaleigh Hamzah and 14 of his allies were joined by 19 DAP MPs — plus an independent from Sarawak — in voting to pursue the proposed Bill.

As a private member's initiative, the motion was only a first step to allow Razaleigh to then table a Bill that would in effect revive UMNO. Parliament had amended the Societies Act in March to allow unregistered branches of a society to be cancelled without affecting their parent body. But the government's Bill did not seek to backdate the bill to resuscitate the old UMNO. Razaleigh then proposed that the amendment be made retroactive to 1 January, 1987, before watershed party elections.

The 6 December motion, which MPs fully expected to be over-ruled, was Razaleigh's latest effort, having exhausted almost all avenues in court. The forum gave the views of both sides an airing, even if the thread of their argument seemed at cross purposes. Mahathir's allies continuously attacked the 11 disgruntled members for going to court, implying that they had been backed by Razaleigh and his allies — a charge to which Johore Baru MP Datuk Shahrir Samad took vehement exception. Razaleigh's allies pointed out that when he had the chance, Mahathir as Home Minister, had not invoked his powers to restore UMNO through discretionary fiat.

In urging the MPs to do their moral duty and restore UMNO, Razaleigh implied that Mahathir and his allies had actually wanted to see UMNO struck off so they could form a party more in their own image. It was "ironic that [the UMNO] lawyer who should have been fighting to keep UMNO alive, adopted kamikaze tactics, giving rise to questions about [his clients'] intentions," Razaleigh said. Furiously rejecting the allegation, Abdul Ghafar Baba recounted how his side had tried several times to negotiate an out-of-court settlement but was always rebuffed.

Mahathir himself explained that he could not have used his executive powers under the Societies Act with the court decision. As it was, he was accused of being a dictator, Ghafar added. In trying to outmatch each other's loyalty to UMNO, Deputy Minister of National and Rural Development Datuk Mohamed Tajol Rosli Ghazali told Shahrir that some of those on "this side" (the government side) of the house had promptly met to revive UMNO. Shahrir and two allies jumped up, demanding to know why they had not been similarly invited when they were party Supreme Council members. "Who will gain and who will lose if UMNO is restored?" Shahrir asked. "We sit here today because 40 years ago, there were Malays who dared stand up to the British. And 40 years from now, are we sure that the UMNO Baru of

1988 can guarantee that continuity for our children?" Mahathir had consolidated his position and was now inviting his rivals into UMNO Baru and the Cabinet — the latest on 2 December when he offered to restore five of the elected supreme councillors as appointed members. With this legislative defeat, Razaleigh and his supporters now had no choice but to go back to the people in a series of by-elections — a plan they had temporarily shelved.

PART NINE (1989)

47
Malaysia
Reluctants NIC

> **"Malays are politically split as never before since the 1950's and this could pave the way for an eventual two-party system in the country."**
>
> — Dr. Bruce Gale

MALAYSIA, under Dr. Mahathir Mohamad reluctantly going to be a Newly Industrialised Country (NIC), sounds great. Lately, many people have been talking about Malaysia as a prospective candidate for becoming the next NIC. Much of this is triggered by the observations in 1987 of a London-based research body that Korea, Taiwan, Hong Kong and Singapore had already acquired that status; and a more recent forecast that Thailand may achieve that status next and soon.

Discussions and articles in local newspapers and foreign journals have covered this interesting issue, but none seemed to have assessed the situation in sufficient detail or with solid figures. Indeed, we have been very poor at the information network level. What is the missing information in this forum on Malaysia gaining NIC status?

It is an accepted view that the future growth of this country depends upon industrialisation. Technology is a crucial component in the process; therefore, industrialisation is also a function of technology and knowing its status will enable us to fix precisely where Malaysia stands on her journey to NIC status.

H. Zahari Awang in his research concludes that the countries of the world can be divided into four categories, in terms of the degree of industrialisation. From the highest to the lowest, there are: the Industrialised Countries (ICs), the Newly Industrialised Countries (NIC), the industrialising countries and the non-indus-

trialised countries. It is an accepted notion that the NIC status is the upper-middle class in the hierarchy of nations, in terms of economic development. The status is, therefore, the primary target of many countries, including Malaysia, which is now classified as an industrialising country.

In general, the level of "technoware" (being the object-embodied technology) in Malaysia is fairly high. In two of the leading sectors, we are now on par with the ICs, while in four others, we are on the same level as the NICs. Only in five or six sectors are we on the same level as the other industrialising countries but two or three of them are already on the near-NIC category. This generalisation concerning the technoware component of technology is based on the fact that, in most of the sectors, the country has already installed fairly advanced hardware — such as the automatic machines and integrated facilities.

Closely associated with technoware is the level of "humanware" in the country. This is the person-embodied technology, a reference to the engineers, technicians, the operators of various skill levels. From a generalised view, it is apparent the level of "inforware" (being the document-embodied technology) and, worst still, "orgaware" (being the institution-embodied technology) in Malaysia is very low. No doubt, Malaysia is on the nebulous boundaries of NIC-dom. While local experts feel there is yet a lot to be done, foreign investors say getting there is no problem at all. It's like climbing the corporate ladder. In the jungle of nations, countries, adopting various tactics, vie with one another to earn more wealth and status.

In the hierarchy of development, countries are "promoted" according to indicators like GNP per capita and the level of industrialisation. As such, the poor, underdeveloped country aspires to grow into a developing one, and then labour on to reach developed or advanced rank. In between, there are numerous classifications, so each country is assured of some label that denotes its level of development that the international community recognises.

So it is that, lately, citizens of Malaysia, a developing country within the Association of South-east Asian Nations (Asean), have taken up the debate on when the country will reach the next milestone in economic growth — becoming an NIC. How far is Malaysia from NIC-dom? Voices from within the country, that is, from politicians, economists and manufacturers, are rather tentative in nature — not negative in any sense, just unconvinced.

A reaction from a senior official, "I am not saying we can't be an NIC by 1990, 1995 or the year 2000 but it will be quite tough for Malaysia which still lacks technological upliftment if one were to compare with the NICs." Now, analyse 12 sectors of the economy to assess their status of technology, from the highest level of technology that Malaysia has in each sector, along with the most advanced products and activities carried out in the country, with respect to those sectors.

The list of promoted activities and products issued by the Malaysia Industrial Development Authority (Mida) in 1988 is a fairly good representation of the current level of technology. The leading sectors of the Malaysia economy are the rubber and palm oil product industries. The status of technology in these two sectors is comparable with that of the ICs.

This conclusion is derived from the fact that Malaysia has started to recycle the products of both rubber and palm oil. It is a well accepted notion that recycling and synthesising are characteristics of the industrialised society. Another argument for this conclusion is the international nature of the market for Malaysian rubber and palm oil. This is also a characteristic of an industrialised country. Indeed, the Rubber Research Institute of Malaysia (RRIM) and the Palm Oil Research Institute of Malaysia (PORIM) are world renowned for their research expertise in the fields of rubber and palm oil.

It is interesting to note that Malaysia is producing computer-chips close to the level of "state-of-the art" while the electronics/electrical industries contribute more than 51% of the gross exports of manufactured goods. The country also has the technology in producing micro-computers of the 16-byte range and possibly the higher range as well. This sounds like upper-NIC or even IC's capability.

The high level of technoware that Malaysia has in computer-chip manufacturing is not adequately reinforced by the same level of humanware, inforware and, worst of all, orgaware. This deficiency is simply due to the fact that electronic factories in Malaysia are, in general, owned by the transnational corporations (TNCs). As such, the highest decision maker, that state-of-the-art information and the global linkage are all outside the country.

Malaysia has no authority over these final, but important, levels of technological capability to qualify for the status of being advanced. As a means of building its own indigenous capability in

the field of micro-electronics, Malaysia set up a research institute, the Malaysia Institute of Micro-electronic Systems (Mimos). However, despite the level of R & D at Mimos being at par with the not-so-leading ICs, its presence is not yet felt by the electronics industries.

This points to the fact that linkages on the levels of industry as well as national are still very weak. It is a sign of the low level of the orgaware component in the composite nature of technology. Therefore, the status of technology in Malaysia in the electronic/electrical sector can be fairly classified as being on par with the NICs.

According to Zahari Awang, the next important sector is the transport equipment industries. This sector of the economy received a boost with the assembly of the first made-in-Malaysia car in 1985. That great leap in technology has given rise to many down-stream activities in the country and, in a matter of a few years, when the technology is fully absorbed and the market becomes international, Malaysia is prepared to be on par with ICs.

For the moment, however, the most important components of the car are still imported while the market is still a domestic affair although export is increasing substantially. As such, the overall status of technology for this sector is on par with the NICs.

There are two other sectors of the Malaysian economy in which the status of technology is comparable with the NICs. These are the wood-based industries and the non-ferrous metal industries. In the first sector, the idea of having an integrated timber complex simply shows that the know-how and the manpower for it are already present in the country. Malaysia also has the manpower and the know-how to get involved in the work of recycling scrap.

The level of technology in the two sectors are, therefore, quite advanced. Within the next few years, with increased capability and experience, the country should be on par with the solid NICs. In two other sectors, the status of technology is comparable with the developing countries about to take on the NIC status. These sectors are the food processing and chemical industries. This generalisation is based on the fact that most of them still operate at the processing stage, with the product mainly for local consumption. Another support for this claim is the fact that much of the farming lands are left idle as the technology in agricultural production becomes inferior to that of manufacturing. The result

is a big shift from traditional farming to manufacturing. This is a characteristic of industrialising countries about to enter the NIC status.

Finally, there are three other sectors in which the level of technology indicates that we are in the industrialisation stage. These are: ship-building and ship-repairing industries; non-metallic minerals; and machinery and engineering industries. This generalisation is based on the fact that the level of humanware in the sectors is in either repairing, reproducing or adapting — all of which are relatively low in the hierarchy of humanware classification. The truth about technology is that once the highest level is attained, the lower levels become less competitive and therefore face a threat of prolonged existence. This assessment of the sectors, on the highest level of technology that Malaysia has, does not show an overall standard in each sector of the average for all the sectors.

It is, therefore, essential to see various rations that give another form of indication on the status of technology. These rations are:

- Science and technology (S & T) graduates against Arts graduates.

Based on the output of degree and diploma holders from the local institutions of higher learning in 1981–85, degrees in S & T constituted 44.8% while diplomas in S & T constituted 57.1%. This produced an overall of 50.5% for S & T graduates versus those Arts in 1981–85.

In 1986 and 1987, the figures of S & T graduates shot up to an estimate of 55%. The output came from the University of Malaya, the National University, the University of Science, University of Agriculture, and the University of Technology. This figure is obviously not far from that of the ICs, where a 60:40 ratio in favour of S & T graduates is the norm.

- Manufacturing sector to other sectors. Statistics for 1988 show that the manufacturing sector would, in 1989, contribute, 22.9% to the GDP. This is certainly not far off from the target of 30-32% as the generally accepted role of the manufacturing sector in the NICs.
- Research and development (R & D) expenditure to the Gross National Product (GNP).

It has been planned that for the 1986–90 period, a total of 400 million ringgit be reserved for R & D expenditure. This is

equivalent to 1% of the GDP. If this represents the true expenditure for R & D in 1988, then Malaysia is already on a par with Korea in 1982 — a difference of about six years.

- Engineers and technicians to the whole population.

Unfortunately, no reliable figure is available on the number of engineers in the country until 1988. It is estimated that the ratio is 2:1,000. This compares very unfavourably with that of the ICs, where the ratio is 4:1,000.

According to the hard-core definition, as wrote Dr. Nordin Sopiee, Director-General of the Institute of Strategic and International Studies (ISIS), an NIC is a country which should have at least three quantitative and four qualitative characteristics.

Quantitatively, a newly industrialised country should be seen as:

(1) A country that has achieved rapid rates of growth in manufacturing over the last 20 or 30 years (which is what makes it "new");

(2) A country where agriculture has become a minor activity compared to the quantity of manufacturing activity and contribution to the national wealth; and

(3) A country whose share of manufactured exports to total exports is very high.

Qualitatively, a newly industrialised country must be:

(4) A country whose manufacturing base is diversified — ranging over a wide array of products and product groups;

(5) A country whose industrialisation is deep; meaning that its manufacturing processes are not confined to shallow activities such as assembly, and the quantum of value added is very substantial;

(6) A country whose industrialisation is backed by a substantial degree of domestic or indigenous technology; and finally

(7) A country where the bulk of the manufacturing enterprises is domestically owned.

We have gone a long distance but we still have a very long way to go. For local analysts, it is perhaps a case of "not seeing the whole picture because we are inside the frame." They are, of course, favoured with a full close-up view of the mountain of

problems — structural and policy — that have to be surmounted before Malaysia can call itself an NIC. The country's weaknesses are said to be a narrow manufacturing base, at present heavily skewed towards electronics, which accounted for 53% of gross manufactured goods exported in 1986; low indigenous technology; and heavy reliance on foreign investment.

It is certain that Malaysia is a strong candidate for the next NIC. This will materialise if the economy continues to grow at the same rate as it had in the early 1980s. In the past few years, Malaysia suffered either negative or very small growth. This is bound to affect estimates of the future. However, it would be fair to conclude Malaysia is not earlier than six years away from NIC status. If we are lucky, we shall achieve it by the year 1995; otherwise, it could extend to the year 2000.

Meanwhile, politically speaking, it will be back to the future for Malaysia... going by the projections of Political and Economic Risk Consultancy Ltd (PERC).

Dr. Mahathir Mohamad, predicts PERC's regional manager, Dr. Bruce Gale, "will remain in power for at least five years." He numbers the reasons with a busy index finger: unassailable strength within the party, relatively weak opposition, no clean succession, a desire to see his vision through. PERC, a gravely listened-to outfit operating out of Hong Kong, is in Kuala Lumpur to address a business roundtable on the *Prospects and Challenges Facing South-east Asia in the 1990s* and, as befitting an agency that earns its keep out of foretelling, scatters predictions like chaff.

The essence of their prognostications is this: forget the United States and Europe. The first is relatively saturated, the second would get more inward looking, and both are getting to be hard sells. The future opportunity is Asia — its market for imports is growing almost four times that of the US, it is getting easier to break into, and is "where the action would be."

Some of PERC's more interesting predictions:

- Malaysia will become South-east Asia's pre-eminent centre for manufacturing, particularly in electronics and downstream resource-based industries.
- The US will no longer be Asean's major trading partner.
- US and European companies will begin to fade from the region. Those that remain will largely be those that cater to the Japanese and other North-east Asian markets.

- Asean will get no better at integrating trade and will persist as a loose collection of competing economies. Their only common stances will revolve around the occasional political rumble.
- The US' Clarke Air Base in the Philippines will probably close. Singapore will become an important servicing centre for the American military.
- Brunei's Ruler will play an increasingly important role in the region.
- Indonesia will become a leader in the world's non-aligned movement.
- Thailand will become a new financial centre and will take some of Singapore's business away as it becomes the hub of a newly resurgent Indochina.

On the political front, the 1990's will be an era "of great political change," except for the Philippines remaining "what you see is what you get." The promise of Corazon Aquino has remained largely that, promise, and her government, says Gale, has begun to resemble "Marcos' earlier years." The Philippines, according to PERC, will be run "the way it has always been, with presidential candidates coming from a few wealthy families and efforts at any real reform being blocked by them."

Singapore, without Lee Kuan Yew, will be a different matter. No change can be expected in its domestic or foreign policies but "a power struggle within the PAP will be likely once Goh Chok Tong takes over." This event, given its rarity, can detract from the efficient functioning of "Singapore Inc."

Thailand will be fine so long as the present King stays on the throne. His careful non-endorsement of any faction within the military or political parties is the one consistency in Thai politics. The Crown Prince, however, seems to lack his father's abilities in impartiality and given "his fascination with the military and the possibility of him coming out in favour of a particular military faction," then "anything is possible." Indonesia's Suharto will probably continue because "too many vested interests depend on him doing so," with his eventual successor being Muslim, Javanese and a military man, in that order.

Gale's PhD thesis is on Malay politics and he's the author of the first authorised biography on ex-Deputy Prime Minister Datuk Musa Hitam. On Malay politics, he says the Malays are politically "split as never before since the 1950's and this could pave the way for an eventual two-party system in the country."

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Victory Even On Hospital Bed

> **"Political scientists, of course, like to fit me into their assumption. They assume first and then they fit me into those assumptions, they look for evidence that I'm confrontational. When you approach it in that manner, of course you're going to find I'm confrontational. Along those lines then, everybody's confrontational."**
>
> **— Dr. Mahathir**

EVEN from his hospital bed where he was recovering from coronary bypass surgery, Mahathir had notched up two notable successes: reconciliation with his former deputy and critic, Musa Hitam, who brought with him crucial support from the southern state of Johore, and a by-election victory which would force his opponents to re-think their strategy. Taken together, both events would force the remaining anti-Mahathir faction, led by Razaleigh Hamzah, on the defensive.

In the 28 January, 1989, Ampang Jaya parliamentary by-election, it was the hoped-for Chinese vote which deserted Razaleigh's candidate. And where once Mahathir was being squeezed between Razaleigh from his northern Kelantan state and Musa in the south, Razaleigh was now in danger of being isolated and pushed to the periphery. Malay politics, however, rarely runs a straight course. Just when it seemed that Mahathir was getting the upper hand over his opponents, his sudden decline in health focused attention on who would succeed him. He was taken to hospital with chest pains on 18 January, 1989, and operated on six days later. Although Mahathir appeared to be recovering steadily, there seemed little doubt that he would need several weeks, per-

haps months, of rest while Ghafar Baba who, like Mahathir, is 64 and has himself had bypass surgery — is in charge. Health permitting, politicians here saw Mahathir remaining at the helm for at least another year. He would like to steer the formulation of the successor to the national social and economic blueprint, the NEP. Most of all, however, he would need at least a year to "arrange" a line of succession. Ghafar's own age and health might not permit him to run the country in an acting or actual capacity for long. The jostling would be on for someone to follow him. Anxieties over the succession were exacerbated by the factionalism in Malay politics today, specifically opposition to Mahathir's new UMNO.

The Prime Minister is traditionally also the head of UMNO, which since Independence in 1957 has been the dominant member of ruling coalition governments. When a deputy president moves up and becomes Prime Minister, he usually chooses a new deputy from among three party vice presidents. Today, these are Education Minister Anwar Ibrahim, former Defence Minister Datuk Abdullah Ahmad Badawi and Terengganu Menteri Besar Datuk Amar Wan Mokhtar Ahmad. But the recent twists and turns in Malay politics could change that.

For ailing Mahathir, it was just what the doctor ordered. In another by-election test of wills with archrival Razaleigh Hamzah, the third in six months, the embattled Premier's candidate prevailed. The cheers and chanting of thousands of supporters gathered to learn the results at the Dewan Serbaguna counting centre in the capital's suburbs could almost carry into the PM's Kuala Lumpur hospital room. After a long and weary night of counting, it was announced that the ruling Barisan Nasional (National Front) coalition's candidate had won the 28 January Ampang Jaya parliamentary ballot with a comfortable margin of 4,250 votes. In the by-election sweepstakes, Mahathir now had won two out of three.

The candidate representing the "Spirit of '46" faction was no less a figure than Harun Idris, formerly the Menteri Besar of Selangor, in which the constituency is located. Moreover, Harun is a Malay who was running against an ethnic Chinese in a constituency that is two-thirds Malay. The prestige of the Prime Minister and Barisan was riding on the relatively young shoulders of Ong Tee Keat, 32, nominee of the MCA. The Chinese party MCA has traditionally been allotted the Ampang Jaya seat, despite its Malay

majority, because it no longer fares well in urban constituencies. In such cases, Mahathir's UMNO Baru and its predecessor, the original UMNO, have stepped aside and delivered their Malay supporters to the Chinese candidate. But with the Malay vote split this time because of the bitter feuding between rival Malay politicians, the Chinese candidate faced a hard battle. Therefore, both the MCA and UMNO Baru pulled out all the stops to hold the seat. MCA party members campaigned door-to-door in non-Malay neighbourhoods, while Ghafar Baba pressed on tirelessly in Malay ones. In the final results, Ong polled 23,719 votes or 54.1%, compared with 19,469 votes or 44.4% for Harun. Five other candidates failed to win enough votes to retain their deposits. "We are pleasantly surprised by the margin of victory," said a close associate of Mahathir. "We knew we had a fighting chance, but we didn't expect this kind of majority." The by-election was caused by the resignation of the MCA's Lim Ann Koon, who had polled 82.3% of the vote in the 1986 general election.

The victory meant Dr. Mahathir still had good support, thus strengthening the Barisan Nasional for bigger challenges ahead. Politicians were unanimous that Mahathir would never forgive Razaleigh the bitter, and sometimes personal, party campaign in 1987. Of his two critics, he would prefer Musa, who was his chosen successor until he resigned as Deputy Prime Minister in 1986 and teamed up with Razaleigh against Mahathir. The Razaleigh-Musa alliance, always uneasy, formally ended on 31 January, 1989, when Musa declared himself a member of UMNO Baru, explaining his about-turn by saying that since UMNO Baru had accepted in principle proposals to unify the Malays, including opening the party to all Malays and restoring the Supreme Council elected in 1987, it would be wrong not to honour the agreement.

In his 14 years in the Cabinet, Musa, 54, had held portfolios ranging from Trade and Industry to Education and Home Affairs, and had also enjoyed international exposure. But his self imposed neutrality of late had lost him precious credibility. His appointment would only calcify the split, for Razaleigh's Kelantan followers felt he had betrayed them. More to the point, Musa would not be Ghafar's choice. Abdullah — only slightly younger at 49, and once widely regarded as Musa's choice for deputy had Musa become Prime Minister — was at one time considered a compromise candidate but the power struggle got so intense that neither

side trusts him anymore He was dropped from the Cabinet when he backed the Razaleigh–Musa ticket in 1987.

The career which would arguably suffer the most without Mahathir's intervention would be Anwar's. Now 42, he was thrust into UMNO politics in 1981 as Mahathir's protege, less than a decade after he was detained for months on national security grounds. Anwar, a persuasive orator, has made many enemies along the way and is seen as very ambitious, having built himself a network in government, academia, some UMNO-controlled corporations and in international Islamic organisations.

Observers here noted that for different reasons, Ghafar, Abdullah and Mokhtar would want to keep Anwar out. Party politics aside — Mokhtar himself was not considered front-runner, being a state rather than federal leader — Mokhtar regards Anwar's claims to religious spokesmanship as somewhat suspect. Mokhtar, like a handful of other Islamists in government, was educated at the Al-Azhar University in Cairo whereas Anwar acquired his Islamic credentials through his activities as a student leader and in ABIM, while his formal training was in Malay studies at the University of Malaya, making him more a nationalist than Islamic scholar, say his critics.

Nevertheless, Anwar is also widely regarded as the only young leader with some sort of vision for the country — irrespective of whether one shares the vision — one that is basically Islamic. But Anwar would need another term under Mahathir — who is known to see him as a potential successor — to widen his experience in Ministries other than Agriculture and Education. As with others, however, his fortunes depend on Mahathir's health and timing.

UMNO Remembrance

IT was a weekend of emotive anniversaries. On 11 May, in watery sunshine on the grounds of the *Istana Besar* (Grand Palace) in Johore Baru, about 400 *kompang* drums thundered a greeting to Mahathir. He was there to launch a massive rally marking the 43rd anniversary of the founding of UMNO. Youths put up a balletic display of *silat*, the Malay martial art. Choirs of schoolgirls sang as a giant UMNO flag was hoisted. Pledges of loyalty were taken. The rally was intended not only to commemorate UMNO's birth, but also to acknowledge the rise to eminence of the new

party — UMNO Baru. In his hour-long address to the gathering, Mahathir recalled UMNO's history, lauded its spirit, proclaimed its continuing relevance — and delivered a scathing rebuke to "the challenger" whose "ambitious plan" had resulted in the original UMNO having been declared illegal.

Yet even as Mahathir was speaking in Johore Baru, "the challenger" was convening a rally of his own in his constituency of Gua Musang. Razaleigh Hamzah, now into the third year of his battle against Mahathir, and whose political vehicle is known as the Spirit of '46 after the year of UMNO's birth, addressed some 10,000 supporters crammed into a school hall. He did not have the appropriate permit for the meeting, which was held as a celebration to mark the end of the Muslim fasting month of Ramadan. The police intervened, compelling Razaleigh to cut short his speech.

The tandem events in Johore and Kelantan attested to the durability of the bitter rivalry that continued to dominate Malaysia's political agenda. A week before, the Seremban High Court in Negri Sembilan state had lifted an injunction granted to a Razaleigh supporter, who had sought to restrain UMNO Baru from holding its Johore rally. The applicant had alleged that the celebration was designed to "hood-wink" the nation into believing UMNO still existed legally. Earlier still, the Registrar of Societies had scotched a bid by the 46-ers to register themselves as a political party, on the grounds that the group's symbol resembled that of "another party." The reference was plainly to UMNO Baru.

Two days after the commemoration came another anniversary — and another political milestone. Twenty years to the day since Malaysia had suffered the worst race riots in its history, the people of Bentong in central Pahang state went to the polls to fill the parliamentary seat left vacant by the death of incumbent Chan Siang Sun, an MCA veteran.

Chan had held the seat for 30 years. The contest to succeed him was effectively between the MCA's Lim Ah Lek, 47, and the DAP's Lip Tuck Chee, 45. Throughout 13 May, 1989, nearly 72% of the constituency's 40,000-strong electorate — just over half of it Chinese — trooped to the polling stations. In the small hours of the next day, Lim was declared the winner by the impressive margin of 8,506 votes.

The victory, said Mahathir, showed that "confidence in Barisan is not only there but is increasing." Certainly, Barisan's win-

ning tally had increased. Far from the reduced victory margin that had been expected, Lim's score was fully 26% higher than Chan's had been in the 1986 general election. Moreover, his 60% share of the popular vote indicated a significant swing to Barisan of Bentong's Chinese voters, the majority of whom had supported the DAP in 1986. This, said MCA president Ling Liong Sik, "clearly shows the erosion of support for the opposition." Razaleigh's 46-ers remained a factor. Impressions persisted of the group attempting to fashion electoral alliances with the DAP and PAS. The DAP had professed no interest in such overtures, but some agreement was in the offing with PAS. But Mahathir now had three consecutive by-election victories behind him, and his full-throated hour-long address at the Johore Baru rally hinted at a strong recovery from the heart surgery.

The ever-changing map of Malaysian politics had once again been drawn. Berjasa had quit the Front. The party joined forces with PAS and Semangat 46 (Spirit of '46), which was registered in May, 1989, as a political party and was unofficially headed by Razaleigh.

PAS and Semangat 46 are forging an opposition coalition called the Angkatan Perpaduan Ummah (United Movement of Muslim People). Its purpose is to challenge Barisan at the next general election, due by August, 1991, but expected earlier. Berjasa's defection had been on the cards as its leaders had supported opposition candidates in a recent by-election and had rejected overtures for talks from Barisan. Working with the APU coalition is the DAP, which holds 24 of the 177 parliamentary seats.

Berjasa's decision to truck with PAS and Semangat 46 is a historical irony. The party was formed in 1978 by a breakaway PAS group with the active backing of Razaleigh. Two years later, the new party was inducted into Barisan in place of PAS, whose 1977 ouster from the ruling coalition had also been masterminded by Razaleigh. "Their position in Barisan being insignificant," reckoned one observer, "Berjasa leaders perhaps felt they could play a larger role in the opposition." Mahathir believed Berjasa's exit would not affect Barisan much. The party, which claims 15,000 members, has never held a parliamentary seat. And its decision to quit Barisan sparked off resignations by senior party members in Terengganu, which along with Kelantan, Kedah and Perlis lie at the heart of the APU's anti-Barisan drive.

Opposition parties in Malaysia had of late grown accustomed to losing to the ruling Barisan coalition in by-elections. In the past nine months, indeed, Barisan had scored three wins, two by big margins. The small rural constituency of Teluk Pasu in north-eastern Terengganu was expected to be victory No. 4. Three years ago, Barisan had easily won this State Assembly seat in the general election, polling 28% more votes than PAS. But in a by-election re-match 24 June, 1989, the overwhelmingly Malay electorate bucked two evenly rated Islamic experts. PAS' Harun Taib, 46, polled 3,671 votes to 3,530 by his Barisan rival, Abdul Rahman Mohamed, 52.

The slim victory margin somewhat understated the result's significance. PAS president Fadzil Noor termed the win "historic" — and in some ways, it was. For the first time in its 38-year history, PAS had defeated its archrival in a by-election. More significantly, the election was the first political test for the APU, and the result seemed to indicate some measure of popular support for the grouping. "The people want an alternative to Barisan," asserted Fadzil. "They are ready for a change."

Reshuffle: Nothing for Abdullah Badawi

MAHATHIR's long-expected Cabinet reshuffle, announced on 14 June, 1989, was a tame affair with only lateral movements of Ministers and their deputies — none of which involved senior members of the de facto ruling new UMNO Baru. In addition, the reshuffle bypassed the key Ministries of Finance, Home, and Trade and Industry. The most notable change involved Labour Minister Lee Kim Sai of the MCA, who moved to Housing and Local Government, a portfolio with much promise for dispensing political favours. Lee's post was filled by newcomer Datuk Lim Ah Lek.

Government insiders said the MCA had promised Lim, an independently wealthy man, a full ministership to entice him to stand in the by-election. To make up for Lim's inexperience in a Ministry beset by trade union troubles, Mahathir shifted Datuk K. Pathmanaban, the Deputy Minister of Health, back to Labour where he had served many years as a civil servant and later as Deputy Minister. A more routine MCA move was that of Housing Minister Ng Cheng Kiat to Health, a post left vacant by the death of Tan Sri Chan Siang Sun. Also from the MCA, long-serving

leader Datuk Oo Gin Sun resigned as Deputy Minister in the Prime Minister's Department.

Works Minister Datuk Seri S. Samy Vellu, leader of the MIC, was moved in a direct swap with Minister of Energy, Telecommunications and Posts Datuk Leo Moggie. Works is deemed slightly more senior than Posts. As the country expands its domestic road network, the Works Minister enjoys the power to win and maintain political support through the issuing of tenders. Once considered a low-profile Ministry, Posts has in recent years become more active as some public enterprises have been privatised.

Syarikat Telekom Malaysia was privatised in January 1987, with a floatation of shares expected in 1991. The stalled Bakun dam and hydroelectric project in Sarawak, which will provide electricity to the entire country, is also expected to be revived and, perhaps, privatised.

An anticipated reshuffle of UMNO Baru Ministers did not, in the event, take place. Anwar Ibrahim proved his continued influence in the Mahathir Cabinet when his rival from Penang, Datuk Abdullah Ahmad Badawi, who was Defence Minister until the split in the old UMNO in 1987, was not brought back into the Cabinet as expected. In the midst of a raging debate early 1989 over Anwar's position as eventual successor to Mahathir, observers had suggested that Mahathir's real purpose in effecting Cabinet changes was to bring Abdullah back to the mainstrem as a check on Anwar — who was seen as moving up too fast even for the Prime Minister.

Leaving Abdullah out at this juncture, when the Prime Minister was elsewhere trying to consolidate his position before party election in 1990, reiterated Anwar's strength and suggested that while Mahathir might have wanted to slow Anwar down a few months ago, he still sees him as his logical successor.

Daim Zainuddin, who is said to have considered resigning to return to the private sector, remains in Finance. This means Anwar, who has served as Acting Finance Minister in Daim's absence, has been forced to stay put. Anwar, said an aide, should be getting some experience in finance or trade to broaden his experience. However, the aide said, he would at the same time have to retain some control over education since youth and youth movements comprise his personal support base.

Ninth King

TRADITION won out over inter-palace manoeuvring with the election of Perak's Sultan, Azlan Muhibbuddin Shah, as Malaysian's ninth King by his brother Rulers. Perak was the only state whose Ruler had not had a turn on the federal throne under the 33-year-old constitutionally created rotational system, but some Rulers — and some politicians — were unhappy at the prospect of Azlan's elevation.

At least two Rulers were annoyed that Azlan, an internationally respected jurist who was the Lord President of the Supreme Court from 1982-84, had been reluctant to back moves to express dismay at the former King's dismissal in 1988 of the then Lord President, Tun Salleh Abbas, at the instigation of the government. Azlan had also not effectively backed their wish that the Chief Justice, Tan Sri Abdul Hamid Omar, remain only in an acting capacity as Lord President after Salleh's departure instead of being confirmed.

Salleh's removal was widely linked with continuing litigation concerning the de-registration of UMNO. Out of this grew speculation that Mahathir would be wary of the King, who had a sharp legal mind, was known for independent thought and came from the very judiciary the government criticised so heavily.

Another royal objection occasionally mentioned — that Azlan's wife is a commoner and that her elevation to Queen could cause protocol problems at royal functions — in the end seemed a mask for other reasons for not supporting him earlier. The outcome of the election, under which the country's nine Rulers meet and hold a secret vote, was uncertain even up to the last few days before the 2 March, 1989, ballot. Kelantan's Sultan, Ismail Petra, who held the strongest views over the Salleh affair, at the last moment apparently played a large part in enhancing support for Azlan among the other Rulers — and, significantly, Azlan's first courtesy call the morning after the election was on Sultan Ismail. Sultan Ismail pointedly bestowed the state's highest gallantry award on Salleh after his dismissal.

Two other Rulers were widely thought to have been considering offering their names for election — the Yang di-Pertuan Besar of Negeri Sembilan, Tuanku Ja'afar Abdul Rahman, and Selangor's Sultan Salahuddin Abdul Aziz Shah. Ja'afar's father was Malaysia's first King and had Azlan declined the office or

been by-passed, he might have found himself at the top of the list (he was, instead, elected Deputy King). Salahuddin's father, the second King, had died before his coronation in 1960, and Salahuddin perhaps felt that Selangor had not had a proper turn.

The combination of royal manoeuvring and political caution sparked an unprecedented degree of public interest and quiet palace lobbying. Observers noted that the election itself had never been held so close to the outgoing King's term — seven weeks before the 26 April installation of the next King, instead of a few months ahead.

Azlan's eventual appointment, however, meant a vote for tradition and the preservation of the dignity of the monarchy, an institution that has increasingly come under the glare of public scrutiny. That institution would have suffered in image if the Rulers had broken its first premise: that every state with a Ruler shall have a turn on the federal throne.

On a more personal level, however, the Rulers would have been hard pressed to justify passing over Azlan, given his distinguished career. It would have been hard, too, to quell the rumours that political considerations influenced them. The uncertainty over the appointment of what in essence is a constitutional monarch, demonstrated just how much the office is no longer deemed to be just a figurehead post.

Malaysian society has become tremendously politicised in the past several years, and since the "Constitution crisis" of 1983, the Rulers seem to have been no exception.

As Lord President and heir to the Perak throne, Sultan Azlan had quietly advised the Rulers of their rights and limitations in 1983, thereby tacitly placing himself in the opposite camp to Mahathir. Today, however, there is nothing to suggest that his relationship with Mahathir is anything but cordial. If anything, Azlan's problem may be facing inflated public expectations that he will serve as a check on Mahathir and the executive.

ISA: No More Appeal

THE Malaysian Parliament had amended the controversial ISA, removing the power of judicial review in such cases from the courts. The amendments, which were passed by a vote of 93 to 26, make executive decisions on detentions final, as the ISA allows citizens to be detained without trial. The ISA was necessary to en-

able the government to act quickly in the face of threats to national security, said the Prime Minister in winding up debate on the Bill on 26 June, 1989. Similar provisions had been passed to amend the Emergency Ordinance (Public Order and Prevention of Crime) and the Dangerous Drugs (Special Preventative Measures) Act.

The ISA was introduced in 1960 at the end of 12 years of emergency rule, and was meant to counter the communist insurgency. In recent decades, others have been arrested under that law: politicians in government and opposition, journalists and more recently, unionists and religious activists. While the precise number of people currently detained under the ISA is not known, Deputy Home Minister Datuk Megat Junid Megat Ayub told Parliament in March, 1989, that there were 60 ISA detainees in Kamunting and 10 more in the police detention centre in Kuala Lumpur.

The most recent government swoop under the ISA — codenamed Operation Lallang — was in October 1987, when police detained 106 people for allegedly making racial statements and raising communal tensions. Sixty-eight of them were released in stages within the 60-day interrogation period but the rest were issued two-year detention orders and brought to the Kamunting detention camp in Perak. All were eventually released, the DAP's Lim Kit Siang being among the last batch, in April 1989.

The latest amendments are based on the rationale that only the executive can make decisions on the protection of national security, and not the courts. Justifying the continued existence and use of the ISA, Mahathir said the Act enabled the government to act swiftly, whereas by the time matters went through the courts, riots could have broken out and hundreds of people killed, he said. Some confusion still exists as to whether exceptions will be made in instances where the government fails to follow proper procedures, thus allowing applications for writs of habeas corpus to be made. Lawyers point out that other amendments to the ISA last July had already ruled out any possibility of appeals on grounds of procedural errors.

This Bill seems to address more substantive issues coming under judicial review; such as the one that set former detainee Joshua Jamaluddin free. Jamaluddin, a Muslim convent to Christianity, was detained under Operation Lallang and subsequently filed a writ of habeas corpus, claiming wrongful detention. The

High Court freed him on the grounds that freedom of religion is a constitutional guarantee and the ISA cannot revoke a basic right of citizens. Under the new amendments, someone like Jamaluddin would not be able to file for habeas corpus in the first place.

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Taib In Dilemma

> "I have no say in these rumours. People love rumours in this country. We tell them repeatedly that it's not true... because most of the rumours are simply untrue. But that does not prevent people from creating more. It's a sort of entertainment, I suppose."
>
> — Dr. Mahathir

FOLLOWING the rise in ethnic Iban political awareness over the past few years, cracks now appear in the Malay-Melanau power partnership which has dominated Sarawak for the past two decades, despite being a minority. The federal government recently tightened the reins on Chief Minister Tan Sri Taib Mahmud's Malay-dominated state government, in particular the ruling Parti Pesaka Bumiputra Bersatu (PBB).

In a surprise move, Mahathir told Parliament on 4 July of a 1987 plot to overthrow and assassinate Taib. The disclosure appeared aimed at embarrassing Taib and reminding him of his political vulnerability. Ethnic rivalries, federal-state tensions, and personal jealousies and ambitions were edging Sarawak politics towards a showdown.

Several fires and explosions in Serian and Kuching in the weeks after Sarawak's elections in April, 1987, were part of an attempt to assassinate Taib Mahmud, Mahathir told an astonished Parliament on 4 July, 1989. His belated disclosure came after police had completed an investigation which resulted in 11 people being arrested in stages under the ISA from mid-1988. But the revelation raised more questions than it answered, Malaysian politics is rarely marred by violence, therefore the occasional spark engenders much excitement — sometimes tinged with incredulity. In this case, public amazement was compounded when Megat Junid released the seven remaining detainees allegedly involved

in the plot, without any conditions attached, within four hours of Mahathir's speech.

While many in Sarawak agree that there was probably an attempt to destabilise the state after such a keenly fought election, they also feel that assertions of an outright threat on Taib's life may have been exaggerated. The killers had planned to blow up Taib's car, bomb his house by using a remote-control toy aircraft or shoot him, Mahathir said. A small core had formed a suicide squad and obtained firearms and explosives. If some state politicians felt that the bombings were politically motivated, others today see the release of detainees in a similar light. The most prominent of those arrested, former state assemblyman for Kalaka, Datuk Wan Yusof Bujang, maintains that they were framed. "Our only sin, if that's a sin, is we know too much about them," says Yusof of his political opponents. "They say something and we know what they want to do next."

Yusof is the president of the Persatuan Kebangsaan Melayu Sarawak (PKMS) and five of the other six in his batch of detainees are also either office bearers or members of the Malay religious-educational body which is allegedly drawing away Malay support from Taib's ruling PBB. According to Yusof's lieutenants, Taib had hoped to stymie the PKMS' influence by "chopping off its head" but now that its leaders have been released, they are more determined than ever to pursue their goals. A new dimension is appearing in Sarawak politics which could redefine the power structures of Malaysia's largest state. Some federal leaders fear that the rivalry could result in Sarawak opposition groups teaming up at a federal level with Mahathir's political rivals, in particular the fledgling alliance headed by Razaleigh. They are also wary that a non-Malay political force could eventually gain control in Sarawak and seek more autonomy for the state.

Meanwhile, the federal government is trying to enhance its control over the state. Mahathir called Taib to Kuala Lumpur and asked him to include the rival Iban-based party, the Parti Bansa Dayak Sarawak (PBDS), as the fourth component of the state's ruling coalition. The PBDS, which was expelled from the Sarawak coalition in 1987, is in the peculiar position of being a member of the Barisan Nasional Front but an opposition party in Sarawak. Taib refused, said sources, fuelling Mahathir's wrath.

Anticipating that Razaleigh would mount a strong Malay challenge on the peninsula against his own leadership, Mahathir

wants to avoid any complications from Sarawak in the next general election. Razaleigh already has joined forces with two main federal opposition parties and could be tempted to make overtures to Sarawak and Sabah parties, particularly those with tenuous links with Mahathir's coalition. What started as a family and factional feud, turned out to be a watershed in Sarawak politics. The state election held on 15–16 April, 1987, while returning Chief Minister Datuk Patinggi Abdul Taib Mahmud to power, staving off a rebellion against him, resulted in the unforeseen emergence of a new dimension in the political scene in the form of Dayak nationalism.

A mounting desire by Sarawak's major indigenous group for more say over their future resulted in the PBDS winning in 15 of the 21 Dayak majority seats it contested, emerging as the largest single party in the 48-seat legislative assembly, beating even PBB's total of 14. The 28-seat simple majority achieved by the three components of Sarawak's National Front coalition — the PBB, the SUPP with 11 seats and the Dayak-based Sarawak National Party with three — means Taib now faces the largest opposition block ever in a state accustomed to government by compromise rather than confrontation. Taib himself had quoted 36 as the "magic figure" he hoped to win, but he failed by eight to reach his target.

Taib's major irritant will come from the newly registered Permas, the PBB splinter group led by his uncle and former mentor, Tun Rahman Yakub. Even though Permas scrapped through with only five seats, Rahman has pledged to continue the fight against his nephew — probably meaning Taib will continually have to guard against his supporters being induced to cross over to the other side. For Taib, his personal victory by 2,194 votes in Sebandi was made all the sweeter by Rahman's unexpected defeat in Matu Daro. Taib had thrown out a challenge to Rahman before nomination day to "meet me in Sebandi" in a one-to-one contest but Rahman declined. Their rivalry runs deep. Rahman had handpicked Taib to succeed him as Chief Minister in 1981, when he himself was appointed Governor. In this way, Rahman had hoped to keep power in Malay-Melanau hands, as well as have some direct control over the administration. But Taib balked at being just a proxy chief executive and a drawn-out family feud ensued.

Things came to a head when 28 rebel assemblymen from all (then) four National Front component parties quit the coalition on

10 March, 1987, and eventually formed a new party, Permas. To avert a vote of no confidence, Taib called the elections. This time, the threatened coup collapsed but Taib has not emerged unscathed, for the indisputable Dayak awakening has overshadowed the more personal rivalry between Taib and Rahman. Being from the same mould, the two advocate similar policies in any case, their main difference being one of personality. Cynical local observers said the outcome would only determine who owned more timber concessions. "Sarawak politics is timber politics," conceded Taib in 1987 after he had frozen 25 future concessions, worth about M$22.5 billion (US$9 billion), to prevent them from being "concentrated in the hands of a few," he said, without naming names. The campaign itself cost millions and seemed to involve more leadership rhetoric than people participation. The incumbents, however, had the advantage in that Sarawakians identify the National Front with development — Taib's campaign line.

Taib's side had the usual advantages of incumbency — plus control of helicopters belonging to the quasi-governmental Hornbill Skyways, a vital asset for effective campaigning in Sarawak's hinterland when one's rivals are relegated to boats and four-wheel-drive vehicles. Meanwhile, the PBDS' "Sarawak for Sarawakians" theme obviously went home.

❝ *He is still like a son to me. His mother is my elder sister. Abdul Taib was born in my father's house in Miri. I was present at the time of delivery. I used to carry him on my back and shoulders when I used to visit... (Stops, overcome by emotion). When his father died in 1959, I brought his mother, brothers and sisters to live with us in Kuching. When Abdul Taib graduated, he also stayed with me. Until he became a Minister in Ningkan's (Chief Minister Stephen Kalong Ningkan, ousted in 1966) Cabinet and a nominated member of the State Assembly in 1963, he was not involved in political activity. I recommended him for the Cabinet post. In 1968 I persuaded Kuala Lumpur to appoint Abdul Taib as federal Assistant Minister.*

It (disagreement) started a bit in 1976. Then there were federal elections in 1978 and state elections in 1979. There were allegations that Abdul Taib was

working with the (opposition) Pajar leader. I discounted that, I could never believe that Abdul Taib would ever do anything to harm me. The trouble with Abdul Taib was he listened to too many rumours. In 1979, my late wife had a by-pass operation in London, and my health was beginning to be affected. I myself had a bypass in 1980 and, after that, I felt I couldn't really continue to work. Abdul Taib was not popular in KL then; he hardly had friends. I went to see (Prime Minister) Tun Hussein in early 1981. I said (Taib) was the most senior in the party, second to me. So they agreed (to allow Taib to become Chief Minister. Rahman also arranged for a state assemblywoman to vacate a Sebandi constituency near Kuching for Taib). I resigned as the Chief Minister. ❞

— Tun Datuk Patinggi Hj. Abd. Rahman Yakub told press in 1987.

Mahathir certainly does not want to see a repeat of events in Sabah in 1985–86, when voters ousted Berjaya, the National Front component party, and catapulted the newly formed PBS into power on a wave of ethnic Kadazan nationalism. Propelled by the same spirit, but here among the Ibans, the PBDS bagged 15 of the 48 state seats in the 1987 Sarawak elections — uniting the previously disparate Dayak voters, the generic term for Ibans and smaller indigenous groups. The new Permas party won five.

"Let's face it. One day, they (the Ibans) will rule the state. They have the numbers," a Sarawak Malay politician said. To date, Sarawak's 20% Malays and 5% Melanau have only held power by banding together, while the 33% Ibans have scattered their support across three parties. But this is changing. Should the Ibans rise to power, the smaller Dayak groups such as the Bidayuh (9%) and 3% Orang Ulu would probably hop on the bandwagon of ethnic nationalism.

Reading the sign of emerging Iban nationalism, Mahathir is trying to keep the PBDS within the fold. Sarawak accounts for 24 parliamentary seats — only one of which is now in the hands of the DAP; and Sabah 20, only four of which are with the DAP. Through a subsequent constituency delineation exercise, Sarawak will have 27 seats and Sabah 24 in the next election. A solid block

of 51 seats from Sabah and Sarawak would enlarge Mahathir's safety buffer immensely in standing up to Razaleigh's challenge.

At a Cabinet reshuffle in June 1989, Mahathir moved PBDS leader Datuk Leo Moggie from the Energy, Telecommunications and Post Ministry to the Works Ministry, ostensibly a lateral move. But in Sarawak, much of which is still inaccessible by road, it was seen as a promotion. "In Sarawak politics, he who commands roads, commands votes," said a Sarawak resident. Roads are virtually non-existent in opposition areas and many expect Leo to remedy this imbalance, thus gaining further support for his party. Moreover, with the privatisation of roads a few years ago, many prominent members of the state coalition who won road contracts now fear that Leo will terminate the contracts.

In the reshuffle, former Land and Regional Development Minister Datuk Sulaiman Daud, the only full Minister from the PBB, was moved to the less important Justice portfolio. Sulaiman had been hospitalised for several months and needed to slow down. PBB leaders had expected another from among their ranks to be promoted to the Cabinet and took it as a snub for Taib when none came about.

Mahathir's revelation of the 1987 plot rippled through Parliament. Eleven people had been arrested in stages under the ISA for their alleged involvement, but ironically, all seven remaining detainees were released within hours of Mahathir's unveiling of the plot. Questions were raised on the odd timing and reasons for releasing the detainees. In Sarawak, the consensus was that since the plot was aimed at Taib, Mahathir was indirectly saying that he cared little about Taib's political survival. Taib had not been told in advance of the releases and was sufficiently upset to send eight state Ministers to see Mahathir two days later. Rather pointedly, Taib himself did not go.

According to Taib's critics, Mahathir had privately nurtured some reservations about Taib's appointment as Chief Minister eight years ago but had acquiesced to Rahman Yakub. Rahman assumed the titular office of Governor in 1981, hoping to retain control over the executive through his nephew and protege. But Taib's strong personality made him somewhat intractable and he later fell out with his uncle, forcing the latter to step down as Governor in 1985. Rahman then led a splinter group of the PBB in early 1987, intending to pass a vote of no confidence against Taib. The attempt failed, but prompted statewide elections in

which Rahman led the new Permas party unsuccessfully against Taib.

Taib is close to Musa Hitam, a relationship which riled Mahathir during the intense struggle in UMNO in 1987–88. When Mahathir was politically most vulnerable in 1988, Taib rubbed salt into his wounds by threatening to give landing rights to Singapore Airlines if the federal government did not increase Malaysian Airline System flights from Kuala Lumpur to Kuching. Mahathir and his Cabinet were furious at what seemed a direct affront to the federal leadership and an uncommon assertion of independence.

Political observers now wonder whether Mahathir might want to replace Taib, perhaps after the next general election, and more pertinently, whether he would countenance an Iban Chief Minister — the first in 20 years. In the states, "no one lasts very long if you're confrontational towards Kuala Lumpur," remarks a Sarawak politician. Since the overthrow of Datuk Stephen Kalong Ningkan and the declaration of emergency rule in 1966, followed by the brief rule of another Iban Chief Minister, Penghulu Tawi Sli up to 1969, Sarawak Chief Ministers have been Malays.

But Mahathir may be prepared to have an Iban Chief Minister, provided he is more tractable than a Malay, suggest Iban and Malay politicians.The rift is in part the result of differences in personalities. In the first 20 years after Sarawak and Sabah joined the federation in 1963, their Chief Ministers were personal friends of the Prime Minister of the day. But today, neither Taib nor Sabah's Pairin can drop into Mahathir's office or home for an informal, unscheduled chat, say their aides.

Meanwhile, some Malay politicians in Sarawak want UMNO — currently not represented in the state — to participate directly in state politics, if only to ensure that Sarawak demands would be given more weight. Right now, "we are treated like stepchildren just because we don't vote in the UMNO president, who is of course the Prime Minister," complains a Sarawak Malay. Development funds are poured into Kuala Lumpur, while in Sarawak, people still have to travel by boat, he points out.

Some Sarawak leaders have wondered aloud that but for an historical quirk, Sarawak too could have been as prosperous as neighbouring Brunei. They have chafed under the system which allocates only 5% of its gas revenue to the state government, the rest being shared between the federal coffers and foreign oil com-

panies. Adding to the complexities of federal-state relations, traditional alliances within Sarawak are also under some strain. The PBB is dominated by ethnic Melanau, to which both Taib and Rahman belong. The Melanau "whether in government or opposition, hold power, being both diligent and cunning," says an Iban politician.

But there are hints that the Malay-Melanau symbiotic relationship could be breaking down. Some of the more educated and politicised Malays resent what they see as Taib's push for Melanau dominance in government and business, leaving them out. Although it is not itself a political party, the Persatuan Kebangsaan Melayu Sarawak (PKMS), a Malay religious, educational and cultural organisation, has apparently been drawing Malays away from the PBB, weakening Taib's Malay base. The beneficiary is rival Permas, since several PKMS leaders also hold office in Permas.

According to local observers, Taib has reacted by wooing Sarawak's 30% Chinese, most of whom are represented by the SUPP and, to a lesser extent, SNAP. But the pragmatic Chinese, so the observers say, will go with whoever is the stronger, demanding more timber concessions in return for their support. So, in that case, Taib is only "playing with fire." He is counting the days when his coalition will be "beaten" in the election. Taib's own personality makes him vulnerable and, politically, he is committing "suicide," adds the observers.

50
Mahathir's
Foreign Policy

> **"The price for being blunt paid off. His straight forwardness caught the attention of the world. Since then, Malaysia no longer takes the back seat."**
>
> **— Malaysian Diplomat**

"IN line with the Malaysian Government's policy of encouraging exports, foreign investment, transfers of technology and South-South co-operation, in the spirit of Malaysia Incorporated, the thrust of our foreign policy today is clearly in the economic field. Wisma Putra is now an economic-oriented Ministry." (*Foreign Affairs Malaysia*, March 1985, p. 21).

The new priority accorded the economic dimensions of foreign policy was also stressed in Malaysia's dealings with ASEAN. At the 1985 ASEAN meetings of Foreign and Economic Ministers (both of which were held in Kuala Lumpur), member states were urged by Mahathir to accelerate economic co-operation and exploit the massive market opportunities on their own doorsteps (*Berita Malaysia*, July 1985).

Malaysia also sought to strengthen its trade links with both China and Europe. Controls on business contracts with China were liberalized and joint ventures were predicted to expand (*Far Eastern Economic Review*, 4 July, 1985). In 1985, the Prime Minister embarked on a trade promotion tour to Austria, Finland, Norway and Denmark, while the Foreign Minister visited Czechoslovakia, West Germany, Portugal and Belgium. Displaying his concern with the economic dimensions of foreign policy, the Prime Minister personally attended the International Monetary Conference. The new, trade-based foreign policy, would turn Malaysia into a major centre. An emphasis on counter-trade also con-

tinued, with countries such as Pakistan and China, for example, agreeing not to buy Malaysian commodities via Singapore. Another element of economic relations became clearer when new foreign-investment rules appeared to liberalise some rigidities that had kept foreign equity holdings in new investment projects pegged at 30%.

Meanwhile, Mahathir's global aspirations have projected Malaysian foreign-policy concerns into hitherto unknown areas. His initiative to "internationalise" the Antarctic (replacing the existing 1959 Antartic Treaty) and his willingness to give aid to (and visit) faraway countries such as Mali are but two instances of Malaysia venturing into areas where little or no direct interest was earlier thought to exist. Some saw Kuala Lumpur's development aid to Western Samoa, Fiji, Papua New Guinea, Tonga and the Maldives falling into this category. All this activity kept Foreign Ministry officials busy during the years.

High visibility and mobility continued to be Malaysian foreign-policy trademarks as Mahathir consolidated his reputation as Kuala Lumpur's most-travelled politician. During frequent trips abroad (taking him to Europe, Africa, Japan and China, as well as Southeast Asia), Mahathir strove to become recognised as a spokesman for global and Third World (not only regional or Malaysian) interests.

He addressed an imposing array of topics, from political liberty in the Third World and Western "ethical degradation and moral decadence" (at Oxford University) to social responsibility and the press (at an Asean press convention). He offered views about the nature of world politics — "Sentiments, friendships and past associations have very little to do with the relationship between nations," he told British Prime Minister Margaret Thatcher — and ideas about Soviet intentions in the Far East.

His foreign-policy initiatives, too, were wide-ranging, from an attempt in September, 1985, to solve the Iran-Iraq conflict via Malaysia's membership of a special mediation committee of the Organisation of the Islamic Conference (OIC) to high-profile lobbying for international action against drug trafficking, including a call for the setting up of a special UN agency to combat the problem.

He also became involved in foreign policy on the regional level, reversing Malaysia's earlier acceptance of an Asean plan to involve five of the grouping's dialogue partners in an Asean-

Pacific Cooperation (APC) exercise, directly questioning the continuing utility of Asean's dialogue partnerships and criticising the lack of economic substance in Asean, a "270 million people, US $70 billion per annum market," as he described it, "that is half Japan's size."

In February, Mahathir urged Asean Economic Ministers meeting in Kuala Lumpur to "coordinate [Asean's] approach in dealing with the developed countries," while his close associate, Finance Minister Daim Zainuddin, said Asean's call for global economic interdependence rang hollow as long as regional interdependence lagged.

The Asean strategy of "autonomous industrial development" also earned Daim's rebuke, though some found this observation difficult to reconcile with Malaysia's go-it-alone development of the Made-in-Malaysia car, the Proton Saga.

The Malaysian attachment to the concept of Asean as a zone of peace, freedom and neutrality — the so-called Zopfan concept — remained unchanged but efforts to work towards its eventual achievement via gradual implementation of an Asian-wide nuclear weapons-free zone (NWFZ) took a beating when Malaysia and Indonesia (the NWFZ's most interested proponents within Asia) decided to soft-pedal the idea in view of Washington's strong reaction to New Zealand's anti-nuclear policies (about which Kuala Lumpur maintained a strict public neutrality).

Central to Malaysian objectives in the region was the search for a solution to the Kampuchean problem. Despite initial Thai and Indonesian misgivings, this received Asean endorsement — but also Hanoi's disdain. Malaysia's attitude towards Vietnamese intentions hardened, with the priority of supporting Thailand's territorial integrity becoming paramount in Kuala Lumpur's reactions to incursions into Thai territory by Vietnamese forces in Kampuchea. Meanwhile, Malaysia's external economic relations showed more continuity, focusing on multi-lateral commodity price support mechanisms — especially the International Natural Rubber Agreement (Intra) and the International Tin Agreement (ITA), both of which ran into trouble as buffer-stock reserves grew inexorably in response to price declines.

Trade access problems — in the US, the EEC and Japan — preoccupied Kuala Lumpur, especially those concerning such lucrative export items as textiles, palm oil and timber products. In striving for a more independent stance, Malaysia under Mahathir

has opted for a tougher, no-nonsense approach in its relationships with China, Indonesia, Britain and Japan. The US was not exempt from criticism, while ties to the Soviet Union, despite Malaysia's strong opposition to Moscow's policies in Afghanistan and Indo-china, remained correct, if not particularly cordial. The Soviets were told that Malaysian-Soviet relations, which have always been friendly, "ought to be made even warmer today."

Kuala Lumpur continued to weigh the prospect of purchasing Soviet defence equipment (notably helicopters) and the Foreign Ministry lifted a ruling requiring Malaysians to obtain permission before visiting the Soviet Union. Nonetheless, the Home Affairs Ministry promptly added that Malaysians "would not be encouraged to visit." In November ,1985, Soviet Deputy Premier Yaskov Ryabov visited Kuala Lumpur. China remains Malaysia's most sensitive relationship. Mahathir's visit to Peking in November, 1985, was aimed at concluding several bilateral agreements, including double-taxation, shipping and investment-guarantee accords.

As gala events go, Malaysia's calender was dominated by the week-long Commonwealth Heads of Government Meeting (CHOGM), held in Kuala Lumpur from 18–24 October, 1989. Playing host to the 40th CHOGM, the event marked a 180-degree turn in Malaysia's position towards the Commonwealth, compared to 1986–87 when Mahathir had seriously considered pulling out. Two separate foreign policy studies had recommended against it then and Malaysia did not leave.

Nevertheless, the Commonwealth remains one of Malaysia's lesser international affiliations. Asean still holds top priority, followed by the Organisation of Islamic Conference, the Non-Aligned Movement and the UN. Malaysia remains irked by Britain's soft stand on South Africa and refusal to impose new sanctions, but the two countries seem to have agreed to disagree on that point.

The return in spirit to the British colonial legacy has meant a further warming in Malaysia-British relations, which had hit rock bottom in the mid-1980s when Britain raised tuition fees for foreign students. Relations slowly thawed in the past two years and Malaysia's signing of a memorandum of understanding to purchase M$4.5 billion worth of defence equipment in September, 1988, effectively ended the unofficial "British Last" policy. On 17 October, on the eve of CHOGM, Malaysia and Britain signed an

agreement to help each other investigate drug cases, convict traffickers and seize their assets.

Environment shared centre-stage with apartheid among the Commonwealth's prime concerns. Malaysia, which had previously been somewhat reticent on environmental issues, pushed for the Langkawi Declaration, calling on developed countries to shoulder equal responsibility for environmental safeguards, all owing developing countries to achieve sustainable development. To this end, it pushed for the setting up of an international environmental fund. Like several other developing countries, Malaysia takes the view that it is unfair that the developed countries, enjoying the benefits of industrialisation, should now try to curb agriculture-based countries from felling timber and exploiting other natural resources, citing damage to the environment as justification.

On a wider regional frontier, Malaysia showed itself keeping an open, if cautious mind, on the Asia-Pasific Economic Cooperation (Apec) proposal spearheaded by Australia. Foreign Minister Datuk Abu Hassan Omar led the Malaysian delegation to the Canberra meeting to explore the idea, with the understanding that it did not signal a commitment to accept Apec. Malaysia is worried that if Apec does materialise, the grouping will be dominated by the super-economies in the fold, namely Japan, the US and Canada. It also cautioned against making the Asia-Pasific a trading bloc, to the exclusion of present trading partners in the EC, for instance, who may then retaliate.

Malaysia had felt sorely the brunt of US protectionism against its palm oil exports to the US, though the amounts involved were relatively small. In 1988, the US imported only 169,00 tonnes or 4% of Malaysia's total palm-oil-exports. The American Soyabean Association (ASA) and the National Heart Savers Association had wanted congress to pass a Bill requiring that all tropical oil products — including palm and coconut oil — bear a label describing the contents as saturated fats, which make consumers prone to heart disease. After an expensive, two-year feud, the ASA finally dropped the campaign in August, 1989, following talks with palm-oil industry representatives.

By contrast, South Korea reduced tariffs on 238 tropical products, including two major Malaysian export commodities (palm oil and natural rubber) in a programme to be phased in between 1989 and 1994. Meanwhile, trade with Japan took a some-

what lower profile, compared with the early 1980s at the height of Malaysia's Look East policy. Malaysia, however, is keen to woo Japanese tourists and yen to "Visit Malaysia" in 1990. In June, Malaysian Airlines introduced direct flights to Fukuoka, on Kyushu Island, which in March 1989 had been named sister city to Ipoh, the capital of Perak state.

Malaysia, preferred country of first asylum for Vietnamese boat people, quietly pushed off boatloads as its camps became overcrowded. In a joint-Asean decision, Malaysia had announced that arrivals after the 14 March, 1989, cut-off date, would not be automatically classified as refugees and, therefore, not entitled to resettlement in third countries. Those who were deemed economic migrants would be repatriated. Malaysia and its Asean neighbours would, however, provide temporary shelter on humanitarian grounds.

The Asean announcement led to an exodus of boat people and Malaysia had to open a new transit camp in Kelulut, Terengganu, to cope with the influx. But an official with the United Nations High Commissioner for Refugees (UNHCR) reported that between May and October, Malaysia had "redirected" some 40 boats carrying more than 2,000 people to the Indonesian island of Galang, south of Singapore. Malaysia's quiet action drew all the more criticism since it had chaired the International Conference on Indochinese Refugees in Geneva in June, which had sought to resolve the problem.

Closer to home, Malaysia's relations with Singapore continued on an even keel, with Singapore investments pouring into Johore. The single sour note amidst such cordiality cropped up over Singapore's announcement in August, 1989, that it was willing to provide facilities for US ships and aircraft to relieve the pressure on the Philippines as the only host of US forces in Asean at Clark air base and Subic Bay naval base. Malaysia had not been informed and immediately, though not stridently, protested. Nervousness was complicated by initial confusion as to whether the Singapore offer actually entailed the setting up of full-scale bases or just bunkering facilities for ships and servicing of planes.

Having received assurances first from Singapore, and then from visiting US Vice-President Dan Quayle, that the US had no desire to open new bases in the region, Malaysia officially calmed down. It had in the interim, however, pointed out that the establishment of a base was against the spirit of the Non-Aligned

Movement, of which Singapore is a member, and of the Zone of Peace, Freedom and Neutrality, espoused by Malaysia.

Dr. Mahathir is, perhaps, the only leader from this region who dares to voice his displeasure with the superpowers. He has the guts to "blast" the world leaders for their selfishness in several important issues. He spoke bluntly at the UN General Assembly, Commonwealth meetings, Non-Alliance meetings (NAM) and several other world forums. And if that's not enough, he personally talked "face-to-face" with the President of the United States, British counterpart and so on, explaining "the firm stands of Malaysia" on several issues such as apartheid, protectionism, South-South, Antartica, Palestinian sovereignty, drugs and related human rights. He even becomes the "spokesman" for the developing countries and the Third World. Malaysia continues to play an active role in Islamic international relations

The price for "being blunt" paid-off. His straight-forwardness caught the attention of the world. Since then, Malaysia no longer takes the back seat. Dr. Mahathir was appointed as the chairman of the United Nations conference on drugs. Anwar Ibrahim is the president of UNESCO, and Malaysia, too, is now one of the UN Security Council members and 'Boss' for the G-77. All these have been achieved only after Dr. Mahathir "blasted" the world leaders. Otherwise, we would be "going nowhere."

Ghafar Tells Suffian: Contest in Polls

DEPUTY Prime Minister Ghafar Baba had advised Tun Mohamed Suffian Hashim to contest in the general election if the former Lord President feels Malaysian politicians are "a primitive lot." Ghafar said anyone was free to voice his opinions and if the former Lord President felt he was right in making the allegation, he should contest in the election. "Why don't the intellectuals stand for election? If they feel our politicians are primitive in their thinking, then they should contest," he told reporters when commenting on the remarks made by Tun Suffian in the *Singapore Law Review*.

During an interview with the journal, Tun Suffian said the tendency in Malaysia was for the politicians to have very primitive mentalities. He told the journal: "The tendency, here in Malaysia, is that a lot of our politicians have very primitive mentalities. They think, 'Oh, I'm in power. I'm now riding around in a

Mercedes. I can do what I like'." Ghafar said the remarks would not affect the country's image in the eyes of the world as "nobody will listen to such talk."

He said the fact that Tun Suffian could make such a remark without fear was evidence of the democracy and freedom of speech practised by Malaysia. "If there are no politicians, who will govern the country? I would advise Tun Suffian to contest in the election if he thinks that our present politicians are primitive in their thinking."

Earlier, opening a political seminar organised by the State MIC, Ghafar said the people would be losers if they supported the opposition pact formed by Semangat '46, PAS and the DAP as the three parties were merely using each other as stepping stones to further their different political ambitions.

The people should study the backgrounds of the parties to avoid electing irresponsible leaders, he advised. Meanwhile, Suffian refused to be drawn into reacting to the statement by UMNO Youth over his remark in the *Singapore Law Review*. "I have no comments," he said, when asked about Youth leader Datuk Seri Mohamed Najib Razak's description of him on 1 April, 1990, as being "arrogant." Najib also said Suffian's remarks were "naughty and uncalled for", especially when expressed by someone who once held a high position in the country.

He said by making the statement, Tun Suffian showed his arrogance and insulted local politicians. "He has forgotten that it was the struggle of the politicians whom he chose to humiliate which made it possible for him to be chosen the first Lord President," Najib said.

51
CHOGM: Mahathir's Personal Triumph

> "Your Premier Dr. Mahathir is a great leader. Malaysians should be very lucky having such charismatic leadership. He has a vision and no doubt excellent courage."
>
> — Zimbabwe Premier, Robert Mugabe

FOR Dr. Mahathir, CHOGM (Commonwealth Heads of Government Meeting) was a personal triumph. Malaysia's organisational skills and hospitality were praised time and again and no less than three major initiatives were Malaysian-inspired. Almost all heads of government took time out to compliment the Prime Minister and, by closing time, they were beginning to call him a "statesman."

Malaysia's hosting of the Commonwealth meeting marked a dramatic change in attitude. Mahathir had boycotted the 1981 and 1983 meetings as he reckoned the summits to be a waste of time. "We felt the Commonwealth was not giving enough attention to the poorer members," he told reporters. But after reviewing its stance, Kuala Lumpur decided not only to stay in but to play a more active role. "We see a trend to give weight to the views of poorer countries," said Mahathir. "We think the Commonwealth can influence the course of world politics."

The conference may be remembered less for the usual bickering over South Africa and more for the attention it gave to the environment. Maldives President Maumoon Abdul Gayoom spoke for some eighteen small member nations just holding their heads above water. If the scientists are right and continuing emissions of carbon dioxide lead to a warming of the climate and a melting of the Arctic and Antarctic ice caps, warned Gayoom,

delegates attending the summit in Male in the year 2050 may have to come with wetsuits and snorkles.

Said Mahathir, "The developed countries seem intent on laying the blame for the world's environmental problems on the developing world. Yet, by any measure, it is the developed countries that have most assaulted the environment. Nuclear testing, the excessive use of fossil fuels, private transport, release of CFCS into the atmosphere, massive wastage of paper — all these and more are the direct result of the lifestyles of the rich."

But one of the unusual styles of speech came from Margaret Thatcher. "If it's one against 48, then I'm very sorry for the 48," said the British Prime Minister in a remarkable display of pompous self-assurance, providing the only discordant note in what, until then, seemed a harmonious CHOGM.

The question was South Africa and CHOGM's position was spelt out in the Kuala Lumpur Declaration, a statement hammered out by 10 Foreign Ministers, including John Major, the British Foreign Secretary. The declaration essentially endorsed the question of economic sanctions on South Africa and called for more in an effort to bring Pretoria to the negotiating table and end apartheid.

Britain balked at going that far and its reservations (four, all told) were duly noted in the declaration. Everyone else (48 governments) agreed wholeheartedly. Thus, CHOGM chairman and Malaysian PM Dr. Mahathir Mohamad, accompanied by Sir Shridath Ramphal, the secretary-general of the Commonwealth, were despatched to break this happy turn of events to the press.

Four hours later, Britain issued its own communique, spelling out its reservations in detailed fashion. What it boiled down to, essentially, was a repudiation of CHOGM's common stance on apartheid and sanctions against South Africa. No sooner was the ink dry, Britain issued its own statement criticising the Commonwealth stand on sanctions as contributing "to poverty and misery in South Africa." Several Commonwealth leaders blasted Thatcher for issuing what they felt was an outright repudiation of the Kuala Lumpur Declaration. Zimbabwe Prime Minister Robert Mugabe termed the act "despicable," while the Australian and Canadian Premiers bitterly attacked the British leader.

It was an unprecedented breakaway from the Commonwealth's carefully cultivated illusion of consensus. A bemused Canadian PM, Brian Mulroney, told pressmen later that "it was

Mrs. Thatcher who proposed that the declaration be adopted." (Mulroney was the seconder). Continued Mulroney, "If Mrs. Thatcher says her second statement does not repudiate the declaration, then she'll be expecting us next to believe in the tooth fairy." What irked the delegates even more was Britain's lack of warning in springing the surprise. Said Mulroney, "We were not forewarned. We were blindsided." That was fairly mild, as far as criticism went. Mugabe, who ought to know a little about apartheid — he spent a total of 10 years in various Rhodesian jails — called it "despicable," "unacceptable" and a great deal besides.

Not cricket, exclaimed several African leaders. Australia's Robert Bob Hawke reportedly told Thatcher that "this isn't the way business is done." Mahathir, playing gracious host, forebore to comment but when pressed by Western journalists on who was "out of step," (Thatcher had implied that she was the only one in step) he replied by way of a question: "When there are 48 people marching with their left feet forward, and one leading with his right, who do you think is out of step?"

Margaret Thatcher seemed singularly, almost disdainfully, impervious to the brouhaha. She professed "being appalled" by the reaction and poured scorn on newsmen who ventured that Britain might have been wrong on the issue. In the modulated tones of a patient schoolmistress admonishing naughty pupils, she pointed out that "there was no way in which sanctions bring about the fall of apartheid" (ignoring, in one fell stroke, a substantial body of evidence that showed it was sanctions more than anything else that had brought about the first, and recent, signs of reform in Pretoria).

She professed sympathy for the "poor blacks of South Africa who would suffer the most if sanctions were imposed," and reminded everyone of her country's not inconsiderable US$12 billion (32.4 billion ringgit) worth of investment in the republic, pointing out tartly that "other countries, while deploring apartheid, are actually increasing trade with Pretoria."

And quizzed about the vehement reactions, she was imperious. "Absolutely ridiculous," exclaimed Thatcher. "What a pity they didn't come up to me to complain to my face." (Mulroney promptly squelched that. He said that, as far as he knew, at least Bob Hawke and himself had told Thatcher what they thought).

If the British Prime Minister expected raves for her uncompromising approach, she was disappointed. Most of the British

press savaged her, as did the opposition Labour party. An unexpected, if largely unwelcome, ally was South African President F .W. de Klerk. Speaking to a cheering group of South African legislators, De Klerk assailed the Commonwealth for "interfering in the internal affairs of a sovereign country" but took time off to praise Thatcher's "firm and principled" stand.

The South African hiccup aside, the Kuala Lumpur CHOGM was also momentous for its universal adoption of the *Langkawi* Declaration, a Malaysian initiative that reflected concern over "the serious deterioration in the environment" and that called for a "committed global approach" to the problem. On their part, the 48 leaders agreed to a 16-point Programme of Action to check the slide.

Analysts later worried *Langkawi* to death, wondering if it represented a retreat of sorts for Mahathir. In his opening speech, the Malaysian Prime Minister had lashed out at western critics of Malaysia's policies on timber. *Langkawi*, however, avoided name-calling and, if anything, managed to spread blame evenly around the globe, between developed and developing countries alike. Pressed on the point, CHOGM's chairman replied that "with 49, often opposing, views one had to take the middle ground of compromise."

Still, the declaration on the environment was the first time both developed and developing countries sat down and admitted there might be something wrong with the world, after all. What was more, they proposed to do something about it. The outgoing secretary-general of the Commonwealth, Ramphal, even expressed the hope that *Langkawi* be tabled for consideration by the United Nations.

The grouping made provision for its future survival with the incorporation of a high-level group to identify "possible roles that the Commonwealth might play." And Mahathir was accorded the singular honour of chairing the group which included the heads of Australia, Bahamas, Britain, Canada, India, Jamaica, Malaysia, Nigeria, Singapore and Zambia. It was, wrote a columnist, "probably the world's most high-powered committee."

The final communique issued by CHOGM was a little more than 40 pages, listing the Commonwealth's stance on most world issues, from Kampuchea to global trade. The Third World, for once, resounded throughout the draft, their positions taken into account on almost every conceivable issue. A standout example

was the issue of Eastern Europe in the thrall of *glasnost:* the communique affirmed that new lending to those countries would not be at the expense of the Third World.

But was the Commonwealth still *relevant*? "Yes," said Ramphal, most assuredly, or why else would Pakistan, or Cameroun for that matter, want to join? "Well," said Mahathir, " The world listens and we are not without influence." Brian Mulroney might have put it best. "The Commonwealth," said the Canadian PM, "is a North-South dialogue that works."

Two hybrid orchids were named after it, an international exhibition was held commemorating its past, and it brought together the largest gathering of foreign dignitaries ever to meet on Malaysian soil. Indeed, the 1989 CHOGM in Kuala Lumpur was a great success. Kings, presidents, prime ministers and lesser mortals representing 46 of the 49 member nations — or as the publicists repeated over and over, one quarter of the human race — showed up for the biennial, week-long extravaganza that included a two-day working retreat for the leaders and their spouses on the island resort of Langkawi.

Kuala Lumpur spared no efforts to make their stay memorable. The sidewalks were repaired and the potholes filled. Buildings were repainted and residents urged not to hang their clothes out to dry, at least not from the visible side. Bouquets of *bunga manggar* — multi-coloured bulbs arranged in floral patterns — spilled out from atop tall poles lining the main avenues. Some 6,500 police were needed to provide security, especially around the sprawling Putra World Trade Centre, where the main deliberations took place. Two truckloads of silverware, textiles and handicrafts were distributed as gifts. In all, the meeting set Malaysia back about $37 million.

Queen Elizabeth II of Britain had completed a state visit to Malaysia and Singapore shortly before the conference opened and stayed to host a state banquet on the royal yacht *Britannia* in her role as official head of the Commonwealth. But the belle of the ball this year was unquestionably Pakistan's Premier, Benazir Bhutto. Her presence marked the return of Pakistan to the Commonwealth, following a lapse of seventeen years. Ironically, it was her father, the late Zulfikar Ali Bhutto, who had pulled his country out over the recognition of East Pakistan as independent Bangladesh by some member nations. Now Pakistan's leaders mingled easily with their Bangladesh counterparts. Missing was

India's Rajiv Gandhi, who cancelled out at the last minute after calling general election at home.

The colourful Malaysian dancers had hardly finished their opening sequences and left the stage before the delegates got down to the business of attacking South Africa and apartheid. As in Vancouver in 1987 and in the Bahamas in 1985, the issue pitted Britain's formidable Margaret Thatcher against everyone else. She sat unmoved as speaker after speaker called for stiffer economic sanctions against Pretoria. Said Mahathir in his opening remarks: "Sanctions work. They must not only be continued but escalated."

Australia's Bob Hawke proposed increasing financial pressures, especially as regards several billion dollars on short-term debts that come payable in June. As if to thumb its nose at the conference, South Africa announced that it had successfully rescheduled US $8 billion owed to foreign commercial banks, prompting President Keneth Kaunda of Zambia to call the international bankers "bloodsuckers."

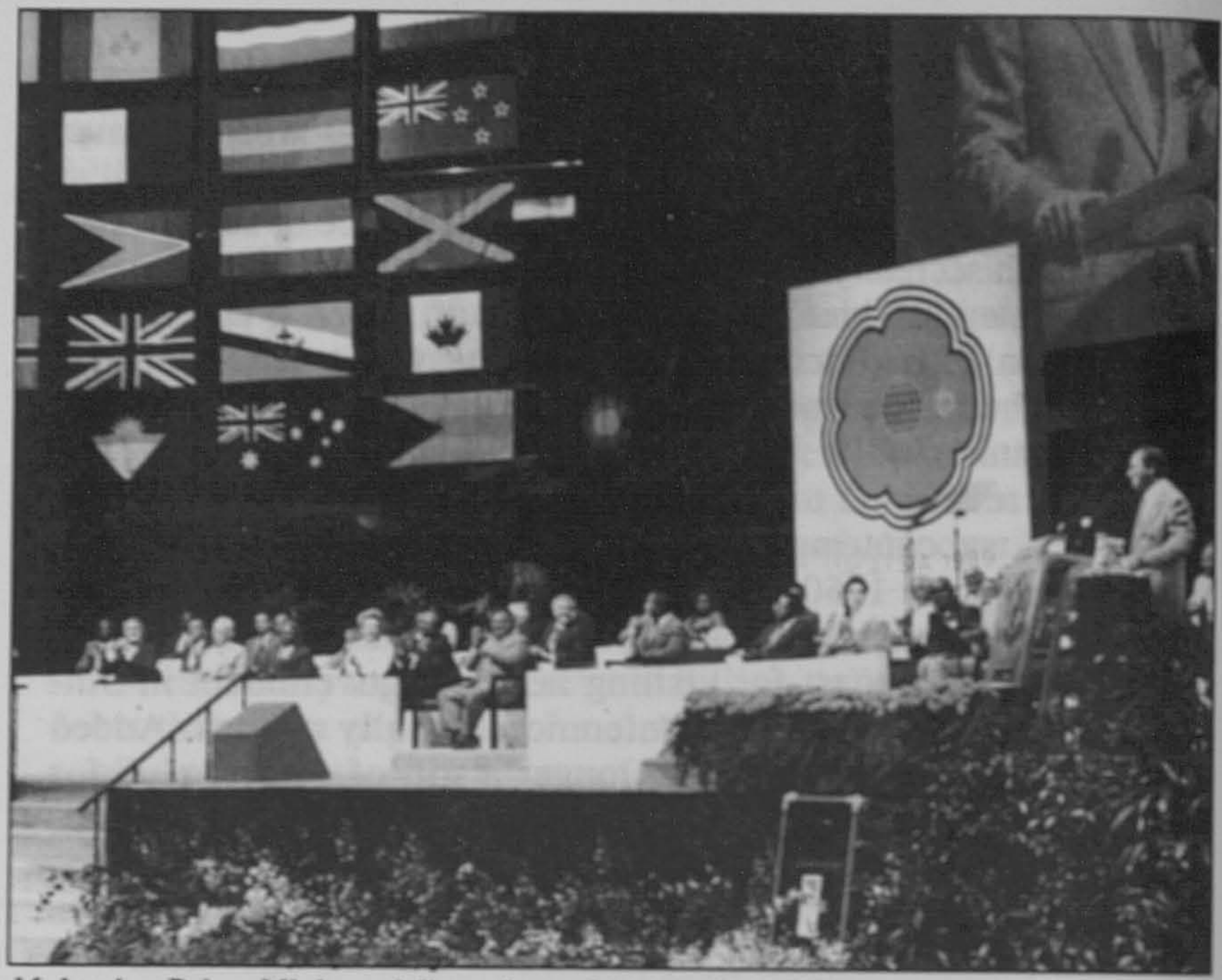
Although Britain was isolated on the issue of sanctions, there soon appeared to be a noticeable softening of its position. London signed the "Kuala Lumpur Statement" that called for the maintenance of existing sanctions until there was "evidence of clear change." The delegates might have thought that was already the case during their rain-soaked arrival on *Langkawi*. But they emerged to issue a declaration on the environment calling for, among other things, protection of the ozone layer, conservation of tropical rain forests and the prevention of the dumping of toxic wastes in the South Pacific. The leaders pledged "immediate and positive actions" on these matters. However, opposition from the British — again — killed the adoption of a "Planet Protection Fund," proposed by India, made up of annual contributions of 0.1% of a country's gross domestic product.

A coterie of Hongkong people, including three members of the executive and legislative councils, took advantage of the conference to lobby Hongkong's cause in a face-to-face meeting with British Foreign Secretary John Major. But he did not elaborate on what he termed London's "detailed and very complex plan" for granting British nationality to some in Hongkong, which reverts to Chinese rule in 1997. Singapore Prime Minister Lee Kuan Yew advised caution in dealing with Peking: "I have always been against confrontation with China." But he warned that if 200,000

families — what he termed a "critical mass" — were to leave, Hongkong would be finished.

Consensus was not easy to find on the choice of a new Commonwealth secretary-general. The candidates were the deputy secretary-general, Chief Emeka Anyaoku of Nigeria, and former Australian PM Malcolm Fraser. A vote was taken. Mahathir counted the ballots and announced that the vote for Anyaoku had been "unanimous."

There seemed to be, indeed, a sense of achievement both historical and contemporary. "Many of us became independent in the tempestuous 1950s and 1960s, and few would have predicted that the Commonwealth would have stayed useful," noted Lee Kuan Yew in a toast for visiting heads of government in Singapore shortly before the conference formally opened. Added Mahathir at the end: "It is no longer a sort of genteel club for those who speak English."



Malaysian Prime Minister delivered opening speech of CHOGM at PWTC Kuala Lumpur – Photo Information.

Canadian Prime Minister, Brian Mulroney, congratulated Dr. Mahathir for his great chairmanship at Kuala Lumpur CHOGM – Photo Information.

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Mahathir 'U-Turned' On Razaleigh

> "Dr. Mahathir out-manoeuvred Razaleigh. He boxed him into a corner and there was no way he could refuse without looking like he did not want Malay unity."
>
> — MP Datuk Abdullah Ahmad

UMNO emerged from the general assembly with an upper hand, having effectively cornered Semangat into unity talks and passed a resolution to maintain the quota system. On the eve of the November 1989 general assembly of the UMNO Baru, party president Mahathir Mohamad announced that he was willing to talk with arch-rival Tengku Razaleigh Hamzah. Flanked by Tun Hussein Onn, Mahathir wheeled a visibly frail Tunku Abdul Rahman into an emotional ovation from the 1,000 plus delegates. It was the first assembly since the party's de-registration to be attended by delegates elected through the divisional polls and, if anything, the prevailing "business as usual" atmosphere conveyed what its leaders sought to portray — that the party was back in harness, almost totally rehabilitated.

The presence of the former Premiers, both known critics of Mahathir's leadership, buttressed the legitimacy of the occasion. The Tunku, an especially vociferous critic and adviser to the breakaway UMNO faction known as Semangat '46, was there ostensibly in the interest of "Malay unity." The more neutral Tun Hussein had yet to endorse the present UMNO — he refused to join it when the party was registered — and his presence indicated tacit acceptance of the new UMNO.

Mahathir then proceeded to knock down Razaleigh's remaining reasons for staying out of UMNO. He announced that "all Malays would be welcome in the party, even those who had taken the party to court." This was a reversal from his previous

policy of "screening applicants" to keep out those "who would want to destroy the party." (The latter policy had been frequently quoted by Razaleigh as Semangat's raison d'etre). They both seek "Malay unity," but differ on how to achieve it. Mahathir seeks blanket Malay support for his UMNO Baru, formed after the old party was declared illegal. Razaleigh seeks to revive the old party.

With general election looming, both men seemed to sense a heightened urgency to win over the Malays. Earlier, Mahathir had met Tunku Abdul Rahman, revered father of Independence and Razaleigh's most prominent supporter. The Tunku reaffirmed his support of Razaleigh's desire to revive the old party. Mahathir disagreed. "If the elected representatives can invalidate the decisions of the court," he told the assembly, "then every one will no longer have faith in the judicial system."

But the Premier accepted the Tunku's suggestion that he broach a meeting with Razaleigh. A year ago, Mahathir's willingness to compromise was limited to offering Razaleigh a Cabinet post in his government. The new proposal, said one analyst, "acknowledges Razaleigh's position as a leader of the Malays, like Mahathir himself." Razaleigh was willing to talk, but said "the question of joining UMNO Baru does not arise." The general assembly, on its part, resolved that UMNO Baru was the legitimate successor to the old party, and that Mahathir seeks its approval before instituting any changes arising out of a meeting with Razaleigh.

Some see sound "dollars-and-sense" in the unity talks. "The elections are going to be a very costly affair for us if we are to battle Razaleigh," said one UMNO Baru leader. But others said the Premier genuinely wants to see his party reunited. Mahathir, "wants to go down in history as the man who brought UMNO to status quo ante." And not, as his detractors insist, the man who presided over its partition.

Prior to the assembly, Mahathir had also announced his willingness to meet with Razaleigh "to hear him out for the sake of Malay unity." He was, declared the Prime Minister, acting on the urgings of the Tunku — the Tunku and the PM had had talks a week before. (Razaleigh has since accepted). Mahathir, said the MP for Kok Lanas, Datuk Abdullah Ahmad, "out-manoeuvred Razaleigh. He boxed him into a corner and there was no way he could refuse without looking like he did not want Malay unity." If Razaleigh harboured any notions about coming away from the

meeting with concessions from the PM, he was to be disappointed. A motion tabled by Syed Hamid Albar — in 1987 he was an ardent supporter of the Razaleigh-Musa Hitam faction — and endorsed unanimously by the assembly, proposed that any changes sought by Razaleigh could only be approved by the assembly.

In short, the PM would go to the meeting with his hands tied. He could not grant Razaleigh any major concession without referring back to the assembly. "It makes good political sense. Whoever thought up that amendment was smart. It perfectly anticipates Razaleigh's demands," said observers.

Hussein Onn, commenting on the meeting, expressed doubt that it would result in a closing of ranks. "It will take the general election to do that," he said. Most analysts agree with Hussein. They list as factors Razaleigh's sense of dignity — he is a prince of the royal house of Kelantan — and the presumably unacceptable concessions he will want from the leadership.

"Deep down," said an UMNO man, "I suspect Tengku Razaleigh knows his destiny lies with UMNO but he will not return to UMNO without a bang. I cannot see him meekly rejoining UMNO like, say, Musa, without setting any conditions." Other analysts point to the promises he has made to his supporters, the more radical of whom have already dismissed UMNO as a vehicle for their political ambitions, pinning hopes, instead, on Semangat '46.

The general election seemed very much on the minds of UMNO delegates. Much of the speeches centred around unity, with most of the delegates studiously avoiding controversial issues — so studiously that a large part of the discussion revolved around the banal.

The consensus among analysts seems to be that Semangat and its alliance, the APU, together with PAS and some other tiny parties, have precious little hope of beating the Barisan. At one time, it was thought that they might wrest control of the state government of Kelantan, Terengganu and Kedah. Now only Kelantan is touted as a possible, with some analysts even predicting that the longer Mahathir stalls the election, the brighter his chances. "The longer Mahathir holds out," said a University Malaya political scientist, "the more he will drain Semangat, of stamina and funds."

The general assembly also showed clearly that UMNO did not want any changes in the NEP after 1990. An UMNO Youth

resolution, which got passed overwhelmingly, called for a continuation of the quota system. Significantly, the assembly rejected "an economic policy based on narrow merit and unfair competition" as the basis for a post-1990 policy. Spearheaded by the MCA, the primarily Chinese parties of the Barisan had been pressing for an economic system based on an approach that combined "needs and merit."

Meanwhile, the unanimous conclusion of analysts regarding the general assembly was Mahathir's strengthened position. "He's very strong right now," said Abdullah. Other analysts marvelled at his quick-change tactics, at what seemed to be a softer, less uncompromising image. During the assembly, the PM had taken time off to publicly praise the Tunku, to laud his past achievements. It was the first time he had done so in a long while.

Indeed, Dr. Mahathir and Tengku Razaleigh met each other at Parliament in January, 1990. But the meeting was fruitless. Both still believe in their own principles, so until now they still hold their own plans. And the "battle" goes on.

Semangat 46 & A Paralysing Idea

" IN the political life of a country, we occasionally come across something we may call a *paralysing idea*. This is the self-perception of a political group which has the effect of paralysing its activity. Once the group is gripped by this idea, it enters into a stage of despair and lacks the will to struggle. At this moment, the opponent will seize the opportunity to make full use of the paralysing idea. The paralysing idea is the idea of hopelessness combined with low morale and fear of the opponent's strength. It is in total contradiction to the real situation. The best example of this influence of the paralysing idea was the erosion of the Alliance Party in the 1960 elections.

In Penang, the Alliance was gripped by a severe hopelessness. This mood weakened it further, such that it suffered defeat. Everywhere throughout the country, there was a sense of the impending retreat of the Alliance. Some time after the elections in 1970, Tunku Abdul Rahman stepped down.

The 1969 elections had a traumatic effect on the Alliance Party. The Opposition was as active as before. What changed was the mood amongst the Alliance leadership. Such a paralysing idea from time to time descends upon those in power.

The question is: Will there be a similar situation (from what is taking place) now? It does not take much to set the paralysing idea in motion. One by-election is sufficient. If we look at UMNO now, the problems it is facing are not like those it had experienced before.

In 1951, the founder of UMNO, Datuk Onn Jaafar together with some prominent leaders left the party to form the Independence of Malaya Party (IMP). At that time, UMNO was not gripped by the paralysing idea. This is despite the fact the split then was much more serious than now.

Similarly, when PAS was formed, many UMNO members left the party to join it. At one point, two UMNO-controlled States — Kedah and Terengganu — fell into PAS hands. For many years, PAS controlled the state government of Kelantan.

Throughout its history, UMNO has experienced a number of major crises, with leaders leaving the party. Similarly, UMNO has also experienced previous leaders opposing it from outside. A strong UMNO opponent was none other than Datuk Onn, its founder and first president. Our former Prime Minister, Tun Hussein Onn, was then on his father's side, challenging UMNO. Now a former president and Prime Minister, Tunku Abdul Rahman, is challenging the UMNO leadership.

UMNO has survived such opposition originating from within throughout the years. One of the main reasons for this resilience was the absence of the paralysing idea. So far, there is no indication that the paralysing idea is coming forth. But to prevent it from emerging, the present leadership would have to check its erosion of authority that is, by and large, the by-product of the recent struggle for

power. UMNO is not a political party in the ordinary sense of the word. Rather, it is a community with its peculiar sense of solidarity. The coming and going of its leaders does not affect its body politic. If a leader leaves UMNO, the community is not likely to follow him. At best, some members would. Any differences of opinion have to be settled within the community.

The present UMNO president, Datuk Seri Dr. Mahathir Mohamad, had himself been expelled from UMNO but he was brought back through popular support. On the other hand, Tunku Abdul Rahman, Tengku Razaleigh, Datuk Musa Hitam and Tun Hussein Onn had found themselves out of UMNO through their own political manoeuvres.

Others in similar positions by now would have formed a new political party. That was what the founder of UMNO, Datuk Onn, did. He did not roam around without a party. Nomadic politicians cannot survive long. Sooner or latter, they would have to settle down by returning to the fold. If they are convinced their differences are irreconcilable, they should form a party. A tent has to be pitched to brave the wind and sandstorms. Unaffiliated nomads roaming around only collect sand and dust. "

— Wrote Professor Dr. Syed Hussein Alatas in Malaysian Business, 1 November 1988.

Tengku Razaleigh may be scared to "collect sand and dust," so he engineered the Semangat 46 and subsequently APU. Whether or not he'll "collect sand and dust" remains to be seen.

Sultan vs MB Son-in-Law

A ROYAL birth took place in Penang in August, 1989, but no joyous pageantry attended the event. The baby boy's mother was Tengku Puteri Zahariah, second daughter of Sultan Salahuddin Abdul Aziz Shah of Selangor. The father was Muhammad Muhammad Taib, the Sultan's Menteri Besar. To the shock and chagrin of royalty as well as the federal administration of Prime

Minister Mahathir Mohamad, the Sultan had not known that his state's head of government was also his son-in-law and had been for more than two years.

There had been rumours, it's true. Muhammad had been called to account for them last year and, in a written pledge to Selangor's Royal Council, swore he had not married the princess. That was just one of his many denials of a liaison that would have proved highly embarrassing. Muhammad, 44, was married with four children. He and Zahariah, 39, are believed to have wed in southern Thailand in July 1987. Eloping across the border would have been expedient.

According to a University of Malaya expert on Islamic law, it would be almost impossible to challenge the legality of such a ceremony, "so long as it was properly solemnised in the presence of two witnesses and there is a certificate of marriage." The union would have to be registered in Malaysia, he added, "but that is only a formality." Divorcees, he noted, may marry outside their home state without a father's consent, and the question of whether a man may take a second wife is determined only by a k*adi*, or Islamic official, on the basis of his ability to support her.

But for all their discretion, the couple could not conceal the birth of a child. When word reached his palace, the Sultan was livid. He summoned Zahariah to explain his unexpected grandchild, and the princess confessed to the marriage. "I almost fainted," said the Sultan. Believing his Menteri Besar to be "an honest man," he had accepted Muhammad's denials. "This matter," he stormed, "has embarrassed me in the eyes of the people, the royal household and the other Rulers." He took the matter to Mahathir, who had been responsible for Muhammad's appointment as Menteri Besar.

The Premier spoke to Muhammad, who then sent the Sultan a letter confirming the marriage and declaring it to have been God's will. The letter seemed short on repentance, and the Sultan remained unpacified. Soon Muhammad was off on a month-long leave "overseas." Reporters badgered Deputy Prime Minister Abdul Ghafar Baba for an explanation. "Anyone can go on leave," he hedged. "The Prime Minister goes on leave. I go on leave. It's normal." The next day, Utu*san Malaysia*, a leading Malay newspaper well connected to Selangor's palace, broke the story. The secret marriage was secret no longer. Muhammad had been a rising star in Mahathir's UMNO Baru. A protege of Anwar Ibrahim,

in 1986 he had been promoted from the back benches to become Selangor's Menteri Besar; he'd chalked up an impressive record as an administrator. He also achieved what a state assemblyman called "excellent" relations with the palace. Said the legislator: "The Sultan really liked him." No longer. Remarked the Sultan: "My relationship with the Menteri Besar is like shattered glass."

The rift put Mahathir in a delicate position. Muhammad helped UMNO Baru consolidate after the bitterly divisive leadership struggle of 1987, and his removal now could lead to more factional friction in Selangor. But preserving harmony with the palace is highly valued. The royal house has enjoyed largely harmonious relations with Kuala Lumpur since 1983, when moves to trim the monarchy's powers incensed Malaysia's hereditary Rulers. Sultan Salahuddin left it to Mahathir to decide what to do with Muhammad, letting it be known, however, that his continuance as Menteri Besar would result in "very strained" relations. When Muhammad left on holiday, the Sultan took the unusual step of swearing in state executive councillor Abu Sujak Mahmud as acting Menteri Besar. "Normally," noted one assemblyman, "an executive councillor simply stands in for the [CM] when he is on leave."

Mahathir tried to contain damages. While declining comment, he did state that the matter was "not a national tragedy." Party leaders in Selangor urged Mahathir to retain Muhammad, citing his "fine performance in office" as reason enough to keep him on, at least until after the next general election, widely expected next year. Among the Premier's options was moving Muhammad to a federal post.

Muhammad's aged parents pleaded with the Sultan to forgive their son. Nothing doing. "I'm really hot at the moment," said the Ruler. "I will not forgive him. Not now." But he was planning to leave with his consort for a three-week holiday in London, and "when I come back, maybe I will change my mind a bit." There the affair was allowed to rest. Muhammad, meanwhile, quietly slipped back into the country; he had been in Singapore weathering out the squall thrown up by his infant boy.

However, in March 1990, days before his birthday celebration, the Sultan told Dr. Mahathir that he'd pardoned Tan Sri Muhammad Taib and Cabinet Minister Lee Kim Sai. "This is my greatest gift from the Sultan," said Prime Minister in a happy mood.

The Ruler accepted Muhammad Taib as his son-in-law and wants him to stay on as Menteri Besar. Meanwhile, Lee Kim Sai received back the "Datukship" stripped from him in 1988, following the disputes over the Muslim Enactment.

Communists Surrender At Last

MAHATHIR's era, indeed, was the most controversial ever. Too many unprecedented events happened. The latest was the "surrender" of the Communist Party of Malaya. "They are willing to sign because we are strong. They no longer can fight us and they gave up," he told the press. The CPM, he said, was demoralised by the strong leadership. And Chin Peng — CPM boss — lead his guerillas to surrender.

He spoke confidently in fluent Bahasa Malaysia, "the language of which my country is proud." The 300 or so photographers and reporters in the hotel conference room fell over one another in a mad scramble to get a glimpse of the jolly cherub-faced man in the dark grey suit. Except for a short press conference a couple of nights before, no one had seen him in public since 1955, when he came out of the jungle for abortive peace talks with officials of then-colonial Malaya. Now, the intervening years reportedly spent in China, one of Asia's most mysterious figures had emerged from hiding to end the 41-year insurrection of the CPM. "As Malaysian citizens, we pledge our loyalty to His Majesty, the Yang di-Pertuan Agung and the country," declared Chin Peng. "We shall disband our armed units and destroy all weapons to show our sincerity in terminating the armed struggle."

The 2 December, 1989, ceremony at the Lee Gardens Hotel in Hadyai, southern Thailand, was the culmination of a year of negotiations, initiated by the Thai military. On the rostrum next to party general secretary Chin, 67, were Thai army commander-in-chief Gen. Chaovalit Yongchaiyuth and Malaysian Home Ministry Secretary-General Wan Sidek Abdul Rahman. There were two agreements, one between the CPM and the Malaysian government, and one between the CPM and the fourth region of the Thai Internal Security Operations Command, which covers southern Thailand.

Putting their names alongside Chin's were party chairman Abdullah C.D. and central committee member Rashid Mydin, both 73, two CPM stalwarts also long unseen. Wan Sidek signed

the Malaysian agreement, with Chaovalit as witness. Also witnessing were Malaysia's Chief of Defence Forces Gen. Hashim Mohamed Ali and Inspector-General of Police Haniff Omar. Maj.-Gen. Kitti Rattanachaya, deputy commander of Thailand's southern-based 4th army and chief negotiator for the settlement, signed the Thai agreement. Chinese diplomats looked on.

The event signalled the end of a conflict that had cost thousands of lives and held up development of parts of the Thai-Malaysian border region, where Chin Peng's 1,200 guerillas were based. The two pacts were not made public, but a joint communique outlined the basics. It said the CPM had agreed "to terminate all armed activities" and that its members had "given their pledge to Thailand and Malaysia to respect the laws of these two countries." It went on to say that the Malaysians among them — estimated at 494, according to the New *Straits Times* — could "in due course... freely participate in political activities within the framework of the Federal Constitution and the laws of Malaysia."

The champagne corks popped in celebration. "More development efforts can be brought to the border areas concerned," said Wan Sidek. Indeed, the day before, Kuala Lumpur lifted the curfew that had been in effect in three states, in some cases since 1948. With the accord, the Thais had taken out one of the obstacles to their big plans to develop the south. They had also removed a constant worry in their relationship with Malaysian officials, who had long been suspicious that the Thais had condoned the CPM's activities.

Away from Hadyai, however, the cheering was muted. The CPM remains a sensitive issue, and the provisions for its future are apparently vague. Thai military sources told A*siaweek* on 15 December, that the destruction of weapons was to take place within 75 days of the ceremony and would be witnessed by Thai and Malaysian representatives. Military sources said Bangkok had plans to provide the 670 guerillas of Thai nationality with a 2.4-ha plot of land for each family in four villages near the border. But the fate of the 494 Malaysians, 21 Singaporeans and one Indonesian (figures quoted by the N*ew Straits Times*) seemed as yet undecided. Japanese officials in Bangkok were even doubtful about the big homecoming the CPM's two Japanese Imperial Army stragglers were apparently expecting.

Thai military sources said that once the guerillas emerge from the jungle, the non-Thais among them would stay in Thai-

land for at least six months before going home. The Malaysians were not so clear about those plans, though. For Kuala Lumpur, the accord presented something of a conundrum, for the CPM, while ending its armed struggle, has neither surrendered, disbanded nor forsaken its ideology, and remains illegal. Parliamentary opposition leader Lim Kit Siang demanded the repeal of emergency laws, including the ISA, imposed originally to deal with the communists. Ghafar Baba even spoke of reviewing the Act. But Mahathir noted that communal feelings made the laws necessary. Said he: "If there is a racial riot, we may have to invoke the ISA to defuse the tension."

An Asian diplomatic source in Kuala Lumpur said Malaysian officials are aware of strong anti-communist sentiment in the country: "They have to first create the environment for the re-acceptance of the CPM, otherwise it might seem that the communists are getting a deal better than they deserve." In Hadyai, Wan Sidek said the guerillas would have to undergo a process of security assessment and registration. Chin Peng himself hinted that he wanted to visit Malaysia, but Thai sources said he would stay in Thailand for about a month and then go back to China.

Singapore was not in on the CPM pact — even though it was as affected by the insurgency at its height in the 1940s and 1950s as neighbouring Malaya. Chin Peng did offer one concession: the CPM once considered Singapore and Malaya a single unit, but in Hadyai, Chin said he recognised Singapore as a separate state. The *Straits Times* newspaper of Singapore reported that it was understood that officials in the republic had not been consulted about the fate of the Singaporean CPM members. A government spokesman told *Asiaweek* that it had not yet been decided what to do with them. *The Nation* newspaper in Bangkok reported that a senior Thai army official had said the Singaporean guerillas would be resettled in Thailand if they could not be repatriated.

The Straits Times, meanwhile, sounded a warning about the party's future. An article on 2 December noted that the Singapore government had revealed that Chin Peng had had ties with Singaporean student leader Tan Wah Piow, a key figure in a Marxist plot uncovered in 1987. In an editorial the same day, the paper said the truce "marks the end of an era, but it could signal the beginning of another — that of the CPM's political struggle for power." Its conclusion: "While the authorities and people in Malaysia and Singapore can afford to welcome today's accord, they

must remember that final victory over the CPM is not yet at hand."

With the agreement, at least, the communist struggle along the Thai-Malaysian border, focusing around Betong, had effectively ended. More than 650 members of the pro-Moscow CPM-Marxist-Leninist faction surrendered two years earlier and were resettled in southern Thailand. The last of Chin Peng's guerillas had carved a niche in local life way out in rural areas and the Thais said they had a tough time getting them to come to the negotiating table. "When they held a major conference to consider our proposals, the chiefs of some units had to trek through the jungles for days or even weeks," said a Thai officer who helped set up the talks. The Thais used the same "hearts-and-minds" tactics they devised to neutralise the Communist Party of Thailand in the early 1980s.

Negotiator Kitti, who became so familiar with Chin Peng that he called him "big brother," told the press that the Thai military and the CPM would set up a working group to handle repatriation and resettlement. Now, he said, Thailand hoped Malaysia would help it deal with its own insurgency problem, the 200 or so Muslim separatists of the south. The CPM's peace pact had some worried that the Muslims would fill the vacuum by becoming more active. "The end of the CPM's war is just part of our overall plan to create peace and security in the south," said Kitti. "Soon, Thailand and Malaysia will be able to cooperate more freely in development projects for the border region."

PART TEN (1990)

53
Election: Final Showdown

THE joint-Opposition failed miserably in its bid to unseat the Barisan Nasional in the just-concluded general election. It was, however, the first serious attempt since 1969. Tengku Razaleigh was clearly being precocious in arrogantly declaring that he had won the Government when Parti Bersatu Sabah (PBS) crossed over to his side. He did not win.

On the contrary, the last minute shift by the PBS, a move described as a stab in the back by Dr. Mahathir, had caused the Malays to rally strongly behind the Barisan Nasional. PBS had not expected the debacle.

It is difficult for the PBS to admit that it had made a mistake in estimating that Umno and Semangat 46 were of equal strength, and throwing in its lot with Semangat 46 would change the political equation at the national level. A prediction by a Sabah research body had given the combined opposition 101 parliamentary seats. This could be one of the factors that prompted PBS to shift camp. As the final tally shows, even the PBS did not deliver the 20 Sabah seats Tengku Razaleigh had expected. It won only 14, leaving Usno to carry all the six allocated to it.

PM: Our Victory Very Good Despite Setback

DR. MAHATHIR described the Barisan Nasional's thumping win in the general election as proof that Malaysians agreed with the ruling party's objectives of peace, stability and prosperity for the country. As such, the Prime Minister said the BN Government would continue with its present policies.

Speaking at a 3.45 am Press conference at the Putra World Trade Centre after most of the results were in, he said: "Although the BN won with more than a two-thirds majority, we will not redicule the losers. We only hope that those who lost will be able to accept's the people verdict. We have many plans to continue developing the country and for this, we need peace and order."

"I am glad that we have finally achieved our objective of getting a two-thirds majority ... all the more so when our majority is achieved with the defeat of almost all Semangat 46 leaders. All Semangat 46 leaders, except for those in Kelantan and Terengganu, have lost. "This is proof that the people want BN to continue ruling with thumping majority. They want peace and stability and, through this, prosperity. These three are our objectives and the people agree with our objectives."

Dr. Mahathir said the victory of Barisan Nasional was very good considering the early setback posed by the PBS. He said if the PBS had not withdrawn from the BN and if the parochial factor had been absent, the coalition would have performed better than it did in the 1986 election.

According to him, the BN lost all 39 State and parliamentary seats in Kelantan because of parochialism. He said Federal-State relations in Kelantan would certainly be different, especially since Government officers had played an important role in the defeat of the BN. "We are indeed sad that this happened because this is against the democratic principle of a neutral civil service which implements policies determined by the Government of the day."

Replying to a question, Dr. Mahathir said the Barisan Nasional did not lose in constituencies because of its policies. He said this was clear in the States, with the exception of Sabah and Kelantan, where the people supported its policies. On the role of Semangat 46 in the Opposition, Dr. Mahathir said its role was small because the DAP and PBS held the highest number of seats respectively. "So, Semangat 46 has to follow from behind."

On the Pas-Semangat co-operation in the new Kelantan Government, he would have to wait and see whether they could work together. On Sabah, which was also in the Opposition following the defection of the ruling PBS State Government, he said the Federal Government had nothing against the people of Sabah. "The

PBS believed that it would be joining the Government when it aligned itself with Semangat 46. "However, we will not punish the people of Sabah. In my opinion, the people of Sabah have been exposed to propoganda to the extent that they are anti-Government. This is very sad, for there is no reason for the Sabah people to be against the Federal Government.

"We have actually given them much help. But because the Pairin Government is so greedy, it has finished all the resources of wealth, that is timber, so now it is looking for other sources of wealth. This is why they are asking for more oil royalties...not that Sabah needs it but because they wanted more money for propoganda to ensure the people will continue supporting them."

Razaleigh: Struggle Will Be Pursued

SEMANGAT 46 President Tengku Razaleigh Hamzah said he accepted the results of the general election as the will of Allah. He congratulated the Barisan Nasional on its victory, but said the Opposition's struggle would be pursued with greater determination. Tengku Razaleigh, who confidently told Malaysians that he would form the Government after this election, saw instead most of his party's top leaders losing their contests while its Opposition partners made considerable gains.

While Pas managed to sweep all seats in Kelantan and the DAP gained a strong position in the Penang State Assembly, Semangat's deputy president Datuk Rais Yatim; secretary-general Datuk Shuhaimi Kamaruddin; vice-prsident Marina Yusof and Selangor Chief Datuk Harun Idris all lost their contests.

"I admit the achievement of Angkatan (Perpaduan Ummah) and Gagasan Rakyat has not been as expected. Nevertheless, I hope the voters and our supporters will accept this defeat with patience and a stout heart," he said in a written statement released at 4.50 am from his Jalan Langgak Golf residence.

Semangat 46 was completely humbled by the voters in the west coast states, leaving Tengku Razaleigh to share his home state Kelantan with Angkatan Perpaduan Ummah (APU) partners. Semangat had won seven parliamentary and 14 State seats in Kelantan.

Pas, the biggest gainer in this general election, won six parliamentary and 24 State seats in the State. It had only one seat in the last Parliament. Both parties won one parliamentary seat each in neighbouring Terengganu. In addition, Pas captured eight State seats and Semangat two in the State.

But in Kedah, the Prime Minister's home State, the combined Pas-DAP-Semangat 46 effort did little to dent the BN. Pas lost two out of three State seats it won in the last general election to BN. Only its president, Haji Fadzil Noor, managed to keep his Bukit Raya State seat. The DAP won Alor Setar State seat. The BN had a clean sweep of all 14 parliamentary seats.

With all its heavyweights humilated in the West Coast, the future of Semangat 46 hangs on the balance. Clearly, the Malays are not convinced that the Umno splinter party is as dedicated to the "1946 spirit" as its name suggested. The year 1946 was the time when the Malays rose in unison to oppose the formation of the Malayan Union by the British that would reduce the power of the Malay rulers and the priviledges of the Malays.

Semangat deputy president Datuk Rais Yatim was defeated in Jelebu parliamentary and Batu Kikir State seats, Datuk Zainal Abidin Zin in Bagan Serai parliamentary seat, Datuk Harun Idris in Titiwangsa, Hajah Marina Yusof in Lembah Pantai and Datuk Haji Shuhaimi Kamaruddin in Sepang.

The DAP, another of Semangat 46 ally, was booted out of Sabah by PBS, losing all the four seats in the State. With the defeat in Sabah, DAP's final tally dropped from 24 to 20. Though the Barisan Nasional, in particular Umno, was completely wiped out from the parochial Kelantan, Tengku Razaleigh 's dream of settling the score with Dr. Mahathir did not materialise. It was clear that parochialism and the anti-BN campaign mounted by a section of the Kelantan Civil Service were responsible for the rejection of the incumbent ruling party.

The difference between the former Menteri Besar , Tan Sri Mohamamed Yaacob and the Kelantan palace were also a contributing factor. The unseen hands of the palace had played a major role in upsetting the results in the State. The nagging question is how will Kelantan manage on its own financially. With no natural resources, other than what is left of timber, the State would hardly

raise enough revenue to pay the salary of its civil servants and maintain basic services.

Perhaps Tengku Razaleigh's magic formula of "no tax but better services" political agenda as set out in the Gagasan Rakyat's manifesto will come handy for Kelantan. Or, as one economic journalist puts it jokingly, perhaps Sabah will come to the aid of Kelantan. If this is the case, Tengku Razaleigh will be calling the shorts in Kelantan despite Pas being the senior partner and the Menteri Besar coming from its rank.

The biggest loser of this election must be the DAP. Although it has been in the arena for 25 years, the party had clearly been taken for a ride by Tengku Razaleigh. Despite knowing him well and critising him severely in such issues as the BMF scandal and the national debt when he was in the Government, the DAP decided very late in the race to embrace Tengku Razaleigh as its paramount leader.

Lim Kit Siang and other DAP leaders spoke of Tengku Razaleigh as if he was the messiah and shared the confort of his palatial home, which in effect was the headquarters of Gagasan Rakyat. But it was not the hypocritical attitude of the DAP leaders in their dealing with Tengku Razaleigh that did them in, but rather their mistake in placing absolute trust in him.

That trust caused them four parliamentary seats in Sabah. Their candidates were swept out of the State by their own ally, the PBS. It was not a friendly contest as Mr. Lim had sought to potray when he accompanied Tengku Razaleigh in a pre-election tour of Sabah.

In Peninsula Malaysia, despite the co-operation with Semangat 46, Pas and an array of smaller parties, the DAP got one seat less. It was only in Sarawak that it made a one-seat gain to two. Its final tally of 20 parliamentary seats was less than the four it won in the last general election.

In Penang, where it was counting on Semangat 46 and the Pas to help realise its Tanjung Two dream, the DAP managed only four additional seats to arrive at a final tally of 14—three short of a simple majority. Semangat 46, Pas and Parti Rakyat Malaysia (PRM) were effortlessly held back by Umno, which won all the 12 seats allocated to it.

But the party's chairman, Dr. Chen Man Hin, deputy secretary-general P. Patto and "cowboy" Hu Sepang lost to the BN in the parliamentary contest. Dr. Chen lost to MCA's Yim Chee Chong in his stronghold Seremban by a margin of 77, Mr. Patto lost to Datuk Seri S. Samy Vellu in Sungai Siput and Hu Sepang to Datuk Wong See Wah in Rasah. PRM, attempting a comeback without its socialist label and with a new set of leaders, was rejected by the voters in all the constituencies it contested.

For the BN, winning 127 seats gives it a comfortable majority to rule effectively in the next five years. The outcome was almost unexpected given the confusing circumstances just days before the polling. Dr. Mahathir considered the victory as very good. With 53 opposition MPs in the house, highest number in the history of the country, the Government must now set a new standard of performance, not only to enable it to serve the people, but equally important to prepare for the next general election.

Not too long ago, Dr. Mahathir lamented that too many Government MPs were taking their presence in the House too lightly. Some absent regularly while others hardly participated in the debates and spent most of their time in the parliament canteens. This irresponsible behavior must be stopped if the Government is to function effectively and the Oppositions are kept at bay. This does not, however, mean that MPs should neglect their constituents. In fact, their first agenda must be to meet their constituents and thanks them for their support.

The media too has every right to play a more critical role of monitoring the performance of the MPs and State Assemblymen from their participation in the law-making process to serving the people on the ground. It is to be hoped that with many highly educated and professional people joining the ranks of MPs and State Assemblymen, the quality of debate will show an upward trend and unruly behaviour kept to the minimum.

BARISAN Polls 52 Percent Of Votes

THE Barisan Nasional polled nearly three million or 52 per cent of the votes cast to win a two-thirds majority in Parliament. The voters returned the Barisan Nasional in 127 of the 180 parliamen-

tary constituencies to give it a fresh mandate to lead the country for another five yeras. The onslaught by the Opposition, which saw the Barisan Nasional losing Sabah and Kelantan, reduced the popular votes it received from 57.28 per cent in the last general election.

In the election for the eleven State Assemblies in Peninsular Malaysia, the Barisan Nasional won 253 seats out of 351 which were contested. It previously controlled 298 seats. When Parliament was dissolved on Oct 5, the ruling coalition commandered 133 seats in the 177-seat Dewan Rakyat. The new Parliament has three new seats from Sarawak.

Of the 2.98 million votes obtained by the BN, Umno received about 1.7 million votes or 29.6 per cent, followed by the MCA with 11.27 per cent. The Gerakan garnered 3.75 per cent, MIC 2 per cent, SUPP 1.8 per cent, PBB 1.77 per cent, SNAP 0.62 per cent and the PBDS 0.39 per cent. Sabah-based Usno received 0.88 per cent of the total votes.

The opposition obtained 2.4 million votes or 42 per cent of the popular votes against 39.54 per cent in 1986. Independent candidates polled 177,451 votes or 3.08 per cent against 3.18 per cent in the last general election. Spoilt votes totalled a whopping 155,220 or 2.70 per cent compared with 126,732 or 2.67 per cent in 1986.

The DAP secured 944,530 votes or 16.5 per cent compared with 21.09 per cent in the last general election, Semangat 46 obtained 823,252 votes or 14.39 per cent and Pas received 375,977 votes or 6.57 per cent compared with 15.5 per cent previously. The Parti Bersatu Sabah (PBS), which pulled out of the Barisan Nasional, secured 128,261 votes or 2.24 per cent while 0.99 per cent of the votes went to Parti Rakyat Malaysia (PRM). The All-Malaysia Indian Progressive Front (IPF) received 0.7 per cent of the votes with Permas of Sarawak gathering 0.48 per cent. Akar of Sabah got 0.22 per cent while 0.003 per cent went to the Sarawak Labour Party.

The Opposition, which carried out an aggressive campaign urging people to vote for change, won 53 parliamentary and 98 State seats—an additional 11 seats in Parliament and 36 in the State Assemblies.

A Vote Of Progress And Prosperity

THE voters have delivered a fresh mandate to the hardworking and highly succesful Barisan Nasional coalition Government to run the country for another five-year term. Although its long-standing position of overwhelming strength has been somewhat eroded, the BN retains a solid two-thirds majority that clearly reflects the continuing trust and confidence of the Malaysian electorate.

Except for a drubbing in the opposition stronghold of Kelantan, and although the ruling coalition could have performed better in several States like Penang and Terengganu, the overall outcome can only be interpreted as a further confirmation of the steadfast popular support for the BN. It's clearly a resounding endorsement of the BN Government under Prime Minister Datuk Seri Dr. Mahathir Mohamad's dynamic leadership.

The corollary—that there is no credible alternative to the BN Government—has also been borne by the popular vote. Former Trade and Industry Minister Tengku Razaleigh Hamzah forged two wings (the Angkatan Perpaduan Ummah and Gagasan Rakyat) to mount his power bid, but failed to take off. While APU succeeded beyond the wildest dreams in Kelantan and the DAP (an ally under the other wing) managed to put on a stronger-than-expected showing in Penang (the performance of the PBS, which staged a last-minute pullout from the Barisan in Sabah, may have to be considered seperately), opposition candidates were largely and decisively cut down to size in the other States.

Although the DAP has obtained more seats than in the 1986 elections, its grandiose plan for power (Tanjung II) was again rejected by the Penangites in keeping faith with the BN State Government. Without popular support, the fledgling barisan Gagasan failed to make any significant impact on the political scene. The Opposition's strident call for change fell on deaf ears. The rebuff was thorough.

Both sides suffered casualties in the intense political fray. Even the BN was not spared this time, with the unexpected defeats of a number of stalwarts, including the long-serving Chief Minister of Penang and the Menteri Besar of Kelantan as well as two

senior Ministers at Federal level. Of course, a number of opposition leaders from Semangat 46 and DAP also came to grief.

Although the just-concluded general election was among the most critical to have been held in the post-merdeka era, the democratic process has been truly vindicted again. Despite the evident stress and the strain of the keenly-waged campaign, the clear-cut outcome shows that cherished democracy is well and very much alive in this fast-developing country.

The Malaysian electorate has just renewed its mandate—which is constitutionally irrevocable until the next general election. The majority of the voters have voted for continuity (as propounded by the Barisan), not for change (as urged by the Opposition in its futile scramble for power). They voted for continuing peace, stability and prosperity. Although with an unassailable two-thirds majority in parliament, the BN has got what is essentially needed for a strong and stable Government.

Whatever the differences, post-election time behoves the various parties to down and bury their political hatchets as soon as possible for the common good. The Opposition should co-operate and help the BN Government to get on with the work of further developing the nation. Much progress has been achieved (one of the main reasons that the BN has secured so much popular support).

The 'so let us make it better" message has got down to the masses. All Malaysians are henceforth required to gear up for the task of the nation-building. While the momentum of growth must be stepped up in the post-NEP period, the top priority in the the national agenda is still national unity and integration. Let us all work together to get the best out of the vast potential of our human and material resources.

A New Cabinet Formed: More Work Ahead

Just a week after polling for the general election, the Cabinet that will lead the nation in its development for the next five years is in place. Quite a few senior Ministers from the previous cabinet are retaining their portfolios. These include Datuk Seri Anwar Ibrahim (Education); Datuk Paduka Daim Zainuddin (Finance); Datuk Seri

Dr. Lim Liong Sik (Transport); Datuk Seri S. Samy Vellu (Energy, Telecommunications and Posts); Datuk Seri Dr. Lim Keng Yaik (Primary Industries) and Datuk Leo Moggie (Works).

But there are also inevitable changes to reflect the evolving needs of the country; to improve efficiency and performance; to replace those leaders who either retired from the national stage or were defeated at the polls. The most significant of these new changes is the splitting of the former Trade and Industry Ministry into two seperate entities: the Ministry of International Trade and Industry (MITI) and the Ministry of Domestic Trade and Consumer Affairs.

The split was necessary. With the country's expansive economic growth and the attendant growth in importance of external trade and the manufacturing sector, the former Ministry simply had too much to do. With the creation of MITI, Datuk Seri Rafidah Aziz will be able to give more time and attention to a continuation of the excellent work which, to use one indicator, has attracted more than $24 billion in foreign investments in the first eight months of this year. This figures compares very favourably with the $11 billion for last year. A vital task for the new Ministry will be to represent the interest of Malaysia at the forthcoming Uruguay Round of Trade liberalisation negotiations in Brussels in two months.

The Domestic Trade and Consumer Affairs Ministry, headed by Datuk Dr. Sulaiman Daud, has been greeted with quite a bit of interest and expectations, particularly from consumer groups. The elevation of consumer affairs to to ministerial level not only gives recognition to the importance of this area of national life, but should provide more muscle and co-ordination to the efforts hitherto made by a wide spectrum of consumer groups and associations, strong on good intentions, but hampered by various factors, including insufficient members and inadequate dissemination of their views and concerns.

It is important, however, that the two Ministries be clear about their tasks and areas of governance to avoid duplication of effort or a potential conflict of jurisdiction. Where overlapping areas of interest are unavoidable, processes should be worked out to determine co-ordination between both Ministries and the innu-

merable organisations and invididuals who will be applying for guidelines, permission and information.

Not only will the responsibilities and the shape of the new Ministries be quickly defined and set to work, but the existing Ministries have new projects and current programmes that must be started and completed. Hence, it was a statement of the obvious when, in announcing the new Cabinet line-up, Prime Minister Datuk Seri Dr. Mahathir Mohamad noted that Ministries will have to immediately get on with work.

TALLY -- PARLIAMENT (180 SEATS)

States	Seats	Barisan Nasional	Opposition					Opposition Total
			DAP	S46	Pas	PBS	Ind	
PERLIS	2	2	-	-	-	-	-	-
KEDAH	14	14	-	-	-	-	-	-
KELANTAN	13		-	7	6	-	-	13
TERENGGANU	8	6	-	1	1	-	-	2
PENANG	11	5	6	-	-	-	-	6
PERAK	23	19	4	-	-	-	-	4
PAHANG	10	10	-	-	-	-	-	-
SELANGOR	14	11	3	-	-	-	-	3
F.T. (KL)	7	3	4	-	-	-	-	4
NEGRI SEMBILAN	7	7	-	-	-	-	-	-
MALACCA	5	4	1	-	-	-	-	1
JOHOR	18	18	-	-	-	-	-	-
LABUAN	1	1	-	-	-	-	-	-
SABAH	20	6	-	-	-	14	-	14
SARAWAK	27	21	2	-	-	-	4	6
TOTAL	180	127	20	8	7	14	4	53

TALLY -- STATE ASSEMBLIES (351 SEATS)

States	Seats	Barisan Nasional	Opposition				Opposition Total
			DAP	S46	Pas	Berjasa	
PERLIS	14	14	-	-	-	-	0
KEDAH	28	26	1	-	1	-	2
KELANTAN	39	-	-	14	24	1	39
TERENGGANU	32	22	-	2	8	-	10
PENANG	33	19	14	-	-	-	14
PERAK	46	33	13	-	-	-	13
PAHANG	33	31	1	1	-	-	2
SELANGOR	42	35	6	1	-	-	7
NEGRI SEMBILAN	28	24	4	-	-	-	4
MALACCA	20	17	3	-	-	-	3
JOHOR	36	32	3	1	-	-	4
TOTAL	351	253	44	19	33	1	98

NEW STRAITS TIMES, WEDNESDAY, AUGUST 8, 1990

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Datuk Seri Najib flanked by Encik Hasan (left) and publisher Datuk Haji Azis Mohamed.

Book on PM's achievements launched

KUALA LUMPUR, Tues. — A book focusing on the leadership qualities of Prime Minister Datuk Seri Dr Mahathir Mohamad was launched today by Youth and Sports Minister Datuk Seri Najib Tun Abdul Razak.

Entitled *Mahathir — Great Malaysian Hero*, the book is a compilation of analysis based on news and events which have taken place during Dr Mahathir's period as Prime Minister.

This book, by Encik Hasan Haji Hamzah, brings to the fore the charismatic leadership of Dr Mahathir.

It focuses on the man himself, a master of governing and managing political crisis, who never surrenders or bows to challengers.

The preface described Dr Mahathir as a man responsible for shaping the nation into what it is today and arguably the most analysed Prime Minister ever, the most relentlessly examined and the most controversial.

The book costs $45 each. The publisher, Mediaprint, has printed over 10,000 copies for local distribution. The book is also destined for the US and British market.

The publisher will soon come up with a Malay version of the book, *Buku Dukit Politik Dr Mahathir*.

Encik Hasan is now doing his Masters Degree in Political Science in the US. He was the former editor of the Sarawak-based newspaper *Sinar Sarawak*.

He is also the author of several other books, including *Umat Islam di Negeri Kafir, Managing Political Crisis and Buku Buku Jamal Abdillah*.

Terengganu plans
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Sunday Mail
Sunday Star
Sunday Times
Sydney Morning Herald, Sydney, Australia
The Rocket
The Star
Utusan Malaysia
Utusan Melayu

■ A decade as a Prime Minister full of challenges and excitements. Some critics dubbed him as a dictator. To others, they called him a 'dry wit'.

■ Dr. Mahathir is a master of governing and managing political crises, never surrender, never bow to the challengers.

■ He is arguably the most analysed Prime Minister ever, the most relentlessly examined and the most controversial. Why? This book reveals everything you should know.

"When I was an underdog, by God, I was the most popular man. I could do no wrong. People would like to see you a hero but down and out. They wouldn't like to see you go up. Once you go up, then the process of pulling you down will begin. I recognise that."

— *DR. MAHATHIR MOHAMAD*

HASAN HAJI HAMZAH, 33, born at Simpang Empat Rungkup, Bagan Datuk, Perak. He attended SRK Selekoh, SM Khir Johari, Sungai Sumun and Horley Methodist, Teluk Intan until HSC. He holds a degree in Journalism and currently doing his Masters Degree in Political Science in USA.

He served Tun Datuk Patinggi Haji Abdul Rahman Ya'akub (then) Chief Minister of Sarawak as an editor of his political newspaper Sinar Sarawak. He was also on the editorial board of several publications. Since 1987, he has been a political analyst at International News Corp.

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