

My Say: Razak's policy legacy in the nation's history

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Toh Kin Woon. Malaysia's New Economic Policy in Its First Decade: The Role of the State in Economic Development, 1971-1980. SIRD, Petaling Jaya, 2024.

Datuk Toh Kin Woon's book analyses the changing government role in Malaysian development from 1971 to 1980. The retired economist turned politician reviews the first decade of the Outline Perspective Plan, 1971-1990, which is widely associated with the New Economic Policy (NEP).

The transformative economic policies initiated by Malaysia's second prime minister Tun Abdul Razak Hussein were profound. Readers can better appreciate the subject of Toh's book by recalling its historical and political context.

After his untimely death in January 1976, Razak's successor Tun Hussein Onn largely continued his policies. He further expanded the state's role, enlarging the scope of planning and the public sector.

Ethno-populism's ascendance

Malaysia's first prime minister Tunku Abdul Rahman's post-independence ruling Alliance coalition did well in the 1964 general election by associating the progressive parliamentary opposition with the Indonesian government's Konfrontasi to the British-driven creation of Malaysia before repressing them.

Leaders of the Socialist Front — Parti Rakyat Malaya head Ahmad Boestamam, Labour Party chair Datuk Ishak Muhammad (Pak Sako), popular former Umno agriculture minister Aziz Ishak and PAS president Datuk Seri Dr Burhanuddin al-Helmy — and thousands of activists were detained without trial for years.

Repression of the progressive nationalist opposition has allowed ethno-populism to dominate politics since. Unlike before, class and other differences are now all seen through ethnic lenses, further strengthening such divisive populism.

Razak's different experience and connections influenced his political and policy thinking after he took over from Tunku following a "palace coup" of sorts.

This leadership transition followed the May 1969 polls and post-election jockeying for power, "race riots" and palace coup. These harnessed the frustrations of many Malaysians with the modest and uneven progress after Independence.

Many non-Malays blamed the government, seen as Malay-dominated. Meanwhile, most Malays resented ubiquitous Chinese businessmen even though they still played second fiddle to British capital.

Razak's NEP

Razak slowly but surely transformed public policy. In line with the Rukun Negara, the NEP promised to create the conditions for a narrowly understood “national unity” — across peninsular ethnic groups — by reducing poverty and inter-ethnic disparities.

Toh's book covers the NEP's first decade, including the 1971 Second Malaysia Plan, 1971-1975, and the Mid-Term Review of the Second Malaysia Plan where Razak's imprint was even greater.

The Third Malaysia Plan, 1976-1980, was largely drafted before he passed away. Thus, Razak technocrats drafted the second and third Malaysia plans and their respective mid-term reviews in the 1970s.

The other major policy thrust Razak introduced was social security or protection, the preferred term these days. This was best articulated in his 1972 speech when launching the Social Security Organisation (Socso), identifying nine areas for Malaysian social protection.

Razak boys

Razak's passing in January 1976 was significant, not only for the unsuccessful palace coup that followed, and its effects on the nation's politics, policymaking and implementation. Several “Razak boys”, influential in policymaking, were marginalised.

Some of them remain little recognised. Tan Sri Zain Azraai and Datuk Malek Merican were both influential in economic policymaking. Others were crucial in building key institutions of the era such as Raja Alias, who built Felda.

Meanwhile, Rastam Hadi was building Petronas from scratch as Pertamina in Indonesia went into decline, at the expense of Indonesian oil (and gas) wealth.

Perhaps most importantly, Dr Agoes Salim was crucial in formulating the Rukun Negara and the NEP itself. A lot of the actual planning work was elaborated by non-Malays including C L Robless, Tan Sri Thong Yaw Hong and Tan Sri Rama Iyer.

Planning was taken very seriously in those days, before the international counter-revolution in the 1980s — led by Margaret Thatcher and Ronald Reagan — against Keynesian and development policies.

Razak the extraordinary

Razak was no ordinary civil servant before becoming deputy Umno leader in the early 1950s. His unique experience must have influenced his political and policy thinking.

But why was Razak open to such major policy reforms, breaking with the neocolonial policies of his predecessor? Jang Aisjah Muttalib suggests Razak's grandfather was a Pahang "aristocrat" sympathetic to the 1895 revolt against the British centralisation of power in the name of the sultan.

When Razak left Raffles College in Singapore after the war to qualify as a lawyer in the UK, he was already in his late 20s as his education had been interrupted by the Japanese Occupation.

He had gone to London in 1947 at the age of 25 as a mature young man already influenced by the progressive anti-colonialism of his peers in Pahang and Raffles College in Singapore before it merged to form the University of Malaya in 1949.

Former inspector-general of police Tun Hanif Omar — who consulted the Public Records Office in Kew Gardens, London — noted Razak and Sultan Abdul Halim of Kedah were subject to British Special Branch surveillance upon arrival in the UK in the 1940s.

In early 1948, more than 6,000 young Malays associated with Angkatan Pemuda Insaf (API) were detained without trial months before the British declared the Emergency and the Parti Komunis Malaya (PKM) was banned mid-year.

Many more escaped arrest and were forced underground, later becoming the 10th Regiment of the PKM-led Malayan National Liberation Army. One was Razak's close Pahang peer, Abu Samah, a military commander in the regiment.

Some attribute Razak's undoubtedly ambitious reforms to Fabian influences in London while active in the students' Malayan Forum. But there is an unfortunate tendency in Malaysia to attribute everything original as coming from the West denying autochthonous progressive ideas, movements and tendencies within.

Another U-turn?

Following Razak's unexpected passing in January 1976, a "palace counter-coup" ensued. Many closest to Razak were marginalised, with some even detained without trial. The transition from Razak to Hussein saw many policy continuities despite much political jockeying.

Later, after a heart attack while still prime minister, Hussein pledged to step down after launching the Fourth Malaysia Plan, 1981-1985, in mid-1981, underscoring the importance he saw in the five-year plans.

Policy continuity cannot be said of the next transition. However, the “reversals” under Tun Dr Mahathir Mohamad, not covered by the book, did not happen overnight, but took years. Before becoming prime minister, he had created the Heavy Industries Corporation of Malaysia (Hicom), which involved major state intervention.

But later, he began privatisation as part of his efforts to reduce the government role and promote private capitalism. State intervention and the public sector were rolled back as influential corporate interests were favoured, ostensibly for a more dynamic capitalist economy.

Thanks to the book’s publication, we now have easy access to Toh’s analysis of Razak’s economic policy legacy. It stands in stark contrast not only to his predecessor’s policies, but also to his eventual successor Mahathir, whom Razak had reputedly recommended to Hussein.

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